TRANSGENE'S THERAPEUTIC VACCINE TG4010: PROMISING ADDITIONAL CLINICAL DATA IN NON SMALL CELL LUNG CANCER PHASE IIb TRIAL

Strasbourg, France, September 15th, 2008 – Transgene (Euronext Paris: FR0005175080) today announced further positive clinical results relating to its therapeutic vaccine TG4010 (MVA-MUC1-IL2) as an adjunct to first line chemotherapy for the treatment of patients with advanced non-small cell lung cancer (NSCLC). These results, which come from the controlled phase IIb study involving 148 patients randomized in two arms of treatment, were presented Saturday, September 13th at the 2008 annual meeting of ESMO (European Society of Medical Oncology) held in Stockholm.

The promising clinical data presented on June 2nd 2008, during the ASCO meeting are fully confirmed. After 17 months of median follow up, we can now report that long term survival is greater for those patients who received TG4010 in combination with first line (gemcitabine plus cisplatin) chemotherapy (experimental arm) than for those patients who received the chemotherapy alone (control arm). In the experimental arm, 39% of the patients are still alive today, compared to 23% of the patients in the control arm.

Furthermore, a quality of life analysis performed during the clinical study with the tool FACT-L (a survey based on patient filled questionnaires), showed no significant difference between the study arms. This provides further evidence that TG4010 can be combined to the standard first-line chemotherapy of advanced stage NSCLC patients without further altering their quality of life.

Recent data also confirms the very encouraging earlier results of Transgene's biomarker program, associated with the study of TG4010. The study had already demonstrated in June 2008, at 13 months of median follow up, that patients who had a normal blood level of activated Natural Killer cells ("NK" cells, a group of cytotoxic lymphocytes) at baseline had a substantially longer median survival in the experimental arm than in the control arm. This sub-population represents 101 out of the 138 patients who could be evaluated for immunological analysis.

Indeed, for these patients, the most recent analysis shows an increase of 6.7 months of median survival for patients treated with TG4010 and chemotherapy (18 months) versus patients treated with chemotherapy alone (11.3 months). Moreover, all other classical metrics for efficacy demonstrate a significant benefit for patients in the experimental arm versus the control arm, as summarized in the following table:

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Patient population with a normal blood level of activated NK cells at baseline	TG4010 + Chemotherapy (n=48)	Chemotherapy alone (n=53)	p-value and Hazard ratio
Six-month PFS	58%	38%	p=0.04
Median Time to Progression	6.4 months	4.4 months	p=0.005 HR: 0.57 [95CI:0.38-0.85]
Response Rate	56%	26%	p=0.007
Overall Survival	18 months	11.3 months	p=0.02 HR: 0.55 [95CI:0.33-0.92]

"We are delighted by the additional clinical data announced today, which once again validates our technological platform of immunotherapeutic products and our past investment in TG4010. In highlighting the biomarker findings, we wish to demonstrate the critical importance of associating translational research to the clinical development of innovative products," said Philippe Archinard, Chief Executive Officer of Transgene. "Overall, these results are extremely promising. We will still be gathering further results over the coming months whilst already preparing the next development steps toward registration of TG4010 for advanced NSCLC. In parallel Transgene is seeking a collaborative partnership that will ensure the product's future clinical development for this indication, as well as for other indications and settings".

About the phase IIb Trial

The phase IIb trial is a randomized, open label and controlled study designed to assess the efficacy of TG4010 in combination with cisplatin and gemcitabine compared to the chemotherapy regimen alone. The trial completed the enrolment of 148 patients at the end of May 2007 and was conducted in 27 centres located in France, Poland, Germany, and Hungary. The patients had NSCLC of all histology types including squamous cell carcinoma expressing MUC1, either stage IIIB with effusion (8%) or stage IV (92%), and had not received prior systemic treatment for their advanced disease. Half of the patients were randomized to receive the combination regimen of TG4010 vaccine plus chemotherapy (experimental arm). The other half of the patients received chemotherapy alone (control arm). The statistical primary endpoint was to observe at least 40% of patients free of progression six months after randomization in the experimental arm. Secondary endpoints were response rate, time to progression, overall survival, safety, immunological responses, proteomics, transcriptomics and genomics.

The ASCO and ESMO posters, together with previous communication on TG4010, are available on Transgene's website (www.transgene.fr).

About TG4010 cancer vaccine

TG4010 (MVA-MUC1-IL2) uses the Modified Vaccinia Ankara virus vector, a poxvirus that combines distinguishing advantages for an optimized systemic vaccination:

- MVA is a highly attenuated strain which has been tested extensively in humans as a smallpox vaccine and is known to strongly stimulate innate and adaptive immune responses to antigens.
- MUC1 is a major tumor-associated antigen that provides a viable target for vaccination.
- TG4010 expresses the entire MUC1 gene sequence and has the potential to generate an immune response to all antigenic epitopes of MUC1.
- The sequence coding for the cytokine Interleukin 2 (IL2) is included to help stimulate specific T-cell response.

About Transgene

Transgene is a France-based biopharmaceutical company dedicated to the development of therapeutic vaccines and immunotherapeutic products in oncology and infectious diseases. The company has three compounds in Phase II trials (TG4001/R3484, TG4010 and TG1042) and one compound in Phase I studies (TG4040). Transgene has concluded a strategic partnership agreement with Roche for the development of its TG4001/R3484 therapeutic vaccine to treat HPV-mediated diseases. Transgene has bio-manufacturing capacities for viral-based vectors and technologies available for out-licensing. Additional information about Transgene is available on the Internet at www.transgene.fr.

Cautionary note regarding forward-looking statements

This press release contains forward-looking statements referring to the planned development and clinical testing of one of Transgene's therapeutic vaccine candidates. However, successful product development and clinical testing depend on a variety of factors, including the timing and success of future patient enrolment and the risk of unanticipated adverse patient reactions. Results from future studies with more data may show less favourable outcomes than prior studies, and there is no certainty that product candidates will ever demonstrate adequate therapeutic efficacy or achieve regulatory approval or commercial use For further information on the risks and uncertainties involved in the testing of Transgene's product candidates, and in connection generally with the development of its products, see Transgene's Document de référence on file with the French Autorité des marchés financiers on its website at http://www.amf-france.org and Transgene's website at http://www.transgene.fr .

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