

MESOBLAST LIMITED

ACN 109 431 870

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Company to be held at

**2.30 pm (Melbourne time)
on 29th November 2012**

**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: 29th October 2012

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 **29 November 2012 at 2.30 pm** (Melbourne time) for the purpose of considering and, if thought fit, passing the following 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 2012, 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 2012".

Voting Exclusions and Further Information

For voting exclusions on the resolution in Item 2 (Remuneration Report), please refer to page 4.

*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. Approve the appointment of Dr. Ben-Zion Weiner as Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That pursuant to article 15.1(c) of the Company's Constitution, the members of the Company approve the appointment of Dr. Ben-Zion Weiner as a director of the Company, who, having been appointed by the directors on 9 May 2012 and being eligible, offers himself for election."

4. Re-election of Mr Donal O'Dwyer as a Director

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That pursuant to article 15.3 of the Company's Constitution, the members of the Company approve the appointment of Donal O'Dwyer 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."

5. Renewal of Proportional Bid provisions in the Constitution

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That for the purposes of Section 648G(4) of the Corporations Act 2001 and for all other purposes the members of the Company approve the renewal of Clause 13 of the Company's Constitution"

Further Information

For detailed information on Items 2, 3, 4 and 5 please refer to the explanatory memorandum on pages 6 to 10.

By Order of the Board of Directors:



Jenni Pilcher
Company Secretary
29th October 2012

IMPORTANT NOTES

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

Voting Methods

A shareholder may only vote by one of the following methods:

- a) online (in accordance with the instructions on page 2 of the Securityholder Voting Form (**Proxy Form**))
- b) personally attend the meeting; or
- c) by proxy, representative, or attorney, at the meeting which can be appointed using the attached Proxy Form.

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 **7:00 pm** Melbourne time on **27 November 2012**.

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 resolution detailed at Item 2 of this Notice of Meeting (**Item 2**):

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) A member of Key Management Personnel (**KMP**) (at the date of this meeting or whose remuneration details are included in the 2012 Remuneration Report) and their closely related parties as defined in the Corporations Act 2001, (collectively referred to as a "**Prohibited Voter**") unless that person does so as a proxy appointed by writing by someone other than a Prohibited Voter and that proxy form specifies how the proxy is to vote on Item 2; and
- (b) A Prohibited Voter that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Item 2, unless the proxy is the Chairman of the AGM.

If you are not a Prohibited Voter and you have appointed the Chairman as your proxy, unless you direct to the contrary by marking "abstain" or "against" on the voting form, by appointing the Chairman as your proxy you expressly authorise the Chairman of the meeting to exercise your proxy in accordance with his stated intention to vote in favour of this resolution, even though this resolution is connected directly or indirectly with the remuneration of a KMP.

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 up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Please refer to page 2 of the Proxy Form.

If a proxy does not attend the AGM then the Chairman of the AGM will be taken to have been appointed as the proxy of the relevant shareholder in respect of the AGM. If the Chairman 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 Chairman of the AGM intends to exercise the relevant shareholder's votes in favour of the resolution (subject to the other provisions of these Notes).

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 **2:30 pm** on **27 November 2012**.

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.

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 **29 November 2012 at 2:30 pm** (Melbourne time).

Items of Business:

1. Receipt and Consideration of Financial Statements and Reports

This agenda item is self-explanatory. It 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 2012 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 Company;
- discusses the link between the Board's policies and the Company'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 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.

*Please Note: The Company did **NOT** receive "no" votes to the 2011 Remuneration Report resolution in aggregate of at least 25% of the votes cast at the **2011 Annual General Meeting**.*

Board Recommendation

In these circumstances, the Company's Board of Directors (**Board**) abstains from making a recommendation to shareholders with respect to Item 2.

Voting Exclusions

Voting exclusions apply to this resolution as specified in Important Notes section of the Notice of Annual General Meeting.

The Chairman, in his capacity as proxy holder, intends to vote undirected proxies in favour of approving this resolution at Item 2.

3. Approve the appointment of Dr. Ben-Zion Weiner as Director

Clause 15.1(c) of the Constitution of the Company provides that, subject to the provisions of the Corporations Act, the Directors may at any time appoint any person to be a Director and that person will hold office until the end of the next following general meeting and is eligible for election at that meeting.

Dr. Ben-Zion Weiner was appointed to the Board by the Directors on 9 May 2012, replacing Mr Kevin Buchi as the representative for Teva Pharmaceutical Industries Ltd (Teva). Mr Kevin Buchi retired at the same time as the appointment of Dr. Ben-Zion Weiner.

In accordance with clause 15.1(c) of the Constitution of the Company, Dr. Ben-Zion Weiner is eligible for election.

The following details are provided for Dr. Ben-Zion Weiner who is standing for election:

Dr Weiner is currently Special Adviser to the CEO of Teva. He has been Teva's head of global research and development for over three decades, most recently as Chief R&D Officer and a member of the Teva Executive Committee. In this role, he has directly overseen all pharmaceutical R&D and innovative branded product pipeline development. Dr Weiner has been responsible for the development of hundreds of generic products for the United States, European and other markets. In parallel, he has been responsible for the development and regulatory approval of Teva's innovative product portfolio. Dr Weiner has twice been the recipient of the Rothschild prize for innovation, including for the commercialization of Copaxone in the treatment of multiple sclerosis.

Board Recommendation

The Directors (in the absence of Dr. Ben-Zion Weiner) recommend that shareholders vote in favour of this resolution at Item 3.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this resolution at Item 3.

4. Re-election of Mr Donal O'Dwyer as a Director

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 Donal O'Dwyer will retire at this AGM and offer himself for re-election. Mr Donal O'Dwyer was last re-elected to the Board at the Company's 2009 Annual General Meeting.

The following details are provided for Mr Donal O'Dwyer who is standing for re-election:

Mr O'Dwyer has over 20 years' experience as a senior executive in the global cardiovascular and medical devices industries. From 1996 to 2003, Mr O'Dwyer worked for Cordis Cardiology, the cardiology division of Johnson & Johnson's Cordis Corporation, initially as its president (Europe) and from 2000 as its worldwide president. In his role, Mr O'Dwyer led Cordis through the launch of the revolutionary Cypher drug eluting coronary stent technology, and saw the company take over number one market share of coronary stents worldwide. Prior to joining Cordis, Mr O'Dwyer worked for 12 years with Baxter Healthcare, rising from plant manager in Ireland to president of the Cardiovascular Group, Europe, now Edwards Lifesciences. Mr O'Dwyer is a qualified civil engineer and has an MBA.

Board Recommendation

The Directors (in the absence of Mr Donal O'Dwyer) recommend that shareholders vote in favour of this resolution at Item 4.

The Chairman, in his capacity as proxy holder, intends to vote undirected proxies in favour of approving this resolution at Item 4.

5. Renewal of Proportional Bid Provisions of the Constitution

Clause 13 of the Company's Constitution contains provisions dealing with member approval requirements if there was to be any proportional takeover bids for the Company's securities (**Proportional Bid Provisions**).

A 'proportional takeover bid' means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each holds.

Part 6.5 Subdivision 5C of the *Corporations Act 2001* provides that these Proportional Bid Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Bid Provisions of the Company's Constitution (Clause 13) be renewed.

In seeking the members' approval for the renewal of the Proportional Bid Provisions, the Corporations Act requires the below information to be provided to members.

Effect of provisions proposed to be renewed

Clause 13 of the Constitution provides that the Company is **prohibited** from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until **after** the proposed transfer has been approved by the members at a general meeting of the Company (**Approving Resolution**).

The person making the offer for the securities (**Offeror**) (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than 50% of members who are entitled to vote at that meeting.

Clause 13 also provides that:

13.4 - If an Approving Resolution is not voted upon within 14 days of the end of the bid period, the Approving Resolution is deemed approved, and

13.5 - If the Approving Resolution is rejected, all unaccepted offers under the proportional takeover bid are deemed withdrawn and the Offeror must rescind each contract created as a result of the acceptance of an offer under that proportional takeover bid.

Reasons for the resolution

Clause 13 of the Constitution is required to be renewed as more than 3 years have passed since the initial adoption of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Clause 13 cease to apply at the end of 3 years from their adoption. Section 648(G)(4) enables the members to approve a renewal of Proportional Bid Provisions.

The Directors believe that the members should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Clause 13 needs to be renewed. If Clause 13 is renewed and any proportional takeover bid (if any) is subsequently approved by members, each member will still have the right to make a separate decision whether that member wishes to accept the (proportional takeover) bid for their own securities.

Awareness of current acquisition proposals

As at the date of this Explanatory Memorandum, none of the Directors is aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company.

The advantages and disadvantages of the Proportional Bid Provisions since their adoption

As there have been no takeover bids made for any of the shares in the Company since the adoption of the Proportional Bid Provisions, there has been no application of Clause 13. It may be argued that the potential advantages and disadvantages described below have also applied for the period since adoption of clause 13.

Potential advantages and disadvantages of the proposed resolution for both directors and shareholders

The potential advantages include –

- (a) the Board will have the opportunity to assess the member's acceptance or otherwise of a proportional takeover bid should one be made;
- (b) shareholders will have a say in determining whether a proportional takeover bid should proceed; and
- (c) it provides an open forum for shareholders to hear the views of other shareholders in respect of the merits or not of a proportionate takeover bid.

As stated above, renewing Clause 13 provides the members with the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 13 is not renewed, members will not have this opportunity.

However, it may be argued that the renewal of Clause 13 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bid being made and reduce the freedom for members to sell some of their securities.

However, balancing the above the Directors are of the view that the advantages of renewing the Proportional Bid Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, shareholder approval to renew clause 13 is sought pursuant to this resolution.

Board Recommendation

The Directors recommend that shareholders vote in favour of this resolution at Item 5.

The Chairman, in his capacity as proxy holder, intends to vote undirected proxies in favour of approving this resolution at Item 5.

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.



By mail: Mesoblast Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7111



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SECURITYHOLDER VOTING FORM

I/We being a member(s) of Mesoblast Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named in the event the named proxy does not attend the meeting.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2:30pm on Thursday, 29 November 2012, at Middletons Lawyers, Rialto South Tower, Level 25, 525 Collins Street, Melbourne, Victoria and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an X

STEP 2

VOTING DIRECTIONS

Table with 4 columns: Item, For, Against, Abstain*. Rows include: Item 2 Adopt the Remuneration report, Item 3 Approve the appointment of Dr Ben-Zion Weiner as Director, Item 4 Re-election of Mr Donal O'Dwyer as a Director, Item 5 Renewal of Proportional Bid provisions in the Constitution.

The Board encourages all Securityholders who submit proxies to direct their proxy how to vote on all items of business.

The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual) [Signature box]

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual) [Signature box]

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual) [Signature box]

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm on Tuesday, 27 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Mesoblast Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**