

Deltagen Reports 2010 Second Quarter Financial Results

SAN MATEO, California, September 10, 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 ended June 30, 2010.

Revenues: The Company's consolidated revenues for the three months ended June 30, 2010 totaled \$0.568 million. The revenues in the second 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 \$0.004 million for the three months ended June 30, 2010.

Expenses: Total consolidated expenses for the three months ended June 30, 2010 were \$0.774 million. The expenses in the second quarter were attributable primarily to labor costs and other general and administrative expenses, including \$0.160 million in royalty and commission expenses. The total expenses included expenses of \$0.168 million and \$0.098 million relating to the operation of the Company's wholly-owned subsidiaries, Benten BioServices, Inc. ("Benten") and XenoPharm, Inc. respectively.

Net Losses: Consolidated net losses before provision for income taxes for the three months ended June 30, 2010 were \$0.203 million.

Cash, Cash Equivalents and Accounts Receivable: As of June 30, 2010, the Company had \$4.816 million in consolidated cash and cash equivalents and \$0.345 million in accounts receivable.

Benten Lease: During the second quarter, Benten entered into a lease for a facility in Malvern, Pennsylvania covering approximately 35,000 square feet. Base rent will be \$75,000 per month for the first year, increasing upward annually by two percent (2%). Payments of base rent under the lease will commence seven months following Benten's taking possession of the facility. In addition to the base rent, Benten will pay its pro-rata share (34%) of the building operating expenses (estimated to initially be \$13,000 per month). The lease runs until June 2021. The landlord will be providing to Benten tenant improvements of \$2,117,000. Benten at its option may increase the amount of tenant improvements provided by the landlord (up to a total of \$3,800,000 of tenant improvements), in which event Benten will pay additional rent to the landlord to amortize such additional costs. Deltagen entered into a lease guaranty in favor of the landlord to guarantee payments under the lease during the first four years rent is payable. This liability of Deltagen under the guaranty is capped at \$3,800,000.

Subsequent Events:

Board of Directors: On July 22, 2010, David J. McLachlan joined the Company's board of directors. Mr. McLachlan is Chairman of the Board of Skyworks Solutions, Inc., a manufacturer of analog, mixed signal and digital semiconductors for mobile communications. He also serves on the Boards of Directors of Dyax Corporation, a biotechnology company, as

Chair of the Audit Committee and HearUSA, Ltd., a hearing care services company, as Lead Independent Director. He was the Executive Vice President and Chief Financial Officer of Genzyme Corporation from 1989 to 1999, and a senior adviser to Genzyme's Chairman and Chief Executive Officer until 2004. Prior to joining Genzyme, he served as Vice President and Chief Financial Officer of Adams-Russell Company, an electronic component supplier and cable television franchise owner. Mr. McLachlan is a graduate of Harvard Business School and Harvard College.

The unaudited consolidated financial statements for the second quarter of 2010, 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, Bente'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 06/30/10

(In Thousands)	Unaudited 6/30/10 <u>Consolidated</u>
Assets	
Current assets:	
Cash and cash equivalents	4,816
Accounts receivable, net	345
Prepays, Deposits and Tax Assets	<u>553</u>
Total current assets	5,714
 Property and equipment, net	 56
 Goodwill	 224
 Non-current portion of deferred tax assets	 1,586
 Total assets	 <u><u>7,580</u></u>
 Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	245
Accrued expenses	<u>119</u>
Total liabilities	364
 Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	230,617
Retained Earnings	(222,975)
Foreign currency translation adjustment	<u>402</u>
Total stockholders' equity	7,216
 Total liabilities and stockholders' equity	 <u><u>7,580</u></u>

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

**Consolidated Income Statement and
Statement of Retained Earnings
For Quarter Ended 06/30/10**

	Unaudited 6/30/10 <u>Consolidated</u>
(Dollars In Thousands)	
Revenue	568
Royalty and Commission Expenses	160
Operating Expenses	<u>614</u>
Income From Operations	(207)
Interest Income	4
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Income before provision for income taxes	(203)
Provision for income taxes	
Current income tax expense	-
Deferred income tax expense	-
Adjustment for valuation allowance	<u>-</u>
Total income tax expense/(income)	0
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Net Income (Loss)	(203)
Retained earnings at beginning of period	<u>(222,773)</u>
Retained earnings at end of period	<u><u>(222,975)</u></u>

DELTAGEN, INC.
CONSOLIDATED CASH FLOWS
(UNAUDITED)

Consolidated Cash Flows
For Quarter Ended 06/30/10

Unaudited
6/30/10
Consolidated

(Dollars In Thousands)

Cash flows from operating activities:

Net Income (Loss)	(203)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	3
Stock-based compensation expense	1
Loss on disposal of fixed assets	-
(Increase)/Decrease in operating assets	
Accounts receivable	(29)
Prepays, deposits and tax assets	(513)
Purchase of assets	-
Deferred tax assets	-
Increase/(Decrease) in operating liabilities	
Accounts payable	116
Accrued expenses	(16)
	-
Change in goodwill	-
Dividends Paid	-
Net Increase/(Decrease) in cash	(640)
Effect of foreign exchange rate change on cash and cash equivalents	-
Cash and cash equivalents, at beginning of period	5,455
Cash and cash equivalents, at end of period	4,816