

Deltagen Reports 2009 Fourth Quarter and Full-Year Financial Results

SAN MATEO, California, March 29, 2010 - 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, 2009.

Revenues: The Company's consolidated revenues for the three months and year ended December 31, 2009 totaled \$0.352 million and \$1.357 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. Cumulative revenues for the third and fourth quarters of 2009 (\$0.811 million) increased 49% over cumulative revenues for the first and second quarters of 2009 (\$0.546 million). The increase in revenues in the second half of 2009 was associated with a rebound in deal flow following significantly decreased deal flow during the fourth quarter of 2008 and the first quarter of 2009.

Interest Income: The Company had interest income of \$0.002 million and \$0.016 million for the three months and year ended December 31, 2009, respectively.

Expenses: Total consolidated expenses for the three months and year ended December 31, 2009 were \$0.705 million and \$2.060 million, respectively. The expenses in the fourth quarter (and full-year 2009) were attributable primarily to labor costs and other general and administrative expenses, including \$0.083 million (\$0.408 million) in royalty and commission expenses, expenses of \$0.293 million (\$0.430 million) relating to the Company's December 10, 2009 acquisition and operation of Benten BioServices, Inc. ("Benten Expenses"), and non-recurring expenses of \$0.116 million (\$0.272 million) associated with the prosecution and issuance of patents licensed exclusively to Xenopharm, Inc. ("Xenopharm"), a wholly-owned subsidiary of the Company. In addition, the total expenses in the fourth quarter of 2009 included \$0.057 million in non-cash, stock-based compensation expenses relating to stock options granted by the Company on December 21, 2009 in accordance with Statement of Financial Standards (SFAS 123R). As of December 31, 2009, the Company had paid to Lexicon Pharmaceuticals, Inc. ("Lexicon") an aggregate total of \$4.803 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 \$1.197 million in contingent royalty payments remained owed to Lexicon as of December 31, 2009.

Net Losses: Consolidated net losses before provision for income taxes for the three months and year ended December 31, 2009 were \$0.350 million and \$0.687, respectively. Excluding Benten Expenses, net losses before provision for income taxes for the three months and year ended December 31, 2009 would have been \$0.057 million and \$0.257 million.

Cash, Cash Equivalents and Accounts Receivable: As of December 31, 2009, the Company had \$5.704 million in consolidated cash and cash equivalents (compared to \$5.084 million as of December 31, 2008) and \$0.131 million in accounts receivable.

Major Events during 2009 and Subsequent Events:

Acquisition of Benten BioServices: On December 10, 2009, the Company announced its acquisition of Benten BioServices, Inc. (“Benten”), an emerging Pennsylvania-based contract services organization dedicated to the provision of regulatory-compliant 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.

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. and Life Sciences Greenhouse of Central Pennsylvania invested \$1,250,000 and \$250,000, respectively, in the combined company. 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 represented 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.

Benten plans to lease facilities and 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. Additional details relating to the acquisition and business of Benten are provided in the Company’s December 10, 2009 press release.

The Company has entered into a non-binding letter of intent with respect to the prospective leasing of facilities for Benten’s operations to be located in Pennsylvania.

Issuance of Stock Options: In connection with the acquisition of Benten, the Company’s Board of Directors approved a grant of stock options to the officers and directors of the combined company. On December 21, 2009, the Company granted the following options to purchase shares of the Company’s common stock at an exercise price of \$0.075 per share:

Paula MacDonald - 2,100,000 incentive stock options (“ISOs”)
Dr. Robert Driscoll - 825,000 ISOs
Dr. Winston Thomas - 425,000 ISOs
Dr. Harvey Schlesinger - 300,000 ISOs
Dr. Constantine Anagnostopoulos - 150,000 nonstatutory stock options (“NSOs”)
Dr. William Scott - 125,000 NSOs
Martin Herson - 125,000 NSOs
Thomas Penn - 125,000 NSOs

The four-year vesting schedule of the ISOs is as follows: 25% vested on the grant date and, beginning on the first anniversary of the grant date, equal monthly vesting over the subsequent three-year period. The three-year vesting schedule of the NSOs is as follows: 25% vested on the grant date and, beginning on the first anniversary of the grant date, equal monthly vesting over the subsequent two-year period.

Xenopharm Patents Issued: Xenopharm is an exclusive licensee under certain technologies relating to the metabolism of foreign compounds, known as xenobiotics, invented by Professor Christopher Liddle et al. and assigned to the University of Sydney (“Sydney”). Three Sydney patents were newly granted and issued in December 2009 and January 2010: United States Patent No. 7,638,614 (December 29, 2009); European Patent No. 1,082,437 (December 16, 2009); and Japanese Patent No. 4,446,603 (January 29, 2010).

The patents cover technologies relating to modulating or effecting gene expression and/or formation of human cytochrome P450 CYP3A4 enzyme, an enzyme expressed primarily in the human liver. The CYP3A4-related technologies provide a system for screening potential new drug compounds for susceptibility to metabolic action in human patients and for generally studying the metabolism of xenobiotics in humans, including drug clearance, potential drug toxicity and drug-drug interactions.

The unaudited consolidated financial statements for the fourth quarter and year of 2009, 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, third-party royalty obligations and third-party licenses and intellectual property, Benten’s business plans, 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.

Contact:

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DELTAGEN, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

Consolidated Balance Sheet
As of 12/31/09

(In Thousands)	Unaudited 12/31/09 <u>Consolidated</u>
Assets	
Current assets:	
Cash and cash equivalents	5,704
Accounts receivable, net	131
Prepays, Deposits and Tax Assets	<u>54</u>
Total current assets	5,889
 Property and equipment, net	 62
 Goodwill	 224
 Non-current portion of deferred tax assets	 1,586
 Total assets	 <u><u>7,761</u></u>
 Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	223
Accrued expenses	<u>31</u>
Total liabilities	254
 Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	230,615
Retained Earnings	(222,683)
Foreign currency translation adjustment	<u>402</u>
Total stockholders' equity	7,507
 Total liabilities and stockholders' equity	 <u><u>7,761</u></u>

DELTAGEN, INC.

**CONSOLIDATED INCOME STATEMENT
(UNAUDITED)**

**Consolidated Income Statements and
Statements of Retained Earnings
For Quarter ended 12/31/09 & Full Year 2009**

(In Thousands)	Unaudited 12/31/09 <u>Consolidated</u>	Unaudited FY2009 <u>Consolidated</u>
Revenue	352	1,357
Royalty and Commission Costs	83	407
Other Operating Costs	622	1,653
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Income From Operations	(352)	(703)
Interest Income	2	16
Loss on disposal of assets	-	-
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Total Other Income	2	16
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Income before provision for income taxes	(350)	(687)
Provision for income taxes		
Current income tax expense	-	-
Deferred income tax expense	-	-
Adjustment for valuation allowance	-	-
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Total income tax expense	-	-
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Net Income (Loss)	(350)	(687)
Retained earnings at beginning of period	<u>(222,333)</u>	<u>(221,996)</u>
Retained earnings at end of period	<u><u>(222,683)</u></u>	<u><u>(222,683)</u></u>

DELTAGEN, INC.

**CONSOLIDATED CASH FLOW
(UNAUDITED)**

**Consolidated Cash Flows
For Quarter ended 12/31/09 & Full Year 2009**

(Dollars In Thousands)

	Unaudited 12/31/09 <u>Consolidated</u>	Unaudited FY2009 <u>Consolidated</u>
Cash flows from operating activities:		
Net Income (Loss)	(350)	(687)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4	17
Stock-based compensation expense	57	57
Loss on disposal of fixed assets	-	-
(Increase)/Decrease in operating assets		
Accounts receivable	65	284
Prepays, deposits and tax assets	42	581
Purchase of assets	-	(21)
Deferred tax assets	-	(586)
Increase/(Decrease) in operating liabilities		
Accounts payable	36	(6)
Accrued expenses	(42)	(306)
Change in goodwill	(224)	(224)
Stock issuance for Benten BioServices acquisition	1,497	1,497
Dividends Paid	-	-
Net Increase/(Decrease) in cash	1,084	606
Effect of foreign exchange rate change on cash and cash equivalents	-	14
Cash and cash equivalents, at beginning of period	<u>4,620</u>	<u>5,084</u>
Cash and cash equivalents, at end of period	<u><u>5,704</u></u>	<u><u>5,704</u></u>