

First Quarter 2011 Financial Report

Parc d'Innovation, Illkirch, France, April 19, 2011 – Transgene (Euronext Paris: FR0005175080) today issues its quarterly financial report as of March 31, 2011 (first quarter of 2011) and provides an update of its recent and anticipated news-flow.

Revenue:

The following table summarizes the first quarter operating revenue for 2011 compared to the same period in 2010:

<i>Unaudited</i> ¹ In thousand euros	Q1	
	2011	2010
Revenue from collaborative and licensing agreements	1,210	1,252
Government financing for research expenditures	2,351	2,232
Operating revenue	3,561	3,484

In the period under review, revenue from collaborative and licensing agreements were principally composed of:

- Manufacturing services for third-parties (includes the product TG4001 for Roche),
- Technology access fee or milestone payments received for product development (for instance, the option license granted to Novartis), and
- Revenue from use of technologies or products licensed by Transgene.

Revenue from collaborative and licensing agreements were relatively stable in between the first quarters of 2010 and 2011, but with a different composition: in the first quarter of 2010, such revenue were mostly composed of revenue from use of technologies or products licensed by Transgene, whereas Transgene had more revenue from manufacturing services and technology access fee in the first quarter of 2011.

With respect to the latter, the 7.4 million euros option fee received from Novartis in March 2010 (for the development and commercialization of TG4010) is accounted as revenue, and spread over the period starting on the date of signature of the agreement and ending December 31, 2012, the expected date for obtaining the clinical results which will enable Novartis to decide whether to exercise its option.

As of March 31, 2011, government financing for research expenditures corresponds to:

- (i) an estimate of the income accrued during the period for subsidies received and/or to be received, and
- (ii) a quarter of the estimated annual research tax credit.

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¹ Unaudited and not subject to approval by the Board of Directors.

Cash, Cash Equivalents, Available-for-sale Financial Assets and other Financial Assets:

Cash, cash equivalents, available-for-sale financial assets and other financial assets amounted to 169.8 million euros as of March 31, 2011, compared to 180.3 million euros as of December 31, 2010.

Consumption of cash² amounted to 10.6 million euros in the first quarter of 2011, to be compared with 9.1 million euros in the first quarter of 2010.

Transgene expects a cash consumption of around 40.0 million euros in 2011.

KEY NEWS-FLOW SINCE JANUARY 2011

- February: termination by Roche of the 2007 licensing agreement re: TG4001.
- March: completion of the recruitment of patients in the HCVac study, a phase II clinical trial with TG4040 in type C hepatitis.
- April: communication of clinical data (activity) with JX594/TG6006 in hepatocarcinoma at the European Association for the Study of the Liver (“EASL”) annual congress.
- April: communication of clinical data (mechanism of action) with JX594/TG6006 at the American Association of Cancer Research (“AACR”) annual congress.
- April: collaboration with Inovio and ChronTech on a “prime-boost” phase I clinical trial with TG4040 in type C hepatitis.

KEY EXPECTED NEWS-FLOW

- Interim data from the phase I clinical trial with TG4023 in solid tumors (H1 2011)
- First patient enrolled in the phase IIb clinical trial of JX594/TG6006 in hepatocarcinoma (mid-2011)
- First patient enrolled in the phase I/II clinical trial of JX594/TG6006 in metastatic colorectal cancer (H2 2011)
- First data from the phase II clinical trial with TG4040 in HCV (HCVac) (H2 2011)
- First patient enrolled in the phase IIb/III clinical trial with TG4010 in NSCLC (end-2011)
- Interim data from the phase IIb clinical trial with TG4001 in high-grade cervical dysplasia (CIN 2/3) caused by the human papilloma virus (“HPV”) (Q4 2011-Q1 2012)

² Cash, cash equivalents, available-for-sale financial assets and other financial assets.

About Transgene:

Transgene, a member of the Institut Mérieux Group, is a publicly traded French biopharmaceutical 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 JX-594/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 JX-594/TG6006, an oncolytic product. Transgene also has bio-manufacturing capacities for viral-based products. Additional information about Transgene is available at www.transgene.fr.

Disclaimer:

This press release contains certain forward-looking statements. 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. In particular, the Company's ability to commercialize its first product depends on the continuing success of clinical studies, ongoing financing for further product developments and marketing launch, a positive response from the medical community regarding the product's costs and effectiveness. 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 Reference prospectus, which is available on the AMF website (<http://www.amf-france.org>) or on Transgene's website (www.transgene.com). This press release and the information contained herein do not constitute an offer to sell or a solicitation of an offer to buy or subscribe to shares in Transgene in any country.

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