

Deltagen Reports 2008 Fourth Quarter and Full-Year Financial Results

SAN MATEO, California, March 13, 2009 - 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 and year ended December 31, 2008.

Revenues: The Company's consolidated revenues for the three months and year ended December 31, 2008 totaled \$0.458 million and \$2.926 million, respectively. The revenues in the fourth quarter 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 and \$0.086 million for the three months and year ended December 31, 2008, respectively.

Expenses: Total consolidated expenses for the three months and year ended December 31, 2008 were \$0.747 million and \$2.857 million, respectively. The operating expenses in the fourth quarter were attributable primarily to labor costs and other general and administrative expenses, including \$0.164 million in royalty and commission expenses. As of December 31, 2008, the Company had paid to Lexicon Pharmaceuticals, Inc. ("Lexicon") an aggregate total of \$4.412 million in royalty payments pursuant to a March 2005 settlement agreement between Lexicon and the Company. Under the settlement, the maximum, aggregate amount of royalty payments due to Lexicon is \$6 million. Accordingly, up to \$1.588 million in contingent royalty payments remained owed to Lexicon as of December 31, 2008.

Net Income/Loss: Net loss before provision for income taxes for the three months ended December 31, 2008 was \$0.269 million. Net income before provision for income taxes for the year ended December 31, 2008 was \$0.155 million.

Cash, Cash Equivalents and Accounts Receivable: As of December 31, 2008, the Company had \$5.085 million in consolidated cash and cash equivalents (compared to \$3.064 million as of December 31, 2007) and \$0.414 million in accounts receivable. The cash and cash equivalents amount as of December 31, 2008 does not reflect the last of three annual deferred incentive and retention payments, totaling \$0.214 million, relating to the Company's December 2006 dividend, which became payable on December 30, 2008 and were paid in January 2009 to the Company's executives.

Executive Compensation: In the fourth quarter of 2008, the Company's directors decided to retain the management compensation plan originally implemented effective July 1, 2007 (the "Comp Plan") for the twelve-month period from July 1, 2008 through June 30, 2009 (the "Period"). Under the Comp Plan, the Company's officers voluntarily had their base salaries reduced by 50%, but remain eligible to receive original base salary restoration amounts and, along with the directors, performance-based bonuses, in the event that the Company realizes a profit during the Period. The Comp Plan is described in greater detail in Management's Discussion and Analysis of Financial Conditions and Results of Operations for the second quarter of 2008, which are posted on Deltagen's website (www.deltagen.com).

The unaudited consolidated financial statements for the fourth quarter and year 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
As of 12/31/08

(In Thousands)	Unaudited 12/31/08 <u>Consolidated</u>
Assets	
Current assets:	
Cash and cash equivalents	5,085
Accounts receivable, net	414
Prepays, Deposits and Tax Assets	<u>635</u>
Total current assets	6,133
 Property and equipment, net	 58
 Non-current portion of deferred tax assets	 1,000
 Total assets	 <u><u>7,191</u></u>
 Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	229
Accrued expenses	<u>337</u>
Total liabilities	566
 Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	229,061
Retained Earnings	(221,996)
Foreign currency translation adjustment	<u>388</u>
Total stockholders' equity	6,625
 Total liabilities and stockholders' equity	 <u><u>7,191</u></u>

DELTAGEN, INC.

**CONSOLIDATED INCOME STATEMENT
(UNAUDITED)**

**Consolidated Income Statements and
Statements of Retained Earnings
For Quarter ended 12/31/08 & Full Year 2008**

(In Thousands)	Unaudited 12/31/08 <u>Consolidated</u>	Unaudited FY2008 <u>Consolidated</u>
Revenue	458	2,926
Royalty and Commission Costs	164	865
Other Operating Costs	583	1,992
	<hr/>	<hr/>
Income From Operations	(289)	69
Interest Income	20	86
Loss on disposal of assets	-	-
	<hr/>	<hr/>
Total Other Income	20	86
	<hr/>	<hr/>
Income before provision for income taxes	(269)	155
Provision for income taxes		
Current income tax expense	-	-
Deferred income tax expense	118	118
Adjustment for valuation allowance	-	-
	<hr/>	<hr/>
Total income tax expense	118	118
	<hr/>	<hr/>
Net Income (Loss)	(387)	37
Retained earnings at beginning of period	<hr/> (221,610) <hr/>	<hr/> (222,033) <hr/>
Retained earnings at end of period	<hr/> (221,878) <hr/>	<hr/> (221,878) <hr/>

DELTAGEN, INC.

**CONSOLIDATED CASH FLOW
(UNAUDITED)**

**Consolidated Cash Flows
For Quarter ended 12/31/08 & Full Year 2008**

(Dollars In Thousands)

	Unaudited 12/31/08 <u>Consolidated</u>	Unaudited FY2008 <u>Consolidated</u>
Cash flows from operating activities:		
Net income	(387)	37
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4	17
Loss on disposal of fixed assets	-	-
Stock-based compensation expenses	-	-
(Increase)/Decrease in operating assets		
Accounts receivable	(198)	2,210
Prepays, deposits and tax assets	131	127
Purchase of assets	-	-
Increase/(Decrease) in operating liabilities		
Accounts payable	(189)	(126)
Accrued expenses	<u>268</u>	<u>(174)</u>
Common stock dividends paid	<u>-</u>	<u>(5)</u>
Net Increase/(Decrease) in cash	(371)	2,086
Effect of foreign exchange rate changes on cash & cash equivalents	(17)	(66)
Cash and cash equivalents, at beginning of period	<u>5,472</u>	<u>3,064</u>
Cash and cash equivalents, at end of period	<u><u>5,084</u></u>	<u><u>5,084</u></u>