

**DISCLOSURE STATEMENT**

**BACKGROUND**

The Board of Directors (the “**Board**”) of Medgenics, Inc., a Delaware corporation (“**we**,” “**us**,” “**our**” or the “**Corporation**”), has unanimously adopted resolutions approving and declaring advisable an amendment (the “**Amendment**”) to our Amended and Restated Certificate of Incorporation (“**Certificate of Incorporation**”) to effect a reverse stock split of all outstanding shares of our common stock, par value \$0.0001 per share (our “**Common Stock**”), at a ratio of between one-to-twenty and one-to-fifty. The exact ratio within the approved range shall be determined by the Board in its sole discretion and publicly announced by the Corporation. The proposed certificate of amendment effecting the Amendment (the “**Certificate of Amendment**”) is set forth in Appendix A to this Disclosure Statement.

The Amendment also would reduce the number of authorized shares of our Common Stock from 500,000,000 to 100,000,000.

If our stockholders holding not less than a majority of the issued and outstanding shares of our Common Stock as of the close of business on December 17, 2010 (the “**Record Date**”) approve the proposal to amend our Certificate of Incorporation in the manner set forth in the proposed Certificate of Amendment by executing the Written Consent, at any time until the consummation of our initial public offering of our Common Stock, which is described in detail in the Registration Statement on Form S-1 filed with the U.S. Securities and Exchange Commission on November 5, 2010 and is available for your review at [www.sec.gov](http://www.sec.gov) or by contacting us, the Board will have the sole discretion to determine, as it deems to be in the best interests of the Corporation and our stockholders, the exact ratio within the approved range for the reverse stock split. The Board believes that stockholder approval of the proposal to amend our Certificate of Incorporation in the manner set forth in the proposed Certificate of Amendment providing for a selected range of exchange ratios, rather than approval of a single ratio, or a different range of ratios, provides the Board with the necessary flexibility to consider relevant factors in making a decision as to the ratio at which to effect the reverse stock split in order best to achieve its intended purposes. Such determination will be based upon many factors, including existing and expected marketability and liquidity of the Common Stock, prevailing market trends and conditions and the likely effect of a reverse stock split on the market price of the Common Stock. The Board may abandon the proposed Certificate of Amendment, before or after stockholder approval thereof, without further action by stockholders at any time prior to the effectiveness of the Amendment. Therefore, it is possible that no reverse stock split will occur, notwithstanding stockholder approval of the Amendment.

The proposed Certificate of Amendment, which would be filed with the Secretary of State of the State of Delaware to effect a reverse stock split, is set forth in Appendix A to this Disclosure Statement.

The Board believes that approval of the proposal to amend our Certificate of Incorporation in the manner set forth in the proposed Certificate of Amendment to reduce the

number of authorized shares of our Common Stock and to effect a reverse stock split at a ratio within a permitted range is in the best interests of the Corporation and its stockholders and has unanimously recommended that the proposed Amendment be presented to our stockholders for approval.

## **REASONS FOR A REVERSE STOCK SPLIT**

On November 3, 2010, the Board unanimously adopted resolutions approving and authorizing the initial public offering of our Common Stock and, in connection with such offering, the listing of our Common Stock on the NYSE Amex or NASDAQ.

As of December 17, 2010, the Corporation's total market value (based on the number of shares of Common Stock outstanding and the market price for a share of such stock at the close of business on that date) was approximately \$28 million and the Corporation had 180,586,438 shares of Common Stock issued and outstanding. On that date, the closing price per share for our Common Stock on the London Stock Exchange's AIM market ("AIM") was \$0.20 as traded under the MEDU.L line and \$0.14 as traded under the MEDG.L line and, during the 12-month period then ending, the price of our Common Stock fluctuated from a low of \$0.06 to a high of \$0.45 per share on the MEDU.L line and a low of \$0.08 to a high of \$0.17 per share on the MEDG.L line.

The Board believes that a reverse stock split may be desirable because our ability to list our Common Stock on the NYSE Amex or NASDAQ is conditioned upon achieving a certain minimum price per share of our Common Stock, and the increased market price of our Common Stock that we expect will result from the reverse stock split will encourage investor interest and trading in, and enhance the marketability of, our Common Stock. We believe that many institutional investors view stocks trading at low prices as unduly speculative in nature and, as a result, that such institutional investors avoid investing in such stocks, either as a matter of preference or pursuant to specific institutional policies.

In addition, because brokers' commissions on lower-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks, the current per-share price of our Common Stock can result in individual stockholders paying transaction costs (commissions, markups or markdowns) that constitute a higher percentage of their total share value than would be the case if the share price of our Common Stock were substantially higher. This difference in transaction costs may also further limit the willingness of institutional investors to purchase our Common Stock. Trading in our shares also may be adversely affected by a variety of policies and practices of brokerage firms that discourage individual brokers within those firms from dealing in low-priced stocks. These policies and practices pertain to the payment of brokers' commissions and to time-consuming procedures that make the handling of low-priced stocks unattractive to brokers from an economic standpoint. Similarly, many brokerage firms are reluctant to recommend low-priced stocks to their customers and the analysts at many brokerage firms do not provide coverage for such stocks. The Board also believes that the decrease in the number of shares of Common Stock outstanding as a consequence of a reverse stock split, and the anticipated increase in the price of the Common Stock, could generate interest in the Common Stock and possibly promote greater liquidity for the Corporation's

stockholders. However, the Corporation's aggregate market capitalization could be reduced to the extent that any increase in the market price of the Common Stock resulting from a reverse stock split is proportionately less than the decrease in the number of shares of Common Stock outstanding.

The Board believes that the total number of shares of our Common Stock currently outstanding is disproportionately large relative to our present market capitalization and that a reverse stock split would bring the number of outstanding shares to a level more in line with other companies with comparable market capitalizations. Moreover, the Board considered that when the number of outstanding shares of Common Stock is unreasonably large in relation to a company's earnings, a significant change in net earnings or losses is required to create a noticeable change, in absolute terms, in such company's reported earnings or loss per share levels. If we implement a reverse stock split and decrease the number of shares outstanding, our investors could more easily understand the impact on earnings or loss per share attributable to developments in our business.

The Board has authorized the Corporation to submit an application to list our Common Stock on the NYSE Amex or NASDAQ upon completion of our initial public offering in the United States. Our eligibility for initial listing, and for continued listing, presently is based upon criteria that require maintenance of a minimum stock price. Moreover, as a matter of policy, NYSE Amex and NASDAQ may consider suspension or delisting of a stock if the stock has been selling for a substantial period of time at low per share prices. Our Common Stock historically has traded on AIM at such low prices. Therefore, our Common Stock may not be accepted for listing by the NYSE Amex or NASDAQ, or be at risk of delisting by NYSE Amex or NASDAQ even if initially accepted for listing. If our Common Stock were not to be accepted for listing on, or were delisted from, NYSE Amex or NASDAQ and could not, thereafter, qualify for trading on another market, our Common Stock would likely trade on the over-the-counter bulletin board or in the "pink sheets" maintained by the National Quotation Bureau, Inc. These alternatives are less timely and transparent in that they are less effective in providing current and accurate pricing information, and it generally is more difficult to effect trades in securities traded in these ways. Therefore, these alternatives are generally considered to be less efficient and less broad-based than trading on an established market. Consequently, resort to either of these alternatives could seriously impair the liquidity of our Common Stock and limit our potential for capital-raising in the future, which could materially harm our business and limit our future prospects. A general increase in the price of our Common Stock resulting from a reverse stock split would reduce the potential risk that our Common Stock could be rejected for listing by the NYSE Amex or NASDAQ, or subject to subsequent suspension or delisting by the NYSE Amex or NASDAQ, so long as such increase is sustained and, therefore, reduce the risk of adverse effects on the market for our shares of Common Stock.

Much as our eligibility for listing on the NYSE Amex or NASDAQ presently requires maintenance of a minimum stock price, the listing requirements of other stock exchanges require trading prices substantially in excess of the range in which our Common Stock historically has traded. Although the Corporation has no present plans to list our Common Stock for trading on a market other than NYSE Amex or NASDAQ, if the Corporation were to effect a reverse stock split resulting in a generally higher price for our Common Stock, the Corporation would have the

flexibility to seek to trade in a different market, were the Board otherwise to find such change to be advisable.

We ultimately cannot predict whether, and to what extent, a reverse stock split would achieve the desired results. The price per share of our Common Stock is a function of various factors, including the Corporation's financial performance, developments in our markets, and economic factors and general market conditions (other than the number of our shares outstanding and the ability and willingness of institutional and other investors to invest in such shares). Accordingly, there can be no assurance that the market price of our Common Stock after a reverse stock split would increase in an amount proportionate to the decrease in the number of issued and outstanding shares, or would increase at all, that any increase can be sustained for a prolonged period of time or that a reverse stock split would enhance the liquidity of, or investor interest in, our Common Stock.

The Board believes that the potential positive effects of a reverse stock split outweigh the potential negative effects. In making this determination, the Board has taken into account various negative factors, including: (i) the negative perception of reverse stock splits held by some stock market participants; (ii) the adverse effect on liquidity that might be caused by a reduced number of shares outstanding; and (iii) the costs associated with implementing a reverse stock split. The effect of the reverse stock split upon the market price of our Common Stock cannot be predicted with any certainty, and the history of similar stock splits for companies in similar circumstances to ours is varied. It is also possible that a reverse stock split may not increase the per share price of our Common stock in proportion to the reduction in the number of shares of our Common Stock outstanding or result in a permanent increase in the per share price, which depends on many factors.

After considering the foregoing factors, the Board determined that submitting the Amendment for approval by stockholders is in our best interests and that of our stockholders. The Board may abandon the proposed Amendment, before or after stockholder approval thereof, without further action by stockholders, at any time prior to the effectiveness of the Amendment. Therefore, it is possible that no reverse stock split will occur, notwithstanding stockholder approval of the Amendment.

## **EFFECTS OF A REVERSE STOCK SPLIT**

### **Certificate Of Incorporation**

If the stockholders approve the proposal to amend our Certificate of Incorporation in the manner set forth in the proposed Certificate of Amendment and the reverse stock split contemplated thereby, and the Board does not abandon the proposed Amendment, the Corporation would file the Certificate of Amendment with the Secretary of State of the State of Delaware. According to its terms, the Certificate of Amendment will become effective upon filing with the Secretary of State of the State of Delaware (the "**Effective Time**"). Following the filing of the Certificate of Amendment, the Board will announce publicly the reverse split ratio selected by the Board, which ratio will be within the range indicated in the Certificate of Amendment.

The Board will also announce publicly the effective time of the reverse stock split, which is currently expected to be the Effective Time.

### **Common Stock Holdings**

After the effective time of a reverse stock split, each stockholder would own a reduced number of shares of our Common Stock. However, a reverse stock split would affect all of our stockholders uniformly and will not affect any stockholder's percentage ownership of the Corporation, except to the extent that a reverse stock split results in ownership of a fractional share as described below. For example, a holder of 2% of the voting power of the outstanding shares of Common Stock immediately prior to a reverse stock split would continue to hold 2% of the voting power of the outstanding shares of Common Stock after the reverse stock split. Proportionate voting rights and other rights and preferences of the holders of our Common Stock would not be affected by a reverse stock split, other than as a result of payment of cash in lieu of any fractional shares, as described below. For example, stockholders are not currently entitled to cumulative voting rights and will not be entitled to such rights following a reverse stock split. Further, the number of stockholders of record would not be affected by a reverse stock split.

### **Odd Lot Transactions**

It is likely that some of our stockholders will own "odd-lots" of less than 100 shares following a reverse stock split. A purchase or sale of less than 100 shares (an "odd lot" transaction) may result in incrementally higher trading costs through certain brokers, particularly "full service" brokers, and generally may be more difficult than a "round lot" sale. Therefore, those stockholders who own less than 100 shares following a reverse stock split may be required to pay somewhat higher transaction costs and may experience some difficulties or delays should they then determine to sell their shares of Common Stock. The Board believes, however, that these potential effects are outweighed by the benefits of the reverse stock split.

### **Authorized but Unissued Shares; Potential Anti-Takeover Effects**

If the proposed Amendment is approved by the holders of at least a majority of the outstanding shares of our Common Stock and the Corporation files with the Secretary of State of the State of Delaware the proposed Certificate of Amendment, then at the Effective Time, and irrespective of the reverse split ratio selected by the Board, the number of authorized shares of our Common Stock will be reduced from 500,000,000 to 100,000,000. Although the aggregate number of authorized shares of our Common Stock will decrease, a reverse stock split implemented at any ratio within the permitted range will result in a decrease in the number of issued and outstanding shares of Common Stock disproportionate to the 5-to-1 decrease of the authorized shares of our Common Stock. As a result, the number of shares remaining available for issuance by the Corporation would increase.

These additional shares would be available for issuance from time to time for corporate purposes such as issuances of Common Stock in connection with capital-raising transactions and acquisitions of technologies, companies or assets, as well as for issuance upon conversion or exercise of securities such as convertible debt, warrants or options convertible into or exercisable for Common Stock. We believe that the availability of the additional shares will provide us with

the flexibility to meet business needs as they arise, to take advantage of favorable opportunities and to respond effectively in a changing corporate environment. For example, we may elect to issue shares of Common Stock to raise equity capital, to make acquisitions through the use of stock, to establish strategic relationships with other companies, to adopt additional employee benefit plans or reserve additional shares for issuance under such plans, where the Board determines it advisable to do so, without the necessity of soliciting further stockholder approval, subject to applicable stockholder vote requirements under the NYSE Amex or NASDAQ rules, if applicable. If we issue additional shares for any of these purposes, the aggregate ownership interest of our current stockholders, and the interest of each such existing stockholder, would be diluted, possibly substantially. Although we continually examine potential favorable opportunities, we have no current plans or arrangements to issue any additional shares of Common Stock, except in connection with our initial public offering in the United States and in connection with compensation matters in the ordinary course.

The additional shares of Common Stock that would become available for issuance if a reverse stock split is effected could also be used by the Corporation's management to oppose a hostile takeover attempt or delay or prevent changes in control or changes in or removal of management, including transactions that are favored by a majority of the stockholders or in which the stockholders might otherwise receive a premium for their shares over then-current market prices or might benefit in some other manner. For example, without further stockholder approval, our Board could sell shares of Common Stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although the proposals for a reverse stock split have been prompted by business and financial considerations as discussed above, stockholders nevertheless should be aware that approval of one or more of the proposals could facilitate future efforts by management to deter or prevent a change in control of the Corporation. The Board has no plans to use any of the additional shares of Common Stock that would become available following a reverse stock split for any such purposes. Further, the Board does not currently contemplate entering into any arrangements or recommending the adoption of any other provisions, such as supermajority voting requirements, that may have material anti-takeover consequences.

### **Options, Warrants and Other Securities**

All options, warrants and other securities entitling their respective holders to purchase shares of the Corporation's Common Stock outstanding immediately prior to a reverse stock split would be adjusted as a result of any reverse stock split, as required by the specific terms of the relevant security. In particular, the exchange ratio for each such security would be reduced, and the exercise price per share, if applicable, would be increased, in accordance with the terms of the security, based on the ratio of the reverse stock split. Also, the number of shares reserved for issuance under any existing employee stock option plans, other option agreements and warrant agreements would be reduced proportionately, based on the ratio of the reverse stock split. There currently are 60,500,000 shares authorized for issuance under our 2006 Stock Incentive Plan, 44,245,555 of which shares either have been issued upon the exercise of options or are subject to currently outstanding options. These reservations are based upon the number of shares of Common Stock currently outstanding, without regard to any reverse stock split. In the event that the stockholders approve and the Board implements a reverse stock split, the 60,500,000 shares

authorized pursuant to the 2006 Stock Incentive Plan would be reduced in proportion to the ratio actually adopted by the Board in connection with the reverse stock split.

### **Fractional Shares**

No fractional shares of Common Stock will be issued as a result of any proposed reverse stock split. Instead, stockholders who otherwise would be entitled to receive fractional shares because they hold a number of shares that does not convert into a whole number of shares upon application of the determined exchange ratio, upon surrender of the certificates representing such fractional shares, will be entitled to receive cash in an amount equal to the product obtained by multiplying the fraction to which such stockholder would otherwise be entitled by the closing sales price of a share of Common Stock as reported by AIM on the MEDU.L line immediately following the Effective Time. The result will be rounded to the nearest whole penny, with half-pennies rounded to the even number.

Stockholders should be aware that, under the escheat laws of the jurisdictions where stockholders reside, where the Corporation is domiciled and where funds to pay cash for fractional shares would be deposited, sums due for fractional shares that are not timely claimed may be required to be paid to the designated agent for such jurisdiction. Thereafter, stockholders otherwise entitled to receive such funds may have to seek to obtain them directly from the jurisdiction to which they were paid.

### **IMPLEMENTATION AND EXCHANGE OF STOCK CERTIFICATES; ABANDONMENT**

If our stockholders of record as of the Record Date approve the proposal to amend our Certificate of Incorporation as set forth in the Certificate of Amendment, and our Board does not abandon the proposed Amendment, we will file the Certificate of Amendment with the Secretary of State of the State of Delaware. The Board will also announce publicly the effective time of the reverse stock split, which is currently expected to be the Effective Time.

As of the effective time of the reverse stock split, each certificate representing shares of our Common Stock outstanding before the reverse stock split will be deemed, for all corporate purposes, to evidence ownership of the reduced number of shares of our Common Stock resulting from the reverse stock split.

After the Effective Time, shares of our Common Stock will each have new committee on uniform securities identification procedures (“**CUSIP**”) numbers, which is a number used to identify our equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below.

Shareholders holding shares of our Common Stock in certificate form will be sent a transmittal letter by the transfer agent after the Effective Time. The letter of transmittal will contain instructions on how a shareholder should surrender his or her certificate(s) representing shares of our Common Stock (“**Old Certificates**”) to the transfer agent in exchange for certificates representing the appropriate number of whole shares of post-reverse stock split

common stock (“**New Certificates**”). No New Certificates will be issued to a shareholder until such shareholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No shareholder will be required to pay a transfer or other fee to exchange his, her or its Old Certificates.

Shareholders will then receive a New Certificate representing the number of whole shares of common stock to which they are entitled as a result of the reverse stock split. Until surrendered, we will deem outstanding Old Certificates held by shareholders to represent the number of whole shares of post-reverse stock split common stock to which these shareholders are entitled.

Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates. If an Old Certificate has a restrictive legend on the back of the Old Certificate, the New Certificate will be issued with the same restrictive legends that are on the back of the Old Certificate.

If a shareholder is entitled to a payment in lieu of any fractional share interest, such payment will be made as described above under “Fractional Shares”.

**Shareholders should not destroy any stock certificates and should not submit any stock certificates until requested to do so.**

## **NO APPRAISAL RIGHTS**

Under Delaware law, our stockholders would not be entitled to appraisal rights in connection with the implementation of a reverse stock split, and we will not independently provide our stockholders with any such rights.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain United States federal income tax consequences of a reverse stock split. It does not address any state, local or foreign income or other tax consequences, which may vary significantly depending upon the jurisdiction and the status of the stockholder/taxpayer. It applies to you only if you held pre-reverse stock split Common Stock, and if you hold your post-reverse stock split Common Stock, as capital assets for tax purposes. This discussion does not apply to you if you are a member of a class of holders subject to special rules, such as (a) a dealer in securities or currencies, (b) a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings, (c) a bank, (d) a life insurance company, (e) a tax-exempt organization, (f) a person that owns shares of Common Stock that are a hedge, or that are hedged, against interest rate risks, (g) a person who owns shares of Common Stock as part of a straddle or conversion transaction for tax purposes or (h) a person whose functional currency for tax purposes is not the U.S. dollar. The discussion is based on the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”), its legislative history, existing, temporary and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. We have not sought and will not seek an opinion of counsel or a

ruling from the Internal Revenue Service regarding the federal income tax consequences of a reverse stock split.

**PLEASE CONSULT YOUR OWN TAX ADVISOR CONCERNING THE CONSEQUENCES OF A REVERSE STOCK SPLIT IN YOUR PARTICULAR CIRCUMSTANCES UNDER THE INTERNAL REVENUE CODE AND THE LAWS OF ANY OTHER TAXING JURISDICTION.**

**Tax Consequences to United States Holders of Common Stock**

A United States holder, as used herein, is a stockholder who or that is (a) a citizen or resident of the United States, (b) a domestic corporation, (c) an estate whose income is subject to United States federal income tax regardless of its source, or (d) a trust, if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. This discussion applies only to United States holders.

Other than with respect to any cash payments received in lieu of fractional shares discussed below, no gain or loss should be recognized by a stockholder upon such stockholder's exchange of pre-reverse stock split shares for post-reverse stock split shares pursuant to a reverse stock split. The aggregate tax basis of the post-reverse stock split shares received (including any fraction of a new share deemed to have been received) will be the same as the stockholder's aggregate tax basis in the pre-reverse stock split shares that are exchanged.

In general, stockholders who receive cash in exchange for their fractional share interests in the post-reverse stock split shares will be deemed for federal income tax purposes first to have received the fractional share interests and then to have had those interests redeemed for cash. This treatment of cash payments received in lieu of fractional share interests assumes that such payments represent the fractions resulting from the exchange rather than separately bargained-for consideration. The stockholder's holding period for the post-reverse stock split shares will include the period during which the stockholder held the pre-reverse stock split shares surrendered. The receipt of cash instead of a fractional share of our Common Stock by a United States holder will generally result in a taxable gain or loss equal to the difference between the amount of cash received and the holder's adjusted federal income tax basis in the fractional share. Gain or loss will generally constitute a capital gain or loss. Capital gain of a noncorporate United States holder is generally taxed at a maximum rate of 15% when property is held more than one year.

**Tax Consequences to the Corporation**

We do not expect to recognize any gain or loss as a result of any reverse stock split.

## **ACCOUNTING CONSEQUENCES**

The par value per share of our Common Stock would remain unchanged at \$0.0001 per share after any reverse stock split. As a result, at the Effective Time of a reverse stock split, the stated capital on the Corporation's balance sheet attributable to Common Stock will be reduced proportionately, based on the ratio of the reverse stock split, from its present amount, and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced (net of any amounts paid in lieu of fractional shares). The net income or loss and net book value per share of Common Stock will be increased because there will be fewer shares of the Common Stock outstanding. We do not anticipate that any other accounting consequences would arise as a result of a reverse stock split.

## **VOTE REQUIRED AND RECOMMENDATION**

The affirmative vote of the holders of a majority of the shares of Common Stock outstanding on the Record Date and entitled to vote will be required to approve the proposal to amend our Certificate of Incorporation as set forth in the proposed Certificate of Amendment to effect a reverse stock split. The Corporation's directors and officers, who collectively held 43,512,697 shares of Common Stock, representing approximately 24% of such shares outstanding, as of the Record Date, have indicated that they intend to vote all of such shares "FOR" such proposal.

**THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE REVERSE STOCK SPLIT PROPOSAL AND UNANIMOUSLY RECOMMENDS A VOTE "FOR" SUCH PROPOSAL.**

**CERTIFICATE OF AMENDMENT  
OF THE AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
MEDGENICS, INC.**

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, Medgenics, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the “corporation”), does hereby certify:

The name of the corporation is Medgenics, Inc.

The corporation’s Amended and Restated Certificate of Incorporation, which was previously filed with the Secretary of State of the State of Delaware on December 3, 2007, and amended by that certain Certificate of Amendment to the Amended and Restated Certificate of Incorporation, which was previously filed with the Secretary of State of the State of Delaware on June 4, 2009, is hereby further amended by deleting ARTICLE IV thereof in its entirety and replacing it with the following:

**“ARTICLE IV  
AUTHORIZED STOCK**

The total number of shares of all classes of stock which the corporation shall have the authority to issue is 100,000,000 all of which shall be shares of common stock, \$0.0001 par value per share (“Common Stock”).

At the time that this Certificate of Amendment becomes effective pursuant to the General Corporation Law of the State of Delaware (the “Effective Time”), the shares of Common Stock issued and outstanding immediately prior to the Effective Time and the shares of Common Stock issued and held in the treasury of the corporation immediately prior to the Effective Time are reclassified into a smaller number of shares such that each twenty to fifty shares of issued Common Stock immediately before the Effective Time is reclassified into one share of Common Stock, the exact ratio within the twenty-to-fifty range to be determined by the board of directors of the corporation prior to the Effective Time and publicly announced by the corporation. Notwithstanding the immediately preceding sentence, the corporation shall issue no fractional shares as a result of the actions set forth herein and neither the number of shares of Common Stock authorized pursuant to the first sentence of this Article IV nor the par value of such shares shall be altered. As contemplated by the preceding sentence, a holder who otherwise would be entitled to receive a fraction of a share of Common Stock shall, in lieu thereof, be entitled to receive a cash payment equal to the fraction to which such holder would otherwise be entitled multiplied by the closing sales price of such Common Stock as reported by AIM on the MEDU.L line immediately following the Effective Time.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Common Stock after the Effective Time into which the shares of Common Stock formerly represented by such certificate shall have been reclassified (as well as the right to receive cash in lieu of fractional shares of Common Stock after the Effective Time); *provided, however*, that each holder of record of a certificate that represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall receive, upon surrender of such certificate, a new certificate representing the number of whole shares of Common Stock into which the shares of Common Stock formerly represented by such certificate shall have been reclassified.”

The amendment set forth in this Certificate of Amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware and by written consent of the stockholders of the corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

**IN WITNESS WHEREOF**, Medgenics, Inc. has caused this Certificate of Amendment to be executed by its duly authorized officer on this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Medgenics, Inc.

By: \_\_\_\_\_

Name: Andrew L. Pearlman

Its: President