

## Deltagen Reports 2008 First Quarter Financial Results

**SAN MATEO, California, May 22, 2008** - 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 March 31, 2008.

**Revenues:** The Company's consolidated revenues for the three months ended March 31, 2008 totaled \$0.761 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 orders placed by the Trust on May 29, 2007 and September 13, 2007 together with orders by other customers under the Company's DeltaOne™ program. Approximately \$0.222 million of the Company's first quarter revenues related to the Trust orders.

**Interest Income:** The Company had interest income of \$0.026 million for the three months ended March 31, 2008.

**Expenses:** Total consolidated expenses for the three months ended March 31, 2008 were \$0.796 million. The operating expenses were attributable primarily to labor costs and other general and administrative expenses, including \$0.212 million in royalty and commission expenses. The labor costs included \$0.310 million in base salary restoration amounts paid to the Company's officers in March 2008, pursuant to the management compensation plan implemented effective July 1, 2007 (the "Comp Plan") for the twelve-month period from July 1, 2007 through June 30, 2008 (the "Period"). Under the Comp Plan, the Company's officers had their base salaries reduced by 50%, but would be eligible to receive original base salary restoration amounts and bonuses in the event that the Company realizes a profit during the Period. Portions of these amounts may be paid to the officers in interim payments during the Period. In February 2008, based on the Company's actual financial performance in the first seven months of the Period and the Company's forecasted financial performance for the remainder of the Period, the Company's directors authorized payment of base salary restoration amounts to the Company's officers.

**Net Income/Loss:** Net loss before provision for income taxes for the three months ended March 31, 2008 was \$0.008 million. Not including payment of the base salary restoration amounts to the Company's officers, the Company would have had a net income before provision for income taxes of \$0.302 million.

**Cash, Cash Equivalents and Accounts Receivable:** As of March 31, 2008, the Company had \$4.598 million in consolidated cash and cash equivalents (compared to \$3.065 million as of December 31, 2007) and \$1.053 million in accounts receivable (compared to \$2.625 million as of December 31, 2007). The changes in cash and accounts receivable amounts are due primarily to the receipt in March 2008 by Deltagen Europe, S.A., the Company's wholly-owned French subsidiary, of 716,779 euros relating to a tax refund from the French tax authorities for tax year 2002. In March 2008, the French tax authorities rejected Deltagen Europe's application for a tax refund of 130,818 euros for tax year 2001. Deltagen Europe appealed the rejection and in May 2008 the French tax authorities reversed their rejection. Deltagen Europe expects to receive the 2001 tax refund during the second quarter of 2008.

The unaudited consolidated financial statements for the first quarter of 2008, 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](http://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](http://www.deltagen.com).

## Safe Harbor Statement

*This press release contains "forward-looking statements," including statements about Deltagen's future revenues, cash flows and operating results, any possible future dividend declarations, third-party royalty obligations and third-party licenses and intellectual property, the impact of Deltagen's restructuring efforts, 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](http://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.*

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**DELTAGEN, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

**Consolidated Balance Sheet**  
**For Quarter Ended 3/31/08**

**(Dollars In Thousands)**

Unaudited  
3/31/08  
Consolidated

**Assets**

Current assets:

Cash and cash equivalents	4,598
Accounts receivable, net	1,053
Prepays, Deposits and Tax Assets	<u>743</u>
Total current assets	6,394

Property and equipment, net 70

Non-current portion of deferred tax assets 1,000

Total assets 7,464

**Liabilities and Stockholders' Equity**

Current liabilities:

Accounts payable	369
Accrued expenses	<u>316</u>
Total liabilities	685

Stockholders' equity:

Common stock	39
Treasury Stock	(867)
Additional paid-in capital	229,061
Retained Earnings	(222,041)
Foreign currency translation adjustment	<u>587</u>
Total stockholders' equity	6,780

Total liabilities and stockholders' equity 7,464

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENT  
(UNAUDITED)

**Consolidated Income Statement and  
Statement of Retained Earnings  
For Quarter Ended 3/31/08**

	Unaudited 3/31/08 <u>Consolidated</u>
(Dollars In Thousands)	
Revenue	761
Royalty and Commission Expenses	212
Operating Expenses	<u>584</u>
Income From Operations	(34)
Interest Income	26
	<u>          </u>
Income before provision for income taxes	(8)
Provision for income taxes	
Current income tax expense	-
Deferred income tax expense	-
Adjustment for valuation allowance	<u>-</u>
Total income tax expense/(income)	0
	<u>          </u>
Net Income (Loss)	(8)
Retained earnings at beginning of period	<u>(222,033)</u>
Retained earnings at end of period	<u><u>(222,041)</u></u>

DELTAGEN, INC.

CONSOLIDATED CASH FLOW  
(UNAUDITED)

**Consolidated Cash Flow  
For Quarter Ended 3/31/08**

Unaudited  
3/31/08  
Consolidated

**(Dollars In Thousands)**

Cash flows from operating activities:

Net Income (Loss)	(8)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	4
Loss on disposal of fixed assets	-
(Increase)/Decrease in operating assets	
Accounts receivable	1,571
Prepays, deposits and tax assets	19
Purchase of assets	-
Deferred tax assets	-
Increase/(Decrease) in operating liabilities	
Accounts payable	14
Accrued expenses	(195)
Dividends Paid	<u>(5)</u>
Net Increase/(Decrease) in cash	1,400
Effect of foreign exchange rate change on cash and cash equivalents	133
Cash and cash equivalents, at beginning of period	<u>3,065</u>
Cash and cash equivalents, at end of period	<u><u>4,598</u></u>