

Third Quarter 2011 Financial Report

Strasbourg, France, October 19, 2011 – Transgene (Euronext Paris: FR0005175080) today issues its quarterly financial report as of September 30, 2011 (third quarter of 2011) and provides an update of its anticipated news-flow.

Operating revenue:

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

<i>Unaudited</i> ¹ In million euros	Q3		First nine months	
	2011	2010	2011	2010
Revenues from collaborative and licensing agreements	1,3	1,6	5,0	4,6
Government financing for research expenditures	2,1	2,2	6,4	6,5
Operating revenue	3,4	3,8	11,4	11,1

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

- Manufacturing or R&D services for third-parties, notably for Roche (for the product TG4001 up to June 30, 2011) and Jennerex (for the product JX594/TG6006 from July 1, 2011),
- Technology access fee or milestone payments received for product development (for instance, the option granted to Novartis on TG4010), and
- Revenue from use of technologies or products licensed by Transgene.

Transgene will manufacture Phase III clinical batches for JX594/TG6006 for its global use. This acknowledges further the Company's unique expertise and know how in bio-manufacturing, activity Transgene conducts for itself as well as for its business partners (licensees).

The 10.0 million US dollars (7.4 million euros) received from Novartis in March 2010 for the payment of the exclusive option for license of TG4010, was spread over the expected duration period of the option. Revenue recognized on this option amounted 0.5 million euros in the third quarter of 2011, and 4.4 million euros since the upfront payment was received. The balance, 3.0 million euros, will be recognized as revenue up until March 2013.

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

As of September 30, 2011, government financing for research expenditures corresponds to the best possible estimate of the income accrued during the period in relation to (i) subsidies received and/or to be received and (ii) research tax credit.

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 150.0 million euros as of September 30, 2011, compared to 163.2 million euros as of June 30, 2011.

Consumption of cash² amounted to 13.2 million euros in the third quarter of 2011, including 1.2 million euros invested in a capital increase of US-based Jennerex, Inc.

In the first nine months of 2011, Transgene's consumption of cash amounted to 30.5 million euros (29.3 million euros excluding Transgene's investment in Jennerex's capital increase).

Transgene, which has received 3.6 million euros in conditional loan and subsidies from the ADNA collaborative program in October, expects a cash consumption of around 40.0 million euros in 2011.

Key short term expected milestones:

- Presentation of Phase II clinical data with JX594/TG6006 (liver cancer) and TG4040 (HCV) during the AASLD convention (San Francisco, November 3-8 2011).
- Start of Phase IIb clinical trials with JX594/TG6006 (liver cancer) and TG4010 (lung cancer – Phase IIb/III) in the current quarter.
- First efficacy dataset from a randomized Phase II with TG4001 in HPV-induced precancerous lesions (CIN2/3) of the cervix in the first quarter of 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 four compounds in Phase II clinical development: TG4010 and JX594/TG6006 having already completed initial Phase II trials, TG4001 and TG4040. 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, 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 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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