

MEDGENICS, INC.
COMPENSATION COMMITTEE CHARTER

1. PURPOSE

The purpose of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Medgenics, Inc. (the “**Company**”) shall be to act on behalf of the Board in fulfilling the Board’s responsibilities to oversee the Company’s compensation policies, plans and programs, and to review and determine the compensation to be paid to the Company’s officers and directors, as well as, to the extent applicable, review and discuss with management the Company’s disclosures included in the Company’s annual reports on Form 10-K, registration statements, proxy statements or information statements and to prepare and review the Committee report on executive compensation included in the Company’s annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “**SEC**”) in effect from time to time.

2. DUTIES

- 2.1** The Compensation Committee should be responsible for setting the Company’s overall compensation policy. In determining such policy, the Committee shall take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The Committee shall also review the ongoing appropriateness and relevance of the compensation policy.
- 2.2** The Committee shall determine the compensation of the Company’s Chief Executive Officer, Chairman of the Board, directors, and other executive officers, as well as such other employees as designated by the Board. The Committee shall annually review and approve the Company’s goals and objectives relevant to the compensation of the Company’s Chief Executive Officer and shall evaluate the performance of the Chief Executive Officer in light of those goals and objectives. Based on such evaluation, the Committee shall have the authority to determine and approve the Chief Executive Officer’s compensation level (including base salary, incentive compensation and equity-based awards), whether for a new Chief Executive Officer, an existing Chief Executive Officer or as part of a termination package. In determining incentive compensation, the Committee shall consider, among other factors it deems appropriate from time to time, the Company’s performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to management in prior years. The Chief Executive Officer shall not be present during any voting or deliberations with respect to his or her compensation.
- 2.3** The Committee shall periodically review and shall have the authority to determine and approve, or review and recommend to the Board for approval if the Committee so elects, all other senior executive officer compensation, the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments, share options or other share awards, severance arrangements, change-in-control benefits, and other forms of senior executive officer compensation.
- 2.4** The Committee shall review and approve employment agreements, severance arrangements, retirement arrangements, change in control agreements/provisions, and any special or supplemental benefits for all executive officers of the Company, as well as any severance payments, termination payments or other payments or benefits proposed to be made to any executive officer of the Company at, following or in connection with retirement.

- 2.5** In determining any such packages and arrangements described above, the Committee shall consider any relevant legal requirements, including, without limitation, if applicable, the provisions and recommendations in the U.K. Combined Code on Corporate Governance (published in June 2008 by the Financial Reporting Council) and the Quoted Companies Alliance's Corporate Governance Guidelines for AIM companies and the London Stock Exchange's rules for AIM companies and associated guidance, the rules and regulations of NYSE Amex and the requirements of the Security Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended, as well as the rules and regulations of the SEC promulgated thereunder, each as may be applicable.
- 2.6** The Committee shall approve the design of and determine targets for, any performance related pay schemes operated by the Company for executive and other officers, as well as such other employees as designated by the Board, and approve the total annual payments made under such schemes.
- 2.7** The Committee shall review the design of all share incentive plans for approval by the Board and stockholders and for any such plans, determine each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to executive and non-executive directors and executive officers and other senior executives and the performance targets to be used.
- 2.8** The Committee shall:
- (a) oversee any major changes in employee benefits structures throughout the Company; and
 - (b) establish the policy for authorizing expense reimbursements from the directors and the senior executives of the Company, including the Chief Executive Officer.
- 2.9** For so long as the Company's common stock is listed on the AIM Market, the Committee shall ensure that all provisions regarding disclosure of remuneration including pensions, as set out in Schedule 8 of The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, are fulfilled.
- 2.10** The Committee shall co-ordinate closely with the Nominating and Corporate Governance Committee of the Board in relation to the remuneration to be offered to any new director. The Committee shall annually review and recommend all matters pertaining to fees, retainers and any other form of compensation paid to directors for Board and any committee service. The Board shall approve any such recommendation prior to its implementation.
- 2.11** To the extent required by applicable SEC rules, the Committee shall review and discuss the "Compensation Discussion and Analysis" pursuant to Item 402 of Regulation S-K of the SEC with senior management and recommend to the Board, based on this review, whether the Compensation Disclosure and Analysis should be included in the Company's annual proxy statement or Annual Report on Form 10-K filed with the SEC and shall prepare an annual report of the Committee on executive officer compensation for inclusion in the Company's annual proxy statement or Annual Report on Form 10-K filed with the SEC.
- 2.12** The Committee shall consider such other matters as may be requested by the Board.
- 3. AUTHORITY**
- 3.1** The Committee may form and delegate authority and responsibilities to any subcommittee or any member of the Committee for any purpose that the Committee deems appropriate.

3.2 The Committee shall have the authority to retain such outside professionals, consultants or advisors as it determines appropriate to assist in the performance of its functions, or to advise or inform the Committee, including sole authority to retain and terminate any compensation consultant used to assist the Committee in the evaluation of compensation for the Company's executive officers, directors, and such other employees as may be designated by the Board to the Committee, and to approve the outside consultant's or advisor's fees and other retention terms. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfill its obligations.

3.3 The Committee is authorized to seek any information it requires from any employee, director, adviser or consultant of the Company and all such employees, directors, advisers and consultants will be directed by the Company to cooperate with any request made by the Committee.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum of three members appointed by the Board, which Committee members are also members of the Board. The Committee shall appoint one of its members to act as the Chairman of the Committee, provided that the Chairman of the Committee shall not be the Chairman of the Board. Members of the Committee shall serve at the discretion of the Board.

4.2 The Committee will be comprised solely of "independent directors," i.e., those directors who are neither officers or employees of the Company or its subsidiaries nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and each of whom is otherwise an "independent director", as such term is defined in Section 803A of the NYSE Amex Company Guide. Additionally, members of the Compensation Committee shall qualify as "non-employee directors" for purposes of Rule 16-3 under the Securities Exchange Act of 1934 and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code.

5. ATTENDANCE AT MEETINGS

5.1 The Committee will meet in person or telephonically at least three times per year at a time and place determined by the Chairman of the Committee, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or the Chairman of the Committee.

5.2 Other directors, officers and external advisers may be invited to attend all or part of any meeting as and when considered appropriate by the Committee.

5.3 Notices for meetings of the Committee shall be given in the same manner as provided in the Amended and Restated Bylaws (as may be further amended, modified or replaced, the "**Bylaws**") for notices to be given with respect to meetings of the Board.

5.4 At each meeting, the Committee shall appoint a member of the Committee or other invited guest to act as the secretary of the Committee. The secretary shall record the proceedings and resolutions of the meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of each meeting shall be circulated to all members of the Committee. On finalization and signature by the Chairman of the Committee, the minutes of each meeting shall be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board.

5.5 Each member of the Committee shall have one vote which may be cast on matters

considered at the meeting. Votes can only be cast by members attending (in person or telephonically) a meeting of the Committee. Actions by the Committee may be taken by unanimous written consent in the same manner as provided in the Bylaws for written consents by the Board. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote on such matter. A quorum shall be any two members of the Committee, except that where, by reason of personal interest, a member of the Committee is not entitled to vote, the quorum shall be the remaining member(s) of the Committee.

6. GENERAL MATTERS

- 6.1** The Chairman of the Committee shall make himself available at each Annual Meeting of the Stockholders of the Company to answer questions concerning the Committee's work during the preceding year.
- 6.2** The Committee shall, at least once a year, review its own performance, constitution and this Charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 6.3** Any act of the Committee in accordance with this Charter with respect to any duty delegated to it hereunder shall be deemed to be an act of the Board with respect to such matter without the need for any additional action or approval by the Board, except to the extent such authority is expressly limited by the Board.
- 6.4** This Charter was adopted by the Board of Directors and is effective as of March 11, 2011 and supersedes and replaces any prior charter or committee terms relating to compensation issues.