Transgene Announces Presentation of Data on TG1050 Immunotherapy against Chronic Hepatitis B and Provides Update on its Joint Venture with Tasly Pharmaceuticals in China

Strasbourg, France, July 1st, 2014 – Transgene today announced that it was invited to present existing preclinical data on its proprietary program against chronic hepatitis B, TG1050 immunotherapy, at the BIT 5th Annual International Symposium of Hepatitis in Dalian, China. The presentation, entitled, "TG1050, A Novel Viral-based Immunotherapeutic Targeting Chronic Hepatitis B Infection" was given by Dr. Ren Zhu, Senior Scientist and Head of the HBV Program at TRANSGENE Biopharmaceutical Technology (Shanghai) Co., Ltd, a Transgene subsidiary located in Shanghai, China.

The Company also provided an update on activities at the Company's 50:50 equity joint venture (JV) with Tasly Pharmaceutical Group Co., Ltd. - Transgene Tasly (Tianjin) Biopharmaceutical Co., Ltd. The JV was set up to develop and commercialize innovative targeted immunotherapeutic products for the Chinese market. There are currently three projects ongoing at the joint venture: Transgene's programs TG1050, TG3003, a monoclonal antibody to treat solid tumors and TG6002, an oncolytic viral immunotherapy to treat solid tumors. TG1050 is currently the JV's most advanced program under development in China, with manufacturing process development ongoing and pre-clinical efficacy and toxicity studies anticipated to start later in 2014.

Xia MENG, General Manager of Transgene Tasly (Tianjin) Biopharmaceutical Co., Ltd. said: *"We are pleased with the development progress we are making with TG1050, since we started activities in China with this immunotherapeutic product. Given the large unmet medical need in China to treat hepatitis B, we are excited about the potential TG1050 holds in helping to combat this disease."*

"We are delighted with the good work being done through our equity joint venture with Tasly Pharmaceutical Group to advance the development of TG1050, as well as other Transgene programs" said Philippe Archinard, Chairman and Chief Executive Officer of Transgene. *"China is a growing market for biopharmaceuticals and we are excited to be playing a role in developing promising innovative therapeutics for this market that we hope will make a difference in patients' lives."*

About TG1050

TG1050 is an adenovirus-based targeted immunotherapy candidate for the treatment of chronic hepatitis B.

An estimated 350-400 million people worldwide have chronic hepatitis B and 600,000 die of the disease every year. At present, hepatitis B is largely incurable and is responsible for a large number of cases of cirrhosis and liver cancer. While the current standard of care, antiviral treatments, enable patients to stabilize their disease, the cure rate remains unsatisfactory, ranging from 3-25 % depending on the patient population. Thus, there is a large unmet medical need for new and alternative treatments.

In China, there are an estimated 70 million people living with chronic hepatitis B, and the country has a large public health initiative underway to significantly increase the number of patients diagnosed and treated with the disease.

The pre-clinical package for TG1050 supports the capacity of TG1050 to induce robust, broad, long-lasting T cells with characteristics similar to those found in patients who resolve infection, together with some antiviral activity. Importantly, TG1050–educated T cells have the capacity to recognize immune determinants derived from all circulating strains of HBV viral genotypes, including genotypes B and C that are dominant in China. In addition, a collaborative study performed between the Ruijin Hospital in Shanghai and both Transgene Biopharmaceutical Technology (Shanghai) Co., Ltd. and Transgene SA, showed that levels of antibodies to adenovirus are similar in chronic hepatitis B infected patients and healthy volunteers.[1]
Transgene expects to initiate a first-in-humans clinical trial outside of China in late 2014.

TG1050 is also being developed for the Chinese market by Transgene Tasly (Tianjin) Biopharmaceutical Co., Ltd., a 50:50 equity joint venture between Transgene and Tasly Pharmaceutical Group Co., Ltd.

About Transgene in China:

TRANSGENE Biopharmaceutical Technology (Shanghai) Co. Ltd was established in 2012 and is a Wholly Foreign Owned Enterprise ("WOFE") under the laws of the People's Republic of China. Research activities conducted by Transgene through this subsidiary are mainly academic and early stage. Development and eventual commercialization of Transgene's more mature R&D programs for the Chinese market will be conducted through Transgene Tasly (Tianjin) Biopharmaceutical Co. Ltd, the 50:50 joint-venture formed in 2010 by Transgene with the Chinese pharmaceutical group, Tianjin Tasly Pharmaceutical Co. Ltd.

[1] The adenovirus-backbone is an important component of TG1050 in particular due to its self-adjuvant properties. Assessing antibodies to the TG1050 adenovirus-backbone in the targeted population of chronic hepatitis B patients is important to allow for optimal design of first-in-human studies.

About Transgene:

Transgene (NYSE-Euronext: TNG), a member of the Institut Mérieux Group, is a publicly traded French biopharmaceutical company focused on discovering, developing and manufacturing targeted immunotherapies for the treatment of oncology and infectious diseases. Transgene's programs utilize well-tolerated viruses with the goal of indirectly or directly killing infected or cancerous cells. The Company's two lead clinical-stage programs are: TG4010 for non-small cell lung cancer and Pexa-Vec for liver cancer. The Company has several other programs in clinical and pre-clinical development that are based on its core viral vector technology; this includes clinical-stage TG4001 for oropharyngeal cancer and TG1050 for hepatitis B in advanced pre-clinical development. Transgene is based in Strasbourg, France, and has additional operations in Lyon, as well as satellite offices in China and the U.S. Additional information about Transgene is available at www.transgene.fr.

Disclaimer:

This press release contains forward-looking statements about the future development of TG1050 and the Company's activities in China. Although the Company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. The occurrence of any of these risks could have a significant negative outcome for the Company's activities, perspectives, financial situation, results and development. The Company's ability to commercialize its products depends on but is not limited to the following factors: positive pre-clinical data may not be predictive of human clinical results, the success of clinical studies, the ability to obtain financing and/or partnerships for product development and commercialization, and marketing approval by government regulatory authorities. For a discussion of risks and uncertainties which could cause the Company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the Document de Référence, which is available on the AMF website (http://www.amf-france.org) or on Transgene's website (www.transgene.fr).

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