



MODIGENE AWARDED ISRAELI GOVERNMENT GRANT TO SUPPORT DEVELOPMENT OF ITS LONGER-ACTING INTERFERON BETA

-- \$25 Million Interferon-Beta-CTP Development Program Has Been Approved For First Year Funding Through a Special Grant From the Israeli Office of the Chief Scientist --

Nes-Ziona, Israel -- August 5, 2008 -- Modigene Inc. (OTCBB: MODG) today reported that its Israeli-based R&D subsidiary has received approval for a special grant from the Israeli Office of the Chief Scientist ("OCS") in support of the company's development program for interferon-beta-CTP (IFN-Beta-CTP), its longer-acting version of interferon beta. Interferon-beta is an injectable treatment for multiple sclerosis (MS).

In preclinical experiments, IFN-Beta-CTP has shown durability, or half-life, almost seven times greater (6.7-fold longer) than the durability of commercial interferon beta. The data demonstrated the potential to significantly reduce the number of required injections of interferon beta – which would greatly increase patient convenience.

The OCS has approved a special grant to support Modigene's IFN-Beta-CTP program for 2008-2009. The grant will provide cash reimbursements of 40% of expenses paid for IFN-Beta-CTP product development during this period. Modigene's full IFN-Beta-CTP development program, as submitted to the OCS, is based on an estimated development budget of \$25 million for calendar years 2008-2011. IFN-Beta-CTP is currently in preclinical development, with clinical trials expected to begin in 2009.

Interferon beta is a drug used to reduce the frequency and severity of relapses afflicting people suffering from MS, an autoimmune neurological disorder affecting the insulating myelin layers of the brain and spinal cord. If unchecked, over time the immune system attack on myelin leads to poor coordination, severe disabilities and premature death. Annual sales of interferon beta were estimated to be \$4.3 billion in 2007.

"This generous new 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 second lead candidate," said Abraham Havron, Ph.D., Chief Executive Officer of Modigene. "The OCS has already awarded Modigene funds in support of our human growth hormone (hGH-CTP) product candidate and we are delighted that our IFN-Beta-CTP program has now also been selected for support. This visionary OCS program is particularly attractive for Modigene because it does not require any repayment until the product is 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 IFN-Beta-CTP product, or other products developed at the company with its CTP technology.

ABOUT CTP

Modigene's technology was discovered by researchers at Washington University in St. Louis and is based on a short amino acid sequence, the Carboxyl Terminal Peptide (CTP). CTP

occurs naturally in humans and when attached to a therapeutic protein, 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. On July 8, 2008 it announced successful top-line 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 was the largest double-blind fertility trial ever conducted. Modigene is using the same CTP technology to extend the duration of action of 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 and 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.

MODIGENE CONTACT:
Shai Novik, President
Modigene Inc.
Tel: +1 866 644-7811
Email: shai@modigeneinc.com

MEDIA CONTACT:
Barbara Lindheim
GendeLLindheim BioCom Partners
+1 212 918-4650