



Current Agreements

Dealdoc

Development, licensing and marketing agreement for regenerative medicine therapy

Cephalon
Mesoblast

Dec 07 2010

Development, licensing and marketing agreement for regenerative medicine therapy

Companies:	Cephalon Mesoblast
Announcement date:	Dec 07 2010
Deal value, US\$m:	2050.0 : sum of upfront and milestone payments

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Details

Announcement date:	Dec 07 2010
Industry sectors:	Biotech Hospital care » Transplantation Cardiovascular
Therapy areas:	Cardiovascular » Congestive heart failure Cardiovascular » Myocardial Infarction Central Nervous System » Parkinson's disease Psychiatry » Dementia » Alzheimers Blood products
Technology types:	Enabling technology Regenerative medicine Regenerative medicine » Stem cells Development
Deal components:	Equity purchase Licensing Marketing
Stages of development:	Phase II
Geographic focus:	Worldwide

Financials

Deal value, US\$m:	2050.0 : sum of upfront and milestone payments
Upfront, US\$m:	130.0 : upfront payment
Milestones, US\$m:	1700.0 : regulatory milestone payments
Equity, US\$m:	220.0 : equity payment
Funding, US\$m:	n/d : R&D funding

Termsheet

7 December 2010

Cephalon and Mesoblast have entered into a strategic alliance to develop and commercialize novel adult Mesenchymal Precursor Stem Cell (MPC) therapeutics for degenerative conditions of the cardiovascular and central nervous systems.

These conditions include Congestive Heart Failure, Acute Myocardial Infarction, Parkinson's Disease, and Alzheimer's Disease. The alliance also extends to products for augmenting hematopoietic stem cell transplantation in cancer patients.

Cephalon will make an upfront payment to Mesoblast totaling US\$130 million (US\$30 million upon Mesoblast shareholder approval) and regulatory milestone payments of up to US\$1.7 billion.

Mesoblast will be responsible for the conduct and expenses of certain Phase IIa clinical trials and commercial supply of the products.

Cephalon will be responsible for the conduct and expenses of all Phase IIb and III clinical trials and subsequent commercialization of the products.

Mesoblast will retain all manufacturing rights and will share significantly in the net product sales.

Under the terms of a Stock Purchase Agreement and a Subscription Deed, Cephalon will make an equity investment to purchase a 19.99% stake in Mesoblast at A\$4.35 per share, totaling approximately US\$220 million.

Press Release

Cephalon, Inc. (CEPH) and Mesoblast Limited Enter Into Strategic Alliance to Develop and Commercialize Novel Therapeutic Products for Regenerative Medicine; Mesoblast to Receive Upfront Payment of US\$130 MM

8 December 2010

Frazer, PA and Melbourne, Australia -- December 7, 2010 -- Cephalon, Inc. (Nasdaq: CEPH) and Mesoblast Limited (ASX:MSB; USADR:MBLTY), today announced they have entered into a strategic alliance to develop and commercialize novel adult Mesenchymal Precursor Stem Cell (MPC) therapeutics for degenerative conditions of the cardiovascular and central nervous systems. These conditions include Congestive Heart Failure, Acute Myocardial Infarction, Parkinson's Disease, and Alzheimer's Disease. The alliance also extends to products for augmenting hematopoietic stem cell transplantation in cancer patients.

Under the terms of the Development and Commercialization Agreement between the companies, in exchange for exclusive world-wide rights to commercialize specific products based on Mesoblast's proprietary adult stem cell technology platform, Cephalon will make an upfront payment to Mesoblast totaling US\$130 million (US\$30 million upon Mesoblast shareholder approval) and regulatory milestone payments of up to US\$1.7 billion. Mesoblast will be responsible for the conduct and expenses of certain Phase IIa clinical trials and commercial supply of the products. Cephalon will be responsible for the conduct and expenses of all Phase IIb and III clinical trials and subsequent commercialization of the products. Mesoblast will retain all manufacturing rights and will share significantly in the net product sales.

In addition, under the terms of a Stock Purchase Agreement and a Subscription Deed, Cephalon will make an equity investment to purchase a 19.99% stake in Mesoblast at A\$4.35 per share, totaling approximately US\$220 million. This price represents a 45% premium to the last 30 days' volume weighted average price for Mesoblast shares. Cephalon has entered into a standstill agreement to limit its investment to 19.99% of Mesoblast common stock for the next 12 months, with a right to maintain its equity stake on a top up basis, subject to the Australian Securities Exchange rules. Cephalon Chief Operating Officer J. Kevin Buchi will join the Mesoblast Board of Directors, effective immediately.

"This global licensing agreement positions Cephalon as a leader in regenerative medicine while further strengthening our late stage pipeline with another innovative biologic platform," said Mr. Buchi. "Mesoblast has done an outstanding job of developing Phase II clinical data in congestive heart failure and hematopoietic stem cell transplants, plus preclinical data in acute myocardial infarction. We are excited to have the opportunity to develop potentially the world's first stem cell therapy for indications that could serve millions of patients globally."

Mesoblast Chief Executive Professor Silviu Itescu said: "Cephalon's demonstrated strength in late-stage product development and commercialization, and proven expertise in developing products for neurological diseases make Cephalon an ideal strategic partner for Mesoblast. We are therefore very pleased to partner with Cephalon in one of the largest biotechnology transactions of the past 12 months, and the largest ever in the regenerative medicine sector. We look forward to working with the Cephalon team to commercialize and deliver these products to physicians and the patients who will ultimately benefit from an arsenal of new innovative approaches for degenerative diseases."

Mesoblast will separately and with its own resources continue to develop, manufacture and commercialize the rest of its suite of adult stem cell products for bone and cartilage applications, diabetes, eye diseases, and inflammatory and immunological conditions.

Deutsche Bank Securities Inc. served as exclusive financial advisor to Cephalon.

Mesoblast will host a conference call today at 5:00 pm ET. To participate in the conference call, please dial 866-524-3160 (domestic), +1 412-317-6760 (international) and 1-800-822-994 (Australia) and reference the access code Mesoblast. The presentation will also be available via a live webcast at: <http://www.videonewswire.com/event.asp?id=74943>. A replay of the call will be available from 8:00pm ET on Tuesday, December 7, 2010 until 5:00pm ET on Friday, December 17, 2010. To access the replay, please dial 877-344-7529 (domestic) and +1 412-317-0088 (international) and reference the access code 446742.

ABOUT 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>

ABOUT MESOBLAST LIMITED

Mesoblast Limited (ASX: MSB; ADR: MBLTY) is a world leader in commercializing biologic products for the broad field of regenerative medicine. Having completed its acquisition of United States-based Angioblast Systems Inc., which will remain a wholly-owned subsidiary, Mesoblast has the worldwide exclusive rights for a series of patents and technologies developed over more than 10 years relating to the identification, extraction, culture and uses of adult MPCs. Upon the closing of this transaction, Mesoblast will have approximately 270 million issued shares. For further information, please visit www.mesoblast.com.

Filing Data

Not available.

Contract

Not available.