



MODIGENE AWARDED SECOND-YEAR GRANT BY ISRAELI GOVERNMENT TO SUPPORT DEVELOPMENT OF ITS LONGER-ACTING HUMAN GROWTH HORMONE

—hGH-CTP Development Program Has Been Approved For Second-Year Funding Through a Special Grant From the Israeli Office of the Chief Scientist—

Nes-Ziona, Israel -- January 27, 2009 -- Modigene Inc. (OTCBB: MODG) today reported that its Israeli-based R&D subsidiary has received approval for a second-year special grant from the Israeli Office of the Chief Scientist ("OCS") in support of the company's development program for hGH-CTP, its longer-acting version of human growth hormone (hGH). The new grant follows the company's recent announcement of promising results from a pilot hGH-CTP toxicity study in primates.

The OCS has approved this second-year grant to support Modigene's hGH-CTP program for the period September 2008 through August 2009. The grant will provide cash reimbursements of 40% of expenses paid for hGH-CTP product development during this period, up to a limit of 10 million NIS (about \$2.6 million).

Human growth hormone is a natural protein produced by the pituitary gland in the brain. It fuels growth of the body's bone and muscle and has a variety of therapeutic uses. Patients with an hGH deficiency currently receive subcutaneous hGH injections on a near-daily basis. Approximately 95% of children diagnosed with a growth hormone deficiency receive treatment. The current annual market for hGH therapies is estimated at \$2.5 billion.

"This second-year grant from the OCS is an important non-dilutive cash resource for Modigene and represents another validation of the potential of our technology and of our lead candidate hGH-CTP," said Abraham Havron, Ph.D., Chief Executive Officer of Modigene. "The OCS has awarded Modigene funds in support of both our hGH-CTP product candidate and our IFN-Beta-CTP longer-acting interferon product, and we are delighted that our longer-acting human growth program has been chosen for continued support out of many strong candidates. This visionary OCS program is particularly attractive for Modigene because it does not require any repayment until our products are generating revenue. We are grateful for this valuable source of non-dilutive capital."

Under the terms of the grant, Modigene is required to repay the OCS the sum of the grant plus accrued interest through a series of payments that begin only upon successful commercialization of the hGH-CTP product, or other products developed at the company with its CTP technology.

ABOUT CTP

Modigene's CTP technology was discovered by researchers at Washington University in St. Louis and is based on a short amino acid sequence that occurs naturally in humans, the carboxyl terminal peptide (CTP). When attached to a therapeutic protein, CTP extends the time that the protein is active in the body. The potential utility of the technology has been demonstrated by Schering-Plough, which licenses the CTP technology for fertility applications only. In July 2008 Schering-Plough announced successful data from its Phase III ENGAGE trial demonstrating that women receiving a single injection of the fertility drug FSH-CTP achieved the same pregnancy rates as women receiving seven consecutive daily

injections of commercial FSH. This 1,509 patient trial, which was the largest double-blind fertility trial ever conducted, formed the basis for a Marketing Authorization Application by Schering-Plough that was recently accepted for review by the European Medicines Agency. Modigene is using the same CTP technology to extend the duration of action of human growth hormone and other therapeutic proteins. It has an exclusive license from Washington University to the CTP technology for use with all therapeutic proteins except for the four endocrine hormones licensed to Schering-Plough.

ABOUT MODIGENE

Modigene Inc. is a biopharmaceutical company applying its patented CTP technology to develop longer-acting, proprietary versions of already approved therapeutic proteins that currently generate billions of dollars in annual global sales. The CTP technology is applicable to virtually all proteins, and Modigene is currently developing long-acting versions of human growth hormone, interferon beta and erythropoietin, which are in late preclinical development, as well as GLP-1. For more information on Modigene, visit www.modigeneinc.com.

Safe Harbor Statement: This press release contains forward-looking statements, including statements regarding the results of current studies and preclinical experiments and the effectiveness of Modigene's long-acting protein programs, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that may affect Modigene's business and prospects, including the risks that Modigene may not succeed in developing any commercial products based upon its long-acting protein technology, including any long-acting versions of human growth hormone, erythropoietin, interferon beta or GLP-1; that the long-acting products in development may fail, may not achieve the expected results or effectiveness and/or may not generate data that would support the approval or marketing of these products for the indications being studied or for other indications; that ongoing studies may not continue to show substantial or any activity; that the actual dollar amount of any grants from the OCS is uncertain and is subject to policy changes of the Israeli government, and that such grants may be insufficient to assist with product development; and other risks and uncertainties that may cause results to differ materially from those set forth in the forward-looking statements. The development of any products using the CTP platform technology could also be affected by a number of other factors, including unexpected safety, efficacy or manufacturing issues, additional time requirements for data analyses and decision making, the impact of pharmaceutical industry regulation, the impact of competitive products and pricing and the impact of patents and other proprietary rights held by competitors and other third parties. In addition to the risk factors set forth above, investors should consider the economic, competitive, governmental, technological and other factors discussed in Modigene's filings with the Securities and Exchange Commission.

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