

asx announcement

Licensing Executives Society (U.S.A. and Canada) 2011 Deals of Distinction™ Award for Life Sciences to Mesoblast, Cephalon Alliance

Melbourne, Australia; 20 October 2011; Mesoblast Limited and its strategic alliance partner Cephalon Inc. were today awarded the Licensing Executives Society (U.S.A. and Canada), Inc. 2011 Deals of Distinction™ Award. The award was conferred for the most compelling licensing and intellectual property-related deal in the life sciences sector.

The citation from the Licensing Executives Society stated:

"The Life Science Sector Deal of Distinction™ Award went to Cephalon and Mesoblast for their strategic alliance to develop and commercialize novel adult mesenchymal precursor stem cell therapeutics for degenerative conditions in the cardiovascular and central nervous systems. The deal was in large part driven by very impressive Phase II results obtained by Mesoblast from trials of its proprietary product Revascor™ for the treatment of congestive heart failure.

"What made the Cephalon/Mesoblast deal really stand out was the overall size of the deal and the fact that it was in the relatively "young" therapeutic area of stem cells/regenerative medicine," said Life Science Sector Chair Michael Samardzija. The deal is said to be the largest ever in the regenerative medicine sector.

The financial aspects of this deal are impressive, including an upfront payment from Cephalon to Mesoblast totalling \$130 million, obligations to fund Phase IIb and Phase 3 trials, regulatory milestone payments of up to \$1.7 billion, and an undisclosed revenue split between the companies. Mesoblast will retain the responsibility to conduct certain Phase IIa trials and for commercial supply of the products in the alliance, while retaining the manufacturing rights. Signalling a wider interest in accessing Mesoblast's cutting edge technology platform and broad product offerings, Cephalon additionally made an equity investment in Mesoblast and purchased a 19.99% stake at \$4.35/share, totalling approximately \$240 million.

Mesoblast is using the proceeds obtained from the deal on further clinical and preclinical stem cell product development for a range of major indications, including type-2 diabetes, osteoporosis, inflammatory lung conditions, macular degeneration, and intervertebral disc repair.

Events subsequent to execution of this transaction, including the acquisition of Cephalon by Teva Pharmaceuticals and a strategic global manufacturing alliance between Mesoblast and biologics manufacturer Lonza, have only served to confirm and further reinforce the strategic nature and critical importance of this deal."



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About the Licensing Executives Society (U.S.A. and Canada), Inc.

Established in 1965, the Licensing Executives Society (U.S.A. and Canada), Inc. (LES) is a professional society comprised of over 4,000 members engaged in the transfer, use, development and marketing of intellectual property. The LES membership includes a wide range of professionals, including business executives, lawyers, licensing consultants, engineers, academicians, scientists and government officials. Many large corporations, professional firms, and universities comprise the Society's membership. Licensing Executives Society (U.S.A. & Canada), Inc. is a member society of the Licensing Executives Society International, Inc. (LESI), with a worldwide membership of more than 10,000 members in 32 national societies, representing over 90 countries. For more information on LES, see www.lesusacanada.org.

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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