

MESOBLAST LIMITED

ACN 109 431 870

NOTICE OF MEETING

**For the Extraordinary General Meeting of the Company to be held at
10.30 am (Melbourne time) on 9 February 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.**

Mesoblast Limited

ACN 109 431 870

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of the shareholders of Mesoblast Limited ACN 109 431 870 (**Mesoblast** or the **Company**) will be held at Middletons Lawyers, Rialto South Tower, Level 25, 525 Collins Street, Melbourne, Victoria on 9 February 2011 at 10.30 am (Melbourne time) for the purpose of considering and, if thought appropriate, passing the following resolutions:

1. Resolution 1 – Ratification of prior issue of shares

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify Mesoblast's allotment on 22 December 2010 of 31,083,750 fully paid ordinary shares credited as fully paid to Cephalon International Holdings, Inc. (**Cephalon**) at an issue price of \$4.35 cents per share and otherwise on the terms and conditions detailed in the Explanatory Notes which accompany this Notice of Meeting."*

2. Resolution 2 - Approval of the issue of additional shares to Cephalon International Holdings, Inc.

To consider, and if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That pursuant to ASX Listing Rule 7.1 and for all other purposes, the shareholders approve the issue by the Company to Cephalon International Holdings, Inc. (**Cephalon**) pursuant to the terms of the Subscription Agreement dated 7 December 2010 of that number of Mesoblast ordinary shares (at an issue price of \$4.35 per share) such that immediately after allotment Cephalon will hold (inclusive of this issue) 19.99% of the issued shares of the Company, as detailed in the Explanatory Notes which accompany this Notice of Meeting."*

3. Resolution 3 – Election of Director: Kevin Buchi

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

"That pursuant to Clause 15.1(c) of the Constitution, the members of the Company approve the appointment of Kevin Buchi as a director of the Company who, having been appointed since the last Annual General Meeting to fill a casual vacancy and being eligible, offers himself for election."

4. Resolution 4 – Increase in Directors' fees

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

"That for the purposes of ASX Listing Rule 10.17 and Clause 15.4(a) of the Company's Constitution, approval is sought for an increase in the total amount of Directors' fees to be paid to Non-Executive Directors for their services as Non-Executive Directors of the Company, from \$500,000 to a maximum aggregate amount of \$1,000,000 per annum, being an increase of the maximum aggregate of \$500,000 per annum".

How to vote

A member may vote by attending in person, by proxy, by attorney or (if the member is a body corporate) authorised representative.

All securities of the company that are quoted securities at 10.30 am on 7 February 2011 (Melbourne time) are taken, for the purposes of the general meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the general meeting on 9 February 2011 or at any adjournment of that meeting.

By Order of the Board:

.....
Kevin Hollingsworth
Company Secretary
7 January 2011

MESOBLAST LIMITED

ACN 109 431 870

Information Memorandum and Explanatory Notes

Background

At the shareholder's meeting held on 22 September 2010 (**2010 EGM**) Mesoblast shareholders approved the acquisition by Mesoblast of all the issued capital of Angioblast Systems, Inc. (**Angioblast**) from the Angioblast Stockholders (**Angioblast Merger**) pursuant to the terms of the Merger Agreement dated 28 September 2010 as amended (**Merger Agreement**).

Prior to the completion of the Angioblast Merger, Cephalon International Holdings, Inc. (**Cephalon**) acquired stock in Angioblast from existing Angioblast Stockholders. As a result of that acquisition and completion of the merger of Mesoblast and Angioblast on 7 December 2010, Cephalon is entitled to 12.2% of the issued Mesoblast share capital (**Initial Cephalon Shareholding**). Resolution 1 concerns the ratification of this issue of Mesoblast shares in respect of the Initial Cephalon Shareholding for the purposes of ASX Listing Rule 7.4.

On 7 December 2010 Cephalon also entered into a deed with Mesoblast (**Subscription Agreement**) under which Cephalon agreed to subscribe for additional Mesoblast shares which, when aggregated with the Initial Cephalon Shareholding, equate to 19.99% of the then Mesoblast issued share capital (**Further Cephalon Allotment**). Resolution 2 seeks Mesoblast shareholder approval in respect of the proposed Further Cephalon Allotment by Mesoblast for the purposes of ASX Listing Rule 7.1.

Simultaneously with execution of the Subscription Agreement, Cephalon entered into a Development and Commercialisation Agreement with Mesoblast's wholly owned subsidiary Angioblast (**Commercialisation Agreement**) under which Cephalon has a worldwide right to commercialise specific products based on our technology platform and is responsible for the conduct and expenses of all Phase IIb and III clinical trials relating to those specific products.

It is important to note that while under the Commercialisation Agreement Cephalon has already paid US\$100 million as an up-front payment - a further or additional US\$30 million is due to be paid by Cephalon conditional on, among other matters, Mesoblast shareholder approval of the Further Cephalon Allotment.

These explanatory notes have been prepared to provide shareholders with sufficient information to assess the merits of the proposed resolutions contained in the accompanying notice of Extraordinary General Meeting of the Company.

1. Resolution 1 – Ratification of prior issue of shares

1.1 Proposed Resolution 1

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify Mesoblast’s allotment on 22 December 2010 of 31,083,750 fully paid ordinary shares credited as fully paid to Cephalon International Holdings, Inc. (**Cephalon**) at an issue price of \$4.35 cents per share and otherwise on the terms and conditions detailed in the Explanatory Notes which accompany this Notice of Meeting.”*

1.2 Short explanation - Resolution 1

On 22 December 2010, 31,083,750 fully paid ordinary shares (or 12.2% of issued capital), were issued to Cephalon International Holdings, Inc. (**Cephalon**) in exchange for the cancellation of shares held in Angioblast Systems, Inc. following completion of the merger between Mesoblast Limited and Angioblast Systems, Inc. (being the Initial Cephalon Shareholding as described in the "Background" section of these Explanatory Notes).

These shares were issued to Cephalon (in exchange for Angioblast stock it had acquired from Angioblast stockholders) in compliance with the provisions of the merger agreement dated 28 September 2010 as amended (**Merger Agreement**), which Merger Agreement was approved at the Mesoblast shareholders' meeting held on 22 September 2010 (**2010 EGM**). Shareholders should refer to the notice of meeting for the 2010 EGM for further details of the merger beyond that provided in these Explanatory Notes.

Shareholder ratification of the issue of the Initial Cephalon Shareholding is now being sought for the purposes of Listing Rule 7.4. Under Listing Rule 7.1 Mesoblast may issue up to 15% of its ordinary share capital in any 12-month rolling period without shareholder approval. Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue (and thereby refresh the company's ability in the future to issue up to 15% of its share capital without obtaining prior shareholder approval).

The issue of the shares to Cephalon was within the 15% limitation imposed by ASX Listing Rule 7.1, however Mesoblast is now seeking shareholder ratification and approval for the issue of these shares which will effectively refresh the Company's ability to issue further securities under its 15% authority pursuant to ASX Listing Rule 7.1.

1.3 Information required under ASX Listing Rules 7.5 - Resolution 1

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

- (a) The number of securities allotted:

31,083,750

- (b) The issue price of the securities:

\$4.35 cents per share

- (c) The names of the allottee's:

Cephalon International Holdings, Inc.

- (d) The terms of the securities:

Fully paid ordinary shares

- (e) The intended use of the funds raised

No cash funds were raised from the allotment of these shares, rather the allotment took place in accordance with the Merger Agreement in consideration for the exchange of Angioblast stock by Cephalon for Mesoblast shares.

1.4 Effect of passing of Resolution 1

Resolution 1, if passed, will enable Mesoblast to retain the flexibility to issue equity securities within the next 12 months up to the 15% threshold without the requirement to obtain prior shareholder approval.

1.5 Voting Exclusion Statement – Resolution 1

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 1 by:

- (a) Cephalon International Holdings, Inc; and
- (b) any associate of Cephalon International Holdings, Inc.

However Mesoblast need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 – Approval of the issue of additional shares to Cephalon International Holdings, Inc.

2.1 Proposed Resolution 2

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That pursuant to ASX Listing Rule 7.1 and for all other purposes, the shareholders approve the issue by the Company to Cephalon International Holdings, Inc. (**Cephalon**) pursuant to the terms of the Subscription Agreement dated 7 December 2010 of that number of Mesoblast ordinary shares (at an issue price of \$4.35 per share) such that immediately after allotment Cephalon will hold (inclusive of this issue) 19.99% of the issued shares of the Company, as detailed in the Explanatory Notes which accompany this Notice of Meeting.”*

2.2 Summary of the Cephalon Subscription Agreement

The key terms of the Subscription Agreement entered into by Mesoblast and Cephalon in respect of the proposed Further Cephalon Allotment are summarised as follows:

- (a) The issue of the Further Cephalon Allotment is subject to the following conditions precedent (**Conditions Precedent**):
 - (i) Mesoblast obtaining the approval of its Shareholders for the purposes of ASX Listing Rule 7.1;
 - (ii) no objection being received and the period of 30 days expiring (or earlier terminated) from the date of the filing by Mesoblast and Cephalon of a merger / acquisition notification as required under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and
 - (iii) the Treasurer of the Commonwealth of Australia either:

- (A) issuing a notice stating that the Commonwealth Government does not object to the proposed acquisition by Cephalon of the Further Cephalon Allotment, either without conditions or with conditions that Cephalon considers acceptable (acting reasonably); or
- (B) becoming, or being, precluded under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) from making an order in respect of the proposed acquisition by Cephalon of the Further Cephalon Allotment,

in each case on or before 28 February 2011 or any other date agreed by Mesoblast and Cephalon. If all these conditions are not satisfied by this date (or an agreed extended date) either Mesoblast or Cephalon may terminate the Subscription Agreement.

- (b) Mesoblast has agreed not to issue any additional capital before 28 February 2011 (other than pursuant to any employee or director share option plan or remuneration arrangements for employees).
- (c) Cephalon agrees that (subject to certain exceptions) for the period of 12 months from 7 December 2010 neither Cephalon nor its associates will:
 - (i) increase its investment in Mesoblast beyond 19.99%, and
 - (ii) announce or make any takeover offer or like action to acquire any interest in any further Mesoblast shares.
- (d) For as long as Cephalon owns at least 10% of the issued capital of Mesoblast it shall have the right to maintain its shareholding at 19.99% on a top-up subscription basis should Mesoblast decide to undertake certain share issues, subject to Mesoblast obtaining an ASX waiver of ASX Listing Rule 6.18. Mesoblast has applied for that waiver. Should Mesoblast be unable to secure this waiver, Mesoblast has agreed with Cephalon not to issue any shares or securities convertible into shares (with some exceptions) until after 12 months.
- (e) Mesoblast has agreed to appoint a representative nominated by Cephalon to serve as a director on the Board of directors of Mesoblast for so long as Cephalon holds at least 10% of the issued share capital of Mesoblast.
- (f) Cephalon and Mesoblast individually and mutually provided certain warranties to each other usual for a transaction such as to be effected pursuant to the Subscription Agreement.

2.3 Description of Cephalon International Holdings, Inc.

Cephalon International Holdings, Inc (**Cephalon**) is a wholly owned subsidiary of Cephalon, Inc. Cephalon is a global biopharmaceutical company dedicated to discovering, developing and bringing to market medications to improve the quality of life of individuals around the world. Since its inception in 1987, Cephalon has brought first-in-class and best-in-class medicines to patients in several therapeutic areas. Cephalon has the distinction of being one of the world's fastest-growing biopharmaceutical companies, now among the Fortune 1000 and a member of the S&P 500 Index, employing approximately 4,000 people worldwide. The company sells numerous branded and generic products around the world. In total, Cephalon sells more than 150 products in nearly 100 countries. More information on Cephalon and its products is available at <http://www.cephalon.com/>.

2.4 Intentions post subscription

The parties' obligations and entitlements regarding the commercialisation of Mesoblast's technology in specified fields are the subject of the Commercialisation Agreement referred to above. Cephalon has informed Mesoblast that as a shareholder and via its representative on the Board of Mesoblast, Cephalon intends to support Mesoblast's activities in further developing and commercialising Mesoblast's technology, both through Cephalon's own efforts under the Development and Commercialisation Agreement in respect of the applications the subject of that agreement and through Mesoblast's efforts in developing the technology for other applications. Cephalon has agreed not to increase its percentage interest in Mesoblast beyond 19.99% for a period of 12 months.

2.5 Effect of the Subscription upon Mesoblast

Substantial Shareholders*	shares to be held	%
Professor Silviu Itescu	67,751,838	24.31%
Cephalon Inc.	55,718,750	19.99%
Thorney Holdings Pty Ltd	17,342,093	6.22%
M&G Group	15,057,123	5.40%
	155,869,804	55.92%

*substantial shareholders as per form 604 lodged with ASX on 30 December 2010.

2.6 Regulatory requirements for the Cephalon Subscription

ASX Listing Rule 7.1 sets out the regulatory requirements that must be satisfied in relation to the issue of securities under Resolution 2. ASX Listing Rule 7.1 prohibits Mesoblast issuing shares in excess of 15% of the existing share capital in a 12 consecutive month period without prior shareholder approval.

In order to comply with the Subscription Agreement, Mesoblast intends to issue to Cephalon the Further Cephalon Allotment (consisting of 24,635,000 new Mesoblast shares credited as fully paid at an issue price of A\$4.35 per share). As outlined above, in addition to paying A\$4.35 per share in respect of the Further Cephalon Allotment, Cephalon is under the Commercialisation Agreement obliged to pay an additional US\$30 million where the Conditions Precedent (including Mesoblast shareholder approval of the Further Cephalon Allotment) are satisfied. If this amount of US\$30 million is notionally combined with the subscription price to be paid by Cephalon for the Further Cephalon Allotment, it would equate to an implicit contribution by Cephalon per Mesoblast Share of approximately A\$5.57, which Mesoblast will receive if shareholders approve Resolution 2 and all other conditions are satisfied.

Accordingly where the conditions precedent under the Subscription Agreement are satisfied (including Mesoblast shareholder approval), Mesoblast will receive:

- (a) A\$107,162,250 by way of subscription by Cephalon for the Further Cephalon Allotment; and
- (b) US\$30 million by way of additional up front payment under the Commercialisation Agreement with Cephalon.

ASX Listing Rule 7.3 requires that a notice of meeting pursuant to which Shareholders are requested to consider approving an issue of shares pursuant to ASX Listing Rule 7.1 must include certain specified information in relation to the securities to be issued, as follows.

This information is set out below:

- (a) maximum number of securities to be issued:
24,635,000 Mesoblast shares (credited as fully paid)
- (b) date which the securities are to be issued
Within 3 months after the date of shareholder approval.
- (c) issue price of the securities:
\$4.35 per Share
- (d) names of the allottee/s (if known):
Cephalon International Holdings, Inc.
- (e) terms of the securities:
Fully paid ordinary shares in the capital of the Company
- (f) the intended use of the funds raised:
Working capital requirements of Mesoblast group (as expanded by the merger with Angioblast)

2.7 Reason for the subscription and Board recommendation

The Company's board believes that an issue of shares to Cephalon on the terms described in these Explanatory Notes is of significant benefit to Mesoblast.

The price of \$4.35 is equivalent to a 45% premium to the 30 day volume weighted average price of Mesoblast shares prior to the announcement of transaction with Cephalon. In addition, if Mesoblast Shareholders approve Resolution 2 and the other conditions precedent are satisfied, under the terms of the Commercialisation Agreement Cephalon is to make a further payment US\$30 million (without Mesoblast having to issue any shares to Cephalon in respect of that payment of US\$30 million).

There is of course the consideration that with the Further Cephalon Allotment, Cephalon would in aggregate move to a holding of 19.99% of the expanded Mesoblast share capital, but the Mesoblast board is of the opinion that Cephalon is an ideal strategic partner to progress commercialisation of our technology platform. The 19.99% holding gives Cephalon a direct stake in Mesoblast and therefore a significant additional incentive to contribute to the commercialisation of Mesoblast's technology; and would not prevent possible further value creating transactions for the Mesoblast group.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

2.8 Voting Exclusion Statement – Resolution 2

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 2 by:

- (a) Cephalon International Holdings, Inc; and
- (b) any associate of Cephalon International Holdings, Inc.

However Mesoblast need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. Resolution 3 – Election of Director: Kevin Buchi

3.1 Text of proposed Resolution 3

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That pursuant to Clause 15.1(c) of the Constitution, the members of the Company approve the appointment of Kevin Buchi as a director of the Company who, having been appointed since the last Annual General Meeting to fill a casual vacancy and being eligible, offers himself for election."

3.2 Background to Resolution 3

Clause 15.1(b) of the Constitution provides that the Company may at any time appoint a person to be a director of the Company to fill a casual vacancy.

Kevin Buchi was appointed by the Board as a Director of the Company on 30 December 2010 in accordance with the Subscription Agreement to fill a casual vacancy.

Clause 15.1(c) of the Constitution provides that a director appointed to fill a casual vacancy will hold office until the next general meeting, at which time the director will be eligible for election.

Kevin Buchi submits himself for election at this general meeting.

3.3 Profile of Kevin Buchi

J. Kevin Buchi was appointed as Chief Executive Officer of Cephalon in 2010, after serving the company in other capacities for almost 20 years. Most recently, Mr. Buchi served as Chief Operating Officer and managed the company's global sales and marketing functions, as well as product manufacturing, business development and investor relations. From 1996 to 2009, he served as Chief Financial Officer and, from 2004, head of business development for the company. Mr. Buchi has played an instrumental role in the global growth of Cephalon through acquisitions and sound financial management. At various times in his career since joining Cephalon in 1991 as controller, Mr. Buchi has had oversight of corporate finance, accounting, information systems, facilities, human resources and administration.

Mr. Buchi graduated from Cornell University with a Bachelor of Arts degree in chemistry. He was a synthetic organic chemist for the Eastman Kodak Company before going on to obtain a master's degree in management from the J.L. Kellogg Graduate School of Management at Northwestern University. He worked for a large public accounting firm before beginning his career in the pharmaceutical industry with E.I. du Pont de Nemours and Company in 1983. Mr. Buchi is a certified public accountant, and he serves on the board of directors of Celator Pharmaceuticals, Inc. located in Princeton, New Jersey.

3.4 Recommendation for Resolution 3

The Board of Directors recommend that shareholders vote in favour of the election of Kevin Buchi as a Director of the Company.

4. Resolution 4 – Increase in Directors' fees

4.1 Proposed Resolution 4

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

"That for the purposes of ASX Listing Rule 10.17 and Clause 15.4(a) of the Company's Constitution, approval is sought for an increase in the total amount of Directors' fees to be paid to Non-Executive Directors for their services as Non-Executive Directors of the Company, from \$500,000 to a maximum aggregate amount of \$1,000,000 per annum, being an increase of the maximum aggregate of \$500,000 per annum".

4.2 Background to Resolution 4

The Directors consider that the aggregate amount of Directors' fees to be paid out of the funds of the Company by way of remuneration to Non-Executive Directors for their services as Non-Executive Directors of the Company should be increased from the current aggregate maximum of \$500,000 previously approved by shareholders to an aggregate maximum of \$1,000,000, being an increase of \$500,000.

It is now 6 years since the current aggregate amount of Directors' fees was set. Shareholders should note that increasing the limit or cap prescribed in respect of the aggregate Non Executive Director fees does not mean that shareholders are approving an increase in the Non Executive fees. Mesoblast has established a remuneration committee which regularly reviews salaries / fees for all Mesoblast employees (including Non Executive Directors).

As Mesoblast has continued to grow in size and complexity, the Board believes that it is likely that the number of non executive Mesoblast directors and their responsibilities will be likely to significantly increase. The Board desires to increase the number of suitably qualified and skilled Non-Executive Directors on the board so that there are additional directors to assist the Company and an increased majority of independent Non-Executive Directors. The Company in December 2010 appointed one additional Non-Executive Director (Mr Kevin Buchi).

Additional remuneration capacity is required to allow for these appointments and to ensure the aggregate remuneration to Non-Executive Directors is sufficient for a reasonable period to ensure the Directors' fees paid are such that the Company is able to retain and attract Directors of the necessary qualifications and calibre to add value to the Company.

In addition, the Board considers that having an increased maximum remuneration is beneficial to the Company as it gives it flexibility to appoint additional Directors should it consider this to be in the best interests of the Company at a future time. For these reasons, the Board has resolved to seek this increase in Directors' fees.

ASX Listing Rule 10.17 and Clause 15.4(a) of the Company's Constitution require shareholder approval to be obtained to any proposed increase in the total Directors' fees.

4.3 Voting Exclusion Statement – Resolution 4

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 4 by:

- (a) any of the directors of Mesoblast; and
- (b) any associate of any of the directors of Mesoblast;

However Mesoblast need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is case by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

5. Further information

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

The Directors recommend shareholders 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

ACN 109 431 870

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 10:30am on Wednesday, 9 February 2011, at Middletons Lawyers, Rialto South Tower, Level 25, 525 Collins Street, Melbourne, Victoria and at any adjournment or postponement of the meeting.

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

Resolution 1

Ratification of prior issue of shares

For	Against	Abstain*
☐	☐	☐

Resolution 3

Election of Director: Kevin Buchi

For	Against	Abstain*
☐	☐	☐

Resolution 2

Approval of the issue of additional shares to Cephalon International Holdings, Inc.

☐	☐	☐
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Resolution 4

Increase in Directors' Fees

☐	☐	☐
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i * 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)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

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).

MSB PRX001



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 leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. A proxy may be an individual or a body corporate.

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.

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 10:30am on Monday, 7 February 2011, 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

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, 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, Level 12, 680 George Street, Sydney NSW 2000.

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