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The Year in Review

Address by Brian Jamieson - Chairman, Mesoblast Limited

Annual General Meeting 2008

Ladies and Gentlemen

Today I would like to present you with a snapshot of the considerable achievements made by Mesoblast in the 2008 financial year, achievements that cannot be underestimated as the Company moves closer to productisation of its unique adult stem cell platform technology. Later in this meeting, our Executive Director, Professor Silviu Itescu, will detail our progress and plans towards becoming a market leader in our core activities.

Although it has been a very punitive year for capital markets, I am pleased to note, but not surprised, that the highly talented and experienced Mesoblast team has remained focussed on meeting its strenuous milestones.

We are competitively well positioned to take our stem cell technology to market in major common indications and our primary focus is on achieving this outcome.

Noteworthy this year has been proof of our allogeneic or unrelated cells business model, which has significantly de-risked the Company as an investment proposition. Again, Professor Itescu will elaborate in his presentation.

The Company remains on track to successfully navigate through the international regulatory process and gain productisation in record time.

World leading clinicians in Australia and the United States continue to successfully implant patients with the patented cells, with all trials now focussed on off-the-shelf or allogeneic cells.

We are successfully building relationships and strategic alliances, and there is increasing overseas understanding of the huge potential for our cell products.

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We are extremely confident with the clinical and commercial opportunities our extraordinary technology represents to large unmet markets worldwide.

Major achievements in the past financial year include:

- Our increased holding to 39 percent in our United States sister company, Angioblast Systems Inc, will benefit our investors by broadening the applications for the platform stem cell technology.
- The successful transition from autologous to allogeneic trials has allowed Mesoblast and Angioblast to continue towards executing commercialisation opportunities. Our business model, using cells from an unrelated donor to treat many patients, will allow low cost of goods and high margins.
- The Phase 2 trial for spinal fusion in the US is underway following speedy clearance by the US Food and Drug Administration of the Investigational New Device submission. It should be noted that, to date, the platform stem cell technology has received four clearances in the minimum timeframe possible.
- Preclinical programs have shown outstanding results in conditions ranging from osteoarthritis of the knee to cervical spinal fusion to diabetic retinopathy, and both companies plan to move quickly on the path to market.
- Further strengthening of our intellectual property portfolio.
- The timely raising of \$13.44 million in equity last December has helped fund Mesoblast's clinical and pre-clinical trials. The investment by existing and new institutional and sophisticated shareholders shows the shared belief in the great potential for our patented cells to achieve better outcomes for numerous patient populations. We currently still have just under \$11 million cash to continue our activities.
- Your Board is confident that we have sufficient capital to maintain our strong momentum in meeting our commercial and clinical milestones.
- Our year-end financial results are in line with our expectations and demonstrate the continued strong control over our costs.
- Continuing to build and develop our impressive team as we continue to expand and grow. Our staff and consultants show extraordinary dedication and excellence.



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We are extremely confident with the increasing clinical and commercial opportunities our extraordinary technology represents to large unmet markets worldwide as we continue to unlock its potential.

Like all shareholders, I am looking forward to seeing the Company's considerable achievements translate into significant and sustainable long-term shareholder value.

Mesoblast is committed to open and structured dialogue with all investors, whilst keeping the global medical community fully informed on the clear advantages of our cells and the promise for hundreds of thousands of patients worldwide.

I would like to record my appreciation to our staff, consultants and members of the scientific advisory board. Their work has been greatly appreciated.

To my fellow Board members, thank you for your strong assistance, commitment and diligence.

Finally, to our shareholders, thank you for your continual support as we build our world class company.

In summary, Mesoblast's strategic vision is to be the world's pre-eminent supplier of adult stem cells, and I am delighted to say that we continue on the path to achieving this goal. Thank you.

Melbourne, Australia

27 November 2008

