Transgene held its first R&D Day

Parc d'Innovation, Illkirch, France, May 26, 2011 – Transgene (Euronext Paris: FR0005175080) hosted today its first R&D Day at its headquarters in Illkirch, near Strasbourg. Around 30 analysts, investors and journalists attended the event. The Company invited key opinion leaders as guest speakers to talk about the future of immunotherapy and of Transgene's products.

Among the speakers were Dr. David Kirn, MD, CEO of Jennerex, Inc. a collaborative partner of Transgene on JX594/TG6006, Dr. Angus Dalgleish, MD, Foundation Chair in Clinical Oncology at the St George's Hospital Medical School of London, UK, Dr. Elisabeth Quoix, MD, Head of the Department of Pulmonology, University Hospital of Strasbourg and Dr. John Nemunaitis, MD, Oncologist and Executive Medical Director of the Mary Crowley Cancer Research Centers in Dallas, USA.

The Company took the opportunity to provide an update on its clinical programs, its industrial strategy as well as on its discovery efforts.

Clinical programs:

- TG4010 – at the doorstep of the next clinical study in lung cancer: Transgene expects to initiate patient recruitment in the Phase IIb/III by December 2011 with this therapeutic vaccine currently in development in lung cancer (NSCLC). The first application for clinical trial authorization have been submitted to health authorities and start-up activities have been initiated with clinical research organizations. Results of the Phase IIb part (circa 200 patients) are expected in between the end of 2012 and the first part of 2013. Novartis holds an option to license TG4010.

- For JX594/TG6006 – a new randomized Phase IIb study to start soon in liver cancer: Dr. David Kirn reviewed the data he presented last week at annual meeting of the American Society for Gene and Cell Therapy. He confirmed that additional data from this study, including updated survival data, should be presented at a major medical conference later in the year. Looking forward, Dr. Kirn indicated that the TRAVERSE study, a Phase IIb randomized trial in second line advanced liver cancer (with a target enrollment of 120 patients) is on track to commence soon, with first data expected by the end of 2012.

- TG4001 – Phase IIb enrolment completed: data of this trial (206 patients with precancerous lesions of the cervix caused by HPV infection) are expected by the end of the year or early 2012. The decision to move into Phase III could be made in the second part of 2012. Such a development would likely be conducted in collaboration with a co-development partner, preferably one having a commercial presence in the USA in the field of women's health.

- TG4040 – HCVac Phase II enrolment completed: interim efficacy data from this Phase II trial in chronic hepatitis C will be available during the fourth quarter of 2011. Depending upon the final results of the study, and notably the sustained viral response ("SVR") data, the strategy for Phase III development and partnering could be finalized in late 2012.

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- TG4023 – A first in man study is testing the feasibility and safety of getting a pro-drug converted into chemotherapy, *in vivo* within tumors, through the use of a viral vector coding for a fusion protein with enzymatic activities. First data from this Phase I/II trial are expected to be released soon.

Industrial strategy:

Transgene confirmed its plans to expand its industrial base to move towards commercial grade production. To do so, Transgene intends to invest some 40 to 50 million euros in its manufacturing operations over the next 5 years, most of this being conditional upon its products moving into Phase III, pivotal clinical trials and would be lease-financed. Among the new investments would be a commercial drug substance facility as well as a commercial fill and finish facility.

Discovery efforts:

Transgene indicated that, from 2012 onwards, it aims to bring at least one new product to the clinic every other year. Potential new candidates include a new oncolytic virus and a monoclonal antibody in the cancer field, and several projects in infectious diseases. In the latter field, Transgene currently focuses on the design of therapeutic vaccine candidates based on viral vectors against chronic hepatitis B (HBV) and tuberculosis (TB), developed in collaboration with academic and industrial partners.

Chronic hepatitis B is a cause of liver cancer worldwide and current treatment requires in most cases life-long administration. Tuberculosis is becoming a worldwide major public health concern, due to the widespread incidence of infection by more and more antibiotic resistant strains of this highly transmittable disease: it is estimated that one third of the world population is infected by tuberculosis, with ten million new cases per year. Transgene recently acquired rights to TB antigens from Netherland-based ISA Pharmaceuticals.

Finally, the Company indicated that it was accelerating its presence in China. After having entered into a joint venture agreement with Tianjin Tasly Pharmaceuticals Co., Ltd. in 2010 to develop and commercialize immunotherapeutics in PRC, Transgene is creating its own affiliate locally, in Shanghai, notably to host its collaborative activities with local universities and hospitals.

After the R&D Day, Philippe Archinard, Chairman and CEO of Transgene, said: "*We are very pleased to have organized this first R&D Day in our premises and to have attracted so much interest from institutional investors, analysts and the media. We believe that we reached our objective to give the attendants a good understanding of Transgene's products and of the field of immunotherapy in general".* He added: *"The day provided them also with the opportunity of meeting with key senior personnel of the company, key opinion leaders and the CEO of Jennerex, our partner for the development of JX594/TG6006".*

A webcast of the R&D Day will be available at www.transgene.fr from May 27, 2011.

About Transgene:

Transgene, a member of the Institut Mérieux Group, is a publicly traded French bio-pharmaceutical company dedicated to the development of therapeutic vaccines and immunotherapeutic products in oncology and infectious diseases, and has five compounds in clinical development: TG4010 and JX594/TG6006 having completed initial Phase II trials, TG4001 in Phase IIb trial, TG4040 in Phase II trial and TG4023 in Phase I trial. Transgene has concluded strategic agreements for the development of two of its immunotherapy products, an option agreement with Novartis for the development of TG4010 to treat various cancers, and an in-licensing agreement with US-based Jennerex Biotherapeutics, Inc., to develop and market JX594/TG6006, an oncolytic virus.

Transgene has bio-manufacturing capacities for viral-based products. Additional information about Transgene is available on the internet at www.transgene.fr

Cautionary note for Transgene regarding forward-looking statements:

This press release contains forward-looking statements referring to the clinical testing and development and commercial potential of our products. 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 Transgene'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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