

Deltagen Reports 2008 Second Quarter Financial Results

SAN MATEO, California, August 26, 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 June 30, 2008.

Revenues: The Company's consolidated revenues for the three months ended June 30, 2008 totaled \$1.207 million. The revenues were attributable primarily to \$0.713 million of license fees associated with the provision of knockout mice and related phenotypic data to The Wellcome Trust (the "Trust") pursuant to an order placed by the Trust on September 13, 2007, together with orders by other customers under the Company's DeltaOne™ program.

Interest Income: The Company had interest income of \$0.019 million for the three months ended June 30, 2008.

Expenses: Total consolidated expenses for the three months ended June 30, 2008 were \$0.927 million. The operating expenses were attributable primarily to labor costs and other general and administrative expenses, including \$0.348 million in royalty and commission expenses. The labor costs included a cumulative total of \$0.206 million in annual performance-based bonuses paid to the Company's officers and directors, which were paid in July 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 voluntarily had their base salaries reduced by 50%, but were eligible to receive original base salary restoration amounts and, along with the directors, performance-based bonuses, in the event that the Company realized a profit during the Period. The Comp Plan and payments made thereunder are described in greater detail in Management's Discussion and Analysis of Financial Conditions and Results of Operations for the second quarter of 2008, which will be posted on Deltagen's website (www.deltagen.com).

Net Income: Net income before provision for income taxes for the three months ended June 30, 2008 was \$0.299 million.

Cash, Cash Equivalents and Accounts Receivable: As of June 30, 2008, the Company had \$4.981 million in consolidated cash and cash equivalents (compared to \$4.598 million as of March 31, 2008) and \$1.224 million in accounts receivable (compared to \$1.053 million as of March 31, 2008). The change in cash and cash equivalents amount does not include receipt by Deltagen Europe, S.A., the Company's wholly-owned French subsidiary, of 130,818 euros relating to a tax refund from the French tax authorities for tax year 2001, which had been expected to be received during the second quarter. The tax refund of 130,818 euros for tax year 2001 was received in July 2008 and will be reflected in the financial results for the third quarter of 2008. In addition, the Company received \$0.723 million from the Trust in August 2008, which will be reflected in the financial results for the third quarter of 2008.

The unaudited consolidated financial statements for the second 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).

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, 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. 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 6/30/08

(Dollars In Thousands)

Unaudited
6/30/08
Consolidated

Assets

Current assets:

| | |
|----------------------------------|------------|
| Cash and cash equivalents | 4,981 |
| Accounts receivable, net | 1,224 |
| Prepays, Deposits and Tax Assets | <u>754</u> |
| Total current assets | 6,959 |

Property and equipment, net 66

Non-current portion of deferred tax assets 1,000

Total assets 8,025

Liabilities and Stockholders' Equity

Current liabilities:

| | |
|-------------------|------------|
| Accounts payable | 433 |
| Accrued expenses | <u>519</u> |
| Total liabilities | 953 |

Stockholders' equity:

| | |
|---|------------|
| Common stock | 39 |
| Treasury Stock | (867) |
| Additional paid-in capital | 229,061 |
| Retained Earnings | (221,742) |
| Foreign currency translation adjustment | <u>581</u> |
| Total stockholders' equity | 7,072 |

Total liabilities and stockholders' equity 8,025

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

**Consolidated Income Statement and
Statement of Retained Earnings
For Quarter Ended 6/30/08**

| | Unaudited 6/30/08 <u>Consolidated</u> |
|--|---|
| (Dollars In Thousands) | |
| Revenue | 1,207 |
| Royalty and Commission Expenses | 348 |
| Operating Expenses | <u>579</u> |
| Income From Operations | 280 |
| Interest Income | 19 |
| | <u> </u> |
| Income before provision for income taxes | 299 |
| Provision for income taxes | |
| Current income tax expense | - |
| Deferred income tax expense | - |
| Adjustment for valuation allowance | <u>-</u> |
| Total income tax expense/(income) | 0 |
| Net Income (Loss) | <u>299</u> |
| Retained earnings at beginning of period | <u>(222,041)</u> |
| Retained earnings at end of period | <u><u>(221,742)</u></u> |

DELTAGEN, INC.

CONSOLIDATED CASH FLOW
(UNAUDITED)

**Consolidated Cash Flow
For Quarter Ended 6/30/08**

Unaudited
6/30/08
Consolidated

(Dollars In Thousands)

Cash flows from operating activities:

Net Income (Loss) 299

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 (171)

Prepays, deposits and tax assets (11)

Purchase of assets -

Deferred tax assets -

Increase/(Decrease) in operating liabilities

Accounts payable 65

Accrued expenses 203

Dividends Paid (5)

Net Increase/(Decrease) in cash 389

Effect of foreign exchange rate change on cash and cash equivalents (6)

Cash and cash equivalents, at beginning of period 4,598

Cash and cash equivalents, at end of period 4,981