TranXenoGen, Inc.
Final Results for the Year Ended 31 December 2002

TranXenoGen, Inc. ("TranXenoGen" or the "Company"), the avian transgenic company based in Shrewsbury, Massachusetts and listed on the Alternative Investment Market of the London Stock Exchange (TXN.L), announces today its operating results for the twelve months ended 31 December 2002.

2002 Highlights

- 2002 net loss of $4.4 million (2001: net loss of $4.0 million) or $0.14 per share (2001: $0.13 per share). The increased net loss is principally the result of higher depreciation expense, lower interest income and higher interest expense in 2002 as compared to 2001. Partially offsetting these items were lower foreign currency translation loss and stock compensation charge in 2002 as compared to 2001. Operating expenses were essentially unchanged in 2002 as compared to 2001.
- Unrestricted cash was $5.5 million at December 31, 2002 ($10.0 million at December 31, 2001) which, at the Company's current cash burn rate, should be sufficient to fully fund operations at the current level through March 31, 2004.
- Consolidation of operations onto a single site with the completion of a 7,500 sq. ft. expansion in its Shrewsbury, Massachusetts facility.
- R&D progress during 2002:
  - Successful expression of two distinct monoclonal antibodies in the egg white of chimeric chicken eggs.
  - Advancement of the Company's avian stem cell technology, primordial germ cells, as demonstrated by an improved rate of gene integration and the initiation of breeding programs to produce germline transgenic chickens for insulin, human serum albumin and a CD4 research antibody.
  - Enhanced direct-egg technology at several key steps including pre-selection of eggs and the formulation of DNA to increase gene transfection. Chimeric chickens, produced through the direct-egg technology, are being bred in an effort to produce transgenic founder chickens for the production of antibodies for strategic partners, insulin and human serum albumin.

George Uveges, President and Chief Executive Officer, commented:

"TranXenoGen has made significant progress during 2002 as we advanced the development of our key products and platforms. The market opportunities for an effectively priced, high volume production platform, such as avian transgenics, continue to expand. The development of transgenically produced human insulin and human serum albumin would provide proven products to facilitate FDA approval of the avian transgenic production process, as well as licensing and production opportunities for established and growing markets in a variety of geographic areas. The successful development of commercial expression levels for one or more of our strategic partners' antibodies would provide industry verification of our ability to take a partner's antibody from a gene to commercial levels of production.

We have successfully managed our cash to provide a development window in which we expect to deliver the science. In addition, we have applied for a number of government grants, which, if accepted, will provide us additional funding, expand the utility of our avian technology and advance the development of our key products.

TranXenoGen, Inc.

Our 2003 focus includes (1) Achieving commercial levels of expression for one or more potential products; (2) Generation of transgenic founders for our key programs; (3) Refinement of the avian transgenic technology to increase the efficiency of production of founder chickens; and (4) Incorporation of automated/high through put assays for the identification of transgenic chimeric chickens and founder chickens.

We believe that the successful completion of these efforts should provide the opportunity to obtain the appropriate value of the science through strategic alliances, licensing and/or financial transactions.

Our current cash level should be sufficient at our current operating levels to support our efforts through at least March 31, 2004. We believe that this timing is sufficient to develop the business to the level where attractive financing opportunities will be more available to the Company."

13 March 2003

ENQUIRIES:

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Risk Warning Notice:

TranXenoGen, Inc. (symbol TXN.L) is a publicly traded biotechnology company. Its shares are quoted on the Alternative Investment Market of the London Stock Exchange. The Company is developing avian transgenic technologies for the production of high volume therapeutic proteins. TranXenoGen is a development stage company and, as such, investors should be aware that an investment in the Company involves a substantially high degree of risk.

This press release contains forward-looking statements that can be identified by terminology such as "expects", "potential", "suggests", "may", "will" or similar expressions. Such forward-looking statements regarding our business, which are not historical facts, are "forward-looking statements" that involve risk and uncertainties, which could cause the Company's actual results and financial condition to differ materially from those anticipated by the forward-looking statements. Actual results may differ materially from statements made as a result of various factors, including, but not limited to sufficiency of cash to fund the Company's planned operations, risk associated with inherent uncertainty of product research and development, risk of protecting proprietary rights and competition. Forward-looking statements speak only as to the date they are made. The Company does not undertake to update forward-looking statements to reflect the circumstances or events that occur after the date the forward-looking statements are made.

TranXenoGen, Inc.

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S STATEMENT

OVERVIEW

2002 was a year in which TranXenoGen:

- Achieved proof of principle for two monoclonal antibodies in the eggs of chimeric chickens.
- Significantly advanced its breeding program designed to create transgenic chickens for proprietary and partner products.
- Incorporated pre-screening and selection methods into the technology in an effort to improve the percentage of transgenic animals obtained in the breeding program and to reduce the overall development time.
- Completed the start-up of the Shrewsbury, Massachusetts facility.
- Consolidated animal care operations in the Shrewsbury facility through the build out of a 7,500 sq. ft. chicken facility.

Our accomplishments during 2002 significantly advanced the platform technologies supporting our proprietary avian transgenic focus.

The financial markets during 2002 have been challenging for companies such as TranXenoGen. The combination of a difficult equity market and our current stock price make equity fundraising onerous and expensive at this time. As a result, the Company has tightly controlled its cash spending during 2002 with an operating focus on proving the science. In addition, the Company has submitted government grant proposals to aid in the development of its key programs. The main objectives of the grants are to obtain partial funding of current development programs, to expand the utility of the technology platform and to advance the development of the Company's key products. The Company believes this strategy will allow it to achieve the scientific milestones which are required to obtain funded research agreements, strategic alliances and other financing events.

Our unrestricted cash balance at December 31, 2002 was $5.5 million, which, at our current cash burn rate, should be sufficient to support our efforts through at least March 2004. We believe that this level of cash provides a sufficient timeframe to develop the business to the level where attractive financing opportunities will become more available to the Company.

FINANCIAL REVIEW

TranXenoGen finished 2002 with an unrestricted cash position of $5.5 million, which at the current cash burn rate, should be sufficient to support our current level of operations through the first quarter of 2004. To the extent that the Company's grant applications are approved, the resulting funding will reduce the Company's net cash burn rate and extend the time period supported by our current funding. For the year ended December 31, 2002, TranXenoGen reported a net loss of $4.4 million, or $0.14 per share, compared to a net loss of $4.0 million, or $0.13 per share, for 2001. On a cash basis (net loss excluding (i) the non-cash charge related to the issuance of stock options granted to directors and employees prior to the Initial Public Offering in 2000, (ii) depreciation and (iii) amortization), the net cash loss was $3.3 million in 2002 as compared to $3.1 million in 2001.

The $0.2 million increase in the cash loss is principally the result of a $519,000 decrease in net interest income as interest income decreased $344,000 due to the use of proceeds from the Company's 2000 Initial Public Offering to fund operations and capital expenditures, while interest expense increased $175,000 as average borrowings under the mortgage loan were higher in 2002 vs. 2001. The mortgage loan financed the initial build out of the Shrewsbury facility which the Company moved into in November 2001. Partially offsetting the impact of the lower net interest income was a decrease in foreign currency translation loss ($269,000 in 2001 vs. $6,000 in 2002) and a $54,000 increase in revenue/other income in 2002 as compared to 2001.

Operating expenses were essentially unchanged in 2002 vs. 2001 as research and development spending increased by $45,000, or 2.4%, from 2001 to 2002, as the cost of the increased level of activity to support the development of the Company's generic biologicals and its collaborative monoclonal antibody projects, was partially offset by $280,000 in savings from consolidating the animal care operations. Selling, general and administrative expense was virtually flat from 2001 to 2002 as the Company’s focus was on developing the science. Sales and marketing expenses were reduced by $180,000 in 2002 as compared to 2001 to conserve cash, offsetting the higher cost of the Shrewsbury facility not currently utilized in R&D operations.

The Company had 20 employees as of December 31, 2002 as compared to 17 as of December 31, 2001.

SCIENCE UPDATE

The Company is currently focused on three scientific objectives: the generation of transgenic founder hens for the production of insulin and human serum albumin (“HSA”); the production of monoclonal antibodies using its avian platform; and the refinement of its technology platform in an effort to streamline the transgenic process.

Using proprietary direct-egg transfection technology, the Company has conducted extensive egg injections for its product development programs to produce chimeric chickens for breeding. The direct-egg technology has been optimized at several key steps including pre-selection of eggs and formulation of DNA to increase gene transfection. Utilizing this optimized process, chimeric chickens have been produced for HSA, insulin, and the four antibody programs.

The chimeric chickens are being bred in an effort to produce transgenic founder chickens, which will provide commercial levels of the product required for production. The Company has been developing a number of tests such as PCR analysis of blood/semen and expression analysis of eggs to improve the breeding program and thus reduce the time necessary to produce the founder flock required for a specific product.

In May 2002, the Company announced that it had achieved expression of two monoclonal antibodies in eggs derived from chimeric chickens. Using an enzyme-linked immunoassay, the antibody expression level in the chimeric eggs was determined to be up to 1.5 ng/ml. To demonstrate the ability of the antibody to correctly recognize its target, a fluorescent cell based assay was used. Egg white collected from chimeric chickens was incubated in the presence of cells expressing the CD4 protein followed by a fluorescently tagged antibody. Positive fluorescence was observed in the chimeric chicken eggs and not in control samples indicating the monoclonal antibody could correctly bind to its target. The binding of the monoclonal antibody to its target is a crucial function and indicates the correct assembly of the subunits.

In parallel with its product development efforts, the Company has focused its research on the refinement of its technology platform. While the technology platform can be applied to the production of transgenic animals from multiple species, our main focus is on avians. The cloning program has demonstrated progress with the efficient production of several cloned mice but presents a challenge with chickens due to their unique reproductive physiology. The Company is currently evaluating the potential benefits of avian cloning to reduce development timelines and increase the number of transgenic founders. The main research emphasis has been on the development of an avian stem cell line that would provide a rapid and reliable system for producing transgenic chickens. Two distinct avian stem cell lines, known as primordial germ cells ("PGC") and chicken embryonic cells ("CEC"), have been developed in parallel due to inherent benefits and synergies between the two cell types.

The PGC technology has made rapid progress with its ability to incorporate a gene of interest and create a chimeric chicken. As a result, the Company has increased its development efforts on the PGC system. Chimeric chickens have been produced using the PGC technology for insulin, HSA, and a research antibody and are currently being bred in an effort to produce founder chickens. The Company believes the PGC technology represents a more powerful avian transgenic technology that will allow it to reduce the time required to generate founder chickens.

The Company's scientific focus for 2003 includes:

- Achieving commercial levels of expression for one or more potential products;
- Generation of transgenic founders for its key programs;
- Refinement of the avian transgenic technology to increase production efficiency of founder chickens; and
- Incorporation of automated/high through put assays for the identification of transgenic chimeric chickens and founder chickens.

BUSINESS DEVELOPMENT

The Company's current business development focus is designed to give TranXenoGen's avian transgenic technology reasonable visibility in the industry while focusing the Company's spending on proving the science.

TranXenoGen's objective is to develop a practical, effective manufacturing platform to address the increasing demand for high volume protein based therapeutics. The Company is focused on three principal areas of business.

- Generic Biologicals – Development and manufacture of proven products for established and growing markets, including insulin and HSA.

- Contract/Partnerships – Development and manufacture of high volume novel therapeutics such as monoclonal antibodies for strategic partners. TranXenoGen is performing research under agreements to develop monoclonal antibodies for Abbott Laboratories, KS Biomedix Holdings plc and Amgen Inc.
- Proprietary Novel Products – Development and manufacture of TranXenoGen owned novel therapeutic proteins. The first of these is an anti-cancer product known as human anti-neoplastic urinary protein.

We anticipate that if we are successful in achieving commercial expression levels of protein in the egg albumin, at least one of the strategic alliances or generic biological products should lead to a product development and manufacturing agreement. We will also look to secure additional partnerships with companies looking to address their manufacturing requirements for protein-based drugs. In addition, we shall actively seek strategic partners to market or license our generic biological or proprietary novel products on a product and/or geographic basis.

SUMMARY

Our three principal areas of business focus, generic biologicals, contract/partnerships and proprietary novel products, in our opinion, provide a well-balanced strategy that lays the groundwork for TranXenoGen's future commercial success. We believe that TranXenoGen is well positioned to capitalize on the increasing market requirements for large-volume biological products. We expect the avian transgenic platform to offer an effectively priced product with increased flexibility and improved time to market.

George Uveges
President and Chief Executive Officer

TranXenoGen, Inc.

CONDENSED STATEMENTS OF OPERATIONS
(Amounts in US Dollars)

	Years ended December 31, 2002	2001
Revenue:		
Contract revenue	$ 33,333	$ 16,667
Expenses:		
Selling, general and administrative	1,496,290	1,496,932
Research and development	1,871,691	1,827,074
Stock-based compensation	503,875	649,089
Depreciation and amortization	562,579	254,937
Total expenses	4,434,435	4,228,032
Operating loss	(4,401,102)	(4,211,365)
Other Income (Expense):		
Interest income	132,818	476,508
Interest expense	(219,296)	(44,060)
Other income	73,169	35,393
Foreign currency loss	(5,658)	(269,024)
Loss before provision for income taxes	(4,420,069)	(4,012,548)
Provision for income taxes	-	-
Net loss	$ (4,420,069)	$ (4,012,548)
Net Loss per Share:		
Basic and diluted	$ (0.14)	$ (0.13)
Basic and diluted weighted-average common shares outstanding	32,071,329	31,681,975

The accompanying notes are an integral part of these condensed financial statements.

TranXenoGen, Inc.

CONDENSED BALANCE SHEETS
(Amounts in US Dollars)

	December 31, 2002	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,526,361	$ 9,992,726
Restricted cash	-	351,536
Prepaid expenses	91,618	71,674
Other current assets	3,911	17,288
Total current assets	5,621,890	10,433,224
Property and equipment	8,747,299	8,115,107
Accumulated depreciation	(682,179)	(167,014)
Property and equipment, net	8,065,120	7,948,093
Other Assets:		
Restricted cash	360,130	-
Intangible assets	21,189	66,470
Deposits	9,013	9,013
Total other assets	390,332	75,483
Total assets	$14,077,342	$18,456,800
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 178,484	$ 650,700
Accrued expenses	233,284	538,167
Current portion of long-term debt	109,841	79,549
Other current liabilities	2,500	10,833
Total current liabilities	524,109	1,279,249
Long-term debt, less current portion	3,698,622	3,412,746
Commitments and contingencies		
Stockholders' Equity:		
Common stock	40,560	40,410
Treasury stock	(195,659)	(195,659)
Additional paid-in capital	22,962,668	23,339,318
Deferred compensation	(512,486)	(1,398,861)
Accumulated deficit	(12,440,472)	(8,020,403)
Total stockholders' equity	9,854,611	13,764,805
Total liabilities and stockholders' equity	$14,077,342	$18,456,800

The accompanying notes are an integral part of these condensed financial statements.

TranXenoGen, Inc.

CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in US Dollars)

	Years ended December 31, 2002	2001
Cash Flows from Operating Activities:		
Net loss	$(4,420,069)	$(4,012,548)
Adjustments to reconcile net loss to net cash used in operating activities--		
Depreciation and amortization expense	562,579	254,937
Compensation expense related to stock options issued	503,875	649,089
Loss on disposal of equipment	-	4,499
Changes in assets and liabilities--		
Prepaid expenses	(19,944)	144,620
Other assets and deposits	13,377	(9,056)
Accounts payable	(472,216)	426,703
Accrued expenses and other current liabilities	(313,216)	389,077
Net cash used in operating activities	(4,145,614)	(2,152,679)
Cash Flows from Investing Activities:		
Purchase of intellectual property	-	(88,854)
Additions to property and equipment	(634,325)	(7,768,417)
Increase in restricted cash	(8,594)	(351,536)
Net cash used in investing activities	(642,919)	(8,208,807)
Cash Flows from Financing Activities:		
Principal payments under capital lease obligations	-	(27,047)
Exercise of stock options	6,000	18,400
Proceeds from notes payable	407,705	5,522,295
Repayment of notes payable	(91,537)	(2,030,000)
Net cash provided by financing activities	322,168	3,483,648
Net decrease in cash and cash equivalents	(4,466,365)	(6,877,838)
Cash and cash equivalents, beginning of period	9,992,726	16,870,564
Cash and cash equivalents, end of period	$ 5,526,361	$ 9,992,726
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ -	$ -
Cash paid for interest	$ 219,602	$ 86,324

The accompanying notes are an integral part of these condensed financial statements.

TranXenoGen, Inc.

Notes to the Condensed Financial Statements

1. Basis of Presentation

The Condensed Financial Statements included in this announcement have been extracted from the audited financial statements of the Company which have been prepared in conformity with accounting principles generally accepted in the United States. The Condensed Financial Statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's annual report to shareholders.

2. Stock Incentive Plan

Prior to the Company's initial public offering in 2000, options were granted for 5,340,000 common shares at $0.04 per common share to directors and employees under the Company's 1998 Equity Incentive Plan, which was below the deemed fair market value of the Company's common stock on the date of grant. Therefore, during 2000, the Company recorded noncash, deferred compensation of $2,806,000. The amortization of this deferred compensation is charged to operations over the vesting period of the options, typically four years. Total non-cash compensation expense was $503,875 and $649,089 for the years ended 31 December 2002 and 2001, respectively. Unamortized deferred compensation is charged to additional paid-in capital in the event employment of the respective employee or director is terminated. Deferred compensation of $382,500 and $272,000 was charged to additional paid-in capital for the years ended 31 December 2002 and 2001, respectively.

3. Long-term Debt

On June 6, 2001, the Company entered into a construction/mortgage loan agreement, the $3.9 million proceeds from which were used to finance the build out of its new facility. The mortgage loan bears interest at 1% above the prime rate (as published in the Wall Street Journal: 4.25% at 31 December 2002), requires equal monthly payments based on a 20-year amortization schedule and is due in full on 31 January 2007. The loan converted to a mortgage loan in the first quarter of 2002 and monthly payments of principal and interest began in March 2002. At 31 December 2002, $3,808,463 is outstanding.

The loan is secured by the Company's Shrewsbury, Massachusetts facility. The Company is also required to keep on deposit with the lender an amount equal to one year of estimated debt service until such time as it achieves the Annual Debt Service Coverage Ratio. The Debt Service Coverage Ratio was not achieved for the year ended 31 December 2002. Accordingly, the deposit of $360,130 is reflected as noncurrent restricted cash on the balance sheet.