Transgene enters new phase in its strategic development

- **New clinical studies with its immunotherapy products in combination with immune checkpoint inhibitors**
- **New funding of up to €30 million secured**
- **Restructuring finalised, giving way to ambitious clinical development plan**

Strasbourg, France, January 7, 2016 – Transgene SA (Euronext Paris: TNG) today announced its new strategic development plan, as well as the securing of new financing and the completion of its restructuring program.

Development Strategy

Following the completion of its restructuring plan, launched at the end of June 2015, Transgene announced its strategy based on its unique and well-known strengths in the immune-engineering of viral vectors and on its expertise in pre-clinical and clinical development. Transgene will, as a priority, combine its products with other immunotherapy products, including immune checkpoint inhibitors (ICI), a new class of promising therapeutics for the treatment of cancers and infectious diseases.

In pre-clinical studies, the results obtained by Transgene, as well as those reported in recent scientific journals using comparable approaches, demonstrate the potential and the rationale of combining immunotherapeutics. The principle of a strong interaction between viral vector-based immunotherapies and ICI's is validated by a number of current clinical programs. In strengthening the immune response through two complementary mechanisms of action, these combinations should increase treatment efficacy.

Transgene thus intends to be an active player in this new paradigm where it has key strengths. In this combination strategy, the Company can lean on the solid technological and clinical fundamentals of its products under development, which have already demonstrated their efficacy. Combining its products with ICI's, which have also demonstrated their efficacy, offers the potential to promote synergies in the treatment of certain cancers and infectious diseases and improve the quality of life of patients.

Transgene has already initiated discussions with clinical and biopharmaceutical partners to start five Phase 2 clinical studies in combination with ICI's for its two most advanced products. The first patients should be treated in mid-2016.

The main combination programs are:

- Combination of TG4010 with an ICI in the first- and second-line treatment of non-small-cell lung cancer (NSCLC).
- Combination of Pexa-Vec with an ICI in the first-line treatment of hepatocellular carcinoma (HCC), as well as for the treatment of other solid tumors.

Transgene is also strengthening its translational research capabilities through collaborations with academic institutions and hospitals. In addition to its current collaborations with the Gustave Roussy Institute in Paris and the University of Fudan in Shanghai, the Company has recently entered into a collaboration with the ICM (Institute for Brain and Marrow - *Institut du cerveau et de la moëlle*) in Paris in the area of neuro-oncology. Collaborations have also been initiated with the Hospital Service Frédéric Joliot at Orsay for *in vivo* molecular imaging and with the University of Surrey (United Kingdom) in the area of *in vivo* analysis, aimed at developing innovative oncolytic viruses which can rapidly progress from pre-clinical animal models to human pathology.

The Company will provide detailed information on its development with the publication of its 2015 annual results on March 8, 2016.

New Sources of Funding

The financing of this new strategic development plan will come from two sources, providing the Company the means to reach a number of value-creating milestones over the next two years:

- A loan of 20 million euros has been obtained from the EIB (European Investment Bank) under the IDFF (Infectious Diseases Finance Facility) program. This is a 5-year loan and the principal and accumulated interest will be reimbursable only from the fourth year. The loan will be released in two tranches at the request of the Company.
- Transgene has received a commitment by its major shareholder, the Institut Mérieux, to provide additional financing of around 10 million euros, confirming its support of the Company's strategy. Details of the financing will be provided at a later date.

These new sources of funding provide the Company the opportunity to optimize its resources and apply them to its development programs.

New Organisation

The restructuring plan announced in June 2015, including, notably, the Company's withdrawal from and outsourcing of process development and bio-manufacturing activities, is in its very final steps of completion.

This plan translates into the reduction of some fifty percent of the total number of employees compared to the number at the end of 2014. The cost of the plan is estimated at around 7.5 million euros, and its impact on cash consumption will mainly be in 2016. The reduction in operating costs as a result of the plan are forecast at more than 15 million euros per year, starting this year. The reduction of its fixed costs gives Transgene both the means and the flexibility to execute its ambitious development plan, particularly in the clinic.

Philippe Archinard, Chairman and CEO of Transgene, stated, "*Transgene has adapted its structure to its strategy and has the means, thanks to the support of the Institut Mérieux and the contribution of the EIB, to pursue its development priorities around new combinations, notably with ICI's. The restructuring renders the Company nimbler and, by being more pro-active in clinical development, allows us to become a major player in the new immunotherapy*

paradigm. Our solid fundamentals, the support of our major shareholder, and our new additional funding give us the confidence to face the future with ambition and optimism, with many clinical results expected by the end of 2017."

About Transgene

Transgene S.A. (Euronext: TNG), part of Institut Mérieux, is a publicly traded French biopharmaceutical company focused on discovering and developing targeted immunotherapies for the treatment of cancer and infectious diseases. Transgene's programs utilize viral vector technology 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. 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.

Forward looking statements

This press release contains certain forward-looking statements about the Company's strategy and plans. 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 and have a significant negative impact on the Company's activities, perspectives, financial situation, results and development. 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).

Contacts

Transgene:
Elisabetta Castelli, Director IR
+33 (0)3 88 27 91 21

Laurie Doyle, Director IR US & Corporate Communications
+1 (339) 832 0752

investorrelations@transgene.fr

Media contacts:

MC Services
Raimund Gabriel
+49 89 210 228 30
raimund.gabriel@mc-services.eu

Shaun Brown
+44 207 148 5998
shaun.brown@mc-services.eu