



**PRESS RELEASE
FOR IMMEDIATE RELEASE**

\$15,975,000 investment by Philip Morris International in Medicago

Quebec City, Quebec, September 22, 2008 — Medicago Inc. ("Medicago") (TSX-V: MDG) today announced that it has signed on September 19, 2008 a non-binding letter of intent with Philip Morris International ("PMI") for a private placement of 45,000,000 units (the "**Units**") at a price of \$0.355 per Unit for proceeds of \$15,975,000. The proceeds of the private placement will be used to further fund the development of Medicago's pandemic and seasonal influenza vaccines.

"We are very pleased to expand our relationship with PMI which was previously identified as the Fortune 100 company in our press releases of April 7, 2008, February 7, 2008 and December 19, 2007. The investment demonstrates their commitment and confidence in our proprietary plant-based technology platform," said Andy Sheldon, President & CEO of Medicago. "This transaction provides us with the necessary capital to continue the development of our vaccine candidates and will bring additional expertise to further develop our vaccine production technologies."

Each Unit is priced at \$0.355 per Unit and consists of one common share (the "**Common Shares**") and one common share purchase warrant of Medicago (the "**Warrants**"). The price per Unit represents a 18.33% premium over volume weighted average trading price of the common shares of Medicago calculated for the twenty trading day period ending on September 18, 2008. Each warrant ("**Warrant**") will entitle its holder to purchase one share for a period of 24 months following the closing Date at a price equal to: (i) CAD\$0.375 for the first year following the date of the issuance of the Warrants; and (ii) \$0.405 for the second year following the date of the issuance of the Warrants (the "**Warrant Exercise Price**"). The Common Shares, the Warrants and the Common Shares underlying the Warrants will be subject to a statutory four-month hold period. After the closing, PMI will hold an interest representing 49.9% of the then outstanding common shares of Medicago, 45,000,000 warrants allowing PMI to acquire 45,000,000 common shares and an additional 2,000,000 warrants received at the signature of the non-exclusive license agreement signed in February 2008 and allowing PMI to acquire 2,000,000 common shares.

All the necessary documentation is expected to be signed by November 3, 2008 and is subject to the approval of the TSX Venture Exchange as well as certain customary conditions, including the completion by PMI of a due diligence review prior to closing. It will also require the approval of Medicago shareholders and Medicago plans to hold a special meeting of its shareholders to consider and vote on the proposed transaction as soon as possible.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of Medicago in the United States. The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from such registration is available.

About Medicago Inc.

Medicago is committed to provide highly effective and affordable vaccines based on proprietary Virus-Like Particle (VLP) and manufacturing technologies. Medicago is developing VLP vaccines to protect against H5N1 pandemic influenza, using a transient expression system which produces recombinant vaccine antigens in non-transgenic plants. This technology has potential to offer advantages of speed and cost over competitive technologies. It could deliver 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.

About Philip Morris International

Philip Morris International (PMI) is the leading international tobacco company, with seven of the world's top 15 brands, including Marlboro, the number one cigarette brand worldwide. PMI has more than 75,000 employees and its products are sold in approximately 160 countries. In 2007, the company held an estimated 15.6% share of the total international cigarette market outside of the U.S. For more information, see www.pmintl.com.

Forward-Looking Statements

This press release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected herein. The Company disclaims any obligation to update these forward-looking statements.

- 30 -

The TSX Venture Exchange assumes no responsibility for the content or accuracy of this press release.

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