

Wednesday, October 30, 2002

COMPANY PRESS RELEASE

Transgenomic, Inc. Reports Third Quarter Results

OMAHA, Neb., and SAN JOSE, Calif., Oct. 30 / -- Transgenomic, Inc. (Nasdaq:[TBIO](#)) today announced financial results for the quarter and nine months ended September 30, 2002. The company's financial results are presented in the tables attached.

Third Quarter 2002

Third quarter revenues decreased 11 percent to \$9.1 million in 2002 from \$10.3 million in 2001. The net loss for the quarter was \$4.7 million, or \$0.20 per share compared to a net loss of \$1.9 million, or \$0.08 per share, in 2001. On a sequential basis, the \$9.1 million in revenues for the third quarter of 2002 was a 4 percent decline from the second quarter. Synthetic nucleic acids revenues were negatively impacted in the third quarter by customer-specified delivery schedules.

Nine Months Ended September 30, 2002

For the nine months ended September 30, 2002, revenues increased 2 percent to \$28.3 million from \$27.7 million in 2001. The net loss year-to-date for 2002 was \$12.0 million, or \$0.51 per share, as compared to a net loss of \$4.7 million, or \$0.21 per share, for the same period in 2001. The company's cash and investments position at the end of the period was \$18.4 million.

Comment and Outlook

Collin D'Silva, CEO, indicated that while economic conditions have posed challenges to the instrument business in recent quarters, WAVE[®] System sales have begun to stabilize in the third quarter, with the promise of increasing strength in 2003. "We see strong evidence in the marketplace supporting a significant increase in comprehensive genetic variation studies in academia and industry. This, combined with the near-term launch of several novel WAVE System applications, bolsters our confidence that our bioinstruments business will regain its past momentum in 2003. Furthermore, we are optimistic about our opportunities to advance WAVE technology into higher value markets such as molecular diagnostics and theranostic applications in oncology," stated D'Silva.

Regarding the company's nucleic acids-based business, D'Silva noted, "In addition to our ongoing capacity expansion for the production of nucleic acid building blocks, we are establishing a base of world-renowned expertise in nucleic acid chemistry. We also anticipate initiation of cGMP specialty oligonucleotide production at our new facility in Boulder, Colo., in the first quarter of 2003. Our activities on these three fronts will diversify our product portfolio and position us as a leading partner to pharmaceutical, biopharmaceutical and diagnostic companies seeking to advance cutting-edge synthetic nucleic acid technologies for therapeutic and diagnostic products." D'Silva expects the continued advancement of new technology in this arena to provide increasing opportunities for Transgenomic to broaden its base of longer-term supply agreements and to offer additional value-added services that support the transition of novel nucleic acid chemistries into marketable products.

D'Silva's overall outlook remains strongly positive. "Our strategy of leveraging our three core competencies - separation chemistries, nucleic acid chemistries and enzymology - has now positioned us to benefit from a diversified revenue stream derived from bioinstruments, bioconsumables, nucleic acid building blocks, specialty nucleic acid products and value-added services. This positions the Company for strong revenue growth and achievement of profitability in the near term."

Earnings Call

The Company will host a live broadcast of its third quarter 2002 financial results via conference call over the Internet on Wednesday, October 30, at 5 p.m. Eastern time. To listen to the webcast, investors should log on to <http://www.firstcallevents.com/service/ajwz367536602qf12.html> and follow the instructions

listed. A link to this site will also be located on the Company's Investor Relations web page at <http://www.transgenomic.com/default.asp?pgid=31&cyid=1>. An archived recording of the conference call will be available and can be accessed via the web using the same links listed above for 14 days after the call. Investors can also listen to a replay via telephone from 8 p.m. ET on October 30 through Wednesday, November 13, 2002, midnight ET. Simply dial 402-220-1116 or 800-388-9064 from any telephone.

About Transgenomic

Transgenomic is headquartered in Omaha, Neb., and has offices in the United States, Europe and Japan. Major manufacturing facilities are located in San Jose, Calif., Omaha, Neb., Cramlington, Northumberland, UK, and Glasgow, Scotland, UK. The company provides innovative research tools to the genomics segment of the life sciences industry. These tools enable researchers to discover and understand variation in the human genetic code, or genome, in order to accelerate and improve drug development and diagnostics.

Cautionary Statement

This press release may contain forward-looking statements that reflect management's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such statements are subject to certain factors, risks and uncertainties described from time to time in Transgenomic, Inc.'s reports to the Securities and Exchange Commission. Any change in such factors, risks and uncertainties may cause the actual results, events and performance to differ materially from those referred to in such statements. Accordingly, the company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 with respect to all statements contained in this press release.

TRANSGENOMIC, INC.
SUMMARY FINANCIAL RESULTS
(In thousands, except per share amounts)

STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net Sales	\$9,087	\$10,254	\$28,342	\$27,729
Cost of Sales	<u>4,838</u>	<u>4,591</u>	<u>14,098</u>	<u>12,395</u>
Gross Margin	4,249	5,663	14,244	15,334
Operating Expenses:				
Selling, General and Administrative	5,885	5,902	17,704	15,462
Research and Development	3,158	2,172	8,904	6,437
Stock-based Compensation	36	10	95	94
Operating Loss	(4,830)	(2,421)	(12,459)	(6,659)
Other Income/(Expenses)	<u>115</u>	<u>516</u>	<u>519</u>	<u>1,995</u>
Loss Before Income Taxes	(4,715)	(1,905)	(11,940)	(4,664)
Income Tax Expense	<u>12</u>	<u>5</u>	<u>109</u>	<u>21</u>
Net Loss	<u><u>\$(4,727)</u></u>	<u><u>\$(1,910)</u></u>	<u><u>\$(12,049)</u></u>	<u><u>\$(4,685)</u></u>
Shares Used in Computing Net Loss Per Share				
Basic and Diluted	23,483	23,184	23,610	22,310
Basic and Diluted Net Loss Per Share	\$(0.20)	\$(0.08)	\$(0.51)	\$(0.21)

Earnings per share are computed independently for each of the quarters presented. Therefore, the sum of the quarterly per share losses may not equal the year-to-date loss per share.

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(In thousands)

BALANCE SHEETS

	September 30, <u>2002</u>	December 31, <u>2001</u>
Cash, Cash Equivalents and Short-term Investments	\$18,352	\$43,526
Other Current Assets	<u>28,835</u>	<u>19,350</u>
Current Assets	\$47,187	\$62,876
Net Property and Equipment	12,614	8,185
Other Assets	<u>20,576</u>	<u>18,225</u>
Total Assets	<u>\$80,377</u>	<u>\$89,286</u>
Current Liabilities	8,263	7,182
Long Term Debt	1,500	--
Stockholders Equity	<u>70,614</u>	<u>82,104</u>
Total Liabilities and Stockholders Equity	<u>\$80,377</u>	<u>\$89,286</u>

For confirmation of release or further information contact:

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