TRANSGENE ANNOUNCES POSITIVE PHASE II RESULTS FOR ITS HPV THERAPEUTIC VACCINE IN PRECANCEROUS CERVICAL LESIONS

Strasbourg, France, April 25, 2006 – Transgene S.A. (Eurolist Paris: FR0005175080) announces positive results of the Phase II trial for its therapeutic vaccine candidate TG4001 (MVA-HPV-IL2) in the treatment of high-grade Cervical Intraepithelial Neoplasia (CIN2/3) which is related to Human Papilloma Virus type 16 (HPV16). These results will be presented today by Dr. Jean-Luc Brun, Clinical Investigator, during the Eurogin 2006 Congress held in Paris, France.

HPV infection is the most common sexually transmitted disease affecting about 400 million women worldwide. Most infections are spontaneously eliminated in less than one year. In the remaining cases, persistent high-risk HPV infection can lead, after several years or decades, to precancerous lesions - called cervical intraepithelial neoplasia (CIN) - and then to cervical cancer. The only currently available treatment of CIN 2/3 is surgical resection of the lesions. Cervical cancer is the third most common cause of cancer-related death among women worldwide, causing about 270,000 deaths per year. Within the so-called "high-risk HPV" category, i.e. the genotypes responsible for cervical cancer, the HPV16, 18, 31 and 33 genotypes have the highest risk of transforming infected cells into cancerous cells. HPV type 16 alone is responsible for more than half of all cervical cancers.

The Phase II trial, performed in nine centres in France, enrolled 21 women with HPV16 CIN2/3. The women ranged from 25 to 44 years of age with an average age of 34 years. The spontaneous regression rate in this population is estimated at approximately 20%. All patients received three injections of the therapeutic vaccine at the dose of 5.10^7 pfu administered sub-cutaneously. Colposcopy was performed every two months, together with cytology and virology testings, over a six month period following the first vaccine injection. Results at month six are available for 18 patients.

The following results were observed:

- 10 out of 18 women had normal colposcopy;
- 9 out of 18 women had no CIN2/3;
- 9 out of 18 women had no HPV16 E6/E7 mRNA;
- no serious side effects were observed with the therapeutic vaccine.

In the Phase II trial, TG4001 administration enabled surgery to be avoided in 9 out of 18 women. According to the recommendations of the American Association of Cancer Research task force on the treatment and prevention of intra-epithelial neoplasia, obtaining a 50% regression rate in CIN 2/3 with a new treatment is clinically meaningful (Clin. Cancer Res., (8):314-346, 2002).

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"We are extremely pleased by these results. We believe that they are the first validation of the therapeutic vaccination approach in infectious diseases," said Philippe Archinard, Chief Executive Officer of Transgene. "These data constitute a significant breakthrough and validate our vaccine technology platform. Our objective is an effective vaccine for pre-cancerous lesions to speed up the fight against cervical cancer which remains a serious health concern globally."

Based on these results, Transgene will actively pursue the clinical development of TG4001 with the aim of making therapeutic vaccination a non-invasive and safe alternative to the surgical resection of precancerous cervical lesions.

Conference Calls:

Transgene will conduct conference calls today, April 25, 2006.

To participate in the conference calls, please call one of the following numbers within 10 minutes prior to commencement of the call :

- In French, at 10:30 am Central European Time **(call +33 (0)1 55 17 41 48)**
- In English, at 12:00 am Central European Time **(call + 44(0)20 7138 0818 or + 33(0)1 55 17 41 48)**

About cervical HPV-related diseases and treatments:

Human Papilloma Virus infection has been recognized as the necessary cause of precancerous cervical lesions and cervical cancers.

HPV-linked disease incidence (number of new cases per year):

	Europe / U.S.A.	**World**	**% linked to HPV16**
Cervical cancer	80,000	500,000	approximately 50 %
High grade pre-cancerous lesions (CIN 2/3)	900,000	1,400,000	approximately 50 %

Due to the wider use of HPV testing, high-risk HPV infection is being diagnosed in an increasing number of women, but no anti-viral treatment is currently available. In countries where screening programs are in place, CIN2/3 pre-cancerous lesions are detected through pap-smear testing and then treated through surgical resection. Although highly effective, lesion resection presents medical complications such as hemorrhaging in 3.5 % - 5 % of cases (International Agency for Research on Cancer), a risk of infertility and a recurrence rate of about 10 % to 20 %.

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The disadvantages of the current treatment method strengthen the rationale for developing a therapeutic vaccine to address pre-cancerous conditions, thereby eliminating the need for surgical intervention.

About TG4001 (MVA-HPV-IL2):

Transgene's TG4001 product candidate is based on the MVA virus carrying and expressing HPV16 E6 and E7 genes. The MVA vector is a highly attenuated strain of vaccinia virus that combines an extensive history of safety with the ability to stimulate a strong immune response to antigens.

The TG4001 therapeutic vaccine is designed to induce:

- a specific immunity: E6 and E7 antigens presentation to T cells through the MHC molecules (class I and II) to induce specific cellular and humoral immune responses; and
- a non-specific activation of the immune system via the vaccinia virus and the interleukin 2 (IL2) adjuvant of the immune 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 and one compound in a Phase I study. Transgene has bio-manufacturing production capacities for viral-based vectors and technologies available for out-licensing. For further information about Transgene, please visit www.transgene.fr

Press Contacts:

Transgene
Philippe Poncet
+ 33 3 88 27 91 21

Capital MS&L
Shaun Brown
Mary Clark
+44 (0)20 7307 5330

Image 7
Estelle Guillot-Tantay
Tiphaine Hecketsweiler
+ 33 1 53 70 74 93

This press release contains forward-looking statements referring to the planned development and possible use of one of Transgene's therapeutic vaccine candidates. However, successful product development depends 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 favorable 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.