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COMPANY PRESS RELEASE

Transgenomic Announces Expense Reductions

Return to Sequential Revenue Growth and Transition to Profitability Anticipated in the First Half of 2003

OMAHA, Neb., January 3 / -- Transgenomic Inc. (Nasdaq:TBIO) announced today a restructuring which will significantly reduce operating expenses while ensuring that resources remain focused on continued development and marketing of both existing and new products/services. As of December 31, 2002, the Company has identified overall staffing reductions of approximately 80 people, or 24% of its workforce, in combination with other cost-cutting initiatives. Prior to implementation of these measures at year-end, FY2002 was characterized by ongoing strategic investment in new personnel and facilities in order to extend and diversify key product and service offerings. Thus, management expects that the Company will be able to return to sequential quarterly revenue growth. One-time restructuring charges of approximately \$3-\$4 million, of which a significant proportion are non-cash items, will be booked in the fourth quarter.

"While we deeply regret losing members of the Transgenomic team, we have reduced the revenue threshold to achieve profitability," said CEO Collin D'Silva. "We anticipate reaching both positive operating cash flow as well as profitability in the first half of 2003. Moreover, the organizational structure in place as we begin 2003 will enable us to continue to execute on our plan for diversification of our revenue base and achieve renewed top line revenue growth." D'Silva continued, "The strategy of leveraging our core competencies in the areas of separation chemistries, nucleic acid chemistries and enzymology has positioned us to benefit from multiple revenue streams derived from bioinstrument products, bioconsumables, and specialty nucleic acid products and services."

Regarding specific revenue growth opportunities on the horizon, D'Silva noted, "We are witnessing a return of our instrument sales pipeline to its historic levels of strength. In addition, we are optimistic about emerging opportunities to leverage our WAVE[®] technology in several higher-value markets, including molecular diagnostics and oncology-related theranostics. Finally, we anticipate initiation of cGMP specialty oligonucleotide production at our new facility in Boulder, Colo., in the first quarter of 2003."

As part of the staffing changes, D'Silva announced that Gregory J. Duman has resigned as chief financial officer and executive vice president effective January 3, 2003, and that Bill Rasmussen had been appointed interim chief financial officer effective the same date. Duman remains a member of Transgenomic's Board of Directors. In commenting about the change, D'Silva said, "Bill Rasmussen brings a successful track record in financial management with him to the CFO role. He held that position with Transgenomic at the time of our initial public offering in 2000. He has current knowledge of Company operations through his continuous employment since 1998." D'Silva added, "We are also pleased to have ongoing access to Greg Duman's sound advice through his Board participation."

D'Silva, in commenting about 2003 and beyond, concluded, "Although economic conditions in 2002 were difficult, we continued to execute on strategies conceived prior to our public offering. The Company is now poised with the right skill sets, manufacturing capabilities and inherent technology base to drive us to a more diversified and growing revenue base as we participate in existing and new market opportunities. This should enable us to achieve profitability in the near-term, as well as fuel long-term growth." D'Silva will provide an overview of Transgenomic's strategies for both near- and long-term growth at the JPMorgan H&Q Healthcare Conference on January 9 at 12:30 p.m. PST. An audio webcast of the presentation will be available in real-time and as a replay. For information on accessing the webcast or the replay go to <http://www.mapdigital.com/jpmorgan/healthcare03/>.

About Transgenomic

Transgenomic provides versatile and innovative products to the life sciences markets in research, diagnostics and therapeutics for the synthesis, analysis and purification of nucleic acids. 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, Newcastle, U.K., and Glasgow, Scotland, U.K.

Transgenomic's WAVE[®] System is a versatile system that can be used for genetic variation detection, size-based single- and double-strand DNA/RNA separation and analyses, and DNA/RNA purification. This patented technology uses a process known as high-performance liquid chromatography to separate DNA/RNA material so that genetic variation may be identified and analyzed. Proprietary software controls the process and produces the results of the operation in an easy-to-read chart format. Once the DNA/RNA sample is loaded into the instrument and necessary data is entered into the software, the process requires virtually no additional input from the researcher.

In five years, Transgenomic has installed WAVE Systems in over 30 countries, evidence that it is a global leader in solutions for nucleic acid analysis.

For more information about Transgenomic, go to their web site at www.transgenomic.com.

Forward Looking Statement

Certain statements in this press release constitute "forward-looking statements" of Transgenomic within the meaning of the Private Securities Litigation Reform Act of 1995, which involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Forward-looking statements include, but are not limited to, those with respect to the ability of a reduced workforce to successfully develop and market the Company's products and services, anticipated restructuring charges, and the achievement of renewed sequential revenue growth and profitability on the first half of 2003. The known risks, uncertainties and other factors affecting these forward-looking statements are described from time to time in Transgenomic'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. All information in this press release is as of the date of the release, and Transgenomic does not undertake any duty to update this information, including any forward-looking statements, unless required by law.

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