

# Deltagen Acquires Benten BioServices

**Penn Venture Partners and Life Sciences Greenhouse of Central Pennsylvania  
Invest \$1,500,000 in Combined Company**

**SAN MATEO, California, December 10, 2009** - Deltagen, Inc. (Pink Sheets: DGEN), a leading provider of drug discovery and screening tools to the biopharmaceutical industry, today announced that it has acquired Benten BioServices, Inc. (“Benten”).

Benten is an emerging Pennsylvania-based contract services organization developed to offer a comprehensive suite of regulatory-compliant manufacturing and testing services to support the development and commercialization of biopharmaceutical products. Benten’s services are designed to address specific requirements for critical stages in product development, including biosafety testing, raw materials testing, assay and process validation services, cell banking and characterization services, and technology platform-specific R&D support and consulting services. Such services are a cost-effective alternative to the fixed costs associated with internal biologics development and manufacture.

Deltagen issued 9,126,085 shares of common stock to the former Benten shareholders in exchange for all of Benten’s outstanding equity securities. Penn Venture Partners, L.P. (“PVP”) and Life Sciences Greenhouse of Central Pennsylvania (“LSGH”) invested \$1,250,000 and \$250,000, respectively, in the combined company.

As a result of negotiations between Deltagen and the new investors, the transaction valued Deltagen at \$7,000,000 prior to the transaction and the combined company at \$8,500,000 after the transaction. With a total of 51,714,483 shares outstanding after the closing, the transaction valuation represents approximately \$0.164 per Deltagen share. As a result of the transaction, the former Benten shareholders own 17.65% of Deltagen's outstanding common stock.

The acquisition represents a key strategic growth event in Deltagen’s efforts to expand its existing drug discovery and screening products with complementary services and technologies. Benten’s contract service offerings would supplement Deltagen’s knockout mouse lines used by biopharmaceutical companies and academic organizations for target validation and drug discovery, as well as the humanized mouse models and xenobiotic technologies of Deltagen’s wholly-owned subsidiary, Xenopharm, Inc. (“Xenopharm”), used by biopharmaceutical companies to conduct toxicity, drug-drug interaction and related compound screening tests. The integration of Benten’s prospective manufacturing and testing services will present an opportunity for Deltagen to improve predictability and efficiency along the critical path from laboratory to commercial drug by providing comprehensive support to biopharmaceutical partners from early-stage target validation and drug discovery research through toxicity screening, safety testing and drug manufacturing, and on to regulatory and post-approval consulting services. The combination of Deltagen and Benten affords the combined company the potential to provide a highly correlated suite of products and services that offers the exciting prospect of accelerating the discovery, development, approval and entry of new biopharmaceutical products into the marketplace.

“This transaction is a transformational event for Deltagen,” said Dr. Constantine Anagnostopoulos, Chairman of the Board of Directors of Deltagen. “The acquisition of Benten, with its broad bioservice capabilities and significant funds, will expand Deltagen’s potential to provide comprehensive support for our biopharmaceutical partners through all stages of their

discovery and development efforts. This expansion, in a market we understand and are credibly serving, positions Deltagen to increase revenue generation and enhance growth potential for our shareholders. We are fortunate to have identified such a promising opportunity and to have been successful in acquiring this company with its experienced and talented management team and its supporting investments, and to have done so in a transaction valuation representing approximately \$0.164 per Deltagen share.”

Dr. Robert Driscoll, President & CEO of Deltagen and Xenopharm, added “We believe that this transaction leverages Deltagen’s ability to realize enhanced benefit for our customers and shareholders. Because Benten’s service offerings will be applicable to biopharmaceuticals throughout all stages of product development, the potential market opportunity is significant. Moreover, the complementarity of Deltagen’s, Xenopharm’s and Benten’s technologies and the commonality of their customer bases make this acquisition and merger a uniquely well-fitted combination.”

Benten was founded by Ms. Paula Z. MacDonald and Dr. Harvey R. Schlesinger, who together bring to Deltagen extensive experience in virology, regulatory affairs, laboratory operations, sales and marketing and the provision of services to the life sciences industry. Ms. MacDonald and Dr. Schlesinger were hired as Deltagen employees effective July 1, 2009.

Ms. MacDonald, who will serve as President and Chief Executive Officer of Benten, has over 24 years of experience in the field and most recently held the position of President and CEO of Accugenix, Inc., a privately-held microbial identification services company. Prior to Accugenix, she was the Executive Director of Charles River Laboratories’ Biopharmaceutical Services Division.

Dr. Schlesinger, who will serve as Vice President of Benten, holds a doctorate degree in Medical Microbiology and has 40 years of experience in the field. Dr. Schlesinger has most recently held the position of Senior Vice President of Technical Operations and Chief Technical Officer of Accugenix. Prior to Accugenix, Dr. Schlesinger was Senior Director of Technical Services at Charles River Laboratories and Vice President and Chief Technical Officer at Tektagen, Inc.

Benten plans to operate in Pennsylvania as a wholly-owned subsidiary of Deltagen. Benten’s services will be offered worldwide to biopharmaceutical companies, emerging biotechs, government agencies and universities involved in the development of biologicals, recombinant proteins, monoclonal antibodies, cell therapeutics, vaccines and biological devices. These services will provide valuable feedback to organizations during critical stages of product development through post-market activities.

Mr. Thomas Penn, a Director of Deltagen, is also a Managing Director of PVP and a Director of LSGH, and was a Director of Benten at the time of closing of this transaction. Accordingly, all due diligence, negotiation and approval of this transaction were performed by an independent committee of Directors from Deltagen’s Board to ensure that the acquisition was conducted as an arm’s-length transaction.

In connection with the acquisition, Deltagen’s Board of Directors approved the adoption of an incentive program that includes a grant of stock options to the officers and directors of the combined company. Deltagen intends to grant the stock options within thirty days of the closing of the transaction. The exercise price per option share will be equal to the closing trading price per share of Deltagen’s common stock on the Pink Sheets quotation service on the date the option is granted.

## **About Deltagen**

Deltagen, Inc. is a leading provider of drug discovery and screening 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 may contain “forward-looking statements,” including statements about Deltagen’s future business plans, revenues and operating results, 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. Information identifying 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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