UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: December 28, 2000
(Date of earliest event reported)

INCYTE GENOMICS, INC.
(Formerly Incyte Pharmaceuticals, Inc.)
(Exact name of registrant as specified in its charter)

Delaware	0-27488	94-3136539
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3160 Porter Drive
Palo Alto, California, 94304
(Address of principal executive offices)

(650) 855-0555
(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits

This Item 7 and the accompanying Exhibit Index amend and restate in their entirety the corresponding Item in the Registrant's Current Report on Form 8-K dated December 28, 2000

(a) Financial Statements of Business Acquired

- Report of PricewaterhouseCoopers LLP, Independent Accountants
- Balance Sheets at September 30, 2000 (unaudited) and December 31, 1999 and 1998
- Statements of Operations for the Nine Months Ended September 30, 2000 and 1999 (unaudited) and Years Ended December 31, 1999 and 1998
- Statements of Changes in Redeemable Preferred Stock and Stockholders' Deficit for the Years Ended December 31, 1999 and 1998 and Nine Months Ended September 30, 2000 (unaudited)
- Statements of Cash Flows for the Nine Months Ended September 30, 2000 and 1999 (unaudited) and Years Ended December 31, 1999 and 1998
- Notes to Financial Statements

(b) Unaudited Pro Forma Financial Information

- Unaudited Pro Forma Combined Balance Sheet at September 30, 2000
- Unaudited Pro Forma Combined Statement of Operations for the Year Ended December 31, 1999
- Unaudited Pro Forma Combined Statement of Operations for the Nine Months Ended September 30, 2000
- Notes to Unaudited Pro Forma Combined Financial Information

Report of Independent Accountants

To the Board of Directors and Stockholders of
Proteome, Inc.:

In our opinion, the accompanying balance sheets and the related statements of operations, of changes in redeemable preferred stock and stockholders' deficit and of cash flows present fairly, in all material respects, the financial position of Proteome, Inc. at December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 16, 2000, except as to Note 11,
for which the date is December 28, 2000

Proteome, Inc.
Balance Sheets

	September 30, 2000 (unaudited)	December 31, 1999	December 31, 1998
Assets			
Current assets:			
Cash and cash equivalents	$ 3,076,207	$ 8,152,029	$ 114,112
Accounts receivable	682,691	298,434	135,470
Grants receivable	29,980	34,963	-
Prepaid expenses and other current assets	63,609	7,440	2,689
Total current assets	3,852,487	8,492,866	252,271
Property and equipment, net	1,123,982	254,282	178,735
Other assets	267,586	67,107	54,004
	$ 5,244,055	$ 8,814,255	$ 485,010
Liabilities, Redeemable Preferred Stock and Stockholders' Deficit			
Current liabilities:			
Accounts payable	$ 265,045	$ 90,899	$ 69,497
Accrued expenses	308,228	110,802	77,506
Current portion of capital lease obligations	80,817	76,016	29,424
Note payable to related party	5,000	5,000	5,000
Deferred revenue	1,768,548	1,230,179	409,654
Total current liabilities	2,427,638	1,512,896	591,081
Capital lease obligations, net of current portion	83,524	113,491	57,008
Total liabilities	2,511,162	1,626,387	648,089
Commitments (Note 9)			
Redeemable convertible preferred stock:			
Series A preferred stock, $0.01 par value; 8,430,211 shares authorized; issued and outstanding at September 30, 2000 (unaudited) and December 31, 1999, at liquidation amount	8,603,777	8,117,754	-
Stockholders' deficit:			
Common stock, $0.001 par value; 22,000,000 shares authorized; 10,610,250, 10,590,250 and 10,301,280 shares issued and outstanding at September 30, 2000 (unaudited), December 31, 1999 and December 31, 1998, respectively	10,610	10,590	10,301
Additional paid-in capital	420,356	680,879	435,907
Deferred compensation	(220,500)	(1,960)	-
Accumulated deficit	(6,081,350)	(1,619,395)	(609,287)
Total stockholders' deficit	(5,870,884)	(929,886)	(163,079)
Total liabilities, redeemable preferred stock and stockholders' deficit	$ 5,244,055	$ 8,814,255	$ 485,010

The accompanying notes are an integral part of these financial statements.

Proteome, Inc.
Statements of Operations

	Nine months ended September 30, 2000	Nine months ended September 30, 1999	Year ended December 31, 1999	Year ended December 31, 1998
	(Unaudited)	(Unaudited)		
Revenue:				
Database license subscriptions	$ 1,553,991	$ 905,547	$1,311,820	$ 439,876
Grants	811,372	320,384	499,326	643,096
	2,365,363	1,225,931	1,811,146	1,082,972
Costs and expenses:				
Costs of license revenue	492,728	379,097	620,157	140,057
Research and development, including cost of grants	3,211,107	433,452	578,602	451,411
Selling, general and administrative	3,364,626	942,766	1,578,198	678,952
	7,068,461	1,755,315	2,776,957	1,270,420
Loss from operations	(4,703,098)	(529,384)	(965,811)	(187,448)
Interest income (expense)	241,143	(13,224)	(26,543)	(28,177)
Loss before cumulative effect of a change in accounting principle	(4,461,955)	(542,608)	(992,354)	(215,625)
Cumulative effect of change in accounting principle (Note 2)	-	-	-	(15,718)
Net loss	$ (4,461,955)	$ (542,608)	$ (992,354)	$ (231,343)

The accompanying notes are an integral part of these financial statements.

Proteome, Inc.
Statements of Changes in Redeemable Preferred
Stock and Stockholders' Deficit

	Redeemable preferred stock Shares	Redeemable preferred stock Carrying value	Common stock Shares	Common stock Par value	Additional paid-in capital
Balance at December 31, 1997		$ -	9,600,000	$ 9,600	$ 115,400
Issuance of common stock for services			400,080	400	19,600
Amortization of deferred compensation					
Issuance of common stock upon conversion of notes payable to related parties and accrued interest thereon			223,700	224	223,484
Issuance of common stock			77,500	77	77,423
Net loss					
Balance at December 31, 1998		-	10,301,280	10,301	435,907
Issuance of redeemable preferred stock, net at issuance cost of $49,910	8,430,211	8,050,090			
Issuance of common stock			271,000	271	220,729
Issuance of common stock for services			17,970	18	8,967
Amortization of deferred compensation					
Deferred compensation associated with the issuance of stock options					65,186
Amortization of deferred compensation					
Accretion of redeemable preferred stock dividends		17,754			
Accretion of issuance cost of redeemable preferred stock		49,910			(49,910)
Net loss					
Balance at December 31, 1999	8,430,211	8,117,754	10,590,250	10,590	680,879
Exercise of stock options (unaudited)			20,000	20	
Amortization of deferred compensation (unaudited)					
Deferred compensation associated with the issuance of stock options (unaudited)					225,500
Accretion of redeemable preferred stock dividends (unaudited)		486,023			(486,023)
Net loss (unaudited)					
Balance at September 30, 2000 (unaudited)	8,430,211	$ 8,603,777	10,610,250	$ 10,610	$ 420,356

	Deferred compensation	Accumulated deficit	Total
Balance at December 31, 1997	$ -	$ (377,944)	$ (252,944)
Issuance of common stock for services	(20,000)		-
Amortization of deferred compensation	20,000		20,000
Issuance of common stock upon conversion of notes payable to related parties and accrued interest thereon			223,708
Issuance of common stock			77,500
Net loss		(231,343)	(231,343)
Balance at December 31, 1998	-	(609,287)	(163,079)
Issuance of redeemable preferred stock, net at issuance cost of $49,910			
Issuance of common stock			221,000
Issuance of common stock for services	(8,985)		-
Amortization of deferred compensation	8,985		8,985
Deferred compensation associated with the issuance of stock options	(65,186)		-
Amortization of deferred compensation	63,226		63,226
Accretion of redeemable preferred stock dividends		(17,754)	(17,754)
Accretion of issuance cost of redeemable preferred stock			(49,910)
Net loss		(992,354)	(992,354)
Balance at December 31, 1999	(1,960)	(1,619,395)	(929,886)
Exercise of stock options (unaudited)			20
Amortization of deferred compensation (unaudited)	6,960		6,960
Deferred compensation associated with the			

issuance of stock options (unaudited)	(225,500)		-
Accretion of redeemable preferred stock dividends (unaudited)			(486,023)
Net loss (unaudited)		(4,461,955)	(4,461,955)
Balance at September 30, 2000 (unaudited)	$ (220,500)	$ (6,081,350)	$ (5,870,884)

The accompanying notes are an integral part of these financial statements.

Proteome, Inc.
Statements of Cash Flows

	Nine months ended September 30, 2000 (unaudited)	Nine months ended September 30, 1999 (unaudited)	Year ended December 31, 1999	Year ended December 31, 1998
Cash flows from operating activities:				
Net loss	$(4,461,955)	(542,608)	$ (992,354)	$ (231,343)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Cumulative effect of change in accounting principle	-	-	-	15,718
Depreciation and amortization	247,118	19,461	86,136	45,425
Loss on write-off of property and equipment	-	-	72,847	17,524
Issuance of stock in exchange for services	6,960	-	72,211	20,000
Changes in assets and liabilities:				
Accounts receivable	(384,257)	(72,641)	(162,964)	(107,055)
Grants receivable	4,983	(39,056)	(34,963)	-
Prepaid expenses and other current assets	(56,169)	2,552	(4,751)	307
Other assets	(200,479)	(6,187)	(13,103)	(46,119)
Accounts payable	174,146	(11,555)	21,402	5,202
Accrued expenses	197,426	26,156	33,296	74,192
Deferred revenue	538,369	475,798	820,525	304,092
Net cash (used in) provided by operating activities	(3,933,858)	(148,080)	(101,718)	97,943
Cash flows from investing activities:				
Purchases of property and equipment	(1,049,398)	-	(69,908)	(13,265)
Cash flows from financing activities:				
Proceeds from issuance of note payable to stockholder	-	-	-	7,500
Proceeds from line of credit	-	-	-	20,000
Repayment of line of credit	-	-	-	(70,000)
Principal payments on capital leases	(92,586)	(11,822)	(61,547)	(12,961)
Net proceeds from issuance of preferred stock	-	-	8,050,090	-
Proceeds from issuance of common stock	20	171,000	221,000	77,500
Net cash (used in) provided by financing activities	(92,566)	159,178	8,209,543	22,039
Net (decrease) increase in cash and cash equivalents	(5,075,822)	11,098	8,037,917	106,717
Cash and cash equivalents, beginning of period	8,152,029	114,112	114,112	7,395
Cash and cash equivalents, end of period	$ 3,076,207	$ 125,210	$ 8,152,029	$ 114,112
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 16,511	$ 16,857	$ 17,355	$ 7,246
Supplemental disclosure of noncash investing and financing activities:				
Acquisition of property and equipment under capital leases	$ 67,420	$ 82,023	$ 164,622	$ 77,897
Conversion of notes payable to related parties and accrued interest thereon into common stock	$ -	$ -	$ -	$ 223,708

The accompanying notes are an integral part of these financial statements.

Proteome, Inc.
Notes to Financial Statements

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1. Nature of the Business

Proteome, Inc. ("Proteome" or the "Company") was incorporated in The Commonwealth of Massachusetts in 1995 and reincorporated in the State of Delaware on September 18, 1998. Proteome provides comprehensive protein information in database form for genomically characterized organisms through expert curation of protein information from published literature and sequence data bases. Proteome's products complement and extend genomic research for model organisms, for medically important microorganisms, and for human biology. Proteome's databases are primarily licensed to pharmaceutical and biotechnology companies worldwide through either direct access via the worldwide web or by purchasing an annual subscription to the data base for in-house use.

2. Summary of Significant Accounting Policies

Unaudited Interim Financial Data
The interim financial statements and related notes as of September 30, 2000 and for the nine months ended September 30, 2000 and 1999 are unaudited. Management believes that the unaudited financial statements and related notes have been prepared on the same basis as the audited financial statements and related notes and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations in such periods. Results for the nine months ended September 30, 2000 are not necessarily indicative of results to be expected for the full fiscal year.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

Concentration of Credit Risk
The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents and trade receivables. The Company maintains its cash accounts in two local banks. The total cash balances are insured by the FDIC up to $100,000. The Company's customer base consists of geographically diverse customers. At December 31, 1999, two customers accounted for 50% and 43%, respectively, of total receivables. However, no single customer accounted for greater than 10% of the Company's revenue for the years ended December 31, 1999 and 1998.

Property and Equipment
Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Assets under capital leases are amortized over the life of the lease. Repairs and maintenance are charged to expense as incurred. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income.

Organizational Costs
For the year ended December 31, 1998, the Company adopted the provisions of Statement of Position ("SOP") 98-5, Reporting on the Costs of Start-Up Activities. As a result, the Company expensed the unamortized balance of organization costs in 1998. Under the provisions of SOP 98-5, the effect of the initial adoption is recorded as a cumulative effect of a change in accounting principle in the statement of operations.

Revenue Recognition
Fees from licenses to the Company's database are deferred upon contract signing and recognized on a straight-line basis over the subscription period, generally one year. Grants received from government agencies to conduct research and development activities are recognized as eligible costs are incurred up to the funding limit.

Accounting for Stock-Based Compensation
Employee stock awards under the Company's compensation plans are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and related interpretations. The Company provides the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), and related interpretations. Stock-based awards to nonemployees are accounted for under the provisions of SFAS No. 123.

Research and Development
Costs incurred in the research and development of the Company's products are expensed as incurred, except for certain software development costs. Costs associated with the development of computer software are expensed prior to establishment of technological feasibility and capitalized thereafter until the product is available for general release to customers. No software development costs were capitalized during the years ended December 31, 1999 and 1998, since costs incurred were not material.

Financial Instruments
The carrying amounts of the Company's financial instruments, which include cash equivalents, accounts receivable, accounts payable and other accrued expenses approximate their fair values due to their short maturities.

Income Taxes
Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

New Accounting Pronouncements
In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements (SAB 101"). This bulletin provides guidance from the staff on applying generally accepted accounting principles to revenue recognition in financial statements. The Company does not believe that the current guidance and interpretations of SAB 101 will have an impact on its financial statements.

3. Property and Equipment

Property and equipment consist of the following:

	Estimated useful life (years)	December 31, 1999	December 31, 1998
Computer equipment and software	3	$ 305,513	$ 95,342
Furniture and fixtures	3	83,437	59,077
Machinery and equipment	7	-	98,301
		388,950	252,720
Less - accumulated depreciation and amortization		(134,668)	(73,985)
		$ 254,282	$ 178,735

At December 31, 1999 and 1998, property and equipment under capital leases consist of computer equipment and furniture and fixtures with a cost basis of $268, 135 and $103,513, and accumulated amortization of $78,628 and $20,443, respectively.

4. Related Party Transactions

The demand note payable of $5,000 represents a loan from a family member of a principal stockholder originating July 22, 1997. Terms have no specified payment schedule for principal and interest and none were made during the year. Interest is accrued at a rate of 12% per annum on the outstanding balance.

In February 1998, Proteome awarded 400,080 shares of common stock to a member of management as payment for services rendered during 1998 in lieu of cash. The Company recorded the fair value of the common stock of $20,000, as determined by the Board of Directors as compensation expense in the statement of operations.

In October 1998, the Company converted notes payable and accrued interest (12% per annum) due to a principal stockholder and certain of his family members totaling $223,708, into 223,700 shares of the Company's common stock.

In January and April 1999, the Company issued 150,000 shares of common stock to two companies owned by close family members of certain principal stockholders for $150,000.

In August 1999, the Company issued 20,000 shares of common stock to a family member of a principal stockholder for $20,000.

In November 1999, the Company awarded 17,970 shares of restricted common stock to a member of management as payment for services rendered during 1999 in lieu of cash. The Company recorded the fair value of the common stock of $8,985, as determined by the Board of Directors as compensation expense in the statement of operations.

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5. Common Stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

Prior to September 18, 1998, the Company was authorized to issue 200,000 shares of no par value common stock, of which 416.67 shares were issued and outstanding. On September 18, 1998, Proteome reincorporated in the State of Delaware and each share of the then outstanding common stock was converted into 2,400 shares of $0.01 par value common stock. All share and per share amounts included in the financial statements have been adjusted to give retroactive effect to the conversion, treated as a stock split, for all periods presented.

Restricted Stock Agreement
The Company executed a stock restriction agreement with an employee. Pursuant to the agreement, the Company has an option to purchase the unvested shares of common stock at the original purchase price per share in the event of termination of the stockholder's employment by the Company. Shares subject to restriction vest 50% within the first year, 25% with the second year and no shares are subject to restriction thereafter. At December 31, 1999, 4,492 shares of common stock are subject to repurchase by the Company.

Stock Split
On August 5, 1999, the Board of Directors approved a 10-for-1 stock split effected in the form of a stock dividend. In connection with the stock split, the par value of common stock was adjusted from $0.01 to $0.001 per share. All share amounts have been adjusted retroactively in the financial statements and related notes to reflect the stock split.

6. Redeemable Preferred Stock

In December 1999, the Company authorized and designated 8,430,211 shares of Series A redeemable convertible preferred stock (the "Series A preferred stock") with a par value of $0.01 per share.

The Series A preferred stock has the following characteristics:

Conversion
Each share of Series A preferred stock is convertible into one share of common stock at the option of the holder. Such conversion rate is subject to certain anti-dilution adjustments. In addition, if gross revenues are equal to or greater than $5,800,000 and the net loss is less than or equal to $4,600,000 for the year ending December 31, 2000, the Series A conversion price shall be adjusted by multiplying the initial Series A conversion price by 1.20, subject to certain other provisions stipulated in the agreement.

The Series A preferred stock will automatically convert to common stock upon the closing of a public offering of the Company's common stock involving aggregate proceeds of at least $20,000,000 and a per share price of (i) at least $3.84332 and (ii) in the event of special adjustment as discussed above, at least $4.6119. In addition, the Series A preferred stock will automatically convert to common stock upon the written election of not less than 66 2/3% of the then outstanding Series A stockholders.

Dividends
The holders of the Series A preferred stock are entitled to receive dividends at a per annum rate of $0.07687 per share, appropriately adjusted for stock dividends or splits, when and if declared by the Board of Directors. Dividends on the preferred stock are cumulative and accruing. These dividends are being accreted through the redemption dates of the preferred stock by charging accumulated deficit.

Redemption

At any time after the fifth anniversary of the effective date, holders of at least two thirds of the outstanding shares of Series A preferred stock may request the Company to redeem all of the shares of Series A preferred stock then outstanding (the "initial redemption request"). For the period of twelve months following the initial redemption request, the Company has the right to effect a sale. If the Company is sold within twelve months after the initial redemption request, holders of Series A preferred stock are entitled to receive an amount per share equal to the greater of (i) $0.96083 per share, appropriately adjusted for stock dividends, stock split, combination, reorganization, recapitalization and other events, plus accrued but unpaid dividends, and (ii) the amount per share which such holders would be entitled to receive per share if the Series A preferred stock were converted into common stock immediately prior to the sale. However, if the Company reaches an agreement for sale which meets certain provisions of the preferred stock agreement and the sale is not completed as a result of action or inaction by Series A preferred stockholders at a certain number of shares, then the redemption right shall lapse. In this case, holders of Series A preferred stock are entitled to receive an amount per share equal to the greater of (i) the liquidation preference and (ii) the fair market value of the Series A preferred stock as agreed upon by both parties.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, the holders of the Series A preferred stock are entitled to receive prior to, and in preference to, any distribution to the common stockholders, an amount equal to $0.96083 per share, appropriately adjusted for stock dividends, stock split, combination, reorganization, recapitalization and other events, plus accrued but unpaid dividends, or such amount per share as would have been payable had all shares of the Series A preferred stock been converted to common stock at a price as designated in the agreement immediately prior to such event of liquidation, dissolution or winding up. A consolidation or merger which results in a reclassification or change in the terms of the outstanding shares of the Company shall be deemed a liquidation.

Voting

Each preferred stockholder is entitled to the number of votes equal to the number of shares of common stock into which such holder's shares are convertible.

7. Stock Option Plan

In 1998, the Company adopted the 1998 Employee, Director and Consultant Stock Option Plan (the "1998 Plan") which provides for the grant of incentive stock options and nonqualified stock options, stock awards and stock purchase rights to Company's officers, employees, consultants and directors. The Board of Directors is responsible for administration of the 1998 Plan. The Board determines the term of each option, the option exercise price, the number of shares for which each option is granted and the rate at which each option is exercisable. The 1998 Plan as amended, allows for a maximum of 2,000,000 shares to be issued. As of December 31, 1999, 1,395,000, shares of common stock were available for future grants. No stock-based awards were granted prior to 1999.

The Company applies APB 25 and related interpretations in accounting for employee and director options granted under the 1998 Plan and FAS 123 for nonemployee stock options. Compensation costs totaling $65,186 have been recognized for employee and nonemployee stock-based awards in 1999. Had compensation cost been determined based on the fair value at the grant dates for awards in 1999, consistent with the provisions of SFAS No. 123, the Company's pro forma net loss for the year ended December 31, 1999 would have been $1,021,145. Because options vest over several years and additional option grants are expected to be made in future years, the above pro forma results are not representative of the pro forma results for future years.

For purposes of pro forma disclosures, the fair value of each option grant was estimated on the date of grant using the minimum value method with the following assumptions for grants in 1999, no dividend yield; risk-free interest rates of 5.63% for 1999 and expected lives of 7 years.

	Shares	Weighted average exercise price
Granted	764,000	$ 0.753
Exercised	(101,000)	0.505
Cancelled	(58,000)	1.000
Balance, December 31, 1999	605,000	$ 0.787
Weighted average grant date fair value		$ 0.127

Information for options outstanding and exercisable at December 31, 1999 was as follows:

	Options outstanding			Options exercisable	
Exercise price	Shares	Weighted-average remaining life in years	Weighted-average exercise price	Shares	Weighted-average exercise price
$ 0.001	30,000	9.75	$ 0.001	30,000	$ 0.001
$ 0.50	198,000	9.87	$ 0.500	86,750	$ 0.500
$ 1.00	377,000	9.33	$ 1.000	87,000	$ 1.000
	605,000	9.53	$ 0.787	203,750	$ 0.640

In November 1999, options to purchase 40,000 shares previously granted to a member of management in April 1999 with original exercise price of $1.00 per share were cancelled and reissued at an exercise price of $0.50 per share. This cancellation and reissuance created a variable award for accounting purposes. No compensation expense has been recorded in the year ended December 31, 1999 because the exercise price and the fair market value of the options are the same. During the nine months ended September 30, 2000, the Company recorded $5,000 of deferred compensation and compensation expense relating to this grant representing the difference between the fair market value of the option and the exercise price.

During the nine months ended September 30, 2000, stock options were granted with an exercise price of $1.00 per share, which was below the estimated fair market value of the common stock at the date of grant. Deferred compensation of $220,500 was recorded in accordance with APB No. 25, and will be amortized over the related vesting period. No amortization of this amount has been recorded due to the timing of grants at or near September 30, 2000.

8. Income Taxes

Deferred tax assets consist of the following at December 31, 1999:

Net operating loss carryforwards	$ 358,000
Deferred revenue	75,000
Depreciation and amortization	(7,300)
Net deferred tax assets	425,700
Deferred tax assets valuation allowance	(425,700)
	$ -

In January 1999, the Company elected to terminate its S Corporation status and converted to a C Corporation. The Company's deferred tax assets represent those generated since the conversion to a C Corporation.

The Company has provided a full valuation allowance for the deferred tax assets since it is more likely than not that these future benefits will not be realized. If the Company achieves future profitability, a significant portion of these deferred tax assets could be available to offset future income taxes.

At December 31, 1999, the Company has federal and state net operating loss carryforwards of approximately $889,000 available to reduce future federal and state income taxes payable. These net operating losses and credits can be utilized through 2019.

Under the Internal Revenue Code, certain substantial changes in the Company's ownership could result in a limitation on the amount of net operating loss and tax credit carryforwards which can be utilized in future years.

9. Commitments

The Company leases its office space and certain office equipment under noncancelable operating leases. Total rent expense under these operating leases was $195,697 and $62,870 for the years ended December 31, 1999 and 1998, respectively. The Company has also acquired certain property and equipment under capital lease arrangements which extend through 2003. These arrangements generally contain options to purchase the equipment at the end of the lease term.

Future minimum lease payments under operating and capital leases at December 31, 1999 are as follows:

Year ending December 31,	Operating leases	Capital leases
2000	$ 392,011	$ 94,759
2001	420,378	83,686
2002	423,692	34,390
2003	427,006	7,974
Total minimum lease payments	$ 1,663,087	220,809
Less: portion representing interest		31,302
Present value of obligations under capital leases		$ 189,507

10. 401(k) Plan

On August 1, 1999, the Company established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. The Company had contributed $2,511 to the plan for the year ended December 31, 1999.

11. Subsequent Events

On December 28, 2000, Incyte Genomics, Inc. of Palo Alto, CA acquired all of the outstanding common and preferred shares of Proteome, Inc. The purchase price consisted of approximately $37.7 million of cash consideration and the issuance of 1.25 million shares of Incyte Genomics, Inc.'s common stock valued at approximately $30.2 million. Additionally, the Company converted all of its outstanding options into options to purchase Incyte Genomics, Inc.'s shares of common stock.

Unaudited Pro Forma Combined Financial Information

The following Unaudited Pro Forma Combined Balance Sheet as of September 30, 2000, and the Unaudited Pro Forma Combined Statements of Operations for the year ended December 31, 1999 and the nine months ended September 30, 2000 give effect to the acquisition by Incyte Genomics, Inc. ("Incyte or the "Company") of all of the outstanding capital stock of Proteome, Inc., accounted for using the purchase method of accounting.

The Unaudited Pro Forma Combined Financial Statements are based on the historical financial statements of the Company and Proteome, and give effect to the assumptions and adjustments set forth in the accompanying Notes to the Unaudited Pro Forma Combined Financial Information.

The Unaudited Pro Forma Combined Balance Sheet assumes that the acquisition was consummated on September 30, 2000. The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1999 assumes the acquisition was consummated on January 1, 1999 and the Unaudited Pro Forma Combined Statement of Operations for the nine months ended September 30, 2000 assumes the acquisition was consummated on January 1, 2000. The pro forma purchase price allocation and adjustments are based on preliminary estimates, available information and assumptions that management deems appropriate. These adjustments may differ significantly from the final purchase price allocation.

The pro forma adjustments are based on the agreements between the Company and Proteome, under which Proteome stockholders and option holders received 1,248,522 shares of newly issued Incyte common stock, options to purchase 216,953 shares of Incyte common stock and $37.7 million in cash.

The Unaudited Pro Forma Combined Statements of Operations exclude any potential benefits that might result from the acquisition due to synergies that may be derived and from the elimination of any duplicate efforts or any non-recurring costs of the integration of the two operations. The Unaudited Pro Forma Combined Financial Statements do not purport to be indicative of the results that actually would have occurred if the acquisition occurred on the dates indicated or indicative of results which may be obtained in the future. The Unaudited Pro Forma Combined Financial Statements should be read in conjunction with the historical financial statements and accompanying notes included herein for Proteome and as filed with the Securities and Exchange Commission for Incyte.

UNAUDITED PROFORMA COMBINED BALANCE SHEET
September 30, 2000
(in thousands)

	Incyte	Proteome	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
Current assets:				
Cash and cash equivalents	$ 328,377	$ 3,076	$ (37,674)(a)	$ 293,779
Marketable securities - available-for-sale	316,255	--	--	316,255
Accounts receivable, net	21,015	682	--	21,697
Prepaid expenses and other current assets	18,927	94	--	19,021
Total current assets	684,574	3,852	(37,674)	650,752
Property and equipment, net	96,285	1,124	--	97,409
Long-term investments	54,590	--	--	54,590
Goodwill and other intangible assets, net	12,771	--	69,404 (a)	82,175
Deposits and other assets	17,704	268	--	17,972
Total assets	$ 865,924	$ 5,244	$ 31,730	$ 902,898
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 11,848	$ 265	$ --	$ 12,113
Accrued and other current liabilities	25,168	394	2,300 (b)	27,862
Deferred revenue	16,255	1,769	--	18,024
Total current liabilities	53,271	2,428	2,300	57,999
Non-current portion of capital lease obligations and note payable	--	83		83
Convertible subordinated notes	203,167	--	--	203,167
Total liabilities	256,438	2,511	2,300	261,249
Redeemable convertible preferred stock	--	8,604	(8,604)(a)	--
Stockholders' equity:				
Common stock	64	11	1 (a) (11)(a)	65
Additional paid-in capital	652,743	420	34,641 (a) (420)(a)	687,384
Deferred compensation	(367)	(221)	221 (a) (2,479)(c)	(2,846)
Accumulated other comprehensive income	34,580	--		34,580
Accumulated deficit	(77,534)	(6,081)	6,081 (a)	(77,534)
Total stockholders' equity (deficit)	609,486	(5,871)	38,034	641,649
Total liabilities and stockholders' equity	$ 865,924	$ 5,244	$ 31,730	$ 902,898

See accompanying notes

UNAUDITED PROFORMA COMBINED STATEMENT OF OPERATIONS
Year Ended December 31, 1999
(in thousands, except per share amounts)

	Incyte	Proteome	Pro Forma Adjustments	Pro Forma Combined
Revenues	$ 156,962	$ 1,811	$ --	$ 158,773
Costs and expenses				
Cost of license revenue	--	620	--	620
Research and development	146,833	579	--	147,412
Selling, general, and administrative	37,235	1,578	9,621 (d)	48,434
Amortization of deferred stock compensation	--	--	788 (e)	788
Total costs and expenses	184,068	2,777	10,409	197,254
Loss from operations	(27,106)	(966)	(10,409)	(38,481)
Interest and other income (expense), net	5,485	--	--	5,485
Interest expense	(316)	(26)	--	(342)
Losses from joint venture	(5,631)	--	--	(5,631)
Loss before taxes	(27,568)	(992)	(10,409)	(38,969)
Benefit for income taxes	(800)	--	--	(800)
Net loss	$ (26,768)	$ (992)	$ (10,409)	$ (38,169)
Basic and diluted net loss per share	$ (0.48)			$ (0.66)
Shares used in computing basic and diluted net loss per share	56,276			57,525 (f)

See accompanying notes

UNAUDITED PROFORMA COMBINED STATEMENT OF OPERATIONS
Nine Months Ended September 30, 2000
(in thousands, except per share amounts)

	Incyte	Proteome	Pro Forma Adjustments	Pro Forma Combined
Revenues	$ 138,751	$ 2,365	$ -	$ 141,116
Costs and expenses				
Cost of license revenue	-	493	-	493
Research and development	138,621	3,211	-	141,832
Selling, general, and administrative	45,669	3,364	7,216 (d)	56,249
Amortization of deferred stock compensation	-	-	597 (e)	597
Total costs and expenses	184,290	7,068	7,813	199,171
Loss from operations	(45,539)	(4,703)	(7,813)	(58,055)
Interest and other income (expense), net	32,251	241	-	32,492
Interest expense	(7,794)	-	-	(7,794)
Losses from joint venture	(1,283)	-	-	(1,283)
Net loss	$ (22,365)	$ (4,462)	$ (7,813)	$ (34,640)
Basic and diluted net loss per share	$ (0.36)			$ (0.54)
Shares used in computing basic and diluted net loss per share	62,825			64,074 (f)

See accompanying notes

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The Proteome acquisition will be accounted for using the purchase method of accounting. The estimated purchase price was determined as follows:

	Fair Value (in thousands)
Cash	$ 37,674
Shares	30,230
Vested stock options	1,341
Unvested stock options	3,071
Transactions costs	2,300
Total	$ 74,616

The fair value of "shares" was calculated by multiplying the fair value of the stock, based on $24.21 per share, representing the 5-day average surrounding the December 21, 2000 announcement date, by the number of Incyte shares exchanged (1,248,522 shares).

As part of the Proteome merger, Incyte options were exchanged for all vested and unvested Proteome outstanding options and are included as part of the purchase price based on the $24.21 per share value.

Below is a table of the purchase price allocation and annual amortization of the intangible assets acquired (in thousands):

		Amortization Life	Estimated Annual Amortization Of Intangibles
Estimated Purchase Price Allocation:			
Net tangible assets acquired	$ 2,733		
Deferred compensation on unvested Stock options assumed	2,479		
Goodwill and other intangible assets	69,404	3-8 years	$ 9,621
	$ 74,616		

The pro forma purchase price allocation and adjustments are based on preliminary estimates, available information and assumptions that management deems appropriate. These adjustments may differ significantly from the final purchase price allocation.

Tangible assets of Proteome acquired in the merger principally include cash, accounts receivable and fixed assets. Liabilities of Proteome assumed in the merger principally include accounts payable, accrued payroll, and other current liabilities.

The pro forma financial information gives effect to the following pro forma adjustments:

(a) To reflect (1) the cash paid to Proteome stockholders as part of the purchase price, (2) the allocation of the purchase price to intangible assets, (3) to record the common stock additional paid-in capital from the issuance of common stock, and (4) to reflect the elimination of Proteome's redeemable convertible preferred stock and stockholders' deficit.

(b) To reflect the direct expenses incurred as a result of the acquisition.

(c) To reflect the approximately $2.5 million for deferred stock compensation associated with the unvested Proteome stock options assumed by Incyte.

(d) To reflect the amortization of goodwill and other intangible assets. The intangible assets consist of acquired developed technology, database, tradename, acquired workforce and goodwill. These will be amortized ratably over the estimated lives of the assets, ranging from 3 to 8 years.

(e) To reflect the amortization of deferred stock compensation associated with the unvested Proteome stock options assumed by Incyte over the remaining vesting period.

(f) Basic and diluted net loss per share has been adjusted to reflect the issuance of approximately 1.2 million shares of Incyte's common stock, as if the shares had been outstanding for the entire periods presented. The effect of stock options assumed in the merger has not been included as their inclusion would be anti-dilutive.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 2, 2001

INCYTE GENOMICS, INC.

By /s/ John M. Vuko

Name: John M. Vuko

Title: Executive Vice President and
Chief Financial Officer