

Deltagen Reports 2010 Fourth Quarter and Full-Year Financial Results

SAN MATEO, California, February 22, 2011 - 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, 2010.

Revenues: The Company's consolidated revenues for the three months and year ended December 31, 2010 totaled \$0.343 million and \$1.987 million, respectively. The revenues in the fourth quarter and in 2010 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. Revenues for 2010 increased 46% over revenues for 2009 (\$1.357 million). The Company's consolidated revenues for the three months and year ended December 31, 2010 included \$0.021 million and \$0.084 million, respectively, in revenues of Xenopharm, Inc. ("Xenopharm"), a wholly-owned subsidiary of the Company.

Interest Income: The Company had interest income of \$0.002 million and \$0.010 million for the three months and year ended December 31, 2010, respectively.

Expenses: Total consolidated expenses for the three months and year ended December 31, 2010 were \$0.614 million and \$2.681 million, respectively. The expenses in the fourth quarter (and full-year 2010) were attributable primarily to labor costs and other general and administrative expenses, including \$0.087 million (\$0.640 million) in royalty and commission expenses, expenses of \$0.253 million (\$0.785 million) relating to the operation of its wholly-owned subsidiary, Benten BioServices, Inc. ("Benten Expenses"), and non-recurring expenses of \$0.044 million (\$0.187 million) associated with the prosecution and issuance of patents licensed exclusively to Xenopharm. As of December 31, 2010, the Company had paid to Lexicon Pharmaceuticals, Inc. ("Lexicon") an aggregate total of \$5.237 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 \$0.763 million in contingent royalty payments remained owed to Lexicon as of December 31, 2010.

Net Income/Losses: Consolidated net losses before provision for income taxes for the three months and year ended December 31, 2010 were \$0.269 million and \$0.685, respectively. Excluding Benten Expenses, net losses before provision for income taxes for the three months ended December 31, 2010 were \$0.018 million. Excluding Benten Expenses, net income before provision for income taxes for the year ended December 31, 2010 was \$0.100 million.

Cash, Cash Equivalents and Accounts Receivable: As of December 31, 2010, the Company had \$3.530 million in consolidated cash and cash equivalents (compared to \$5.704 million as of December 31, 2009) and \$0.288 million in accounts receivable (compared to \$0.131 million in December 31, 2009). The change in cash and cash equivalents during 2010 was due primarily to investments in the Company's Malvern, Pennsylvania facility for a security deposit and expenditures for capital equipment.

Major Events during 2010 and Subsequent Events:

Benten BioServices: On May 14, 2010, 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 is 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. On February 7, 2010, a temporary certificate of occupancy was obtained for the facility. Benten is expected to take possession of the facility in March 2011 and commence commercial operations in the second quarter of 2011.

Board of Directors: On May 6, 2010, Mr. Martin Herson resigned from the Company's board of directors due to other commitments relating to his firm, Boston Millennia Partners. 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.

Bio-Life-Tech 2010 Conference Presentation: On December 8, 2010, the Company presented an overview of Deltagen's business, including its planned Benten Bioservices operations, at the Bio-Life-Tech 2010 conference in Baltimore, Maryland. A slide deck summarizing the presentation has been posted on the Company's website at <http://www.deltagen.com/pressreleases/20101208bio-life-tech-presentation.pdf>. Deltagen's cash is expected to be sufficient to support the purchase of initial capital equipment and the build-out of Benten's Malvern, Pennsylvania facility. Deltagen is seeking funds to support its Benten operations through profitability and to position the Company for future growth. There can be no assurance that Deltagen will be successful in raising these funds or that Benten will reach profitability. These statements do not constitute an offer to sell, nor a solicitation of an offer to buy, securities.

The unaudited consolidated financial statements for the fourth quarter and year 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. Bente BioServices, Inc. ("Bente"), a wholly-owned subsidiary of Deltagen based in Malvern, Pennsylvania, will provide regulatory-compliant services to support the development and commercialization of biopharmaceutical products. Bente'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. 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.

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DELTAGEN, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

Consolidated Balance Sheet
As of 12/31/10

	Unaudited 12/31/10 <u>Consolidated</u>
(Dollars in Thousands)	
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,530
Accounts receivable, net	288
Prepays, Deposits and Tax Assets	<u>555</u>
Total current assets	\$ 4,373
Property and equipment, net	970
Goodwill	224
Non-current portion of deferred tax assets	1,586
Total assets	<u><u>\$ 7,153</u></u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	\$ 234
Accrued expenses	<u>88</u>
Total liabilities	\$ 322
Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	230,624
Retained Earnings	(223,367)
Foreign currency translation adjustment	<u>402</u>
Total stockholders' equity	\$ 6,831
Total liabilities and stockholders' equity	<u><u>\$ 7,153</u></u>

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

Consolidated Income Statements and
Statements of Retained Earnings
For Quarter ended 12/31/10 & Full Year 2010

(Dollars in Thousands)	Unaudited	Unaudited
	12/31/10	FY2010
	<u>Consolidated</u>	<u>Consolidated</u>
Revenue	\$ 343	\$ 1,987
Royalty and Commission Costs	87	640
Other Operating Costs	527	2,041
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Income From Operations	\$ (270)	\$ (694)
Interest Income	2	10
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Income before provision for income taxes	\$ (269)	\$ (685)
Total income tax expense	-	-
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Net Income (Loss)	\$ (269)	\$ (685)
Retained earnings at beginning of period	(223,099)	(222,683)
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Retained earnings at end of period	<u>\$ (223,367)</u>	<u>\$ (223,367)</u>

DELTAGEN, INC.

**CONSOLIDATED CASH FLOW
(UNAUDITED)**

**Consolidated Cash Flows
For Quarter ended 12/31/10 & Full Year 2010**

(Dollars in Thousands)

	<u>Unaudited 12/31/10 Consolidated</u>	<u>Unaudited FY2010 Consolidated</u>
Cash flows from operating activities:		
Net Income (Loss)	(269)	(685)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3	12
Stock-based compensation expense	5	9
Loss on disposal of fixed assets	-	-
(Increase)/Decrease in operating assets		
Accounts receivable	(6)	(157)
Prepays, deposits and tax assets	16	(502)
Purchase of assets	(127)	(920)
Increase/(Decrease) in operating liabilities		
Accounts payable	(5)	12
Accrued expenses	(27)	56
Change in goodwill	-	-
Stock issuance for Benten BioServices acquisition	1,497	1,497
Net Increase/(Decrease) in cash	(408)	(2,175)
Cash and cash equivalents, at beginning of period	<u>3,937</u>	<u>5,704</u>
Cash and cash equivalents, at end of period	<u><u>3,530</u></u>	<u><u>3,530</u></u>