



Mesoblast Limited

ABN 68 109 431 870

Notice of Annual General Meeting and Explanatory Memorandum

For the Annual General Meeting
of the Company
to be held at
11am (Melbourne time)
on 24th November 2011

at Middletons Lawyers,
Rialto South Tower
Level 25, 525 Collins Street,
Melbourne, Victoria

THIS IS AN IMPORTANT DOCUMENT

If you are in doubt as to what to do with this
document please immediately see your legal adviser,
financial adviser or stockbroker.

Dated: 24 October 2011

Notice of Annual General Meeting

Notice is given that the annual general meeting of the shareholders of Mesoblast Limited ABN 68 109 431 870 (**the Company or Mesoblast**) will be held at Middletons Lawyers, Rialto South Tower, Level 25, 525 Collins Street, Melbourne on **24 November 2011 at 11am** (Melbourne time) for the purpose of considering and if thought fit passing the following ordinary resolutions as stated below.

Please note that additional information concerning the proposed resolutions is contained in the Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting.

AGENDA

Items of business:

1. Receipt and Consideration of Financial Statements and Reports

To receive and consider the Financial Statements of the Company for the year ended 30 June 2011, together with the Directors' Report and the Independent Auditor's Report as set out in the Annual Report.

2. Remuneration Report (Non-Binding Resolution)

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution***:
"To adopt the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2011".

Voting Exclusions and Further Information

For voting exclusions on the resolution in item 2 (Remuneration Report), please refer to page 2. For detailed information on item 2 please refer to the explanatory memorandum on page 3.

** Please note that section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the Directors or the Company.*

3. Re-election of Directors

To consider and, if thought fit, pass the following resolutions separately as **ordinary resolutions**:

- a) *"That pursuant to article 15.3 of the Company's Constitution, the members of the Company approve the appointment of Brian Jamieson as a director of the Company, who, pursuant to article 15.3 of the Company's Constitution is retiring by rotation and being eligible, offers himself for re-election."*
- b) *"That pursuant to article 15.3 of the Company's Constitution, the members of the Company approve the appointment of Michael Spooner as a director of the Company, who, pursuant to article 15.3 of the Company's Constitution is retiring by rotation and being eligible, offers himself for re-election."*

Further Information

For detailed information on item 3 (Re-election of Directors) please refer to the explanatory memorandum on page 3.

By Order of the Board:



Kevin Hollingsworth

Company Secretary
24 October 2011

Notice of Annual General Meeting

IMPORTANT NOTES

These notes form part of the Notice of the Annual General Meeting.

Annual Report

The annual report (which includes the financial report, the directors' report, the auditor's report and the remuneration report) is available for shareholders to access and download from the investor information page on the Company's website (www.mesoblast.com).

Shareholders who have elected to receive a copy of the annual report will receive it separately in the mail.

Shareholders Entitled to Vote

The directors have determined that, for the purpose of voting at the meeting, shareholders are those persons who are the registered holders of shares at **7pm Melbourne time on 22 November 2011**.

Voting Exclusions

The Corporations Act 2011 (Cth) requires that certain persons must not vote, and the Company must disregard any votes cast by such persons, on the following resolutions:

Item 2 Remuneration Report

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed in **item 2**:

- A member of the key management personnel (**KMP**) for the Mesoblast consolidated group whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP), unless:
 - that person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution in item 2 (**directed proxy**); and
 - the vote is not cast on behalf of a KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP).
- A KMP (or a closely related party of any such KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on the resolution in item 2 (**undirected proxy**), unless:
 - the proxy is the Chair of the AGM; and
 - the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The KMP's of the Mesoblast consolidated group are those persons having authority and responsibility for planning, directing and controlling the activities of the Mesoblast consolidated group either directly or indirectly. It includes all Directors (Executive and Non-Executive). The KMP's during the year ended 30 June 2011 are listed in the Remuneration Report contained in the Annual Report for the year ended 30 June 2011.

A "closely related party" of a KMP means:

- a spouse or child of the KMP; or
- a child of the KMP's spouse; or
- a dependant of the KMP or of the KMP's spouse; or
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Mesoblast consolidated group; or
- a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney.

Appointment of Proxies

If you are entitled to vote at the meeting you have the right to appoint a proxy to attend and vote in your place. To appoint a proxy you should use the attached proxy form. The proxy need not be a shareholder of the Company. If you are entitled to cast two or more votes you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If a proxy does not attend the AGM then the Chair of the AGM will be taken to have been appointed as the proxy of the relevant shareholder in respect of the AGM. If the Chair of the AGM is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chair of the AGM intends to exercise the relevant shareholder's votes in favour of the resolution (subject to the other provisions of these Notes, including the voting exclusions noted above).

Please note: Direction to Chair on voting for Remuneration Report

If the Chair of the AGM is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chair of the AGM to vote for or against, or to abstain from voting on, the resolution in **item 2 – Remuneration Report** by marking the appropriate box opposite item 2, or the box located at the bottom of step 2 of the proxy form. However, if the Chair of the AGM is a proxy and the relevant shareholder does not mark any of the applicable boxes, the vote will not be cast with respect to the resolution in item 2.

Proxy forms must be received at Mesoblast Limited, C/-Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, Australia or by fax on +61 2 9287 0309 no later than **11am on 22 November 2011**.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Notice of Annual General Meeting Explanatory Memorandum

These explanatory notes have been prepared to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting (**AGM**) of the Company (**Notice**) concerning the meeting to be held at Middletons Lawyers, Rialto South Tower, Level 25, 525 Collins Street, Melbourne on **24 November 2011 at 11am** (Melbourne time).

1. Receipt and Consideration of Financial Statements and Reports

This agenda item is intended to provide shareholders with the opportunity to raise questions on the Financial Statements and Reports, and in the performance of the Company generally.

Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose of the meeting for the Financial Statements and Reports to be accepted, rejected or modified in any way. There is no requirement either in the *Corporations Act* or in the Constitution of the Company for shareholders to approve the financial report, the directors' report or the auditor's report.

2. Remuneration Report (Non-binding Resolution)

The Board submits its Remuneration Report to shareholders for consideration and adoption. The *Corporations Act 2001 (Cth)* specifically provides that the vote by shareholders is advisory only and is not binding on the Board or the Company. The Remuneration Report is set out in the Directors Report of the 2011 Annual Report. The Remuneration Report:

- explains the Board's policies in respect of the nature and level of remuneration paid to Directors and other key management personnel of the Group;
- discusses the link between the Board's policies and the Group's performance;
- if an element of remuneration is performance based, explains why the performance conditions were chosen and how performance is measured against those conditions;
- sets out the remuneration details for each key management personnel for the Mesoblast Group;

It is intended that shareholders will be provided an opportunity to discuss the Remuneration Report at the meeting.

The shareholder vote is advisory only and does not bind the Directors of the Company. However, pursuant to recent amendments of the Corporations Act which took effect from 1 July 2011, if the resolution to adopt the Remuneration Report receives a "no" vote of at least 25% of the votes cast at two consecutive AGM's, a resolution must then be put to shareholders at the second AGM as to whether another general meeting of the Company should be held within 90 days at which all Directors (other than the Managing Director), who were in office at the time the Board approved the second Remuneration Report, would need to stand for re-election to the Board.

Recommendation

Due to these amendments to the Corporations Act, the Company's board of directors (**Board**) abstains from making a recommendation to shareholders with respect to Item 2.

3. Re-election of Directors

Article 15.3(a)(i) of the Constitution of the Company and ASX Listing Rule 14.4 provides that a Director (other than the Managing Director) may not hold office past the third annual general meeting following the Director's appointment. Accordingly, Mr Brian Jamieson (Resolution 3(a)) and Mr Michael Spooner (Resolution 3(b)) are to retire at this AGM, and both Directors offer themselves for re-election.

The following details are in relation to the Directors standing for re-election:

a) Mr Brian Jamieson

Mr Jamieson was elected to the Board at the Company's Annual General Meeting held on 27th November 2008. Mr Jamieson has over 30 years' experience in providing advice and audit services to a diverse range of public and large private companies. He was chief executive of Minter Ellison, Melbourne, from 2002-2005. Prior to that he was chief executive officer of KPMG Australia from 1998-2000, managing partner of KPMG Melbourne and Southern Regions from 1993-1998, and chairman of KPMG Melbourne from 2001-2002. He was also a KPMG board member in Australia and a member of the USA management committee. Mr Jamieson was recently appointed to the position of non-executive Chairman of Sigma Pharmaceuticals Limited, having been a non-executive director since December 2005. Mr Jamieson is also a non-executive director of Tatts Group Limited (since May 2005), Oz Minerals Limited (since August 2004) and Tigers Realm Coal Limited (since 25 February 2011), all of which are ASX listed companies. He is also a non-executive director and treasurer of the Bionics Institute, and a director of The Sir Robert Menzies Foundation.

Notice of Annual General Meeting Explanatory Memorandum Continued

b) Mr Michael Spooner

Mr Spooner was first elected to the Board at the Company's Annual General Meeting held in 2005, and also again on 27th November 2008.

Mr Spooner is a well-known and respected business leader. He has an extensive network of relationships with investment firms and business communities across the globe, having spent the majority of the past 25 years living and working internationally. Mr Spooner consults to a number of listed and unlisted companies based in Australia and the US. In 2010 Mr Spooner was appointed Chairman of BiVACOR a total artificial heart company. Most recently, Mr Spooner was a non-executive director of Peplin Inc., a dermatology focused skin cancer company from 2004 until the company was sold in 2010 for over \$300m. Mr Spooner was Executive Chairman of Hunter Immunology Limited a respiratory medicine company from 2007 to 2009. He was a director of Australian Surgical Design & Manufacture Ltd an Australian publicly listed company in 2010 and a non-executive director of Hawaii Biotech Inc a US based specialty developer of vaccines from 2009 to 2011. Previously, Mr Spooner was the Chairman of Mesoblast Limited from its initial listing in 2004 until 2007 and Managing Director & CEO of Ventracor Limited where he led the transformation of a small Australian listed life sciences company into the second highest performing stock on the S&P/ASX 200 index. He was a Principal Partner and Director of Consulting Services with PricewaterhouseCoopers (Coopers & Lybrand) in Hong Kong for several years.

Recommendation

The Directors (in the absence of Mr Brian Jamieson and Mr Michael Spooner) recommend that shareholders vote in favour of resolutions 3(a) and 3(b).

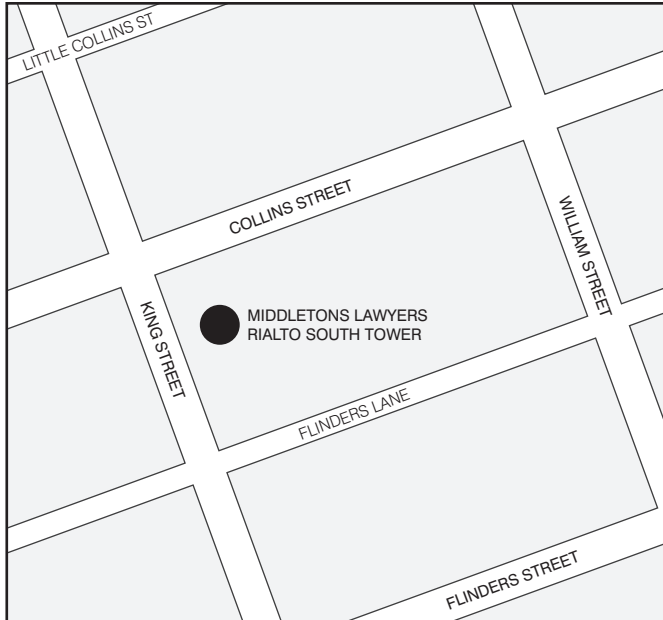
4. Further information

The Directors of the Company are not aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in the notice of general meeting.

The Directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

Mesoblast Limited
ABN 68 109 431 870

Location Map



Middletons Lawyers,
Rialto South Tower
Level 25, 525 Collins Street,
Melbourne, Victoria



Mesoblast Limited

Level 39, 55 Collins Street
Melbourne, Victoria 3000
Australia

275 Madison Ave 4th Floor
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United States