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MESOBLAST ISSUES NEW EQUITY TO CEPHALON, RECEIVES FURTHER CASH INJECTION

- **Mesoblast places additional 24.7 million shares to Cephalon following approval at shareholder meeting**
- **Cephalon now holds 19.99% of Mesoblast's 279 million issued shares**
- **Additional cash injection of \$139 million increases Mesoblast total cash position to approx. \$280 million**
- **Company well funded to unlock full value of cutting-edge platform technology and deliver commercial outcomes for a broad range of disease therapeutics**

Melbourne, Australia: 14 February 2011: Regenerative medicine company Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) today reported that it had issued an additional 24,702,056 ordinary shares to global biopharmaceutical company Cephalon Inc., and received an additional cash injection of \$139 million. Mesoblast's total cash reserves are now approximately \$280 million.

The transaction was approved overwhelmingly by Mesoblast shareholders at an Extraordinary General Meeting on 9 February 2011. Cephalon now holds 19.99% of total Mesoblast issued shares, in accordance with the strategic alliance entered into by the parties on 7 December 2010. The alliance will see the parties jointly develop and commercialize proprietary Mesenchymal Precursor Cell (MPC) therapeutics for degenerative conditions of the cardiovascular and central nervous systems as well as for bone marrow regeneration in cancer patients.

Mesoblast Chief Executive and Managing Director, Professor Silviu Itescu, said that the company's new financial resources put it in a very strong position to deliver long-term commercial value from its proprietary adult stem cell platform technology.

"Furthermore, our financial independence enables us to significantly broaden our range of product offerings for the treatment of major diseases," he said.

Professor Itescu said that Mesoblast's growth strategy is based on three pillars:

1. the alliance with Cephalon to develop products to treat cardiovascular and neurodegenerative diseases, and to augment bone marrow repair in cancer patients,
2. intravenously-delivered products to treat a wide range of inflammatory and immune-based conditions including diabetes, lung diseases, and joint diseases, and
3. the company's suite of orthopedic products for repair of bone and cartilage tissues.

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"The alliance with Cephalon brings strength and proven execution capability in late phase clinical development, as well as product sales and marketing. Cephalon will fund and oversee Phase 3 trials for both Revascor™, our product for cardiovascular diseases, and our bone marrow regeneration product. Additionally, the alliance brings in Cephalon's considerable expertise in neurological disorders, facilitating development of new products for diseases such as stroke and Parkinson's disease.

"In parallel, Mesoblast's financial strength will enable the company to simultaneously drive to market products for new and large clinical indications. We have sufficient financial resources now to complete clinical development and product registration for a suite of new and existing products, thereby maximizing full shareholder value from product sales.

"Coupled with our corporate strategy for commercial product manufacture and rollout, we believe that Mesoblast is poised to become the global leader in commercializing therapeutic products for regenerative medicine," Professor Itescu added.

About Mesoblast Limited

Mesoblast Limited (ASX: MSB; OTC ADR: MBLTY) is a world leader in the development, manufacture, and commercialization of biologic products for the broad field of regenerative medicine. Mesoblast has the worldwide exclusive rights to a series of patents and technologies developed over more than 10 years relating to the identification, extraction, culture and uses of adult Mesenchymal Precursor Cells (MPCs). More information - www.mesoblast.com

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