



Strasbourg, France, February 28, 2014

**Transgene launches a rights issue of €45.5 million euros
at a price of 10 euros per share**

**7 preferential subscription rights will entitle their holder
to subscribe to 1 new ordinary share**

Transgene (Euronext Paris: FR0005175080), a French biopharmaceutical company focused on discovering, developing and manufacturing targeted immunotherapies for the treatment of cancer and infectious diseases, announces today the launch of a rights issue aiming to raise 45.5 million euros.

The terms and conditions of the rights issue are described in a prospectus (containing Transgene's *Document de Référence 2012*, its update and a *note d'opération*) that has received the *visa* N°14-062 dated February 27, 2014 from the French *Autorité des marchés financiers*.

This refinancing will enable Transgene to strengthen its financial situation in order to advance its clinical development programs, in particular the preparation of the Phase 3 studies for TG4010 (non-small cell lung cancer) and Pexa-Vec (advanced liver cancer).

Institut Mérieux, which currently owns 54.87% of Transgene's share capital through its subsidiary TSGH, has communicated to Transgene its commitment to fully subscribe to its pro rata share of the rights offering and that it may subscribe for an additional amount on a reducible basis (*souscription à titre réductible*).

Institut Mérieux stated: "*We fully support Transgene's decision to reinforce its financial position before entering into late-stage clinical development of its two programs, TG4010 and Pexa-Vec. At the present valuation and the proposed terms, this capital increase gives us the opportunity to consolidate our position in Transgene at the threshold of a new development stage of the Company*".

A portion of the remainder of the rights issue will be guaranteed by a bank so that, together with Institut Mérieux's commitment, at least 75% of the rights issue will be underwritten¹ (taking into account the number of shares necessary for the exercise of the preferential subscription right of the beneficiaries of stock options who would have exercised their options).

A number of U.S. institutional investors that are not yet shareholders of Transgene have expressed their interest to acquire a direct shareholding in Transgene's capital. In the case these investors should confirm their willingness to invest in Transgene's shares and cannot do so in the

¹ Under French law, the rights issue will not take place, and all subscriptions will be cancelled, if at least 75% of its amount is not subscribed for by shareholders or third parties.

*Not for distribution in or into Canada, Japan or Australia.
This communication is not offering material and is for information purposes only.*

rights offering, the Company may decide to proceed with a private placement of up to a maximum of 2 million shares directed at these qualified investors only after the rights offering.

As of December 31, 2013, the Company's cash and cash equivalents, available-for-sale financial assets and other current financial assets amounted to 47.9 million euros. Given the Company's anticipated net cash burn of approximately 50 to 55 million euros for the next twelve months, the rights issue launched today will enable the Company to have sufficient working capital to meet its requirements for the next twelve months, even if Novartis does not exercise its option on TG4010.

Transgene believes that the proceeds of the refinancing should allow it to extend its cash horizon to 2016 if Novartis exercises its option on TG4010. Should Novartis not exercise its option on this program, the Company will seek another strategic partner. However, its cash horizon would be 2015 in the absence of a partner for this product. These cash horizons will remain unchanged even if only 75% of the capital increase is subscribed.

Terms and conditions of the rights issue

Transgene is offering 4 553 551 new ordinary shares² at a subscription price of 10 euros per share. All existing Transgene shareholders, both in France and outside France, will be entitled to receive one preferential subscription right for every share held as of the close of trading on February 28, 2014. Holders of preferential subscription rights will be able to subscribe and/or sell all, or part, of their rights. Seven preferential subscription rights will entitle their holder to subscribe for 1 new ordinary share by irrevocable entitlement (*souscription à titre irréductible*), at a subscription price of 10 euros per new ordinary share. Shareholders will also be entitled to subscribe for new ordinary shares on a reducible basis (*souscription à titre réductible*).

On the basis of Transgene's closing share price on February 26, 2014, i.e. 13.43 euros, the subscription price of €10 euros represents a 23.08% discount to the theoretical ex-right price, with the theoretical value of a preferential subscription right amounting to 0.43 euros.

The subscription period will be open from March 3, 2014, to March 14, 2014 inclusive. During this period, the preferential subscription rights will be listed and traded on Euronext Paris (ISIN: FR0011776798).

The offering will be open to the public only in France. The settlement, delivery and listing of the new ordinary shares is expected to take place on March 27, 2014. The newly issued Transgene shares will have a nominal value of 2.28810183 euros and an issue premium of 7.711189817 euros, and will be fungible with existing shares listed on Euronext Paris (ISIN: FR0005175080).

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 cancer 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 four clinical-stage programs are: TG4010 for non-small cell lung cancer; Pexa-Vec for liver cancer; TG4001 for oropharyngeal cancer (under a collaboration agreement with the EORTC) and TG4040 for chronic Hepatitis C. Transgene has concluded corporate strategic agreements for the development of two of its immunotherapy products: an exclusive option agreement with Novartis for the development and commercialization of TG4010 and an in-licensing agreement with U.S.-based Jennerex, Inc. for the development and commercialization of Pexa-Vec in certain territories. The Company also has several programs in research and pre-clinical development that are based on its core viral vector technology.

²The number of new shares may be increased to 4 679 585 if all of the outstanding and exercisable stock options are exercised before March 9, 2014 at 11.59pm CET, resulting in the size of the rights issue to be therefore increased to a maximum of 46 795 850 euros.

*Not for distribution in or into Canada, Japan or Australia.
This communication is not offering material and is for information purposes only.*

Transgene is based in Strasbourg, France, and has additional operations in Lyon, as well as satellite offices in China and the U.S.

Disclaimer:

A prospectus approved by the AMF under visa No 14-062 on February 27, 2014 comprised of the *Document de Référence* filed with the AMF under number D.13-0315 on April 9, 2013 and its update filed with the AMF under number D.13-0315-A01 on February 27, 2014 and the *note d'opération* (including a summary of the prospectus), may be obtained free of charge from Transgene, as well as on the websites of Transgene (www.transgene.fr) and the AMF (www.amf-france.org).

For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from forward-looking statements, please refer to the Risk Factors section of the Company's *Document de Référence* and its update filed with the AMF, which are available on the AMF website (<http://www.amf-france.org>) or on Transgene's website (<http://www.transgene.fr>).

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.

With respect to the member states of the European Economic Area which have implemented the Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 (as amended, the "**Prospectus Directive**"), no action has been undertaken or will be undertaken to make an offer to the public of the securities referred to herein requiring the publication of a prospectus in any relevant member state. As a result, the securities may not and will not be offered in any relevant member state except in accordance with the exemptions set forth in Article 3(2) of the Prospectus Directive, if they have been implemented in that relevant member state, or under any other circumstances which do not require the publication by Transgene of a prospectus pursuant to Article 3 of the Prospectus Directive and/or to applicable regulations of that relevant member state.

This press release is not an offer of securities for sale in the United States or any other jurisdiction. Securities may not be sold or offered in the United States unless they are registered or are exempt from the registration requirements of the U.S. Securities Act of 1933, as amended. Transgene does not intend to register any portion of this offering in the United States or to conduct a public offering of securities in the United States.

In the United Kingdom, this press release is only being distributed to, and is only directed at, persons that (i) are "investment professionals" (falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, this press release is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this press release relates is available only to relevant persons and will be engaged in only with relevant persons.

It may be unlawful to distribute this press release in certain jurisdictions. This press release is not for distribution in Canada, Japan or Australia.

*Not for distribution in or into Canada, Japan or Australia.
This communication is not offering material and is for information purposes only.*

Contacts:

Transgene

Elisabetta Castelli, Director, Investor Relations,
+33 (0)3 88 27 91 21

Laurie Doyle, Director, Investor Relations U.S. & Corporate Communications,
+1 (339) 832 0752

investorrelations@transgene.fr

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