



PRESS RELEASE

**Medicago Announces the Execution of the Subscription Agreement
with Philip Morris International Inc.**

Quebec City, Quebec, October 22, 2008 — Medicago Inc. ("Medicago") (TSX-V: MDG) today announced that, further to the letter of intent with Philip Morris International Inc. ("PMI") previously announced on September 22, 2008, it has executed a binding conditional subscription agreement with PMI for the private placement (the "Private Placement") of 45,000,000 units (the "Units"). Net proceeds of CAD\$15,975,000 which will be used to further fund the development of Medicago's pandemic and seasonal influenza vaccines.

Each Unit is priced at CAD\$0.355 per Unit and consists of one common share in the share capital of Medicago (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles its holder to purchase one Common Share until 5:00 p.m. (Montreal time) on October 20, 2010, at a price equal to CAD\$0.375 for the first year following the date of the issuance of the Warrants and CAD\$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 are subject to a statutory four-month hold period. After completion of the Private Placement, PMI will hold indirectly, assuming fulfilment of the remaining condition, a total of 45,000,000 Common Shares representing an interest of 49.8% of the outstanding common shares of Medicago as at the date hereof, 45,000,000 Warrants, and 2,000,000 warrants issued in February 2008 allowing it to acquire up to 2,000,000 Common Shares until February 2011.

The total subscription price and the certificates representing the Common Shares and the Warrants are currently held in escrow until fulfilment of the only remaining condition which is the receipt of a confirmation that the shareholders of Medicago have voted in favour of the Private Placement at the special meeting of shareholders scheduled to take place on November 10, 2008 for which a management proxy circular dated October 15, 2008 was mailed to Medicago's shareholders. The Private Placement is also subject to obtaining final approval of the TSX Venture Exchange upon fulfilment of customary listing conditions.

As part of the Private Placement, Medicago and PMI have entered into:

- a Research and License Agreement granting Medicago ownership of intellectual property rights developed under the joint pandemic and seasonal influenza program and granting Philip Morris Products, S.A. ("PMP"), a subsidiary of PMI, among other rights, a license on such intellectual property rights;
- a Master Research Services Agreement providing the framework under which Medicago could conduct additional future research on PMP's behalf and on a fee-for-service basis. PMP will be granted ownership of intellectual property rights developed under each of these projects and Medicago will be granted a license on such intellectual property rights allowing Medicago to conduct influenza research;
- a representation right and preemptive right agreement whereby Medicago has undertaken, as long as PMI and its affiliates holds, jointly, directly or indirectly, a 10% equity interest in Medicago, calculated on a fully diluted basis, to propose for election at each annual shareholders' meeting of Medicago at least one representative selected by PMI (or its affiliates) and has granted a preemptive right to PMI to maintain or increase its equity participation in Medicago;

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 Inc. (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

Caution concerning 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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