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## Philip Morris Investments B.V. exercises its pre-emptive right and invests an aggregate of \$22.5 million in Medicago through a two tranche Private Placement

*-Closes First Tranche of Private Placement-*

QUEBEC CITY, Oct. 27, 2011 /CNW/ - Medicago Inc. ("**Medicago**" or the "**Corporation**") (TSX: MDG), a biotechnology company focused on developing highly effective and competitive vaccines based on proprietary manufacturing technologies and Virus-Like Particles ("**VLPs**"), announces that Philip Morris Investments B.V. ("**PM Investments**") has exercised its pre-emptive right and has entered into a subscription agreement to complete a private placement of \$22.5 million through the issuance of an aggregate of 34,550,000 common shares of Medicago at \$0.65 in two tranches (the "**Private Placement**"). The first tranche of the Private Placement has been completed today by the issuance of 17,350,000 common shares of the Corporation at \$0.65 to PM Investments for gross proceeds of \$11,277,500.

"PM Investments' continued commitment and investment support are a complete validation of our effective plant-based VLP vaccines, our manufacturing platform and our growth strategy," said Andrew J. Sheldon, President and Chief Executive Officer of Medicago. "This financing provides us with a strong cash position going forward allowing us to advance our pandemic and seasonal influenza vaccine candidates, further advance our overall programs including vaccines outside of influenza and realize the full potential of our rapid and effective manufacturing platform."

The Private Placement results from the exercise by PM Investments of its preemptive right under the terms of the representation right and preemptive right agreement dated October 28, 2008 further to the completion by the Corporation of the issuance on a private placement basis, on September 27, 2011, of 38,462,600 common shares of the Corporation at a price of \$0.65 per common share for gross proceeds of approximately \$25 million.

The Corporation obtained, on October 13, 2011, the conditional listing approval from the Toronto Stock Exchange ("**TSX**") in connection with the Private Placement.

The TSX has given its conditional approval for the second tranche of the Private Placement subject to the Corporation shareholders approval. The Corporation plans to hold a special meeting of its shareholders to consider and vote on the proposed second tranche of the Private Placement on December 15, 2011. The second tranche of the Private Placement is expected to close on or about December 16, 2011. The Corporation intends to send the management information circular for the special meeting of shareholders of the Corporation mid-November 2011. The closing of the second tranche of the Private Placement will also be subject to the satisfaction of all necessary regulatory approvals as well as to the satisfaction of customary closing conditions provided for in the subscription agreement.

Net proceeds from the Private Placement will be used for continued clinical development of the Corporation's plant-based manufactured Influenza VLPs vaccines, to fund the development of additional potential product candidates and for other general corporate and working capital purposes.

Prior to the closing of the first tranche of the Private Placement, PM Investments was holding 30.2% of the outstanding common shares of the Corporation and therefore is a "related party" of Medicago under *Multilateral Instrument 61-101 respecting Protection of Minority Security Holders in Special Transactions (Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* in Québec) ("**MI 61-101**"). The Private Placement is a "related party transaction" under MI 61-101 but it is exempt from formal valuation and minority approval requirements under MI 61-101.

After the closing of the first tranche of the Private Placement, PM Investments holds an interest representing 35.5% of the outstanding common shares of the Corporation. After the closing of the second tranche of the Private Placement, it is expected that PM Investments will hold approximately 40% of the



then outstanding common shares of the Corporation.

All common shares issued and to be issued to PM Investments as part of the Private Placement will be subject to a four month hold period.

This press release does not constitute an offer to sell or a solicitation to buy any securities in any jurisdiction.

### **About Medicago**

Medicago is committed to provide highly effective and competitive vaccines based on proprietary VLP and manufacturing technologies. Medicago is developing VLP vaccines to protect against pandemic and seasonal influenza, using a transient expression system which produces recombinant vaccine antigens in the cells of non-transgenic plants. This technology has potential to offer advantages of speed and cost over competitive technologies. It promises a vaccine for testing in about a month after the identification and reception of genetic sequences from a pandemic strain. This production time frame has the potential to allow vaccination of the population before the first wave of a pandemic strikes and to supply large volumes of vaccine antigens to the world market. Additional information about Medicago is available at [www.medicago.com](http://www.medicago.com).

### **Forward Looking Statements**

*This news release includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with Medicago's business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", and similar expressions to the extent they relate to Medicago or its management. The forward-looking statements are not historical facts, but reflect Medicago's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks Factors and Uncertainties" in Medicago's Annual Information Form filed on March 31, 2011 with the regulatory authorities. Medicago assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.*

<http://www.medicago.com/English/news/News-Releases/News-ReleaseDetails/2011/Philip-Morris-Investments-BV-exercises-its-pre-emptive-right-and-invests-an-aggregate-of-225-million-in-Medicago-through-a-tw/default.aspx>