Transgene Signs an Agreement with Beckman Coulter for the Development of a Companion Diagnostic Test for TG4010

The agreement completes Transgene's biomarker strategy for the development of TG4010 in Phase IIb/III clinical trials

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Parc d'Innovation, Illkirch (France), January 5, 2011 – Transgene (NYSE-Euronext: TNG) announced today that the company has signed an agreement with Beckman Coulter, Inc. (NYSE: BEC), under which Beckman Coulter will develop for Transgene a companion test that measures the level of activated Natural Killer ("aNK") cells in order to select patients to be treated with TG4010.

The companion test will measure triple positive (CD16+, CD56+, CD69+ / CD45+ lymphocytes) activated NK cells (the "aNK Test"). It will come in addition to a test developed by Ventana Medical System, Inc. that allows Transgene to identify patients with MUC1 positive tumor cells (the "MUC1 Test").

TG4010, an MVA-MUC1-IL2 immunotherapy candidate, is about to enter into a pivotal Phase IIb/III clinical trial for the treatment of Non-Small Cell Lung Cancer ("NSCLC"). Findings from the last clinical trial in NSCLC showed that TG4010 was well tolerated and extended survival in a subset of patients with a normal level of aNK cells in the blood at baseline.

The MUC1 and aNK tests will be used in the upcoming Phase IIb/III clinical trial with TG4010 in NSCLC. If the trial is successful and regulatory approvals are granted for TG4010 and for the tests, these companion tests could then serve as a tool for physicians to identify patients who can be treated with TG4010 upon commercialization.

"The agreement with Beckman Coulter, Inc., a world leader in biomedical tests, completes our companion diagnostic strategy for TG4010" stated Philippe Archinard, Chairman and CEO of Transgene. He added: *"It is a significant achievement for us in the development of biomarkers associated with our product"*.

Transgene's interactions with both the Food and Drug Administration's ("FDA") Center for Devices and Radiological Health ("CDRH"), which regulates diagnostic tools authorization in the US, and the Center for Biologics Evaluation and Research ("CBER"), which regulates biological products authorization in the USA, are progressing. The Phase IIb/III trial with TG4010 in NSCLC is expected to start recruitment in mid-2011.

Transgene has granted Novartis an option to acquire an exclusive worldwide license to develop, and commercialize TG4010. Under the terms of the agreement, Transgene will maintain co-promotion rights for certain countries and primary manufacturing rights should the option be exercised and the product commercialized.

About TG4010:

TG4010 (MVA-MUC1-IL2) uses the Modified Vaccinia Ankara ("MVA") virus vector, a poxvirus that combines distinguishing advantages for an optimized systemic vaccination:

- MVA is a highly attenuated strain, which has been tested extensively in humans as a smallpox vaccine and is known to strongly stimulate innate and adaptive immune responses to antigens.
- MUC1 is a major tumor-associated antigen that provides a viable target for immunotherapy.
- TG4010 expresses the entire MUC1 gene sequence and has the potential to generate an immune response to all antigenic epitopes of MUC1.
- The sequence coding for the cytokine Interleukin-2 (IL2) is included for the stimulation of a specific T-cell response.

TG4010 is currently in development for the treatment of advanced NSCLC in combination with first line therapy. The pivotal global controlled Phase IIb/III trial of TG4010 is expected to start by mid-2011. Transgene has granted Novartis an option for the exclusive development and commercialization of TG4010.

About Non-Small-Cell Lung Cancer (NSCLC):

Lung cancer is a major public health issue with over 1.3 million new cases a year across the world, and accounts for some 450,000 deaths per year in Europe and the United States alone. Around 80% of lung cancer patients are diagnosed with NSCLC (around 1.0 million new cases per year). Of these, some 60% express MUC1, which is the target for TG4010. The efficacy of current treatments for NSCLC is limited, and TG4010 is targeting first line treatment of metastatic NSCLC in combination with chemotherapy.

About Transgene:

Transgene is a France-based biopharmaceutical company focused on the development of therapeutic vaccines and immunotherapeutic products in oncology and infectious diseases. The Company has four compounds in Phase II clinical trials: TG4010, TG4001/RG3484, TG4040 and JX-594/TG6006, and one compound in Phase I clinical trials: TG4023. Transgene has entered into strategic collaborative agreements for the development of two of its immunotherapy products:

- An exclusive license agreement with Roche for the development of TG4001/RG3484 to treat HPV-mediated diseases.

- An option agreement with Novartis for an exclusive license to develop TG4010 for the treatment of various cancers, including NSCLC.

The Company has also recently concluded an in-licensing agreement with US-based Jennerex Biotherapeutics, Inc., to develop and market JX-594 (JX-594/TG6006), an oncolytic product. Transgene has bio-manufacturing capacities for viral-based vectors. Additional information about Transgene can be found at www.transgene.fr.

Disclaimer:

This press release contains forward-looking statements referring to the joint clinical testing and development and commercial potential of a companion diagnostic test for TG4010. Clinical testing and successful product development and commercialization depend on a variety of factors, including the timing and success of future patient enrolment, the risk of unanticipated adverse patient reactions, regulatory approval and the level of demand for the product by the medical community. Results from future studies with more data may show less favorable outcomes than prior studies, and there is no certainty that product candidates will ever demonstrate adequate therapeutic efficacy or achieve regulatory approval or commercial success. In addition, forward-looking statements regarding product development, testing and marketing costs are by the nature subject to uncertainties as a result of unforeseen difficulties and expenses which may arise, and future product development costs may exceed current expectations. For further information on the risks and uncertainties involved in the testing and development of Transgene's product candidates, see Trangene's Document de Référence on file with the French Autorité des marchés financiers on its website at http://www.amf-france.org and Transgene's website at www.transgene.fr .

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