



SPEECH BY MESOBLAST CHAIRMAN BRIAN JAMIESON

TO EXTRAORDINARY GENERAL MEETING

Welcome to this Extraordinary General Meeting of Mesoblast Limited.

Today is a very significant landmark in Mesoblast's short history; one that I am certain will be regarded as a major milestone for our company. We are meeting to take an important step forward in the continued commercialisation of our exciting and very promising adult stem cell technology platform; a step that your Board of Directors firmly believes will deliver outstanding outcomes to you, our shareholders.

It is sometimes easy for the fast pace of commercialisation to overtake the human side of medicine and its applications. It is important to pause and reflect on the changes that our extraordinary adult stem cell technology is already making to the lives of people suffering from devastating and life-threatening conditions. Supported by our shareholders, we are proud to bring a unique technology to market which will impact significantly on patient quality of life and longevity.

Over the past five years since its public listing on the ASX, Mesoblast has achieved a number of first-tier accomplishments in its objectives to commercialise a therapeutic suite of stem cell products for orthopaedic applications and become the world's leading orthopaedic-focused biologics company.

Key among these has been the demonstration in formal clinical trials that Mesoblast's patented Mesenchymal Precursor Cells (MPCs) are highly effective for repair of poorly-healing or non-union fractures of the long bones, and to generate bony fusion in patients with end-stage disc degeneration of the cervical and lumbar spine. Additional products developed by Mesoblast include products to repair damaged arthritic cartilage in vertebral discs and joints.

A particular highlight has been Mesoblast's recent success in obtaining TGA regulatory approval to manufacture and distribute its patient-specific adult stem cell products to hospitals and physicians across Australia; this is the first culture-expanded adult stem cell product to receive manufacturing approval anywhere in the world.

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At the same time, our associate company in the United States, Angioblast Systems Inc., has also had remarkable achievements in its objectives to commercialise the shared stem cell technology platform for a range of non-orthopaedic applications, including heart diseases, oncology, diabetes, and eye diseases.

For example, two of Angioblast's products are in late stage clinical development for conditions as diverse as congestive heart failure and bone marrow transplantation in patients with blood cancers. Angioblast's Phase 2 trial for congestive heart failure in the United States is nearing completion. Results to date indicate that the company's product has the potential to change the treatment paradigm for heart failure patients. This condition affects around 20 million people worldwide, and 6 million people in the United States alone, making it the number one cause of hospitalisation and mortality in the Western world. This represents a massive commercial opportunity for the Company.

Angioblast's other lead product for patients undergoing bone marrow transplantation has the potential to significantly improve transplant survival, expand the pool of donors, and consequently increase the number of transplants currently being performed for patients with life-threatening conditions. These important outcomes mean that the product has the potential to receive fast-track marketing approval in the United States, and consequently to generate early and significant revenues for the Company.

As you know we are today seeking your support to acquire the outstanding shares in Angioblast Systems that we don't already own – some 67.4% - in order that Angioblast can become a wholly owned subsidiary of Mesoblast.

In my letter to shareholders of 18 August 2010, I outlined many compelling reasons for supporting the proposed acquisition of Angioblast.

Fundamentally, it is a strategic acquisition that will enable Mesoblast to significantly broaden its product portfolio based on 100% ownership of the intellectual property rights underpinning the entire MPC technology platform.

If approved, the acquisition would transform Mesoblast from a biologics company focused on orthopaedic applications to a global leader in the broader regenerative medicine industry.

This proposed transaction brings many commercial advantages, including:

- Mesoblast shareholders would gain full commercial benefits from the breadth of applications of the MPC adult stem cell technology platform, including cardiac, eye, diabetes and oncology.
- Bringing the technology platform and assets into one company would enable streamlining of corporate operations, strengthening of the global leadership team, and rational allocation of resources based on maximal return.
- A single company with access to 100 per cent ownership of the technology platform would be greatly strengthened in its ability to establish strategic partnerships across a range of product indications.
- A significant increase in the issued share capital will result in Mesoblast having a market capitalisation in excess of \$600 million; this will position Mesoblast as the world's largest stem cell company and Australia's fourth largest biotechnology company, after pharmaceutical and device companies CSL, Resmed and Cochlear.

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- A simplified corporate structure with a larger base of issued share capital would be expected to create greater shareholder value through greater liquidity, inclusion in indices, exposure to new investors, and ultimately access to greater pools of capital.

The terms of the acquisition have been reviewed by Deloitte as an independent expert. Their finding is that this acquisition is both fair and reasonable to Mesoblast non-associated shareholders.

Their report is fulsome and lists what they see as advantages of the acquisition to Mesoblast shareholders. They include:

- The value of the shares to be issued is less than their assessment of the fair market value of the interest in Angioblast that Mesoblast is acquiring
- Mesoblast will be more diversified
- Mesoblast will have increased scale; and
- The merged entity will have more transparency.

You will note that we have four resolutions today, all of which are ordinary resolutions.

However, before proceeding to the business end of this meeting, I would like to ask our Chief Executive and Managing Director, Silviu Itescu, to provide you with a more detailed update on Mesoblast's progress to the next level in its corporate maturity.

Melbourne, Australia

22 September 2010

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***Extraordinary General Meeting
Melbourne***

September 22, 2010

Commercializing Stem Cells: Our Patented Technology Underpins the Right Business Model

Embryonic Stem Cells/iPS Cells

- *Research only*
- *NO near-term therapeutic product (ethics, cancer risk, etc.)*

Adult Stem Cells

- *Commercial products in the clinic today*
- *Most adult stem cell products need to be patient's own...high cost, low margin (e.g. fat derived, cord blood)*
- *Mesenchymal Precursor Cells (MPC), our patented adult stem cells, are non-immunogenic & highly expandable...*
- *...“Off-the-Shelf”, batched, high-margin products from unrelated donors*

Our Industrial-Scale Manufacturing Process

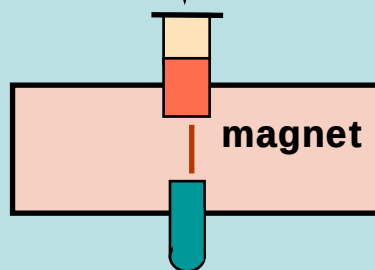


Bone Marrow (BM) from universal donor

BM + stem cell-binding antibody



magnetic beads

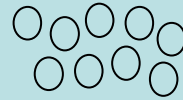
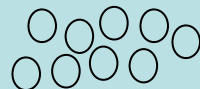
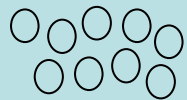


fresh,
quiescent

master
cell bank



MPC

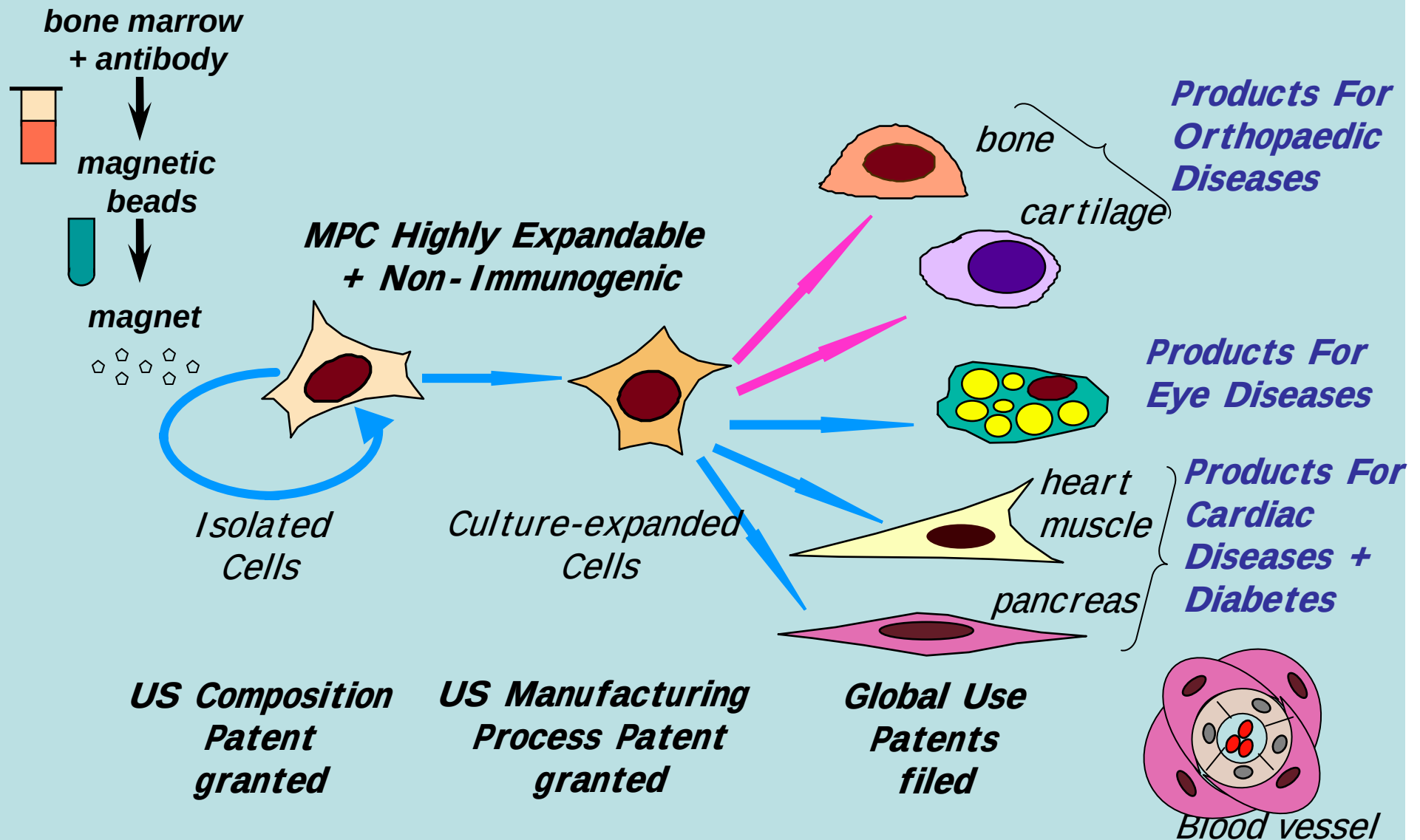


final product for thousands
of unrelated recipients

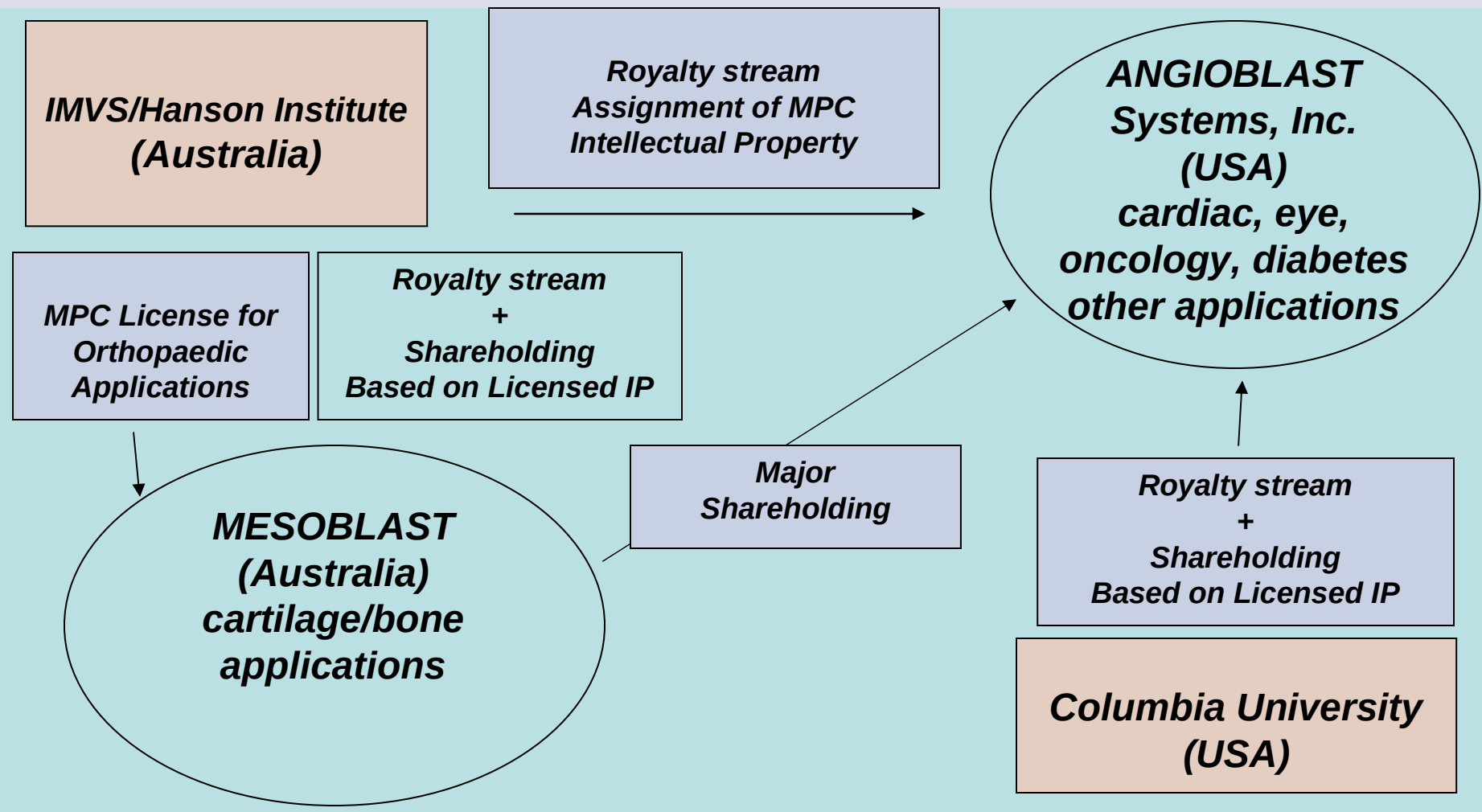
Competitive Advantages of Manufacturing Process:

- homogeneous cell population
- well-controlled cell expansion
- efficient large-scale expansion
- lower costs of cell culture process
- batch-to-batch consistency
- stringent release criteria
- greater potency of expanded product

We Own the Intellectual Property on Mesenchymal Precursor Cells (MPC)



Mesenchymal Precursor Cell (MPC) Technology Platform



What Are The Strategic Benefits Of The Proposed Transaction?

1. Increased shareholder value

- *MSB shareholders to get full up-side from 100% of the value creation in all applications of the proprietary technology*
- *greater market capitalization, liquidity, access to capital*

2. Enhanced commercialization potential and maximized revenues

- *easier to establish broad-based strategic partnerships*
- *more rational resource allocation based on maximal product value*

3. Protection of intellectual property for long-term sustainability

- *establish centralised manufacturing*
- *improve and optimize existing products*
- *enhance R&D product pipeline*

4. Streamlined operations and global leadership team

Increased Shareholder Value

Fund Raisings \$m

IPO @ 50 cents	21.0
<i>Equity Placements:</i>	
Jul-06	17.4
Dec-07	13.4
Apr-09	10.8
May-10	37.0
Options + Angioblast raisings	18.2
Total Funds Raised	\$117.8

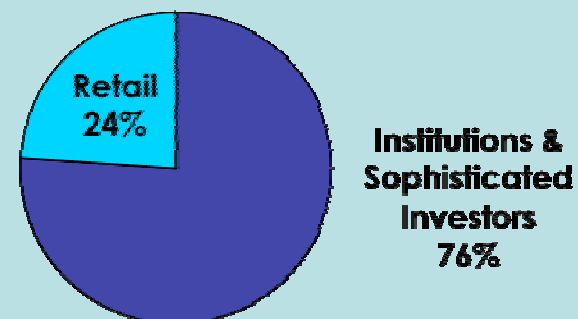


Use of capital:

- Mesoblast Clinical Programs
- Angioblast 100% acquisition

Issued shares (subject to EGM)	250m
Current Share Price	\$2.50
Cash available after EGM (circa)	\$41m
Market Cap (circa)	\$625m

Mesoblast Ownership



Increased Shareholder Value





Enhanced Revenue Generating Strategies

1. Near-term revenues

- *patient-specific products for elite athletes*

2. Mid-term value drivers underpinning capital growth

- *"off-the-shelf" products for major unmet medical needs*

3. Long-term sustainability

- *R&D product pipeline*

Enhanced Ability To Commercialize Technology

1. Taking Individual Applications to Market on Our Own

e.g. Orphan Drug Applications

2. Broad-based Partnering of Platform Technology

e.g. Pharma Licensing

3. Partnering Specific Applications

e.g. Medtech Applications



Enhanced Manufacturing Strategy Central To Maximizing Revenues

1. State-of-the-art manufacturing plant via strategic alliance

- **cost neutral**
- **tax effective geographical location**
- **best of breed, cutting edge technology**

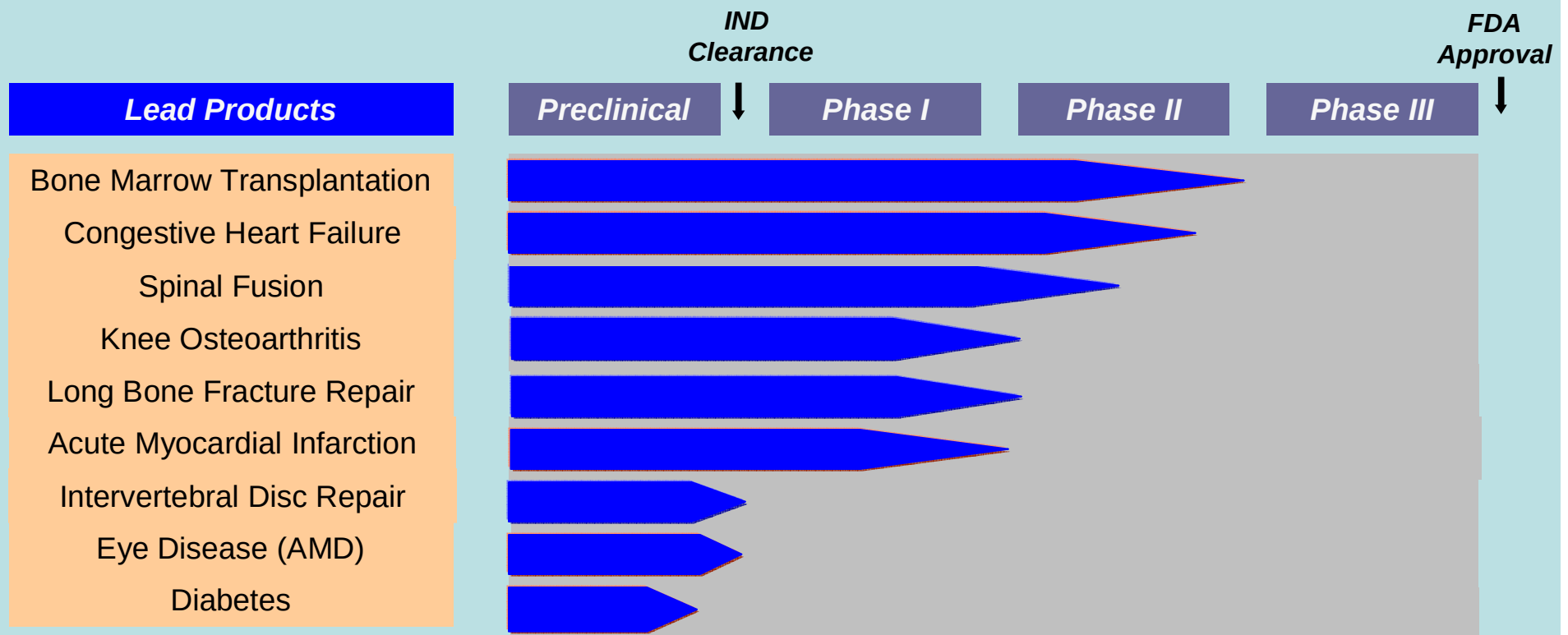
2. Retain control of manufacture for all products

- **product delineation for distribution partners**
- **maintain optimal product pricing differences**

3. Commercial benefits

- **reduced COGS, increased margins**
- **R&D support for new product pipeline**

“Off-the-Shelf” Product Portfolio Driving Value Creation



United States Target Orthopedic Markets

1. Spinal Fusion

- **> 500,000 procedures/year in United States (US) alone**

2. Intervertebral disc repair/regeneration

- **> 4 million patients affected in US alone**

3. Repair of Non-Union Long Bone Fractures

- **5-10% of all long-bone fractures fail to unite (non-union)**

4. Knee Osteoarthritis

- **> 15 million patients affected in US alone**

United States Non-Orthopaedic Markets

5. Cardiovascular Diseases

Congestive Heart Failure (CHF)

- *6 million in US alone, >600,000 new patients annually*

Acute Myocardial Infarction (AMI)

- *1.2 million new patients annually in US alone*

6. Bone Marrow Transplantation, Expansion of Umbilical Cord Blood

- *Orphan Drug Designation (<200,000 patients/year)*
- *Fast-track approval, pricing premium*
- *Total no. procedures can be increased 3-fold*

7. Age-Related Macular Degeneration (AMD) and Diabetic Retinopathy

- *> 150,000 new patients annually in US alone*

8. Diabetes

- *> 200 million world-wide, 800,000 new patients annually in US*



Thank you for your loyalty and support!