

## Deltagen Reports 2008 Third Quarter Financial Results

SAN MATEO, California, December 8, 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 September 30, 2008.

**Revenues:** The Company's consolidated revenues for the three months ended September 30, 2008 totaled \$0.500 million. The revenues were attributable primarily to license fees associated with the provision of knockout mice and related phenotypic data pursuant to orders placed by customers under the Company's DeltaOne™ program.

**Interest Income:** The Company had interest income of \$0.020 million for the three months ended September 30, 2008.

**Expenses:** Total consolidated expenses for the three months ended September 30, 2008 were \$0.388 million. The operating expenses were attributable primarily to labor costs and other general and administrative expenses, including \$0.141 million in royalty and commission expenses.

**Net Income:** Net income before provision for income taxes for the three months ended September 30, 2008 was \$0.133 million.

**Cash, Cash Equivalents and Accounts Receivable:** As of September 30, 2008, the Company had \$5.472 million in consolidated cash and cash equivalents (compared to \$4.981 million as of June 30, 2008) and \$0.216 million in accounts receivable (compared to \$1.224 million as of June 30, 2008). The changes in the amounts of accounts receivable and cash and cash equivalents are attributable primarily to the receipt by Deltagen of \$0.723 million from The Wellcome Trust in the third quarter of 2008.

The unaudited consolidated financial statements for the third 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 9/30/08**

**(Dollars In Thousands)**

Unaudited  
9/30/08  
Consolidated

**Assets**

Current assets:

Cash and cash equivalents	5,472
Accounts receivable, net	216
Prepays, Deposits and Tax Assets	<u>766</u>
Total current assets	6,454

Property and equipment, net 62

Non-current portion of deferred tax assets 1,000

Total assets 7,516

**Liabilities and Stockholders' Equity**

Current liabilities:

Accounts payable	418
Accrued expenses	<u>69</u>
Total liabilities	487

Stockholders' equity:

Common stock	39
Treasury Stock	(867)
Additional paid-in capital	229,061
Retained Earnings	(221,610)
Foreign currency translation adjustment	<u>405</u>
Total stockholders' equity	7,029

Total liabilities and stockholders' equity 7,516

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENT  
(UNAUDITED)

**Consolidated Income Statement and  
Statement of Retained Earnings  
For Quarter Ended 9/30/08**

	Unaudited 9/30/08 <u>Consolidated</u>
(Dollars In Thousands)	
Revenue	500
Royalty and Commission Expenses	141
Operating Expenses	<u>247</u>
Income From Operations	112
Interest Income	20
	<u>          </u>
Income before provision for income taxes	133
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>133</u>
Retained earnings at beginning of period	<u>(221,742)</u>
Retained earnings at end of period	<u><u>(221,610)</u></u>

DELTAGEN, INC.

CONSOLIDATED CASH FLOW  
(UNAUDITED)

**Consolidated Cash Flow  
For Quarter Ended 9/30/08**

Unaudited  
9/30/08  
Consolidated

**(Dollars In Thousands)**

Cash flows from operating activities:

Net Income (Loss)	133
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	1,008
Prepays, deposits and tax assets	(12)
Purchase of assets	-
Deferred tax assets	-
Increase/(Decrease) in operating liabilities	
Accounts payable	(15)
Accrued expenses	(450)
Dividends Paid	-
Net Increase/(Decrease) in cash	668
Effect of foreign exchange rate change on cash and cash equivalents	(176)
Cash and cash equivalents, at beginning of period	4,981
Cash and cash equivalents, at end of period	5,472