

## Deltagen Reports 2011 Second Quarter Financial Results

SAN MATEO, California, August 30, 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 ended June 30, 2011.

**Revenues:** The Company's consolidated revenues for the three months ended June 30, 2011 totaled \$0.178 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.

**Expenses:** Total consolidated expenses for the three months ended June 30, 2011 were \$0.728 million. The expenses in the second quarter were attributable primarily to labor costs and other general and administrative expenses, together with \$0.047 million in royalty and commission expenses.

**Net Losses:** Consolidated net losses before provision for income taxes for the three months ended June 30, 2011 were \$0.550 million.

**Cash, Cash Equivalents and Accounts Receivable:** As of June 30, 2011, the Company had \$1.296 million in consolidated cash and cash equivalents, compared to \$2.353 million as of March 31, 2011, and had \$0.217 million in accounts receivable. The decline in cash and cash equivalents was due to investment in the Company's Malvern, Pennsylvania facility, including expenditures for capital equipment, as well as losses for the period. The Company will require additional capital by the fourth quarter of 2011 in order to fund its operations.

### Major Events During Q2 2011 and Subsequent Events:

**Deltagen BioServices:** In May 2011, the name of the Company's wholly-owned subsidiary, Benten BioServices, Inc., was changed to Deltagen BioServices, Inc. ("Deltagen BioServices") in order to present a more consistent and familiar branding to our customers and investors. Deltagen BioServices completed installation of capital equipment in late January 2011 and was issued a temporary certificate of occupancy on February 7, 2011. Deltagen BioServices initiated in early March 2011 qualifications for the installed equipment. Following negotiations with the landlord of Deltagen BioServices' facility with respect to certain delays in its completion, the parties agreed to set the term commencement date of the lease as April 1, 2011 and the rent commencement date as October 1, 2011. Deltagen BioServices initiated commissioning and validation of the facility in late April 2011. Due to unanticipated facility issues necessitating repair, commercial operations have been delayed. Deltagen BioServices expects to commence commercial GMP-compliant operations in late third quarter or early fourth quarter of 2011. As of August 29, 2011, Deltagen BioServices had nine full-time employees and one part-time employee.

The unaudited consolidated financial statements for the first quarter of 2011, 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](http://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. Deltagen BioServices, Inc., a wholly-owned subsidiary of Deltagen based in Malvern, Pennsylvania, will provide regulatory-compliant services to support the development and commercialization of biopharmaceutical products. Deltagen BioServices' 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](http://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, first-party royalty obligations and first-party licenses and intellectual property, Deltagen BioServices' 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](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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**DELTAGEN, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

**Consolidated Balance Sheet**  
**As of 06/30/11**

<b>(Dollars In Thousands)</b>	Unaudited 6/30/11 <u>Consolidated</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 1,296
Accounts receivable, net	217
Prepaid expenses, deposits and deferred tax assets	<u>559</u>
Total current assets	\$ 2,071
Property and equipment, net	2,404
Goodwill	224
Non-current portion of deferred tax assets	1,586
Total assets	<u><u>\$ 6,285</u></u>
<b>Liabilities and Stockholders' Equity</b>	
Current liabilities:	
Accounts payable	\$ 330
Accrued expenses	<u>59</u>
Total liabilities	\$ 389
Stockholders' equity:	
Common stock	39
Treasury Stock	(867)
Additional paid-in capital	230,638
Retained Earnings	(224,316)
Foreign currency translation adjustment	<u>402</u>
Total stockholders' equity	\$ 5,896
Total liabilities and stockholders' equity	<u><u>\$ 6,285</u></u>

DELTAGEN, INC.

CONSOLIDATED INCOME STATEMENT  
(UNAUDITED)

**Consolidated Income Statement and  
Statement of Retained Earnings  
For Quarter Ended 06/30/11**

<b>(Dollars In Thousands)</b>	Unaudited 6/30/11 <u>Consolidated</u>
Revenue	\$ 178
Royalty and Commission Costs	47
Other Operating Costs	<u>681</u>
Income From Operations	\$ (550)
Interest Income	1
Income before provision for income taxes	<u>\$ (549)</u>
Total income tax expense	-
Net Income (Loss)	<u>\$ (549)</u>
Retained earnings at beginning of period	<u>(223,768)</u>
Retained earnings at end of period	<u><u>\$ (224,317)</u></u>

**DELTAGEN, INC.**  
**CONSOLIDATED CASH FLOWS**  
**(UNAUDITED)**

**Consolidated Cash Flows**  
**For Quarter Ended 06/30/11**  
**(Dollars In Thousands)**

Unaudited  
6/30/11  
Consolidated

Cash flows from operating activities:

Net income (loss)		\$ (549)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		3
Stock-based compensation expense		-
Loss on disposal of fixed assets		-
(Increase)/decrease in operating assets		
Accounts receivable		(62)
Prepaid expenses, deposits and deferred tax assets		(20)
Purchase of assets		(445)
Deferred tax assets		-
Increase/(decrease) in operating liabilities		
Accounts payable		(5)
Accrued expenses		20
Change in goodwill		-
Dividends paid		-
Net Increase/(decrease) in cash		\$ (1,058)
Effect of foreign exchange rate change on cash and cash equivalents		-
Cash and cash equivalents, at beginning of period		2,353
Cash and cash equivalents, at end of period		1,295