Start of Operations in the 50:50 Chinese Joint Venture Between Tasly Pharmaceutical Group Co., Ltd. and Transgene

- **4 Transgene products selected for development in China**
- **First local clinical development expected in 2015**

Strasbourg (France), July 27, 2012 – Transgene (Euronext Paris: FR0005175080) announces the effective start of operations in its 50:50 Chinese equity joint venture ("EJV") with Tasly Pharmaceutical Group Co., Ltd. ("Tasly"). The EJV will initially develop four of Transgene products in the EVJ territories[1]:

- TG3003, a monoclonal antibody for development in inflammation and cancer,
- TG1050, an HBV therapeutic vaccine recently selected for development,
- TG4040, an HCV therapeutic vaccine currently in phase 2 clinical trials, and
- TG6002, a second generation oncolytic virus developed in cancer.

The EJV will initially focus on technology transfer from Transgene for the pharmaceutical development of the products locally. The EJV will subcontract most of its research and development activities to Tasly and to third-parties so as to focus on project management as well as on medical and regulatory development. A first clinical trial is expected to start in 2015.

Upon registration, the EJV will distribute and commercialize the products, directly or through distribution agreements with Tasly.

The EJV will be staffed locally, with the CEO appointed by Transgene.

Tasly and Transgene will respectively invest 5.3 and 2.6 million euros in a first capital increase of the EJV. Transgene will also contribute intellectual property rights so as to balance the equity ownership of the EJV at 50:50 with Tasly.

Transgene will retain exclusive rights to its products outside of the EJV territories.

The EJV intends to develop additional products, including non-Transgene products in-licensed for their development and commercialization in the EJV territories.

"We are extremely happy to start our operations in our joint venture with the Tasly Group. Since we have started this venture, we have had very constructive and fruitful discussions with Tasly that have led to a very ambitious business plan, now being put in motion" stated Philippe Archinard, Chairman and CEO of Transgene. He added: "*We are convinced that China is soon going to become one of the largest markets for biopharmaceuticals and the products selected for development address large local unmet medical needs such as HCV or HBV. With Tasly, we share a long term industrial vision and we have the right group of talented person to jointly develop these promising drugs that we hope will make a difference for patients' lives, in China and globally*".

[1] People's Republic of China, Taiwan, Hong Kong and Macau.

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. It has four compounds in phase 2 clinical development: TG4010, JX594/TG6006, 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.

About Tasly:

Tasly Pharmaceutical Group Co., Ltd., based in Tianjin, was founded in May 1994. Tasly was successfully listed as a public company (Class A stock) in Shanghai Stock Exchange in 2002. Through its decades of development, Tasly has become a hi-tech group whose scope of business includes modern Traditional Chinese Medicines (TCM) and biological medicine covering the fields of research and development, planting, manufacturing, marketing and sales. Tasly has taken shape step-by-step, in the modernization and internationalization of TCM, which is composed by anti-viral medicine, anti-flu medicine, cardiovascular medicine, cerebrovascular medicine, and digestive system medicine. A Tasly TCM cardiotonic pill is currently undergoing (FDA) phase 3 in the USA. A Tasly recombinant human prourokinase, an innovative biological drug, was recently approved by the Chinese FDA ("SFDA"). Tasly manufactures and sells its TCM (Traditional Chinese Medicines) and vaccines in China and in several other countries around the world. For more information about the Company, please visit www.tasly.com.

Disclaimer:

This press release contains forward-looking statements referring to the anticipated cash consumption for 2011. The Company's anticipated cash consumption for 2011 is based on currently anticipated costs for on-going and planned product development and testing, but may increase in the event of unanticipated expenses. For further information on the risks and uncertainties involved in the testing and development of Transgene's product candidates, see Trangene's Document de Référence on file with the French Autorité des marchés financiers on its website at http://www.amffrance.org and on Transgene's website at www.transgene.fr .

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