

Deltagen Reports 2007 Third Quarter Financial Results

SAN MATEO, California, October 29, 2007 - Deltagen, Inc. (Pink Sheets: DGEN), a leading provider of drug discovery tools to the biopharmaceutical industry, today reported unaudited consolidated financial results for the three months ended September 30, 2007.

Revenues: The Company's consolidated revenues for the three months ended September 30, 2007 totaled \$0.410 million. The revenues were attributable primarily to license fees associated with the provision of knockout mice and related phenotypic data to The Wellcome Trust (the "Trust") pursuant to a May 29, 2007 order placed by the Trust (\$0.213 million) and under the Company's DeltaOne™ program.

Interest Income: The Company had interest income of \$0.027 million for the three months ended September 30, 2007.

Expenses: Total consolidated expenses for the three months ended September 30, 2007 were \$0.359 million, compared to \$0.849 million for the previous quarter. The decrease in operating expenses was attributable primarily to the restructuring changes implemented by the Company in July 2007 in an effort to reduce the fixed operating expenses of the Company. The operating expenses for the third quarter were attributable primarily to third-party royalties and commissions (\$0.115 million) and labor costs and other general and administrative expenses (\$0.244 million).

Net Income: Net income before provision for income taxes for the three months ended September 30, 2007 was \$0.079 million.

Cash, Cash Equivalents and Accounts Receivable: As of September 30, 2007, the Company had \$2.851 million in consolidated cash and cash equivalents and \$1.553 million in accounts receivable. This accounts receivable amount includes approximately \$1.2 million relating to tax credits expected to be received from the French government by the Company's wholly-owned subsidiary, Deltagen Europe, S.A. The Company is uncertain as to the timing of the payment of these tax credits.

Major Events:

The Wellcome Trust:

The Company received on September 13, 2007 an order from the Trust, a United Kingdom-based, independent charitable organization that funds research to improve human and animal health, for twenty of the Company's knockout mouse lines and related phenotypic data. This order was the second to be received by the Company from the Trust and is worth \$1.000 million. The Company had earlier received on May 29, 2007 its first order from the Trust for seventeen of the Company's knockout mouse lines and related phenotypic data, worth \$0.850 million. The Company received during the third quarter \$0.213 million pursuant to the first order and expects to receive the balance of the license fees relating to the first order in installment payments between the fourth quarter of 2007 and the end of the second quarter of 2008, contingent upon satisfactory completion of specified delivery and acceptance milestones. The Company expects to receive the license fees associated with the second order in installment payments between the fourth quarter of 2007 and the end of the third quarter of 2008, contingent upon satisfactory completion of specified delivery and acceptance milestones.

The knockout mouse lines obtained by the Trust will be archived at and distributed by the European Mutant Mouse Archive (EMMA). The knockout mouse lines will be made available through EMMA to the academic research community. The Company will retain exclusive rights to make these ordered knockout lines available to commercial organizations. The Company may receive future orders for knockout mouse lines from the Trust, but the Trust has no obligations to place any such additional orders and the Trust does not currently intend to issue a third call for proposals.

Subsequent Events:

Xenopharm Earnout Shares:

In an Agreement and Plan of Merger and Reorganization dated February 15, 2002 by and among the Company, XP Acquisition Corporation and Xenopharm, Inc. (the "Merger Agreement"), entered into in connection with the Company's acquisition of Xenopharm, Inc. ("Xenopharm"), the Company agreed to issue shares of the Company's common stock to the former Xenopharm shareholders (the "XP Holders") upon the occurrence of certain events.

On March 14, 2004, pursuant to and in satisfaction of a certain condition of the Merger Agreement, the XP Holders had rights to receive an aggregate of 131,572 shares of the Company's common stock (the "XP Earnout Shares"). These XP Earnout Shares were not issued to the XP Holders at such time, notwithstanding the requirement to do so. In addition to receipt of the XP Earnout Shares, the XP Holders were entitled to receive the cash dividend of \$0.20 per share distributed by the Company on December 28, 2006 (the "2006 Dividend") with respect to the XP Earnout Shares. In February 2007, the Board approved the issuance and delivery of the XP Earnout Shares to the XP Holders in accordance with the provisions of the Merger Agreement, and upon such issuance, payment of the 2006 Dividend and any future dividends of the Company to the XP Holders with respect to the XP Earnout Shares.

In August 2007, the Company received a letter from certain XP Holders asserting the XP Holders' right to receive certain other earnout shares (the "Additional XP Earnout Shares") under the Merger Agreement. In October 2007, the Company entered into a settlement agreement (the "Settlement Agreement") with the stockholder representative of the XP Holders. Under the Settlement Agreement, Deltagen agreed to issue to the XP Holders, in accordance with the Merger Agreement, the Additional XP Earnout Shares, totaling 1,054,021 shares of the Company's common stock, and to pay to the XP Holders all prior and future dividends of the Company with respect to the Additional XP Earnout Shares, subject to the Company having received a release of liability ("Release") with respect to the Merger Agreement from at least 75% of the XP Holders, on a ratable basis (the "Threshold").

The Threshold was met on October 24, 2007. Deltagen shall issue the Additional XP Earnout Shares and distribute a dividend payment of \$0.25 per share with respect to the Additional XP Earnout Shares ("XP Dividends") to those XP Holders that execute a Release before January 23, 2008. The XP Dividends relate to the Company's 2006 Dividend (\$0.20 per share) and the \$0.05 per share dividend distributed in May 2007. Accordingly, the Company will issue up to 1,054,021 shares and distribute up to \$263,505.25 in XP Dividends to the XP Holders.

The unaudited consolidated financial statements for the third quarter of 2007, accompanying notes, and Management's Discussion and Analysis of Financial Conditions and Results of Operations for such period will be posted on Deltagen's website (www.deltagen.com).

About Deltagen

Deltagen, Inc. is a leading provider of drug discovery tools to the biopharmaceutical industry. Deltagen offers access to its extensive inventory of knockout mouse lines and related phenotypic data, which enhance the efficiency of target validation and drug discovery. In addition, Deltagen offers target validation data in the areas of immunology and metabolic diseases. Deltagen's products and programs have been validated by customers and partners such as Eli Lilly & Co., GlaxoSmithKline, Merck & Co., Inc. and Pfizer Inc. For more information on Deltagen, visit the Company's website at www.deltagen.com.

Safe Harbor Statement

This press release contains "forward-looking statements," including statements about Deltagen's future revenues and operating results, any possible future dividend declarations, and third-party licenses and intellectual property, as well as other matters that are not historical facts or information. These forward-looking statements are based on management's current assumptions and expectations and involve risks, uncertainties and other important factors, specifically including those relating to Deltagen's ability to achieve its operational objectives and revenue projections, that may cause Deltagen's actual results to be materially different from any future results expressed or implied by such forward-looking statements. There are no assurances that the Company will declare any future dividends. Information identifying such important risk factors is contained in "Management's Discussion and Analysis of Financial Conditions and Results of Operations", which can be found at Deltagen's website at www.deltagen.com. Deltagen undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

DELTAGEN, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

Consolidated Balance Sheet
For Quarter Ended 9/30/07

(Dollars In Thousands)

Unaudited
9/30/07
Consolidated

Assets

Current assets:

Cash and cash equivalents	2,852
Accounts receivable, net	1,553
Prepays, Deposits and Tax Assets	<u>1,128</u>
Total current assets	5,532

Property and equipment, net 80

Non-current portion of deferred tax assets 1,000

Total assets 6,612

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	225
Accrued expenses	<u>108</u>
Total liabilities	333

Stockholders' equity:

Common stock	39
Treasury Stock	(867)
Additional paid-in capital	229,312
Retained Earnings	(222,617)
Foreign currency translation adjustment	<u>411</u>
Total stockholders' equity	6,279

Total liabilities and stockholders' equity 6,612

DELTAGEN, INC.
CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

**Consolidated Income Statement and
Statement of Retained Earnings
For Quarter Ended 9/30/07**

(Dollars In Thousands)	Unaudited 9/30/07 <u>Consolidated</u>
Revenue	410
Royalty and Commission Expenses	115
Other Operating Expenses	<u>244</u>
Income From Operations	51
Interest Income	<u>27</u>
Income before provision for income taxes	79
Provision for income taxes	
Current income tax expense	-
Deferred income tax expense	33
Adjustment for valuation allowance	<u>-</u>
Total income tax expense/(income)	33
Net Income (Loss)	<u>45</u>
Retained earnings at beginning of period	<u>(222,662)</u>
Retained earnings at end of period	<u><u>(222,617)</u></u>

DELTAGEN, INC.
CONSOLIDATED CASH FLOW
(UNAUDITED)

Consolidated Cash Flow
For Quarter Ended 9/30/07

(Dollars In Thousands)

Unaudited
9/30/07
Consolidated

Cash flows from operating activities:

Net income	45
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	5
Loss on disposal of fixed assets	-
(Increase)/Decrease in operating assets	
Accounts receivable	160
Prepays, deposits and tax assets	66
Purchase of assets	-
Deferred tax assets	-
Increase/(Decrease) in operating liabilities	
Accounts payable	(84)
Accrued expenses	(73)
Dividend Paid	<u>(26)</u>
Net Increase/(Decrease) in cash	93
Effect of foreign exchange rate change on cash and cash equivalents	84
Cash and cash equivalents, at beginning of period	<u>2,674</u>
Cash and cash equivalents, at end of period	<u><u>2,851</u></u>