

Regulatory Announcement

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Company MEDGENICS INC.
TIDM MEDG
Headline Transfer of Shares
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Medgenics, Inc

('Medgenics' or the 'Company')

12 November 2008

- * 17% OF MEDGENICS COMMON SHARES NOW UNRESTRICTED USING NEW TICKER MEDU
- * DE-RESTRICTION ON TRANSFER OF SHARES MAKES MEDGENICS MORE ACCESSIBLE TO INVESTORS, AND IS EXPECTED TO EXPEDITE TRADING
- * UNRESTRICTED SHARES TO BE TRADED SEPARATELY ON AIM (ticker: MEDU)
- * FURTHER TRANCHE OF COMMON SHARES MAY BECOME ELIGIBLE FOR DE-RESTRICTION IN DECEMBER

Medgenics currently has a total issued share capital of 106,698,076 common shares of par value of US \$0.0001 each ('Common Shares'). All of these Common Shares were subject to restrictions on transfer under the US Securities Act of 1933 (as amended) (the 'US Securities Act'), at the time of admission to AIM in December 2007 and are currently traded under the ISIN USU582411075 and the TIDM (ticker) MEDG.

All share certificates for Common Shares originally included a statement or 'legend' referring to these restrictions. Subsequent to admission to AIM, the holders of a total of 18,271,007 Common Shares have made successful application for the removal of the restrictive legends from their share certificates under Rule 144 of the US Securities Act (a 'Section 144 Application'), which can be made by a shareholder who is not an affiliate of the Company and has held his/her Common Shares for at least one year. These 18,271,007 Common Shares are, therefore, no longer subject to restrictions on transfer under the US Securities Act and the Company has applied for these shares to be traded separately under the ISIN US58436Q1040 and the TIDM (ticker) MEDU. Once the restrictive legend is removed, unrestricted stock may generally be sold to any purchaser, regardless of their nationality. Trading of these Common Shares under this new ISIN is expected from 13 November 2008.

These unrestricted shares under the new ISIN will also be capable of being held and transferred within CREST. Accordingly, as anticipated in the Admission Document, the Company is currently seeking to establish depository interest ('DI') arrangements and is applying to Euroclear UK & Ireland Limited (the operator of CREST) for admission for settlement through CREST of the DI's representing the unrestricted Common Shares.

The Common Shares will not themselves be admitted to CREST but, instead, a depository service provider approved by the Company will issue DIs representing the underlying unrestricted Common Shares, which will be transferred to the DI provider and held on trust for the holders of the DIs. The DIs themselves are independent securities constituted under English law, which may be held and transferred within the CREST system. CREST is a voluntary system and holders of unrestricted Common Shares who wish to retain share certificates shall be able to do so.

The Company has commenced the DI facility and CREST enablement process and an update on the progress with this project, giving firm details of the enablement date for CREST dealings in the DIs, will be issued by the Company in due course.

The remaining 88,427,069 Common Shares are still subject to restrictions on transfer under the US Securities Act and will continue to trade under the ISIN USU582411075 and the TIDM (ticker) MEDG and the relative share certificates will continue to bear the restrictive legend.

The Company notes that a further significant tranche of Common Shares, may become eligible to have the restrictive legend removed on 4 December 2008, as a result of such shares having been held by non-affiliate holders for at least one year. If a holder of Common Shares whose share certificate bears a restrictive legend wishes to ascertain if such restrictive legend is eligible for removal, he/she should contact the Company to clarify the position and (where appropriate) receive instructions on how to facilitate such removal and the migration of his/her Common Shares to the newly established ISIN. It is hoped

that these measures will significantly improve transferability of the affected Common Shares going forward. Further details of these arrangements will also be available on the Company's website (www.medgenics.com).

Dr Andrew Pearlman, Chief Executive Officer, commented:

'We are pleased that 17% of the current shares are no longer subject to transfer restrictions and we expect that this will make Medgenics more accessible to investors and will, we hope, expedite trading and allow investors to trade more freely in Medgenics shares on the open market. Going forwards we expect an even larger tranche of shares to be eligible to have their restrictions removed and the Company is also working towards setting up facilities to ensure all unrestricted shares can be traded electronically and we will update the market as progress is made towards this.

The Directors and I believe that the increasing accessibility of Medgenics shares to investors will allow them to invest in, what we believe is, an exciting opportunity which the Directors believe will be borne out by further clinical results over the forthcoming months.'

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NOTES TO EDITORS:

Medgenics, Inc. is a clinical-stage biopharmaceutical company developing its unique tissue-based Biopump platform technology to provide sustained-action protein therapy for the treatment of a range of chronic diseases.

Medgenics currently has two products in development based on this technology:

- * EPODURE - producing erythropoietin (EPO) to treat anemia
- * INFRADURE - producing interferon-alpha (IFN-a) to treat hepatitis C

The Company has demonstrated proof of principle of the Biopump treatment procedure in a clinical trial using a short-acting version of EPODURE in anemic subjects. The Company announced positive initial results in its Phase I/II clinical trial for its long-acting version of EPODURE, designed to produce and deliver a therapeutic dose of EPO steadily for three to six months or more, which commenced in August 2008. The Company plans to follow with a clinical trial of INFRADURE in 2009.

Medgenics intends to develop its innovative products and bring them to market via multiple strategic partnerships with major pharmaceutical and/or medical device companies, starting with EPODURE and INFRADURE.

Beyond these, Medgenics plans to develop and/or out-license a pipeline of future Biopump products targeting the large and rapidly growing global protein therapy market, which is forecast to reach US \$87 billion by 2010. Other potential areas include multiple sclerosis (interferon-a), haemophilia (Factor XIII), paediatric growth hormone deficiency (human growth hormone) and diabetes (insulin).

Founded in 2000, Medgenics is a US-incorporated company with major operations in Misgav, Israel. Medgenics was admitted to AIM in December 2007 (AIM: MEDG).

www.medgenics.com

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