

Medgenics, Inc.

('Medgenics' or the 'Company')

17 December 2008

Medgenics is pleased to announce that it is implementing a warrant repricing programme (the 'Programme' or 'Transaction') to encourage the exercise of existing warrants provided that such exercise is completed by 30 January 2009. The Programme, which allows existing warrant holders to exercise warrants on advantageous terms, follows on from the Company's announcement of positive key early results from its Phase I/II Clinical Trial of EPODURE as presented at a major medical congress in November 2008. This Programme aims to strengthen the Company's cash position to support its operations and its business development activities while increasing the share base and reducing the number of outstanding warrants.

To encourage existing warrant holders to exercise their warrants for cash before 30 January 2009, the following terms will be offered:

1. Reduced Exercise Price : \$0.0375/share (2.5 pence/share) or the current exercise price, whichever is lower; and
2. Bonus Warrants: for every one dollar (\$1.00) or 0.667 GBP paid for exercise of warrants during this program, a new bonus warrant to purchase three (3) shares of common stock in the Company of \$0.0001 par value per share ('Common Shares'), which will be immediately exercisable for three (3) years at an exercise price \$0.25 per share, will be issued. For example, a total exercise price of \$10,000 will result in a bonus warrant for 30,000 Common Shares at an exercise price of \$0.25 per share.

The exercise price of any warrants that are not exercised before 30 January 2009 will revert to the original price as stated in the warrant prior to this incentive programme.

The current warrants outstanding in the Company are as follows:

Warrant Type	Date of Issue	No. of Common Shares	Exercise Price per Common Share	Expiry Date
RS	31.03.06	15,680,818	US \$0.0005	31.03.11
RS	31.03.06	36,481,902	US \$0.071	31.03.11
RW	31.03.06	1,609,325	US \$0.000005	31.03.11
X	31.03.06	4,278,298	US \$0.071	24.03.10
X	2.01.06	533,183	US \$0.071	2.01.11
W	31.03.06	26,809,141	US \$0.071	31.03.11
W	10.04.06	1,026,792	US \$0.071	10.04.11
W	14.06.06	1,069,575	US \$0.071	14.06.11
W	23.10.06	21,094,940	US \$0.117	23.10.11
W	9.02.07	705,919	US \$0.071	31.03.11
W	13.03.07	2,042,887	US \$0.071	31.03.11
W	13.03.06	2,117,758	US \$0.071	21.06.11
W	31.05.07	1,329,310	US \$0.071	31.05.12
W	13.08.07	654,580	US \$0.164	13.08.12
W	17.08.07	369,773	US \$0.164	17.08.12
W	4.12.08	1,067,287	US \$0.164	4.12.12
W	4.12.08	192,523	7.8p	4.12.12
W	4.12.08	6,563,398	US \$0.194	4.12.12
W	4.12.08	458,308	9.22p	4.12.12
W	4.12.08	570,992	10p	4.12.12
Platinum	13.03.07	1,909,619	US \$0.164	31.03.11
Platinum	4.12.08	1,604,362	US \$0.164	4.12.12
Platinum	4.12.08	23,183	10p	4.12.12

Total 128,193,873

The current number and details of warrants held (both directly and indirectly) by the Directors are as follows:

Name	Warrant name	Number	Issue date	Expiry date	Exercise price	Discount price	Discount per	Discount US\$
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Lord Leonard Steinberg	W	4,832,423	4/12/07	4/12/12	0.194	0.0375	0.1565	756,274
	W	1,145,964	31/5/12	31/5/07	0.164	0.0375	0.1265	144,525
	W	763,997	4/12/07	4/12/12	0.164	0.0375	0.1265	96,646
		6,742,384						997,445
Andrew Pearlman	RS	31,681,652	31/3/06	31/3/11	0.071	0.0375	0.0335	1,057,195
	RW	1,260,451	31/3/06	31/3/11	0.000005	0.0375	0.00	-
		32,942,103						1,057,195
Joel Kanter	W	7,059,192	31/3/06	31/3/11	0.071	0.0375	0.0335	235,560
	W	1,069,575	23/10/06	23/10/11	0.117	0.0375	0.0795	84,891
	W	857,007	23/10/06	23/10/11	0.117	0.0375	0.0795	68,020
	RW	197,914	31/3/06	31/3/11	0.000005	0.0375	0.00	-
	RS	14,080,734	31/3/06	31/3/11	0.023634	0.0375	0.00	-
		23,264,422						388,471
Gary Brukart	W	2,117,758	13/3/06	13/3/11	0.071	0.0375	0.0335	70,668
Stephen McMurray	W	1,069,575	14/6/06	14/6/11	0.071	0.0375	0.0335	35,691
Eugene Bauer	RS	3,000,156	31/3/06	31/3/11	0.071	0.0375	0.0335	100,505
Total		66,136,241						2,549,469

Joel Kanter and Lord Leonard Steinberg have stated that, as a result of this incentive programme, they will exercise warrants at the reduced exercise price of \$0.0375 to an aggregate value of US\$150,000 each. The remaining directors (the 'Independent Directors') have decided not to exercise their warrants as a result of the Programme so that they are able to remain independent in their assessment of whether the Transaction is in the interest of all shareholders of the Company.

In view of the interests and intended exercise of warrants at the reduced price by Joel Kanter and Lord Leonard Steinberg, this Transaction is deemed to be a related party transaction under the AIM rules and therefore Joel Kanter and Lord Leonard Steinberg are precluded, in accordance with the AIM rules, from expressing an opinion that the Transaction is fair and reasonable insofar as the shareholders are concerned.

The Independent Directors consider, having consulted with Blomfield Corporate Finance Limited, the Company's nominated adviser, that the terms of the Transaction are fair and reasonable insofar as the Company's shareholders are concerned.

The Independent Directors make this assessment based on the rationale for the Programme and in particular the Company's cash flow requirements, the current share price and lack of availability at this time of alternative viable short-term fund-raising methods especially given the current economic climate.

The Company anticipates that the exercise of warrants between this announcement and 30 January 2009 will have a positive impact on the Company, both in terms of cash flow and in reducing the total number of outstanding warrants.

Warrant holders will be required to execute certain documents and make certain representations in order to participate in the warrant repricing program. Further details regarding the program and the procedures to exercise the warrants have been posted to Warrant Holders and are also available on the Company's website (www.medgenics.com).

On 13 November 2008, 18,271,007 Common Shares which are no longer subject to restrictions on transfer under the US Securities Act began trading under the ISIN US58436Q1040 and the TIDM (ticker) MEDU. These unrestricted securities may generally be sold to any purchaser, regardless of their nationality and is capable of being held and transferred within CREST.

The Company is pleased to announce that, further to the announcement on 12 November 2008, the application for these shares Common Shares to be settled within CREST was formally submitted to Euroclear on 9 December 2008 and CREST settlement is expected to be enabled on Thursday 18 December 2008.

The Common Shares will not themselves be admitted to CREST but, instead, a depository service provider approved by the Company will issue depository interests ('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.

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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 and currently trades under two separate lines on the AIM market; the Reg.S restricted securities trade under the TIDM (AIM: MEDG) and the unrestricted securities trade under the TIDM (AIM: MEDU).

www.medgenics.com

