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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-27488

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

Delaware	94-3136539
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
3160 Porter Drive, Palo Alto, California 94304 (Address of principal executives offices)	(650) 855-0555 (Registrant's telephone number, including area code)

Securities registered to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.001 per share
Series A Participating Preferred Stock Purchase Rights

Indicate by check mark whether the registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The aggregate market value of Common Stock held by non-affiliates (based upon the closing sale price on the Nasdaq National Market on February 28, 2002) was approximately $735.0 million.

As of February 28, 2002, there were 66,897,667 shares of Common Stock, $.001 per share par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10 (as to directors and Section 16(a) Beneficial Ownership Reporting Compliance), 11, 12 and 13 of Part III incorporate by reference information from the registrant's proxy statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the registrant's 2002 Annual Meeting of Stockholders to be held on June 4, 2002.

Item 1. Business

When used in this Report, the words "expects," "anticipates," "intends," "estimates," "plans," "believes," and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include statements as to the Company's expected net profits and losses, expected expenditure levels and rate of growth of expenditures, expected cash flows, the adequacy of capital resources, growth in operations, expected revenues and sources of revenues, the ability to commercialize products developed under collaborations and alliances, our ability to complete the sequence of full-length genes in areas of therapeutic interest and obtain patents on these potential drug targets, our ability to integrate companies, operations and their products that we have acquired or will acquire, the scheduling and timing of current and future litigation, the size of our intellectual property portfolio and its competitive position, our investments in our intellectual property portfolio, our strategy with regard to protecting our proprietary technology, the success of our therapeutic discovery and development efforts, our ability to compete and respond to rapid technological change, our intention to develop pharmaceutical products and ability to compete successfully, our competitive advantage as to the annotation of the human proteome, whether we receive future royalty payments from database collaborators, our ability to leverage our intellectual property and genomic information to take a lead position in therapeutic small molecule, secreted protein and antibody discoveries, the effect of government regulation, the receipt and timing of regulatory approvals obtained on pharmaceutical products developed by our customers utilizing our database information, our compliance with applicable environmental laws and regulations, the adequacy of our current facilities and our ability to locate additional facilities at reasonable rates including a permanent facility for our East Coast operations, our exposure to foreign currency rate fluctuations, products and services under development, and the performance, content and utility of, and the potential cost savings associated with the use of, our products and services. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed below, as well as the extent to which the pharmaceutical and biotechnology industries use genomic information in research and development, risks relating to development of new products and services and their use by our potential customers and collaborators, our ability to develop and commercialize drugs and other products to improve human health, our ability to work with our collaborators to meet the goals of our collaborations and alliances, the ability of all of our information products whether developed alone or in collaboration with others to aid the research endeavors of third party researchers and to conduct such research in an early cost-effective manner, our ability to enter into new collaborations in support of our own drug discovery and development efforts, our ability to retain and obtain customers, the cost of accessing or acquiring technologies or intellectual property, the effectiveness of our research and development efforts, the impact of alternative technological advances and competition, our ability to compete with pharmaceutical, biotechnology or other researchers with greater financial, personnel or other resources, uncertainties associated with changes in patent laws and developments in and expenses related to litigation and interference proceedings; and the risks set forth below under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors That May Affect Results." These forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

In the sections of this report entitled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors That May Affect Results," all references to "Incyte," "we," "us," "our" or the "Company" mean Incyte Genomics, Inc. and its subsidiaries, except where it is made clear that the term means only the parent company.

Incyte and LifeSeq are our registered trademarks. ZooSeq, GeneAlbum, and BioKnowledge Library are our trademarks. We also refer to trademarks of other corporations and organizations in this document.

Overview

Incyte believes it has the largest commercial portfolio of issued United States patents covering human, full-length genes, the proteins they encode and the antibodies directed against them. We intend to leverage our leading intellectual property and genomic information position to be a leader in therapeutic small molecule, secreted protein and antibody discoveries. In addition, Incyte has also developed a leading integrated platform of genomic technologies designed to aid in the understanding of the molecular basis of disease. These technologies primarily consist of genomic databases and pharmaceutically relevant intellectual property licenses, which help pharmaceutical and biotechnology researchers in their therapeutic discovery and development efforts. These efforts include gene discovery, understanding disease pathways, identifying new disease targets and the discovery and correlation of gene sequence variation to disease.

During 2001, Incyte increased its focus on its therapeutic discovery and development programs and its information products, which include licensing certain of its intellectual property. As a result, we exited the following activities: microarray-related products and services, genomic screening products and services, public domain clone products and related services, contract sequencing services, transgenics products and services and single nucleotide polymorphism ("SNP") discovery services.

Our current products include information databases, intellectual property licensing, and certain other products, such as full-length clones.

Our databases integrate bioinformatics software with proprietary and, when appropriate, publicly available genomic information. In developing our databases, we utilize high-throughput, computer-aided gene sequencing and analysis technologies to identify and characterize the expressed genes of the human genome, as well as certain plant and animal genomes. By searching our proprietary genomic databases, customers can integrate and analyze genomic information from multiple sources to discover genes that may represent the basis for new drug targets, therapeutic proteins, antisense or diagnostic products. Our products can be applied to gene and target discovery, functional genomics studies, preclinical pharmacology and toxicology studies, and can aid in understanding and analyzing the results of clinical development studies.

We provide access to our databases to pharmaceutical and biotechnology companies and academic institutions worldwide. In addition, customers may access select databases online via our website. As of December 31, 2001, more than fifty companies had entered into agreements for one or more of the products shown below to obtain access to our databases on a non-exclusive basis. Revenues from these companies have primarily consisted of database access fees. Our agreements also provide for future milestone payments and royalties from the development and sale of products derived from proprietary information contained in one or more database modules.

Our portfolio of database products and services includes:

- LifeSeq(R) Gold;
- LifeSeq(R) Foundation;
- ZooSeq(TM);
- Bioknowledge(TM) Library; and
- DrugMatrix(TM).

The databases are available using the Oracle database architecture and operate on various workstations. Online delivery of certain database products is available from the Company's website at www.incyte.com.

We are also generating revenue from licenses to a range of intellectual property, owned by or exclusively licensed by Incyte, covering genomic technologies and our gene portfolio. Revenues derived from genomic technology licenses are primarily related to microarray fabrication and gene expression, automation, software and sequencing technology.

Revenues are also generated from the licensing of our extensive gene intellectual property portfolio for use by genomic "tool" and service providers, such as microarray product manufacturers. As part of this licensing strategy, we anticipate we will receive milestones and/or royalties on sales of commercial products developed by certain of our licensees.

Background

All living cells contain DNA comprised of two strands of complementary molecules. These molecules, called poly-nucleotides, are strung together in specific patterns to create genes. Genes provide the necessary information to create proteins, the molecules that carry out all functions within a cell. Many human diseases are associated with the inadequate or inappropriate presence, production or performance of proteins. As such, pharmaceutical and biotechnology companies often seek to develop drugs that will bind to a targeted protein involved in disease in order to regulate, inhibit or stimulate its biological activity. Other proteins, known as therapeutic proteins, have direct biological activity and may be capable of treating disease. Insulin and human growth hormone are examples of therapeutic proteins. Understanding the role genes play in disease, and the protein targets or therapeutic proteins that they encode, has thus become a significant area of interest and research within the pharmaceutical and biotechnology industries.

Sequencing

DNA sequencing is a process that identifies the order in which nucleotides are strung together in a segment of DNA. Once the sequence of a gene is known, the function of the gene may be inferred by comparing its sequence with the sequences of other human genes of known function, or it may be determined through use of other technologies. Genes with similar, or homologous, sequences are likely to have related functions. Comparing gene sequences across species is also a useful tool for understanding gene function, as frequently it is easier to first assess gene function in other organisms.

Single Nucleotide Polymorphism

The most common form of gene sequence variation is known as a single nucleotide polymorphism, or SNP. A SNP is defined as a single nucleotide difference within the same DNA region between two individuals. Genetic variation may cause individuals to respond differently to disease or treatment with the same drug. Few, if any, FDA-approved drugs can successfully treat every individual diagnosed with a targeted disease. The differences in patients' responses to a drug are believed to result in part from differences in the sequence of nucleotides within genes.

Proteomics

Proteomics is a relatively new field of study that involves the separation, identification, and characterization of proteins present in a biological sample. By comparing disease and control samples, it is possible to identify disease-specific proteins. These may have potential as targets for drug development or as molecular markers of disease.

Chemogenomics

Chemogenomics is a field of study bridging genomics into chemistry for drug discovery and development to understand and predict broad compound interaction and influence biological pathways and physiology.

Gene Expression Technology

Microarray technology can be used to analyze the expression patterns in a large number of genes simultaneously. A microarray consists of fragments of DNA attached to a surface in a grid-like formation. When fragments of DNA from normal and diseased cells are applied to the microarray, complementary strands attach to each other. Microarray technology allows the fabrication of very small grids containing probes for thousands of

different genes. Microarrays can be used in drug discovery and development, to evaluate the behavior of a large number of related genes in a diseased tissue or in response to treatment with a new drug or in diagnostic testing to quickly detect the presence of a large number of disease markers.

Products and Services

Information and Licensing Products

Sequence Databases. We provide our database collaborators with non-exclusive database access. Database collaborators generally receive periodic data updates as well as upgrades and additional search and analysis tools when they become available. The fees and the period of access are negotiated independently with each company. Fees payable by pharmaceutical and biotechnology collaborators generally consist of access fees, option fees, and non-exclusive or exclusive license fees corresponding to patent rights on proprietary sequences. We also provide access to our database to third parties who use the database to develop genomic tools, such as microarrays that require genetic content, which they in turn sell to pharmaceutical and biotechnology researchers. We may also receive future milestone and royalty payments from database collaborators from the development and sale of their products derived from our technology and database information. Using our databases, researchers can browse not only Incyte-generated data, but also public domain information. Customers may also access select Incyte-hosted databases online via our website. We currently offer the following database modules:

- LifeSeq Gold Database. Incyte's flagship database, LifeSeq Gold, currently contains more than 7.5 million sequences--5.5 million of which are proprietary to Incyte--representing more than 90% of the human genes. These sequences come from more than 1,500 different libraries from both normal and diseased tissue, including many libraries biased toward rare genes and alternate splice variants, which are variations of known genes that can be similar to, but longer, shorter, or of the same length but of a different sequence from the known gene. More than 1,100 of the libraries in LifeSeq Gold are proprietary to Incyte. The database also contains public domain genomic data that has been curated and aligned with Incyte's gene transcript data using our proprietary informatics processes and sequences corresponding to rare genes. LifeSeq Gold partners also have access to more than 250,000 sequence-verified clone reagents. LifeSeq Gold data can be accessed via a browser-based customized analysis tool to identify genes based on function, disease association, or sequence. LifeSeq Gold is accessible to customers in several different configurations including installation behind the customer's firewall or through the Internet to an Incyte-hosted secure site.

- LifeSeq Foundation Database. Incyte's new flagship database, LifeSeq Foundation, was built to serve the evolving needs of the biopharmaceutical industry in the post-genomic era. It moves in silico research down the drug discovery pipeline from target discovery toward target validation, the current bottleneck in drug discovery. It provides access to high quality, hand-edited, full-length genes from gene families that historically have been the most likely drug targets. In addition, LifeSeq Foundation allows the researcher to understand quickly the function and biology of a gene using proprietary SNPs, RNA expression, and a hand-curated summary of the published literature from our acquisition of Proteome, Inc. in December 2000. In addition, proprietary bioinformatics has allowed Incyte to identify thousands of putative secreted genes that have the potential to be novel protein therapeutics, which information is also included in LifeSeq Foundation. All of this data is anchored to the human genome to give a comprehensive, stable reference to the transcribed human genome. LifeSeq Foundation enables a rapid transition from the database to lab experiments with access to thousands of full-length clones. Moreover, integration with proprietary rat and mouse homologs from the ZooSeq database allows detailed functional experiments in disease models.

- ZooSeq Database. The ZooSeq multi-species gene sequence database provides genetic data for animal model organisms used in drug discovery, drug development and testing, and gene discovery. With rat, mouse, monkey, and dog animal models currently available, ZooSeq enables individual and cross-species comparison of genes. This information can help uncover previously unknown homologs of human disease-relevant genes, improve understanding of disease pathways, and provide a basis for

optimizing drug selection before moving on to expensive human clinical trials. ZooSeq data is accessed from a browser-based interface that provides point-and-click control of analysis tools included with the database.

- DrugMatrix Database. DrugMatrix is the result of a collaboration between Incyte and Iconix, together with development partner MDS Pharma Services, Inc. DrugMatrix is a comprehensive research tool in the emerging field of chemogenomics that is designed to enable researchers to select quality leads and drug candidates at an early stage of drug discovery and development, which can lead to cost savings. DrugMatrix brings together the previously isolated fields of chemistry, genomics, toxicology and pharmacology in a single environment, providing a research tool that enables pharmaceutical researchers to ask questions in new ways to help predict the potential success, failure or positioning of therapeutic programs. DrugMatrix integrates approved pharmaceuticals and failed drug molecules by profiling them in tens of thousands of standardized gene expression microarray and molecular pharmacology experiments. In addition, it is supported with scientific literature annotation on known drug pharmacology, toxicology, and pathway interactions. The chemogenomic content of DrugMatrix utilizes a 3-tier database architecture, with a web-based user interface and bio-and chemoinformatics tools, to facilitate access and data mining, to aid medicinal chemists, pharmacologists and toxicologists in accelerating drug discovery through drug lead optimization and reduction of drug candidate failure in clinical trials.

- BioKnowledge Library. The BioKnowledge Library is a collection of databases focused on the compilation of available protein information. Using proprietary processes, Incyte sifts relevant biological literature for curation into our products. The data are then presented in a simple format that offers flexibility and time savings over traditional library research. Access to thousands of independent research results offers the advantage of reduced library research time and potentially faster progression through discovery pathways.

We intend to use the anticipated cash generated from our information product line to help fund the cost of our therapeutic discovery and development efforts. Additionally, we anticipate that our information product line assets, in particular our intellectual property, will be used to help drive co-development and collaborative opportunities within our therapeutic discovery and development efforts.

As of March 1, 2002, we have hired 23 personnel in connection with our therapeutic discovery and development operations in our East Coast facility, and we anticipate that such number will grow throughout the remainder of 2002 as we continue to build these operations.

Therapeutic Discovery and Development

Since our inception, we have made substantial investments in research and technology development. This investment in research and development includes an active program to enter into relationships with other technology-driven companies and, when appropriate, acquire licenses to technologies for evaluation or use in the production and analysis process. Not all of these technologies or relationships survive the evaluation process. We have entered into a number of research and development relationships with companies and research institutions.

We have increased our investments in identifying and validating drug targets. We employ sophisticated data mining and functional biology tools along with our sequence, gene expression and SNP data included in our databases to identify therapeutic targets. Our target validation efforts are supported by our use of technologies that include biological assays and readout, gene manipulation by antisense, retroviral transfection, and in vivo gene knockouts. Our in-house and collaborative efforts are focused on high-priority therapeutic areas such as cancer, cardiovascular disease and related metabolic disorders, inflammatory disease, neurodegenerative disease, and osteoporosis.

Discontinued Custom Genomics Products and Services

We recognized revenue in 2001 from the following products and services that we no longer offer:

Expression

- LifeExpress Database. The LifeExpress database provided RNA and protein expression data. LifeExpress Target provided comprehensive disease-focused expression data for a number of key therapeutic areas, including cancer, cardiovascular, central nervous system, immunology and inflammation, and metabolic diseases (obesity, osteoporosis, and type 2 diabetes). Researchers used LifeExpress Target to prioritize targets earlier in the discovery cycle; discover genes and regulatory pathways involved in disease; and more quickly identify disease-associated genes by tissue type, cell line, or animal model. The protein expression module was developed in cooperation with our collaborator, Oxford GlycoSciences Plc. The data was accessed via our Java-based software interface that provided a variety of analysis tools.

- GEM microarrays. Our GEM microarrays (also known as LifeArrays) provided researchers with a cost-effective way to perform detailed analysis of differential gene expression in normal and diseased or treated cells. We offered a variety of GEM microarrays that contained DNA fragments, or clones, from both human and animal genomes.

Genetics

- Custom SNP discovery service. We provided customers with high-throughput SNP discovery services. Incyte used its proprietary fSSCP screening method on the customer's genes of interest to detect 95 percent of the polymorphisms that had a frequency greater than or equal to 3.1 percent.

- IsSNPs. Our In silico SNP data was mined from the LifeSeq Gold database. Researchers used data derived from Incyte's genetics programs to identify and characterize optimal therapeutic targets, gain a better understanding of the relationship between disease phenotypes and genetic variation, enable faster clinical proof of principle, and identify genetic markers of disease progression.

- Custom Sequencing. Our custom sequencing services leveraged several of our core strengths, including library screening, library construction, high-throughput cDNA sequencing and bioinformatics.

- Bioreagents and Other Services. We offered a variety of DNA reagents and other services, including clones from our extensive libraries, GEM microarray services, gene screening, clone resources, and robotics.

Database Production

We engage in the high-throughput automated sequencing of genes derived from tissue samples followed by the computer-aided analysis of each gene sequence to identify homologies to genes of known function in order to predict the biological function of newly identified sequences. The derivation of information in our databases involves the following steps:

- Tissue Access. We obtain tissue samples representing most major organs in the human body from various academic and commercial sources. Where possible, we obtain information as to the medical history and pathology of the tissue. The genetic material is isolated from the tissue and prepared for analysis. The results of this analysis, as well as the corresponding pathology and medical history information, are incorporated into the databases.

- High-Throughput cDNA Sequencing. We utilize specialized teams in an integrated approach to our high-throughput sequencing and analysis effort. Gene sequencing is performed using multiple work shifts to increase daily throughput. One team develops and prepares cDNA libraries from biological sources of interest, a second team prepares the cDNAs using robotic workstations to perform key steps that result in purified cDNAs for sequencing, and a third team operates the automated DNA sequencers.

- Bioinformatics. Sequence information generated from our high-throughput sequencing operations is uploaded to a network of servers. Our proprietary bioinformatic software then assembles and edits the sequence information. The sequence of each cDNA is compared via automated, computerized algorithms to the sequences of known genes in our databases and public domain databases to identify whether the cDNA codes for a known protein or is homologous to a known gene. Each sequence is annotated as to its cell or tissue source, its relative abundance and whether it is homologous to a known gene with known function. The bioinformatics staff monitors this computerized analysis and may perform additional analyses on sequence information. The finished data are then added to our proprietary sequence databases.

Patents and Proprietary Technology

Our ability to license proprietary genes may be dependent upon our ability to obtain patents, protect trade secrets and operate without infringing upon the proprietary rights of others. We rely on patent, trade secret and copyright law, as well as nondisclosure and other contractual arrangements to protect our intellectual property. Other pharmaceutical, biotechnology and biopharmaceutical companies, as well as academic and other institutions, have filed applications, may have been issued patents or may obtain additional patents and proprietary rights, relating to products or processes competitive to our products or processes. Patent applications filed by competitors may claim some of the same gene sequences or partial gene sequences as those claimed in patent applications that we file. We are aware that some entities have made or have announced their intention to make gene sequences publicly available. Publication of sequence information may adversely affect our ability to obtain patent protection for sequences that have been made publicly available.

Our current policy is to file patent applications on what we believe to be novel full-length gene sequences obtained through our high-throughput computer-aided gene sequencing and characterization efforts. We have filed U.S. patent applications in which we have claimed certain partial gene sequences and have filed patent applications in the U.S. and applications under the Patent Cooperation Treaty ("PCT"), designating countries in Europe as well as Canada and Japan, claiming full-length gene sequences associated with cells and tissues that are the subject of our high-throughput gene sequencing program. To date, we hold over 500 U.S. patents with respect to human full-length gene sequences and one issued U.S. patent claiming multiple partial gene sequences. Currently, we have no registered copyrights for our database-related software.

In 1996, the United States Patent and Trademark Office issued guidelines limiting the number of gene sequences that can be examined in a single patent application. Many of our patent applications containing multiple sequences or partial sequences contain more sequences than the maximum number allowed under the new guidelines. We are reviewing our options, and due to the resources needed to comply with the guidelines, we may decide to abandon patent applications for some of our partial gene sequences, or may not pursue all sequences in every patent application.

In 2000, the U.S. Patent and Trademark Office issued new guidelines under which its examiners are to determine whether gene patent applications comply with the U.S. Patent Law's utility requirements. We believe that our gene patent applications comply with these legal requirements, but uncertainty remains regarding the application of these requirements to our gene patent applications.

We have filed patent applications for patentable SNPs identified with our LifeSeq Gold database, through our human genome sequencing program, and through the use of our SNP discovery efforts. These patents will claim rights to SNPs for diagnostic and genotyping purposes. As information relating to particular SNPs is developed, we plan to seek additional rights in those SNPs that are associated with specific diseases, functions or drug responses. The scope of patent protection for gene sequences, including SNPs, is highly uncertain, involves complex legal and factual questions and has recently been the subject of much controversy. No clear policy has emerged with respect to the breadth of claims allowable for SNPs. There is significant uncertainty as to what, if any, claims will be allowed on SNPs discovered through high throughput discovery programs.

As the biotechnology industry expands, more patents are issued and other companies engage in the business of discovering genes and other genomic-related businesses, the risk increases that our potential products, and the processes used to develop these products, may be subject to claims that they infringe the patents of others. Therefore, our operations may require us to obtain licenses under any of these patents or proprietary rights, and these licenses may not be made available on terms acceptable to us. Litigation may be necessary to defend against or assert claims of infringement, to enforce patents issued to us, to protect trade secrets or know-how owned by us, or to determine the scope and validity of the proprietary rights of others. We believe that some of our patent applications cover genes that may also be claimed in patent applications filed by other parties. Interference proceedings may be necessary to establish which party was the first to invent a particular sequence for the purpose of patent protection. Several interferences involving our patent applications covering full length genes have been declared. Litigation or interference proceedings, regardless of the outcome, could result in substantial costs to us, and divert our efforts, and may have a material adverse effect on our business, operating results and financial condition. In addition, there can be no assurance that such proceedings or litigation would be resolved in our favor.

In January and September 1998, Affymetrix, Inc. filed lawsuits in the United States District Court for the District of Delaware alleging infringement of three U.S. patents by the Company. In December 2001, Affymetrix and the Company agreed to settle the infringement claims. This settlement does not include Incyte's appeal before the United States District Court for the Northern District of California seeking de novo review of the Board of Patent Appeals and Interferences' decision relating to patent applications licensed by Incyte from Stanford University.

In October 2001, Invitrogen Corporation filed an action against the Company in the United States District Court for the District of Delaware, alleging infringement of three patents. The complaint seeks unspecified money damages and injunctive relief. The Company believes that it has meritorious defenses and intends to defend this suit vigorously. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors That May Affect Results."

Collaborators

As of December 31, 2001, Incyte had entered into agreements for information products, which include licensing a portion of its intellectual property, with over fifty pharmaceutical, biotechnology and agricultural companies and academic institutions. Over 79% and 75% of revenues in 2001 and 2000, respectively, were derived from such agreements. In general, collaborators agree to pay, during the term of the agreement, fees to receive non-exclusive access to selected modules of our databases and/or licenses of certain of our intellectual property. In addition, if a collaborator develops certain products utilizing our technology and proprietary database information, royalty payments could potentially be received by Incyte.

One collaborator contributed 11% of total revenues in 2000 but no collaborator accounted for 10% or more of total revenues in 2001 or 1999.

For the year ended December 31, 2001, we recorded revenue from collaborators throughout the United States and in Austria, Canada, France, Germany, India, Israel, Japan, Scandinavia, Switzerland and the United Kingdom. Export revenue for the years ended December 31, 2001, 2000 and 1999 was $49.7 million, $48.2 million and $43.7 million, respectively.

Competition

There is a finite number of genes and gene transcripts in the human genome, and competitors may seek to identify, sequence and determine in the shortest time possible the biological function of a large number of genes in order to obtain a proprietary position with respect to the largest number of new genes discovered. A number of companies, institutions, and government-financed entities are engaged in gene sequencing, gene discovery, gene

expression analysis, positional cloning and other genomic service businesses. Many of these companies, institutions and entities have greater financial and human resources than we do. In addition, we are aware that other companies have developed databases containing gene sequence, gene expression, genetic variation or other genomic information and are marketing, or have announced their intention to market, their data to pharmaceutical companies. We expect that additional competitors may attempt to establish databases containing this information in the future.

In addition, competitors may discover and establish patent positions with respect to the gene sequences and polymorphisms in our databases. Further, some entities engaged in or with stated intentions to engage in gene sequencing have made or have stated their intention to make the results of their sequencing efforts publicly available. These patent positions, or the public availability of gene sequences comprising substantial portions of the human genome or on microbial or plant genes, could:

- decrease the potential value of our databases to our subscribers; and
- adversely affect our ability to realize royalties or other revenue from commercialization of products based upon such genetic information.

We are aware that a number of companies are pursuing alternative methods for generating gene expression information, including some that have developed and are developing microarray technologies. These advanced gene expression technologies, if developed, may not be commercially available for our purchase or license on reasonable terms, if at all.

We believe that the following are important aspects of the competitive position of our database products:

- the features and ease-of-use of our database software;
- our experience in high-throughput gene sequencing;
- the cumulative size of our databases;
- the quality of the data, including the annotations in our databases;
- our computing infrastructure; and
- our employees and their experience with bioinformatics and database software.

Our therapeutic discovery and development efforts compete with those of many companies in both the biotechnology and pharmaceutical sectors that are trying to develop new drugs. These competitors include many that have greater financial resources than us. It is also possible that our therapeutic discovery and development efforts will require access to intellectual property or technologies that are not available to us, or are only available on terms that we consider unreasonable.

We believe the following are important aspects of the competitive position of our therapeutic discovery and development efforts:

- our leading intellectual property portfolio;
- the experience of our senior management in managing the discovery and development of drugs; and
- our relationships with pharmaceuticals and biotechnology collaborators.

The genomics industry is characterized by extensive research efforts and rapid technological progress. New developments are expected to continue and there can be no assurance that discoveries by others will not render our services and potential products noncompetitive. In addition, significant levels of research in biotechnology and medicine occur in universities and other non-profit research institutions. These entities have become increasingly active in seeking patent protection and licensing revenues for their research results. These entities

also compete with us in recruiting talented scientists. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors That May Affect Results--Our industry is intensely competitive, and if we do not compete effectively, our revenues may decline and losses may increase."

Government Regulation

Regulation by governmental authorities in the United States and other countries will be a significant factor in the production and marketing of any pharmaceutical products that may be developed by us, our collaborators or our licensees. Our agreements with our LifeSeq Gold database subscribers provide for the payment to us of royalties on any pharmaceutical products developed by those subscribers derived from proprietary information obtained from our genomic databases. Thus, the receipt and timing of regulatory approvals for the marketing of such products may have a significant effect on our future revenues.

Any products that we or our collaborators develop will require regulatory clearances prior to clinical trials and additional regulatory clearances prior to commercialization. We believe that the potential products developed by us or our collaborators will be regulated either as biological products or as new drugs. New drugs and biologics are subject to rigorous preclinical and clinical testing and other approval procedures by the United States Food and Drug Administration under the Federal Food, Drug, and Cosmetic Act in the United States. In addition to being subject to certain provisions of that Act, biologics are also regulated under the Public Health Service Act. Both statutes and their corresponding regulations govern, among other things, the testing, manufacturing, distribution, safety, efficacy, labeling, storage, record keeping, advertising and other promotional practices involving biologics or new drugs.

FDA approval or other clearances must be obtained before clinical testing, and before manufacturing and marketing, of biologics and drugs. FDA approval is required prior to marketing a pharmaceutical product in the United States. To obtain this approval the FDA requires clinical trials to demonstrate the safety, efficacy, and potency of the product candidates. Clinical trials are the means by which experimental drugs or treatments are tested in humans. New therapies typically advance from laboratory, research, testing through animal, preclinical, testing and finally through several phases of clinical, human testing. Upon successful completion of clinical trials, approval to market the therapy for a particular patient population may be requested from the FDA in the United States and/or its counterparts in other countries.

Obtaining FDA approval has historically been a costly and time-consuming process. We may not obtain FDA approvals in a timely manner, or at all. We and our collaborators may encounter significant delays or excessive costs in our efforts to secure necessary approvals or licenses. Generally, in order to gain FDA pre-market approval, a developer first must conduct laboratory studies and animal-model studies to gain preliminary information on an agent's efficacy and to identify any safety problems. The results of these studies are submitted as a part of an investigational new drug application, which the FDA must review before human trials of an investigational drug can start. The investigational new drug application includes a detailed description of the initial animal studies and human investigation to be undertaken.

Laboratory studies can take several years to complete, and there is no assurance that an investigational new drug application based on such studies will ever become effective so as to permit human testing to begin. A 30-day waiting period after the receipt of each investigational new drug application is required by the FDA prior to the commencement of human testing. If the FDA has not commented on or questioned the investigational new drug application within this 30-day period, human studies may begin. If the FDA has comments or questions, it places the studies on clinical hold and the questions must be answered to the satisfaction of the FDA before human testing may begin.

In order to commercialize pharmaceutical products, we or one of our collaborators must sponsor and file an investigational new drug application and be responsible for initiating and overseeing the human studies to demonstrate the safety and efficacy and, for a biologic product, the potency, which are necessary to obtain FDA approval of any such products. For our or our collaborator-sponsored investigational new drug applications,

we or our collaborator will be required to select qualified investigators (usually physicians within medical institutions) to supervise the administration of the products, and ensure that the investigations are conducted and monitored in accordance with FDA regulations and the general investigational plan and protocols contained in the investigational new drug application. Human clinical trials are normally conducted in three phases, although the phases may overlap. Phase I trials are concerned primarily with the safety and preliminary activity of the drug, involve fewer than 100 subjects and may take from six months to over a year to complete. Phase II trials normally involve a few hundred patients, but in some cases may involve fewer. Phase II trials are designed primarily to demonstrate effectiveness in treating or diagnosing the disease or condition for which the drug is intended, although short-term side effects and risks in people whose health is impaired may also be examined. Phase III trials are expanded trials with larger numbers of patients which are intended to gather the additional information for proper dosage and labeling of the drug and demonstrate its overall safety and effectiveness. All three phases generally take three to five years, but may take longer, to complete. Regulations promulgated by the FDA may shorten the time periods and reduce the number of patients required to be tested in the case of certain life-threatening diseases which lack available alternative treatments.

The FDA receives reports on the progress of each phase of testing, and it may require the modification, suspension, or termination of trials if an unwarranted risk is presented to patients. If the FDA imposes a clinical hold, trials may not recommence without FDA authorization and then only under terms authorized by the FDA. The investigational new drug application process can thus result in substantial delay and expense. Inadvertent regulatory noncompliance by the investigator, or intentional investigator misconduct, can jeopardize the usefulness of study results and, in some circumstances, require the company to repeat a study.

After completion of trials of a new drug or biologic product, FDA marketing approval must be obtained. If the product is regulated as a biologic, the Center for Biological Evaluation and Research will require the submission and approval, depending on the type of biologic, of either a biologic license application or, in some cases, a product license application and an establishment license application before commercial marketing of the biologic. If the product is classified as a new drug, we must file a new drug application with the Center for Drug Evaluation and Research and receive approval before commercial marketing of the drug. The new drug application or biologic license applications must include results of product development, laboratory, animal and human studies, and manufacturing information. The testing and approval processes require substantial time and effort and there can be no assurance that the FDA will accept the new drug application or biologic license applications for filing and, even if filed, that any approval will be granted on a timely basis, if at all. In the past, new drug applications and biologic license applications submitted to the FDA have taken, on average, one to two years to receive approval after submission of all test data. If questions arise during the FDA review process, approval can take more than two years. Notwithstanding the submission of relevant data, the FDA may ultimately decide that the new drug application or biologic license application does not satisfy its regulatory criteria for approval and require additional studies. In addition, the FDA may condition marketing approval on the conduct or specific post-marketing studies to further evaluate safety and effectiveness. Rigorous and extensive FDA regulation of pharmaceutical products continues after approval, particularly with respect to compliance with current good manufacturing practices, or cGMPs, reporting of adverse effects, advertising, promotion and marketing. Discovery of previously unknown problems or failure to comply with the applicable regulatory requirements may result in restrictions on the marketing of a product or withdrawal of the product from the market as well as possible civil or criminal sanctions.

We are also subject to various federal, state and local laws and regulations relating to safe working conditions, laboratory and manufacturing practices, the experimental use of animals, and the use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, that may be used in connection with our research. If our operations result in contamination of the environment or expose individuals to hazardous substances, we could be liable for damages and governmental fines. We believe that we are in material compliance with applicable environmental laws and that our continued compliance therewith will not have a material adverse effect on our business. We cannot predict, however, how changes in these laws and regulations may affect our future operations.

The process of obtaining these approvals and the subsequent compliance with appropriate federal and foreign statutes and regulations require the expenditure of substantial resources over a significant period of time, and there can be no assurance that any approvals will be granted on a timely basis, if at all. Any such delay in obtaining or failure to obtain such approvals could adversely affect our ability to earn milestone payments, royalties or other license-based fees. Additional governmental regulations that might arise from future legislation or administrative action cannot be predicted, and those regulations could delay or otherwise affect adversely regulatory approval of potential pharmaceutical products.

Corporate History

Incyte was incorporated in Delaware in April 1991 under the name Incyte Pharmaceuticals, Inc. In June 2000, our stockholders approved an amendment to the Company's Certificate of Incorporation to change the Company's name to Incyte Genomics, Inc.

Human Resources

As of December 31, 2001, we had 585 employees, including 137 in sequencing and reagent production, 71 in bioinformatics, 114 in research and development (including patent legal), and 263 in marketing, sales, business development, finance, operations support and administrative positions. None of our employees are covered by collective bargaining agreements, and management considers relations with our employees to be good. Our future success will depend in part on the continued service of our key scientific, bioinformatics and management personnel and our ability to identify, hire and retain qualified personnel, including personnel in the marketing, sales and therapeutic discovery and development areas. There is intense competition for qualified personnel in the areas of our activities, especially with respect to experienced scientific and bioinformatics personnel, and there can be no assurance that we will be able to continue to attract and retain such personnel necessary for the development of our business. Failure to attract and retain key personnel could have a material adverse effect on our business, financial condition and operating results. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Factors that May Affect Results--If we are unable to manage effectively our growth, our operations, and ability to support our customers could be affected, which could harm our revenues" and "--We depend on key employees in a competitive market for skilled personnel, and the loss of the services of any of our key employees would affect our ability to achieve our objectives" and "Competition for scientific and managerial personnel in our industry is intense; we will not be able to sustain our operations if we are not able to attract and retain key personnel."

Research and Development

Since our inception, we have made substantial investments in research and technology development. During 2001, 2000 and 1999, we incurred research and development expenditures of $213.3 million, $192.6 million and $146.8 million, respectively.

Item 2. Properties

Incyte's headquarters are in Palo Alto, California, where its main research laboratories, sequencing facility, bioinformatics and administrative facilities are located. Incyte also has offices in Beverly, Massachusetts; Cambridge, England; and Tokyo, Japan. We also had lease and sublease agreements at December 31, 2001 that include facilities that were closed as a part of the restructuring in Fremont, California; St. Louis, Missouri; and Cambridge, England. As of December 31, 2001, Incyte had multiple sublease and lease agreements covering approximately 409,000 square feet that expire on various dates ranging from November 2002 to March 2011. In March 2002, we entered into a lease agreement for our first East Coast therapeutic discovery and development operation in Newark, Delaware. Incyte believes that its current facilities, along with the East Coast lease signed in 2002, are adequate to support its current and anticipated near-term operations and believes that it can obtain additional space it may need in the future on commercially reasonable terms.

Item 3. Legal Proceedings

Affymetrix

On December 21, 2001, Incyte agreed to settle the following existing patent infringement litigation with Affymetrix, Inc.: Affymetrix, Inc. v. Synteni, Inc. and Incyte Pharmaceuticals, Inc., Case Nos. C 99-21164 JF and C 99-21165 JF (N.D. Cal.); Incyte Genomics, Inc. v. Affymetrix, Inc., Case No. C 01-20065 JF (N.D. Cal.); and the Incyte Opposition to Affymetrix's European Patent No. EP 0 619 321. The first lawsuit involved several of Affymetrix's microarray-related patents (U.S. Patent Nos. 5,445,934, 5,744,305 and 5,800,992). The second lawsuit involved Incyte's RNA amplification patents (U.S. Patent Nos. 5,716,785 and 5,891,636) and two additional microarray-related patents held by Affymetrix (U.S. Patent Nos. 5,871,928 and 6,040,193). As a part of the settlement, the companies have agreed to certain non-exclusive, royalty-bearing licenses and an internal use license under their respective intellectual property portfolios. This settlement does not include Incyte's appeal before the United States District Court for the Northern District of California seeking de novo review of the Board of Patent Appeals and Interferences' decision relating to patent applications licensed by Incyte from Stanford University. There can be no assurances as to the outcome of that appeal.

Invitrogen

On October 17, 2001, Invitrogen Corporation filed an action against the Company in the United States District Court for the District of Delaware, alleging infringement of three patents (U.S. patent number 5,244,797, U.S. patent number 5,668,005, and U.S. patent number 6,063,608) that relate to the use of reverse transcriptase with no RNase H activity in preparing complimentary DNA from RNA. The complaint seeks unspecified money damages and injunctive relief.

On November 21, 2001, the Company filed its answer to the complaint filed by Invitrogen in the United States District Court for the District of Delaware. In addition to its answers to Invitrogen's patent infringement claims, the Company asserted seven counterclaims against Invitrogen seeking declaratory relief with respect to the patents at issue, implied license, estoppel, laches, and patent misuse. The Company also seeks its fees, costs, and expenses. Invitrogen filed its answer to the Company's counterclaims on January 9, 2002.

Simultaneously with the filing of its answer, the Company filed a motion to transfer the action from the United States District Court for the District of Delaware to the United States District Court for the District of Maryland, where Invitrogen Corporation is currently a party to three infringement actions alleging infringement of the same patents-in-suit. The issue of transfer has been fully briefed and submitted to the court for decision.

In addition, on November 21, 2001, the Company filed a complaint against Invitrogen, as amended on December 21, 2001 and March 7, 2002, in the United States District Court for the Southern District of California alleging infringement of fourteen of the Company's patents. Nine of the asserted patents (U.S. patent numbers 5,633,149, 5,637,462, 5,817,497, 5,840,535, 5,919,686, 5,925,542, 5,962,263, 5,789,198 and 6,001,598) are gene patents. Three of the patents (U.S. patent numbers 5,716,785, 5,891,636, and 6,291,170) relate to RNA amplification and gene expression. Two of the patents (U.S. patent numbers 5,807,522 and 6,110,426) relate to methods of fabricating microarrays of biological samples. The complaint seeks a permanent injunction enjoining Invitrogen from further infringement of the patents at issue, damages for Invitrogen's conduct, as well as the Company's fees, costs, and interest. The Company further seeks triple damages from the infringement claim based on Invitrogen's willful infringement of the Company's patents. Invitrogen's response to the Company's Second Amended Complaint is due in April 2002.

The Company believes that it has meritorious defenses and intends to defend the suit and potential counterclaims brought by Invitrogen vigorously. However, the Company's defenses may be unsuccessful. At this time, the Company cannot reasonably estimate the possible range of any loss resulting from this suit due to uncertainty regarding the ultimate outcome. Regardless of the outcome, the Invitrogen litigation is expected to result in substantial costs to the Company. Further, there can be no assurance that any license that may be

required as a result of this litigation on the outcome thereof would be made available on commercially acceptable terms, if at all.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of our security holders during the fourth quarter of 2001.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock, par value $.001 ("Common Stock"), is traded on the Nasdaq National Market ("Nasdaq") under the symbol "INCY." The following table sets forth, for the periods indicated, the range of high and low sales prices for the Common Stock on Nasdaq as reported in its consolidated transaction reporting system.

	High	Low
2000		
First Quarter	$144.53	$32.63
Second Quarter	60.25	21.69
Third Quarter	55.56	34.00
Fourth Quarter	43.00	22.06
2001		
First Quarter	30.63	11.44
Second Quarter	25.07	12.61
Third Quarter	22.56	10.76
Fourth Quarter	21.22	12.68

As of December 31, 2001, the Common Stock was held by 415 stockholders of record. The Company has never declared or paid dividends on its capital stock and does not anticipate paying any dividends in the foreseeable future. The above high and low sales prices for the Common Stock have been adjusted to reflect the two-for-one stock split effected in the form of a stock dividend in August 2000.

Item 6. Selected Consolidated Financial Data

Selected Annual Consolidated Financial Data
(in thousands, except per share data)

The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related Notes included in Item 8 of this Report.

	Year Ended December 31,				
	2001	2000	1999	1998	1997
Consolidated Statement of Operations Data:					
Revenues	$ 219,263	$194,167	$156,962	$134,811	$ 89,996
Costs and expenses:					
Research and development	213,336	192,556	146,833	97,192	72,452
Selling, general and administrative	70,626	64,201	37,235	25,438	13,928
Charge for purchase of in-process research and development	--	--	--	10,978	--
Acquisition-related charges	--	--	--	1,171	--
Other expenses /(1)/	130,372	--	--	--	--
Total costs and expenses	414,334	256,757	184,068	134,779	86,380
Income (loss) from operations	(195,071)	(62,590)	(27,106)	32	3,616
Interest and other income/(expense), net	23,453	41,735	5,485	7,416	4,326
Interest expense	(10,128)	(10,529)	(316)	(150)	(186)
Loss on sale of assets	(5,777)	--	--	--	--
Gain on certain derivative financial instruments	553	--	--	--	--
Losses from joint venture	--	(1,283)	(5,631)	(1,474)	(300)
Income (loss) before income taxes, extraordinary item and accounting change	(186,970)	(32,667)	(27,568)	5,824	7,456
Provision (benefit) for income taxes	930	205	(800)	2,352	548
Income (loss) before extraordinary item and accounting change	(187,900)	(32,872)	(26,768)	3,472	6,908
Extraordinary item, net of taxes	2,386	3,137	--	--	--
Cumulative effect of accounting change, net of taxes /(2)/	2,279	--	--	--	--
Net income (loss)	$(183,235)	$(29,735)	$(26,768)	$ 3,472	$ 6,908
Basic net income (loss) per share	$ (2.77)	$ (0.47)	$ (0.48)	$ 0.06	$ 0.14
Number of shares used in computation of basic net income (loss) per share	66,193	63,211	56,276	53,842	48,600
Diluted net income (loss) per share	$ (2.77)	$ (0.47)	$ (0.48)	$ 0.06	$ 0.13
Number of shares used in computation of diluted net income (loss) per share	66,193	63,211	56,276	57,798	52,996

	December 31,				
	2001	2000	1999	1998	1997
Consolidated Balance Sheet Data:					
Cash, cash equivalents, and marketable securities available-for-sale	$ 507,903	$582,180	$ 66,937	$111,233	$113,095
Working capital	505,113	571,583	58,043	81,437	90,700
Total assets	705,559	886,820	221,934	230,290	199,089
Non-current portion of capital lease obligations and notes payable	--	--	194	796	801
Convertible subordinated notes	179,248	187,814	--	--	--
Accumulated deficit	(268,139)	(84,904)	(55,169)	(28,401)	(30,129)
Stockholders' equity	440,203	622,694	170,282	179,567	145,702

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(1) Includes the following charges recorded in 2001: $68,666--goodwill and intangibles impairment; $55,602--non-recurring restructuring charges; and $6,104--impairment of a long-lived asset. See Note 14 of Notes to Consolidated Financial Statements.
(2) Reflects the adoption of SFAS 133 related to the recording of warrants held in other companies at fair value at the date of adoption.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with "Selected Annual Consolidated Financial Data" and the Consolidated Financial Statements and related Notes included elsewhere in this Report.

When used in this discussion, the words "expects," "believes," "anticipates," "estimates," and similar expressions are intended to identify forward-looking statements. These statements, which include statements as to the Company's expected net losses, expected expenses and expenditure levels, expected revenues, sources of revenues, expected uses of cash, expected cash flows, expected expenditures including expenditures on intellectual property and research and development, and expected investments, expected marketable securities balances, the adequacy of capital resources, the effect of SFAS 142 and SFAS 144, and growth in operations, the size of our intellectual property portfolio and its competitive position, our ability to leverage our intellectual property and genomic information to take a lead position in our market, effect of pharmaceuticals company consolidations, our ability to manage growth of our operations, our ability to obtain and maintain product liability insurance, our strategy with regard to protecting our intellectual property are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed below, as well as the extent of utilization of genomic information by the biotechnology and pharmaceutical industries; actual and future consolidations of pharmaceutical companies; risks relating to the development of new products and their use by potential collaborators of the Company; the impact of technological advances and competition; the ability of the Company to obtain and retain customers; competition from other entities; early termination of a database collaboration agreement or failure to renew an agreement upon expiration; the cost of accessing or acquiring technologies developed by other companies; uncertainty as to the scope of coverage, enforceability or commercial protection from patents that issue on gene and other discoveries; developments in and expenses relating to litigation; the results of businesses in which the Company has purchased equity; and the matters discussed in "Factors That May Affect Results." These forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

Incyte believes it has the largest commercial portfolio of issued United States patents covering human, full-length genes, the proteins they encode and the antibodies directed against them. We intend to leverage our leading intellectual property and genomic information position to be a leader in therapeutic small molecule, secreted protein and antibody discoveries. In addition, Incyte has also developed a leading integrated platform of genomic technologies designed to aid in the understanding of the molecular basis of disease. These technologies primarily consist of genomic databases and pharmaceutically relevant intellectual property licenses, which help pharmaceutical and biotechnology researchers in their therapeutic discovery and development efforts. These efforts include gene discovery, understanding disease pathways, identifying new disease targets and the discovery and correlation of gene sequence variation to disease.

In December 2001, Incyte agreed to settle existing patent infringement litigation with Affymetrix, Inc. involving several of Affymetrix's microarray-related patents and Incyte's RNA amplification patents and two additional microarray-related patents held by Affymetrix. As a part of the settlement, the companies have agreed to certain non-exclusive, royalty-bearing licenses and an internal use license under their respective intellectual property portfolios. This settlement does not include Incyte's appeal before the United States District Court for the Northern District of California seeking de novo review of the Board of Patent Appeals and Interferences' decision relating to patent applications licensed by Incyte from Stanford University. There can be no assurances as to the outcome of such an appeal.

During 2001, Incyte increased its focus on its therapeutic discovery and development program and its information products, which include licensing a portion of its intellectual property. As a result, we exited the following activities: microarray products and related services, genomic screening products and services, public domain clone products and related services, contract sequencing services, transgenics products and services and SNP discovery services. As a part of the exit of these activities, we have closed certain of our facilities in Fremont, California; St. Louis, Missouri and Cambridge, England. In addition to the product lines exited, we made infrastructure and other personnel reductions at our other locations resulting in an aggregate workforce reduction of approximately 400 employees. A non-recurring charge for restructure charges and impairment of long-lived assets of $130.4 million was recorded in the fourth quarter of 2001 as a result of the change in focus. This charge was comprised of the following items: $68.7 million--goodwill and intangibles impairment; $55.6 million--nonrecurring restructuring charges (including $32.6 million in equipment and other assets impaired) and $6.1 million--impairment of a long-lived asset.

As a result of the Company's change in strategic direction and restructuring in 2001, pursuant to SFAS 121, Incyte performed an assessment of the carrying value of its long lived assets recorded in connection with its Hexagen and Proteome acquisitions and used in the operations being exited.

Equipment and other assets that were disposed of or removed from operations were written down to their estimated fair value of $0.7 million and that resulted in a charge of $32.6 million. The write-down of equipment and other assets primarily relates to leasehold improvements, computer equipment and related software, lab equipment and office equipment associated with the activities being exited and related infrastructure reduction. Additionally, the write-off of equipment and other assets also includes certain software costs related to products no longer being offered. We estimated the fair value of equipment and other assets based on the current market conditions.

In December 2000, we completed the acquisition of Proteome, Inc., a privately held proteomics database company. We issued 1,248,522 shares of our common stock and $37.7 million in cash in exchange for all of Proteome's outstanding capital stock. In addition, we assumed Proteome's stock options, which if fully vested and exercised, would amount to 216,953 shares of its common stock. The fair value of the stock options assumed were allocated between additional purchase price and deferred compensation in accordance with guidance provided by the Financial Accounting Standards Board's Interpretation No. 44. The transaction was accounted for as a purchase. The amount of the purchase price in excess of net tangible assets acquired of approximately $70.8 million, was allocated to goodwill ($50.3 million), database ($16.6 million), developed technology ($0.6 million), tradename ($1.7 million), and assembled workforce ($1.6 million), which are being amortized over 8, 8, 5, 3 and 3 years, respectively. At the time of acquisition, we believed the acquisition would strengthen our database offering with a larger collection of protein annotation information. In the fourth quarter of 2001, we found that collaborators were unwilling to pay fees to access the Proteome databases that were sufficient to support the continued investment required to build and sustain the Proteome products. In addition, we eliminated the positions of approximately 45% of Proteome employees. We consider these events to be indicators of potential impairment and performed a forecast of future cash flows evaluation of the affected long-lived assets, which indicated the long-lived assets were impaired. As a result, we recorded an impairment charge on the goodwill and intangible assets associated with the Proteome acquisition in the amount of $58.5 million. The net remaining balance of intangible assets at December 31, 2001 related to this acquisition is $2.9 million.

The activities acquired through the Hexagen acquisition related primarily to a method of SNP discovery. Although SNP discovery will continue, the Hexagen method is one of the activities that will not be continued after the change in strategic direction and restructuring. As a result, the company determined that the goodwill and intangible assets related to this acquisition have no future cash flows to support their carrying value and a $10.2 million charge was recorded to write these assets down to their estimated fair value.

In reviewing its existing long-lived assets, we determined, based on certain impairment indicators, that an asset related to capitalized software should be analyzed for impairment. As a result of this analysis, it was

determined that the net book value of the asset was in excess of future revenues expected from sale of this software reduced by costs to sell. Therefore, it was determined that this capitalized software was impaired and we recognized a $6.1 million impairment charge.

Critical Accounting Policies and Estimates

Incyte believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

- Revenue recognition
- Valuation of long-lived assets
- Accounting for long-term investments

Revenue Recognition. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable and collectibility is reasonably assured. The Company enters into various types of agreements for access to our information databases, use of our intellectual property and sales of our custom genomics products and services. Revenue is deferred for fees received before earned.

Revenue from database agreements are recognized evenly over the access period. Revenue from licenses to the Company's intellectual property are recognized when earned under the terms of the related agreements. Royalty revenues are recognized upon the sale of the products or services to third parties by the licensee or other agreed upon terms.

Revenues from custom products, such as clones, are recognized upon completion and delivery. Revenues from custom services are recognized upon completion of contract deliverables. Revenue from gene expression microarray services includes: technology access fees, which are recognized ratably over the access term, and progress payments, which are recognized at the completion of key stages in the performance of the service in proportion to the costs incurred.

Revenues recognized from multiple element contracts are allocated to each element of the arrangement based on the relative fair values of the elements. The determination of fair value of each element is based on objective evidence from historical sales of the individual element by us to other customers. If such evidence of fair value for each element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value does exist or until all elements of the arrangement are delivered. In accordance with SAB 101, when elements are specifically tied to a separate earnings process, revenue is recognized when the specific performance obligation associated with the element is completed. When revenues for an element are not specifically tied to a separate earnings process they are recognized ratably over the term of the agreement. When contracts include non-monetary exchanges, the non-monetary transaction is determined using the fair value of the products and services involved, as applicable.

Valuation of Long-Lived Assets. We assess the impairment of long-lived assets, which includes property and equipment, acquisition-related intangibles and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important that could trigger an impairment review include the following:

- Significant changes in the strategy of our overall business;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets;
- Significant negative industry or economic trends;

. Significant decline in our stock price for a sustained period; and

. Our market capitalization relative to net book value.

When we determine that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, in accordance with SFAS 121, we perform an undiscounted cash flow analysis to determine if impairment exists. If impairment exists, we measure the impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in our current business model. Net intangible assets and long-lived assets amounted to $50.8 million as of December 31, 2001. Included in that amount are assets with a net book value of $0.7 million that are being marketed for sale.

Accounting for Long-Term Investments. We hold equity and debt securities and warrants in companies having operations or technology in areas primarily within our strategic focus, some of which are publicly traded and can have volatile share prices. Investments in publicly traded companies are classified as available-for-sale and are adjusted to their fair value each month based on the their traded market price with any adjustments being recorded in other comprehensive income. Investments in privately held companies are carried at cost, and we monitor the company's financial results and prospects on a regular basis to determine whether an impairment exists. We record an investment impairment charge when we believe that the investment has experienced a decline in value that is other than temporary. Generally, declines that persist for six months or more are considered other than temporary. Future adverse changes in market conditions or poor operating results of underlying investments could result in additional impairment charges.

Results of Operations

The Company recorded net losses for the years ended December 31, 2001, 2000 and 1999 of $183.2 million, $29.7 million and $26.8 million, respectively. On a basic and diluted per share basis, net loss was $2.77, $0.47 and $0.48 for the years ended December 31, 2001, 2000 and 1999, respectively. The net loss per share in 2000 and thereafter reflects the dilutive effect of four million shares issued in a February 2000 private equity offering.

Revenues. Revenues for the years ended December 31, 2001, 2000 and 1999 were $219.3 million, $194.2 million and $157.0 million, respectively.

For the year ended December 31, 2001, revenues from companies considered to be related parties, as defined by SFAS 57 were $24.6 million. With respect to Incyte, related parties consist of companies in which members of Incyte's Board of Directors have invested, either directly or indirectly, or in which a member of Incyte's Board of Directors is an officer or holds a seat on the board of directors.

Revenues received from agreements in which collaborators paid with equity or debt instruments in their company were $7.8 million and $6.6 million in 2001 and 2000, respectively. Additionally, revenues received from agreements in which the Company concurrently invested funds in the collaborator's stock were $14.1 million and $6.4 million in 2001 and 2000, respectively. We did not have similar transactions in 1999.

We also entered into transactions in which we have recognized revenues of $24.7 million and $6.7 million in 2001 and 2000, respectively, with certain customers from whom we concurrently committed to purchase goods or services of $47.4 million and $12.4 million in 2001 and 2000, respectively. Of such amounts, we expensed $18.3 million and $1.3 million in 2001 and 2000, respectively. We did not have similar transactions in 1999.

The above transactions were recorded at fair value in accordance with the Company's revenue recognition policy.

Revenues are derived primarily from information products, which include licensing of our intellectual property, and custom genomics. Information products include database subscriptions, licensing, and partner

programs and represented 79%, 75% and 80% of total net revenues in 2001, 2000 and 1999, respectively. Custom genomics includes microarray-based gene expression products and services, genomic screening products and services, public domain clone products and related services, contract sequencing and SNP discovery services and represented 21%, 25% and 20% of total net revenues in 2001, 2000 and 1999, respectively. The increase in information product revenues in 2001 from 2000 is primarily due to an increase in licensing of our intellectual property. The increase in revenues from 1999 to 2000 resulted primarily from database agreements with new customers, revenues from the Pfizer partner program, revenues from new products, as well as increased revenues from custom genomics products and services. Revenues for 2002 are expected to be in the range of $130.0 million to $150.0 million. This anticipated decrease primarily reflects the impact expected from the exit of custom genomics products and services and from utilizing our information products differently to facilitate our therapeutic discovery and development collaboration and co-development efforts.

Operating Expenses. Total costs and expenses for the years ended December 31, 2001, 2000 and 1999 were $414.3 million, $256.8 million and $184.1 million, respectively. Total costs and expenses for 2002 are currently expected to be in the range of $210 million to $220 million. This anticipated decrease reflects the reduction in expenses derived from the activities and related infrastructure that were exited in the restructuring and the non-recurring restructuring charges and long-lived asset write-downs in 2001, offset by expanded spending in connection with the therapeutic discovery and development efforts.

Research and development expenses. Research and development expenses for the years ended December 31, 2001, 2000 and 1999 were $213.3 million, $192.6 million and $146.8 million, respectively. The increase from 2001 over 2000 resulted primarily due to 2001 having a full year of activity related to the Proteome acquisition, which was completed in December 2000, and an increase in the costs related to the Company's therapeutic discovery and development efforts. The increase from 2000 over 1999 resulted primarily from an increase in bioinformatics and software development efforts, SNP discovery efforts, microarray production, partner program expenses, expression database development, an increase in internal disease pathway and therapeutic discovery and development programs, and the development of internet and e-commerce products.

Selling, general and administrative expenses. Selling, general and administrative expenses for the years ended December 31, 2001, 2000 and 1999 were $70.6 million, $64.2 million and $37.2 million, respectively. The increase in 2001 over 2000 resulted primarily from having a full year of activity related to the Proteome acquisition, which was completed in December 2000, and increased legal expenses related to the Company's patent infringement cases. The increase in selling, general and administrative expenses in 2000 over 1999 resulted primarily from the growth in the Company's sales and marketing function, including its branding efforts, and increased personnel to support the growing complexity of the Company's operations. The Company's selling, general and administrative expenses were also impacted by legal expenses related to the Company's patent lawsuits with Affymetrix, GeneLogic and Invitrogen of approximately $14.6 million in 2001, and the Company's patent infringement lawsuits with Affymetrix and GeneLogic of $8.9 million and $6.5 million, in 2000 and 1999, respectively.

Other expenses. Other expenses of $130.4 million for the year ended December 31, 2001 represent the charges recorded in connection with the fourth quarter restructuring and long-lived asset impairments. These expenses, of which $109.4 million were non-cash charges, were comprised of the following items: $68.7 million--goodwill and intangibles impairment and $55.6 million--non-recurring restructuring charges and $6.1 million--impairment of long-lived asset.

Other Income/Expense. Other income/expense includes "Interest and Other Income/Expense", "Interest Expense" and "Income Tax Expense". Total other income/expense for the years ended December 31, 2001, 2000 and 1999 were income of $12.4 million, $31.0 million and $6.0 million, respectively. Total other income/expense for 2002 is expected to be approximately $3 million to $7 million of income.

Interest and other income/expense, net. Interest and other income/expense, net, for the years ended December 31, 2001, 2000 and 1999, was income of $23.4 million, $41.7 million and $5.5 million, respectively.

The decrease in 2001 from 2000 was primarily due to the impact of impairment charges recorded in 2001 totaling $14.7 million on long-term investments due to declines in values deemed to be other than temporary. To a lesser degree, the decrease in the cash and marketable securities average balances for 2001 and lower interest rates also contributed to the lower interest income. The increase in 2000 from 1999 was primarily due to higher interest income, and a gain of $5.4 million from the sale of one of the Company's long-term strategic investments. The higher interest income was primarily due to the convertible debt offering and private equity offering in February 2000 resulting in higher cash, cash equivalent and marketable securities balances.

Interest expense. Interest expense for the years ended December 31, 2001, 2000 and 1999 was $10.1 million, $10.5 million and $0.3 million, respectively. The small decrease in 2001 from 2000 is due to a lower average outstanding balance of our convertible subordinated notes as a result of the timing of issuance in 2000 and subsequent repurchases of $23.0 million in par value, causing the interest thereon to decrease. The increase in 2000 from 1999 was primarily due to the interest on the convertible subordinated notes issued by the Company in February 2000.

Income taxes. Due to the Company's net loss in 2001 and 2000, the Company had a minimal effective annual income tax rate. The income taxes for 2001 and 2000 are attributable to foreign operations. In 1999, the Company had an effective income tax benefit rate of 3.0%, primarily due to the carryback of the 1999 net operating loss.

Loss on Sale of Assets. Loss on the sale of assets of $5.8 million in 2001 resulted from the divestiture of the transgenics product line and the sale of certain of those assets. There were no significant sales of assets in 2000 or 1999.

Gain on Certain Derivative Financial Instruments. Gain on derivatives in 2001 of $0.6 million represents the change in fair value of certain long-term investments, specifically warrants held in other companies, in accordance with SFAS 133.

Losses from Joint Venture. Losses from joint venture were $0, $1.3 million and $5.6 million for the years ended December 31, 2001, 2000 and 1999, respectively. In September 1997, the Company formed a joint venture, diaDexus, LLC ("diaDexus") with SmithKline Beecham Corporation. The loss represents the Company's share of diaDexus' losses from operations. On April 4, 2000, diaDexus converted from an LLC to a corporation and completed a private equity financing at which time the Company no longer had significant influence over diaDexus. Accordingly, the Company began accounting for its investment in diaDexus under the cost method of accounting as of the date of the financing, and therefore did not include diaDexus' results of operations in the Company's statement of operations subsequent to that date.

Extraordinary Item, Net. In 2001 and 2000, the Company repurchased $8.0 million and $15.0 million face value of its 5.5% convertible subordinated notes on the open market, respectively. The repurchase resulted in a gain of $2.4 million and $3.1 million, for the years ended December 31, 2001 and 2000, respectively.

Cumulative Effect of Accounting Change, Net. The Company adopted FASB Statement No. 133 ("SFAS 133") on January 1, 2001. SFAS 133 requires companies to recognize all derivatives as either assets or liabilities on the balance sheet and measure these instruments at fair value. The $2.3 million cumulative effect reported in 2001 relates to the recording of warrants held in other companies at fair value upon the adoption of SFAS 133.

Recent Accounting Pronouncements

In July 2001, the FASB issued Statement No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 142 requires, among other things, the discontinuance of goodwill amortization and includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of

existing recognized intangibles, and reclassification of certain intangibles out of previously reported goodwill. The adoption of this statement on January 1, 2002 is not expected to have a material impact on the Company's consolidated financial statements.

In October 2001, the FASB issued Statement No. 144, Accounting for the Impairment of Long-Lived Assets ("SFAS 144"). The FASB's new rules on asset impairment supersede FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, and portions of APB Opinion No. 30, Reporting the Results of Operations. SFAS 144 provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. SFAS 144 also requires expected future operating losses from discontinued operations to be displayed in the period in which the losses are incurred, rather than as of the measurement date as presently required. The Company will adopt the provisions of SFAS 144 during the first quarter of fiscal year 2002. The adoption of this statement on January 1, 2002 is not expected to have a material impact on the Company's consolidated financial statements.

Liquidity and Capital Resources

As of December 31, 2001, the Company had $507.9 million in cash, cash equivalents and marketable securities, compared to $582.2 million as of December 31, 2000. The Company has classified all of its marketable securities as short-term, as the Company may choose not to hold its marketable securities until maturity in order to take advantage of favorable market conditions. Available cash is invested in accordance with the Company's investment policy's primary objectives of liquidity, safety of principal and diversity of investments.

Net cash used in operating activities was $47.0 million, $13.9 million and $21.4 million for the years ended December 31, 2001, 2000 and 1999, respectively. The change in net cash used in 2001 as compared to 2000 was primarily due to the increase in net loss in 2001, less non-cash restructuring charges and impairment of long-lived assets, as well as increases in cash usage for accounts receivable and accounts payable. The change in net cash used in 2000 as compared to 1999 was primarily due to the increases in accounts payable and accrued and other current liabilities and the slower increase of accounts receivables in 2000 as compared to 1999. These were partially offset by the increase in prepaid assets and the decrease in deferred revenue.

The Company's investing activities, other than purchases, sales and maturities of marketable securities, have consisted predominantly of capital expenditures and net purchases of long-term investments. Capital expenditures for the years ended December 31, 2001, 2000 and 1999, were $12.9 million, $59.5 million and $34.8 million, respectively. Capital expenditures decreased in 2001 due to lower spending on computer equipment, laboratory equipment and minimal spending on leasehold improvements in 2001 and increased in 2000 and 1999 primarily due to investments in computer equipment and software, laboratory equipment, and leasehold improvements related to the expansion of the Company's facilities. Long-term investments in companies having operations or technology in areas within our strategic focus were $28.0 million, $3.5 million and $4.2 million for the years ended December 31, 2001, 2000 and 1999, respectively. In 2000 the Company sold stock in an investment, resulting in proceeds of $7.9 million and a gain of $5.4 million, and diaDexus repaid its $2.5 million note to Incyte. In 1999 the Company liquidated its investment in two such companies, resulting in proceeds of $4.3 million and a net realized gain of $0.2 million. In 2000, the Company paid $36.9 million, net of cash received, in connection with the acquisition of Proteome. In the future, net cash used by investing activities may fluctuate significantly from period to period due to the timing of strategic equity investments, acquisitions, capital expenditures and maturities/sales and purchases of marketable securities.

Net cash provided by financing activities was $5.8 million, $619.1 million and $12.5 million for the years ended December 31, 2001, 2000 and 1999, respectively. Net cash provided by financing activities in 2001 was primarily due to proceeds received from the issuance of common stock under the Company's stock option and employee stock purchase plans, offset by amounts paid to repurchase convertible subordinated notes. Net cash

provided by financing activities in 2000 was primarily due to the Company raising additional funds in two financing transactions. In February 2000, the Company issued $200.0 million aggregate principal amount of 5.5% convertible subordinated notes due 2007 in a private placement, resulting in net proceeds of $196.8 million. Also in February 2000, the Company issued 4,000,000 shares of its common stock in a private placement, for an aggregate purchase price of $422.0 million. Net proceeds from the sale of those shares were $403.3 million. Net cash provided by financing activities in 1999 was due to the issuance of common stock under the Company's stock option and employee stock purchase plans.

The following summarizes the Company's contractual obligations at December 31, 2001 and the effect those obligations are expected to have on its liquidity and cash flow in future periods (in millions):

Contractual Obligations:	Total	Less Than 1 Year	Years 1-3	Years 4-5	Over 5 Years
Convertible subordinated debt	$179.2	$ --	$ --	$ --	$179.2
Non-cancelable operating lease obligations	89.9	15.8	23.7	17.4	33.0
Total contractual obligations	$269.1	$15.8	$23.7	$17.4	$212.2

The Company also has purchase commitments of $25.0 million at December 31, 2001, the timing of which is dependent upon provision by the vendor of products or services. Additionally, the Company has committed to purchase equity in certain companies when certain events occur. The total amount committed at December 31, 2001 was $15.0 million. These commitments are considered contingent commitments as a future event must occur in order to cause the commitment to be enforceable.

The Company expects to use net cash in 2002 as it: invests in its therapeutic discovery and development programs, intellectual property portfolio, sequencing and bioinformatics; continues to seek access to technologies through investments, research and development and new alliances, license agreements and/or acquisitions; makes strategic investments; and continues to make improvements in existing facilities. The Company expects, based on its current operating plans, that the cash and marketable securities balance at December 31, 2002 will be in the range of $400 million to $420 million, excluding any strategic investments.

The Company believes that its existing resources will be adequate to satisfy its capital needs for at least the next twelve months. The Company's cash requirements depend on numerous factors, including the ability of the Company to attract and retain collaborators for its databases and other products and services; expenditures in connection with alliances, license agreements and acquisitions of and investments in complementary technologies and businesses; expenditures in connection with its recent expansion of therapeutic discovery and development programs; competing technological and market developments; the cost of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; capital expenditures required to expand and modify the Company's facilities, including facilities for the Company's expanding therapeutic discovery and development programs; and costs associated with the integration of new operations assumed through mergers and acquisitions. Changes in the Company's research and development plans or other changes affecting the Company's operating expenses may result in changes in the timing and amount of expenditures of the Company's capital resources.

RISKS RELATING TO OUR FINANCIAL RESULTS

We have had only limited periods of profitability, we expect to incur losses in the future and we may not return to profitability

We had net losses from inception in 1991 through 1996 and in 1999 through 2001. Because of those losses, we had an accumulated deficit of $268.1 million as of December 31, 2001. We intend to continue to spend significant amounts on new product and technology development, including the expansion of our internal research and development efforts for therapeutic discovery and development, the determination of the sequence of genes and the filing of patent applications regarding those gene sequences, the determination of gene functions, and the expansion of our research and development alliances. As a result, we expect to incur losses in 2002. We expect to report net losses in future periods as well.

We expect that any profits from our information products will be more than offset by expenditures for our therapeutic discovery and development efforts. We anticipate that these efforts will increase as we focus on the studies that are required before we can sell, or license to a third party, a drug product. The development of therapeutic products will require significant expenses for research, development, testing and regulatory approvals. Unless we generate significant revenues to pay these costs, we will not return to profitability. We cannot be certain whether or when we will again become profitable because of the significant uncertainties relating to our ability to generate commercially successful drug products that will generate significant revenues.

Our operating results are difficult to predict, which may cause our stock price to decline and result in losses to investors

Our operating results are difficult to predict and may fluctuate significantly from period to period, which may cause our stock price to decline and result in losses to investors. Some of the factors that could cause our operating results to fluctuate include:

- changes in the demand for our products;
- the timing of intellectual property licenses that we may grant;
- the introduction of competitive databases or services, including databases of publicly available, or public domain, genetic information;
- the nature, pricing and timing of products and services provided to our collaborators;
- our ability to compete effectively in our therapeutic discovery and development efforts against competitors that have greater financial or other resources or drug candidates that are in further stages of development;
- acquisition, licensing and other costs related to the expansion of our operations, including operating losses of acquired businesses;
- losses and expenses related to our investments;
- our ability to attract and retain key personnel;
- regulatory developments or changes in public perceptions relating to the use of genetic information and the diagnosis and treatment of disease based on genetic information;
- regulatory actions and changes related to the development of drugs;
- changes in intellectual property laws that affect our rights in genetic information that we sell;
- payments of milestones, license fees or research payments under the terms of our external alliances and collaborations and our ability to monitor and enforce such payments; and
- expenses related to, and the results of, litigation and other proceedings relating to intellectual property rights, including the lawsuits filed by Invitrogen and counterclaims filed by us.

We anticipate significant fixed expenses, due in part to our expansion of our therapeutic discovery and development programs, and our continuing investment in product development and extensive support for our database collaborators. We may be unable to adjust our expenditures if revenues in a particular period fail to meet our expectations, which would harm our operating results for that period. Forecasting operating and integration expenses for acquired businesses may be particularly difficult, especially where the acquired business focuses on technologies that do not have an established market. We believe that period-to-period comparisons of our financial results will not necessarily be meaningful. You should not rely on these comparisons as an indication of our future performance. If our operating results in any future period fall below the expectations of securities analysts and investors, our stock price will likely fall, possibly by a significant amount. In addition, if market or other economic conditions impact the stock market generally, or impact other companies in our industry, our stock price may also decline, possibly significantly.

If our strategic investments incur losses or charges, our earnings may decline or our losses may increase

We make strategic investments in entities that complement our business. These investments may:

- often be made in securities lacking a public trading market or subject to trading restrictions, either of which increases our risk and reduces the liquidity of our investment;
- require us to record losses and expenses related to our ownership interest;
- require us to record charges related to the impairment in the value of the securities underlying our investment;
- require us to record acquisition-related charges, such as in-process research and development;
- require us to record charges related to post-acquisition impairment in the value of the acquired assets, such as goodwill or intangibles; and
- require us to invest greater amounts than anticipated or to devote substantial management time to the management of research and development or other relationships.

The market values of many of these investments can fluctuate significantly. We evaluate our long-term equity investments for impairment of their values on a quarterly basis. Impairment could result in future charges to our earnings. These losses and expenses may exceed the amounts that we anticipated.

Our debt investments are impacted by the financial viability of the underlying companies

We have a diversified portfolio of investments. Our fixed rate debt investments comply with our policy of investing in only investment-grade debt instruments. The ability for the debt to be repaid upon maturity or to have a viable resale market is dependent, in part, on the financial success of the underlying company. Should the underlying company suffer significant financial difficulty, the debt instrument could either be downgraded or, in the worst case, our investment could be worthless. This would result in our losing the cash value of the investment and incurring a charge to our statement of operations.

Because our sales cycle is lengthy, we may spend a lot of time and money trying to obtain new or renewed subscriptions to our products but may be unsuccessful, which could hurt our profitability

Our ability to obtain new customers for information products to enter into license agreements for our intellectual property or to obtain renewals or additions to existing database product subscriptions depends upon prospective subscribers' perceptions that our products and services can help accelerate their drug discovery efforts. Our database and licensing sales cycle is typically lengthy because we need to educate our potential subscribers and sell the benefits of our products to a variety of constituencies within potential subscriber companies. In addition, each agreement involves the negotiation of unique terms, and we may expend substantial funds and management effort with no assurance that a new, renewed or expanded agreement will result. These

expenditures, without increased revenues, will negatively impact our profitability. Consolidations of pharmaceutical companies involved in drug discovery and development have affected the timing, progress and relative success of our sales efforts. We expect that any future consolidations will have similar effects.

We have a large amount of debt and our debt service obligations may prevent us from taking actions that we would otherwise consider to be in our best interests

As of December 31, 2001, we had

- total consolidated debt of approximately $179.2 million,
- stockholders' equity of approximately $440.2 million, and
- a deficiency of earnings available to cover fixed charges of $182.3 million for the year ended December 31, 2001.

A variety of uncertainties and contingencies will affect our future performance, many of which are beyond our control. We may not generate sufficient cash flow in the future to enable us to meet our anticipated fixed charges, including our debt service requirements with respect to our convertible subordinated notes due 2007 that we sold in February 2000. At December 31, 2001, $177 million of those notes were outstanding. The following table shows, as of December 31, 2001, the aggregate amount of our interest payments due in each of the next five years listed:

Year	Aggregate Interest
2002	$9,735,000
2003	9,735,000
2004	9,735,000
2005	9,735,000
2006	9,735,000

Our substantial leverage could have significant negative consequences for our future operations, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- requiring the dedication of a substantial portion of our expected cash flow to service our indebtedness, thereby reducing the amount of our expected cash flow available for other purposes, including working capital and capital expenditures;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; or
- placing us at a possible competitive disadvantage compared to less leveraged competitors and competitors that have better access to capital resources.

The capital markets may not permit us to raise additional capital at the time that we require it

We believe that we have sufficient capital to satisfy our capital needs for at least the next twelve months. However, our future funding requirements will depend on many factors and we anticipate that, at some future point, we will need to raise additional capital to fund our business plan and research and development efforts on a going-forward basis. If we require additional capital at a time when investment in biotechnology companies such as ours, or in the marketplace generally, is limited due to the then prevailing market or other conditions, we may not be able to raise such funds at the time that we desire or any time thereafter.

RISKS RELATING TO OUR OPERATIONS AND INDUSTRY

Difficulties we may encounter managing the growth of our therapeutic discovery and development efforts may divert resources and limit our ability to successfully expand our operations

Our anticipated growth in the future of our therapeutic discovery and development programs, and our establishment of significant operations on the East Coast of the United States, place a strain on our administrative and operational infrastructure. As our operations expand, we expect that we will need to manage multiple locations and additional relationships with various collaborative partners, suppliers and other third parties. Our ability to manage our operations and growth effectively requires us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to successfully implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls.

Our industry is intensely competitive, and if we do not compete effectively, our revenues may decline and our losses may increase

We compete in markets that are new, intensely competitive, rapidly changing, and fragmented. Many of our current and potential competitors have greater financial, human and other resources than we do. If we cannot respond quickly to changing customer requirements, secure intellectual property positions, or adapt quickly and obtain access to new and emerging technologies, our revenues may decline and commercial opportunities for any of our drug products may be reduced or eliminated. Our competitors include:

- Celera Genomics Group of Applera Corporation,
- CuraGen Corporation,
- Gene Logic Inc.,
- Human Genome Sciences, Inc.,
- pharmaceutical and biotechnology companies, and
- universities and other research institutions.

The human genome contains a finite number of genes. Our competitors may seek to identify, sequence and determine the biological function of numerous genes in order to obtain a proprietary position with respect to new genes.

In addition, we face competition from companies who are developing and may seek to develop new technologies for discovering the functions of genes, gene expression information, including microarray technologies, discovery of variations among genes and related technologies. Also, if we are unable to obtain the technology we currently use or new advanced technology on acceptable terms, but other companies are, we will be unable to compete.

We also face competition from providers of software. A number of companies have announced their intent to develop and market software to assist pharmaceutical companies and academic researchers in managing and analyzing their own genomic data and publicly available data. If pharmaceutical companies and researchers are able to manage their own genomic data, they may not subscribe to our databases.

Extensive research efforts resulting in rapid technological progress characterize the genomics industry. To remain competitive, we must continue to expand our databases, improve our software, and invest in new technologies. New developments will probably continue, and discoveries by others may render our services and potential products noncompetitive.

We face significant competition for our therapeutic discovery and development efforts, and if we do not compete effectively, our commercial opportunity will be reduced or eliminated

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our therapeutic discovery and development efforts may target diseases and conditions that are already subject to existing therapies or that are subject to the drug discovery efforts of other entities. These competitors may develop products more rapidly or successfully than we or our collaborators are able to do. Our competitors might develop drugs that are more effective or less costly than any that are being developed by us or that would render our products obsolete and noncompetitive. In addition, our competitors may succeed in obtaining regulatory approvals for drug candidates more rapidly. Also, our competitors may obtain patent protection or other intellectual property rights that would limit our rights. Any drugs resulting from our research and development efforts, or from our joint efforts with any future collaborators, might not be able to compete successfully with competitors' existing and future products or obtain regulatory approval in the United States or elsewhere.

If we are unable to manage our growth effectively, our operations and ability to support our customers could be affected, which could harm our revenues

We may continue to experience growth in the number of our employees and the scope of our operations. This growth has placed, and may continue to place, a significant strain on our management and operations.

In addition, we must continue to invest in customer support resources as the number of database collaborators and their requests for support increase. Our database collaborators typically have worldwide operations and may require support at multiple U.S. and foreign sites. To provide this support, we may need to open offices in additional locations, which could result in additional burdens on our systems and resources.

We depend on key employees in a competitive market for skilled personnel, and the loss of the services of any of our key employees would affect our ability to achieve our objectives

We are highly dependent on the principal members of our management, operations and scientific staff. Our product development, operations and marketing efforts could be delayed or curtailed if we lose the services of any of these people.

Our future success also will depend in part on the continued service of our executive management team, key scientific, bioinformatics and management personnel and our ability to identify, hire, train and retain additional personnel, including customer service, marketing and sales staff. We experience intense competition for qualified personnel. If we are unable to continue to attract, train and retain these personnel, we may be unable to expand our business.

We rely on a small number of suppliers of products we need for our business, and if we are unable to obtain sufficient supplies, we will be unable to compete effectively

Currently, we use gene sequencing machines supplied by Molecular Dynamics, a subsidiary of Amersham Pharmacia Biotech, Ltd., and chemicals used in the sequencing process, called reagents, supplied by Roche Bioscience and Amersham Pharmacia Biotech, Ltd. in our gene sequencing operations. If we are not able to obtain an adequate supply of reagents or other materials at commercially reasonable rates, our ability to identify genes or genetic variations would be slower and more expensive.

If the information we obtain from third-party data sources is corrupt or violates the law, our revenues and operating results could decline

We rely on and include in our databases scientific and other data supplied by others, including publicly available information from sources such as the Human Genome Project. This data could contain errors or other

defects, which could corrupt our databases. In addition, we cannot guarantee that our data sources acquired this information in compliance with legal requirements. If this data caused database corruption or violated legal requirements, we would be unable to sell subscriptions to our databases. These lost sales would harm our revenue and operating results.

Security risks in electronic commerce or unfavorable internet regulations may deter future use of our products, which could result in a loss of revenues

We offer several products through our website on the Internet and may offer additional products in the future. Our ability to provide secure transmissions of confidential information over the Internet may limit online use of our products and services by our database collaborators as we may be limited by our inability to provide secure transmissions of confidential information over the Internet. Advances in computer capabilities and new discoveries in the field of cryptography may comprise the security measures we use to protect our website, access to our databases, and transmissions to and from our website. If our security measures are breached, our proprietary information or confidential information about our collaborators could be misappropriated. Also, a security breach could result in interruptions in our operations. The security measures we adopt may not be sufficient to prevent breaches, and we may be required to incur significant costs to protect against security breaches or to alleviate problems caused by breaches. Further, if the security of our website, or the website of another company, is breached, our collaborators may no longer use the Internet when the transmission of confidential information is involved. For example, recent attacks by computer hackers on major e-commerce websites and other Internet service providers have heightened concerns regarding the security and reliability of the Internet.

Because of the growth in electronic commerce, the United States Congress has held hearings on whether to further regulate providers of services and transactions in the electronic commerce market. The federal government could enact laws, rules and regulations that would affect our business and operations. Individual states could also enact laws regulating the use of the Internet. If enacted, these federal and state laws, rules and regulations could require us to change our online business and operations, which could limit our growth and our development of our online products.

We also rely on strategic collaborations with software providers to provide important functionality for our products. If any of these collaborators suffer business difficulties, we may have to spend time and money to replace the functionality, and we may also be adversely affected or our customer relationships and revenues may suffer.

Because our revenues are derived primarily from the pharmaceutical and biotechnology industries, our revenues may fluctuate substantially due to reductions and delays in research and development expenditures

We expect that our revenues in the foreseeable future will be derived primarily from products and services provided to the pharmaceutical and biotechnology industries as well as to the academic community. Accordingly, our success will depend in large part upon the success of the companies within these industries and their demand for our products and services. Our operating results may fluctuate substantially due to reductions and delays in research and development expenditures by companies in these industries or by the academic community. These reductions and delays may result from factors such as:

- changes in economic conditions;
- consolidation in the pharmaceutical industry;
- changes in the regulatory environment, including governmental pricing controls, affecting health care and health care providers;
- pricing pressures;

- market-driven pressures on companies to consolidate and reduce costs; and

- other factors affecting research and development spending.

These factors are not within our control.

We are at the early stage of our therapeutic discovery and development efforts and, because we have limited experience in developing and commercializing products, we may be unsuccessful in our efforts to do so

We are in the early stage of building our therapeutic discovery and development operations. Our ability to develop and commercialize pharmaceutical products based on proteins, antibodies and other compounds will depend on our ability to:

- identify high quality therapeutic targets;

- identify potential therapeutic candidates;

- develop products internally;

- complete laboratory testing and human studies;

- obtain and maintain necessary intellectual property rights to our products;

- obtain and maintain necessary regulatory approvals related to the efficiency and safety of our products;

- enter into arrangements with third parties to manufacture our products on our behalf or develop efficient production facilities meeting all regulatory requirements;

- deploy sales and marketing resources effectively or enter into arrangements with third parties to provide these functions; and

- enter into arrangements with third parties to license and commercialize our products.

We have limited experience with these activities and may not be successful in developing or commercializing drug products. If we choose to outsource some of these activities, we may be unable to enter into outsourcing or licensing agreements on commercially reasonable terms, or at all. In addition, if we, in the future, elect to manufacture our products in our own manufacturing facilities, those facilities will require substantial additional capital resources, and we will need to attract and retain qualified personnel to build or lease or operate any such facilities.

The success of our therapeutic discovery and development efforts may depend on our ability to use collaborators or other service providers to leverage our capabilities, and if we are unable to establish future collaborations or if these future collaborations are unsuccessful, our research and development efforts could be delayed

Our strategy may depend in part upon the formation and sustainability of multiple collaborative arrangements and license agreements with third parties in the future. We may rely on these arrangements for not only financial resources, but also for expertise that we expect to need in the future relating to clinical trials, manufacturing, sales and marketing, and for licenses to technology rights. In order for any future collaboration efforts to be successful, we must first identify potential collaborators whose capabilities complement and integrate well with ours. Our collaborators may prove difficult to work with or less skilled than we originally expected.

It is likely that we will not be able to control the amount and timing of resources that our future corporate collaborators devote to our programs or potential products. We do not know whether our future collaborators, if any, might pursue alternative technologies or develop alternative products either on their own or in collaboration with others, including our competitors, as a means for developing treatments for the diseases targeted by

collaborative arrangements with us. Conflicts also might arise with future collaborative partners concerning proprietary rights to particular compounds.

We might not be able to commercialize our therapeutic product candidates successfully, and we may spend significant time and money attempting to do so

At the present time, we are in the early stages of organizing our therapeutic discovery and development operations. We have yet to identify potential therapeutic compounds and then put them into clinical testing. Of the compounds we identify as potential therapeutic candidates, at most, only a few are statistically likely to lead to successful therapeutic development efforts. We expect that any drugs that result from our research will not be commercially available for a number of years, if at all. Commercialization of any product candidates that we identify and develop depends on successful completion of preclinical studies and clinical trials. Preclinical testing and clinical development are long, expensive and uncertain processes, and we do not know whether we, or any of our future collaborators, will be permitted to undertake clinical trials of any potential products. It may take us or any of our future collaborators several years to complete any such testing, and failure can occur at any stage of testing. Interim results of trial do not necessarily predict final results, and acceptable results in early trials may not be repeated in later trials. Data obtained from tests are susceptible to varying interpretation, which may delay, limit or prevent regulatory approval. Regulatory authorities may refuse or delay approval as a result of many other factors, including changes in regulatory policy during the period of product development. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier trials. Moreover, if and when our products reach clinical trials, we, or our future collaborators may decide to discontinue development of any or all of these products at any time for commercial, scientific or other reasons. There is also a risk that competitors and third parties may develop similar or superior products or have proprietary rights that preclude us from ultimately marketing our products, as well as the potential risk that our products may not be accepted by the marketplace.

Completion of clinical trials may take many years. The length of time required varies substantially according to the type, complexity, novelty and intended use of the product candidate. Our rate of commencement and completion of clinical trials may be delayed by many factors, including:

- our inability to manufacture sufficient quantities of materials for use in clinical trials;
- variability in the number and types of patients available for each study;
- difficulty in maintaining contact with patients after treatment, resulting in incomplete data;
- unforeseen safety issues or side effects;
- poor or unanticipated effectiveness of products during the clinical trials; or
- government or regulatory delays.

An important element of our business strategy is entering into collaborative arrangements with third parties under which we license our therapeutic product candidates to those third parties for development and commercialization. We face significant competition in seeking appropriate collaborators. Also, these arrangements are complex to negotiate and time-consuming to document. We may not be successful in our attempts to establish these arrangements. The terms of any such arrangements that we establish may not be favorable to us. Further, any such arrangements may be unsuccessful.

We may encounter difficulties in integrating companies we acquire, and our operations and financial results could be harmed

In December 2000, we acquired Proteome, Inc. As part of our business strategy, we may acquire other assets, technologies and businesses. Our past acquisitions have involved and our future acquisitions may involve risks such as the following:

- we may be exposed to unknown liabilities of acquired companies;
- our acquisition and integration costs may be higher than we anticipated and may cause our quarterly and annual operating results to fluctuate;
- we may experience difficulty and expense in assimilating the operations and personnel of the acquired businesses, disrupting our business and diverting management's time and attention;
- we may be unable to integrate or complete the development and application of acquired technology;
- we may experience difficulties in establishing and maintaining uniform standards, controls, procedures and policies;
- our relationships with key customers of acquired businesses may be impaired, due to changes in management and ownership of the acquired businesses;
- we may be unable to retain key employees of the acquired businesses;
- we may incur amortization or impairment expenses if an acquisition results in significant goodwill or other intangible assets; and
- our stockholders may be diluted if we pay for the acquisition with equity securities.

In addition, if we acquire additional businesses that are not located near our Palo Alto, California headquarters, we may experience more difficulty integrating and managing the acquired businesses' operations.

If product liability lawsuits are successfully brought against us, we could face substantial liabilities and may be required to limit commercialization of our products.

The testing and marketing of medical products entails an inherent risk of product liability. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Although we intend to obtain product liability insurance, this insurance may be prohibitively expensive, or may not fully cover our potential liabilities. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with our future collaborators. We, or our future collaborators, might not be able to obtain insurance at a reasonable cost, if at all.

If a natural disaster occurs, we may have to cease or limit our business operations

We conduct our database and a significant portion of our other activities at our facilities in Palo Alto, California, which is in a seismically active area. Although we maintain business interruption insurance, we do not have or plan to obtain earthquake insurance. A major catastrophe, such as an earthquake or other natural disaster, could result in a prolonged interruption of our business.

RISKS RELATING TO COLLABORATORS

To generate significant revenues, we must obtain additional database collaborators and retain existing collaborators

As of December 31, 2001, we had over 50 database agreements. If we are unable to enter into additional agreements, or if our current database collaborators choose not to renew their agreements upon expiration, we may not generate additional revenues or maintain our current revenues. Our database revenues are also affected by the extent to which existing collaborators expand their agreements with us to include our new database products and the extent to which existing collaborators reduce the number of products for which they subscribe, the impact of which will vary based upon our pricing of those products. Some of our database agreements require us to meet performance obligations, some or all of which we may not be successful in attaining. A database collaborator can terminate its agreement before the end of its scheduled term if we breach the agreement and fail to cure the breach within a specified period. In addition, it is likely that database revenues will decrease if we are successful in entering into co-development arrangements with some of our current database subscribers to develop new therapeutic products.

Licensing our gene-related intellectual property may not contribute to revenues for several years, and may never result in revenues

Part of our strategy is to license to database collaborators and to some of our other customers our know-how and patent rights associated with the genetic information in our proprietary databases, for use in the discovery and development of potential pharmaceutical, diagnostic or other products. Any potential product that is the subject of such a license will require several years of further development, clinical testing and regulatory approval before commercialization. Therefore, milestone or royalty payments from these collaborations may not contribute to revenues for several years, if at all.

If conflicts arise between our future collaborators or advisors and us, they may act in their self-interest, which may be adverse to our interests or to the interests of our shareholders

If conflicts arise between us and our future corporate collaborators or scientific advisors, if any, the other party may act in its self-interest and not in the interest of our stockholders. It is likely that many of our future collaborators will be conducting multiple product development efforts within each disease area that is the subject of the collaboration with us. Our future corporate collaborators, may develop, either alone or with others, products in related fields that are competitive with the products or potential products that are the subject of these collaborations. Competing products, either developed by our future collaborators or to which our future collaborators have rights, may result in their withdrawal of support for our product candidates.

If we fail to enter into future collaborative arrangements, our business and operations would be negatively impacted

We do not know if we will be able to establish collaborative arrangements, or whether any such future collaborative arrangements will ultimately be successful. For example, there have been, and may continue to be, a significant number of recent business combinations among large pharmaceutical companies that have resulted, and may continue to result, in a reduced number of potential future corporate collaborators. This consolidation may limit our ability to find partners who will work with us in developing and commercializing drugs. If business combinations involving our existing corporate collaborators were to occur, the effect could be to diminish, terminate or cause delays in one or more of our corporate collaborations or agreements.

We believe that our existing capital resources, together with the proceeds from future and current collaborations and agreements, will be sufficient to support our current operations. Nonetheless, our future funding requirements will depend on many factors, including, but not limited to:

- any changes in the breadth of our research and development programs;

- the results of research and development, preclinical studies and clinical trials conducted by us or our future collaborative partners or licensees, if any;

- the acquisition or licensing of technologies or compounds, if any;

- our ability to maintain and establish new corporate relationships and research collaborations;

- our ability to manage growth;

- competing technological and market developments;

- the time and costs involved in filing, prosecuting, defending and enforcing patent and intellectual property claims;

- the receipt of contingent licensing or milestone fees from our current or future collaborative and license arrangements, if established; and

- the timing of regulatory approvals.

RISKS RELATING TO INTELLECTUAL PROPERTY

Our database revenues could decline due to sequences becoming publicly available

Our competitors may discover and establish patent positions with respect to the genes in our databases. Our competitors and other entities who engage in discovering may make the results of their sequencing efforts publicly available. Currently, academic institutions and other laboratories participating in the Human Genome Project make their gene sequence information available through a number of publicly available databases, including the GenBank database. The public availability of these discoveries or resulting patent positions covering substantial portions of the human genome could reduce the potential value of our databases to our collaborators. Public availability of sequences could also impair our ability to realize royalties or other revenue from any commercialized products based on genetic information made public prior to our patent filings.

We are involved in patent litigation, which if not resolved favorably, could require us to pay damages

We are currently involved in patent litigation.

In October 2001, Invitrogen Corporation filed an action against us in federal court, alleging infringement of three patents that relate to the use of reverse transcriptase with no RNase H activity in preparing complimentary DNA from RNA. The complaint seeks unspecified money damages and injunctive relief. In November 2001, we filed our answers to Invitrogen's patent infringement claims, and asserted seven counterclaims against Invitrogen seeking declaratory relief with respect to the patents at issue, implied license, estoppel, laches, and patent misuse. We are also seeking our fees, costs and expenses.

In November 2001, we filed a complaint against Invitrogen in federal court alleging infringement of 14 of our patents relating to genes, RNA amplification and gene expression, and methods of fabricating microarrays of biological samples. The complaint seeks a permanent injunction enjoining Invitrogen from further infringement of the patents at issue, damages for Invitrogen's conduct, as well as our fees, costs, and interest. We are further seeking triple damages from the infringement claim based on Invitrogen's willful infringement of our patents.

We believe we have meritorious defenses and intend to defend the suit and potential counterclaims brought by Invitrogen vigorously. However, our defenses may be unsuccessful. At this time, we cannot reasonably estimate the possible range of any loss or damages resulting from these suits and counterclaims due to uncertainty regarding the ultimate outcome. In addition, regardless of the outcome, we expect that the Invitrogen litigation will result in substantial costs to us. Further, there can be no assurance that any license that may be

required as a result of this litigation or the outcome thereof may not be made available on commercially acceptable terms, if at all.

If we are subject to additional litigation and infringement claims, they could be costly and disrupt our business

The technology that we use to develop our products, and the technology that we incorporate in our products, may be subject to claims that they infringe the patents or proprietary rights of others. The risk of this occurring will tend to increase as the genomics, biotechnology and software industries expand, more patents are issued and other companies attempt to discover genes and SNPs and engage in other genomic-related businesses. The success of our therapeutic discovery and development efforts will also depend, in part, on our ability to operate without infringing or misappropriating the proprietary rights of others.

As is typical in the genomics, biotechnology and software industries, we have received, and we will probably receive in the future, notices from third parties alleging patent infringement. Except for Invitrogen, no third party has a current filed patent lawsuit against us.

We may, however, be involved in future lawsuits alleging patent infringement or other intellectual property rights violations. In addition, litigation may be necessary to:

- assert claims of infringement;
- enforce our patents;
- protect our trade secrets or know-how; or
- determine the enforceability, scope and validity of the proprietary rights of others.

We may be unsuccessful in defending or pursuing these lawsuits. Regardless of the outcome, litigation can be very costly and can divert management's efforts. An adverse determination may subject us to significant liabilities or require us or our future collaborators to seek licenses to other parties' patents or proprietary rights. We or our future collaborators may also be restricted or prevented from manufacturing or selling our products and services. Further, we, or our future collaborators may not be able to obtain any necessary licenses on acceptable terms, if at all.

We may be unable to protect our proprietary information, which may result in its unauthorized use and a loss of revenue

Our business and competitive position depend upon our ability to protect our proprietary database information and software technology. Despite our efforts to protect this information and technology, unauthorized parties may attempt to obtain and use information that we regard as proprietary. Although our database subscription agreements require our subscribers to control access to our databases, policing unauthorized use of our databases and software may be difficult.

We pursue a policy of having our employees, consultants and advisors execute proprietary information and invention agreements when they begin working for us. However, these agreements may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure.

Our means of protecting our proprietary rights may not be adequate, and our competitors may:

- independently develop substantially equivalent proprietary information and techniques;
- otherwise gain access to our proprietary information; or
- design around patents issued to us or our other intellectual property.

If the inventions described in our patent applications on full-length or partial genes are found to be unpatentable, our issued patents are not enforced or our patent applications conflict with patent applications filed by others, our revenues may decline

One of our strategies is to file patent applications on what we believe to be novel full-length and partial genes and SNPs obtained through our efforts to discover the order, or sequence, of the molecules, or bases, of genes. We have filed U.S. patent applications in which we claimed partial sequences of some genes. We have also applied for patents in the U.S. and other countries claiming full-length gene sequences associated with cells and tissues involved in our gene sequencing program. We hold a number of issued U.S. patents on full-length genes and one issued U.S. patent claiming multiple partial gene sequences. While the United States Patent and Trademark Office has issued patents covering full-length genes, partial gene sequences and SNPs, the Patent and Trademark Office may choose to interpret new guidelines for the issuance of patents in a more restrictive manner in the future, which could affect the issuance of our pending patent applications. We also do not know whether or how courts may enforce our issued patents, if that becomes necessary. If a court finds these types of inventories to be unpatentable, or interprets them narrowly, the value of our patent portfolio and possibly our revenues could be diminished.

We believe that some of our patent applications claim genes and partial sequences of genes that may also be claimed in patent applications filed by others. In some or all of these applications, a determination of priority of inventorship may need to be decided in an interference before the United States Patent and Trademark Office, before a patent is issued. If a full-length or partial length sequence for which we seek a patent is issued to one of our competitors, we may be unable to include that full-length or partial length sequence or in a library of bioreagents. This could result in a loss of revenues.

If the effective term of our patents is decreased due to changes in the U.S. patent laws or if we need to refile some of our patent applications, the value of our patent portfolio and the revenues we derive from it may be decreased

The value of our patents depends in part on their duration. A shorter period of patent protection could lessen the value of our rights under any patents that we obtain and may decrease the revenues we derive from our patents. The U.S. patent laws were amended in 1995 to change the term of patent protection from 17 years from patent issuance to 20 years from the earliest effective filing date of the application. Because the average time from filing to issuance of biotechnology applications is at least one year and may be more than three years depending on the subject matter, a 20-year patent term from the filing date may result in substantially shorter patent protection. Also, we may need to refile some of our applications claiming large numbers of gene sequences and, in these situations, the patent term will be measured from the date of the earliest priority application. This would shorten our period of patent exclusivity and may decrease the revenues that we might obtain from the patents.

International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources

Biotechnology patent law outside the United States is even more uncertain than in the United States and is currently undergoing review and revision in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as U.S. laws. We may participate in opposition proceedings to determine the validity of our foreign patents or our competitors foreign patents, which could result in substantial costs and diversion of our efforts.

If we are unable to obtain regulatory approval to develop and market products in the United States and foreign jurisdictions, we might not be permitted to commercialize products from our research

Before commencing clinical trials in humans, we, or our future collaborators, will need to submit and receive approval from the FDA of an Investigational New Drug application, or IND. The regulatory process also requires preclinical testing. Data obtained from preclinical and clinical activities are susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. In addition, delays or rejections may be encountered based upon changes in regulatory policy for product approval during the period of product development and regulatory agency review. Any failure to obtain regulatory approval could delay or prevent us from commercializing products.

Due, in part, to the early stage of our drug candidate research and development process, we cannot predict whether regulatory approval will be obtained for any product we, or our future collaborators, hope to develop. Significant research and development efforts will be necessary before any products can be commercialized. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources.

If regulatory approval of a product is granted, this approval will be limited to those disease states and conditions for which the product is demonstrated through clinical trials to be safe and efficacious. We cannot ensure that any compound developed by us, alone or with others, will prove to be safe and efficacious in clinical trials and will meet all of the applicable regulatory requirements needed to receive marketing approval.

Outside the United States, our ability, or that of our future collaborative partners, to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. This foreign regulatory approval process typically includes all of the risks associated with FDA approval described above and may also include additional risks.

Because our activities involve the use of hazardous materials, we may be subject to claims relating to improper handling, storage or disposal of these materials that could be time consuming and costly

Our research and development processes involve the controlled use of hazardous and radioactive materials and biological waste. Our operations produce hazardous waste products. We cannot eliminate the risk of accidental contamination or discharge and any resultant injury from these materials. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these materials and waste products. We may be sued for any injury or contamination that results from our use or the use by third parties of these materials, and our liability may exceed our insurance coverage and our total assets. Compliance with environmental laws and regulations may be expensive, and current or future environmental regulations may impair our research, development and production efforts.

Future changes to environmental, health and safety laws could cause us to incur additional expense or restrict our operations. In addition, our future collaborators may use hazardous materials in connection with our collaborative efforts. To our knowledge, their work is performed in accordance with applicable biosafety regulations. In the event of a lawsuit or investigation, however, we could be held responsible for any injury caused to persons or property by exposure to, or release of, these hazardous materials use by these parties. Further, we may be required to indemnify our collaborators against all damages and other liabilities arising out of our development activities or products produced in connection with these collaborations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to interest rate risk primarily through its investments in short-term marketable debt securities. The Company's investment policy calls for investment in short term, low risk, investment-grade

instruments. As of December 31, 2001, investments in marketable debt securities were $500.0 million. Due to the nature of these investments, if market interest rates were to increase immediately and uniformly by 10% from levels as of December 31, 2001, the decline in the fair value of the portfolio would not be material.

The Company is exposed to equity price risks on the marketable portion of equity securities included in its portfolio of investments and long-term investments, entered into to further its business and strategic objectives. These investments are in small capitalization stocks in the pharmaceutical/biotechnology industry sector, in companies with which the Company has research and development or licensing agreements. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. As of December 31, 2001, long-term investments were $45.3 million.

The Company is exposed to foreign exchange rate fluctuations as the financial results of its foreign operations are translated into U.S. dollars in consolidation. As exchange rates vary, these results, when translated, may vary from expectations and adversely impact the Company's financial position or results of operations. All of the Company's revenues are denominated in U.S. dollars. The Company does not enter into forward exchange contracts as a hedge against foreign currency exchange risk on transactions denominated in foreign currencies or for speculative or trading purposes. If currency exchange rates were to fluctuate immediately and uniformly by 10% from levels as of December 31, 2001, the impact to the Company's financial position or results of operations would not be material.

Item 8. Financial Statements and Supplementary Data

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Incyte Genomics, Inc.

We have audited the accompanying consolidated balance sheets of Incyte Genomics, Inc. as of December 31, 2001 and 2000, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the financial statements of diaDexus, Inc., a development stage company, which statements reflect a net loss of $11,286,000 for the year ended December 31, 1999. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the 1999 losses from joint venture recorded under the equity method and other data included for diaDexus, Inc. is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Incyte Genomics, Inc. at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Palo Alto, California
January 25, 2002

INCYTE GENOMICS, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands, except number of shares and par value)

	December 31, 2001	December 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,368	$110,155
Marketable securities--available-for-sale	464,535	472,025
Accounts receivable, net/(1)/	54,038	35,022
Prepaid expenses and other current assets	29,280	30,693
Total current assets	591,221	647,895
Property and equipment, net	47,927	98,948
Long-term investments	45,272	40,003
Goodwill and other intangible assets, net	2,914	82,944
Deposits and other assets	18,225	17,030
Total assets	$ 705,559	$886,820
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,347	$ 17,497
Accrued compensation	18,812	13,023
Interest payable	4,060	4,310
Royalties payable	5,001	465
Accrued and other current liabilities	11,873	18,261
Deferred revenue	24,045	22,756
Accrued restructuring charges	14,970	--
Total current liabilities	86,108	76,312
Convertible subordinated notes	179,248	187,814
Total liabilities	265,356	264,126
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; none issued and outstanding at December 31, 2001 and 2000	--	--
Common stock, $0.001 par value; 200,000,000 shares authorized; 66,745,577 and 65,691,623 shares issued and outstanding at December 31, 2001 and 2000, respectively	67	66
Additional paid-in capital	707,412	689,392
Deferred compensation	(8,127)	(2,773)
Accumulated other comprehensive income	8,990	20,913
Accumulated deficit	(268,139)	(84,904)
Total stockholders' equity	440,203	622,694
Total liabilities and stockholders' equity	$ 705,559	$886,820

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(1) Includes receivables from related parties of $10,936 and $0 in 2001 and 2000, respectively.

See accompanying notes

INCYTE GENOMICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2001	2000	1999
Revenues/(1)/	$ 219,263	$194,167	$156,962
Costs and expenses:			
Research and development/(2)/	213,336	192,556	146,833
Selling, general and administrative/(3)/	70,626	64,201	37,235
Other expenses/(4)/	130,372	--	--
Total costs and expenses	414,334	256,757	184,068
Loss from operations	(195,071)	(62,590)	(27,106)
Interest and other income (expense), net	23,453	41,735	5,485
Interest expense	(10,128)	(10,529)	(316)
Loss on sale of assets	(5,777)	--	--
Gain on certain derivative financial instruments	553	--	--
Losses from joint venture	--	(1,283)	(5,631)
Loss before income taxes, extraordinary item and accounting change	(186,970)	(32,667)	(27,568)
Provision (benefit) for income taxes	930	205	(800)
Loss before extraordinary item and accounting change	(187,900)	(32,872)	(26,768)
Extraordinary gain	2,386	3,137	--
Cumulative effect of accounting change	2,279	--	--
Net loss	$(183,235)	$(29,735)	$(26,768)
Per share data:			
Loss before extraordinary item	$ (2.84)	$ (0.52)	$ (0.48)
Extraordinary gain	0.04	0.05	--
Cumulative effect of accounting change	0.03	--	--
Basic and diluted net loss per share	$ (2.77)	$ (0.47)	$ (0.48)
Shares used in computing basic and diluted net loss per share	66,193	63,211	56,276

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(1) Includes revenues from transactions with related parties of $24,615, $0 and $0 for the years ended December 31, 2001, 2000 and 1999, respectively.
(2) Includes stock based compensation charges of $1,268, $336 and $416 in 2001, 2000 and 1999, respectively.
(3) Includes stock-based compensation charges of $137, $0 and $0 in 2001, 2000 and 1999, respectively.
(4) Includes the following charges recorded in 2001: $68,666--goodwill and intangibles impairment; $55,602--non-recurring restructuring charges and $6,104--impairment of a long-lived asset.

See accompanying notes

INCYTE GENOMICS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2001	2000	1999
Net loss	$(183,235)	$(29,735)	$(26,768)
Other comprehensive income (loss):			
Unrealized gains (losses) on marketable securities	(13,919)	17,446	3,346
Reclassification adjustment for realized gains on marketable securities	1,993	172	272
Foreign currency translation adjustment	3	(148)	(165)
Other comprehensive income (loss)	(11,923)	17,470	3,453
Comprehensive loss	$(195,158)	$(12,265)	$(23,315)

See accompanying notes

INCYTE GENOMICS, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands, except number of shares)

	Common Stock	Additional Paid-in Capital	Deferred Compensation	Receivable From Stockholder	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
Balances at January 1, 1999.....	$56	$209,164	$(1,209)	$(33)	$ (10)	$ (28,401)	$ 179,567
Issuance of 1,961,696 shares of Common Stock upon exercise of stock options and 158,754 shares of Common Stock under the ESPP.....	2	13,612	--	--	--	--	13,614
Amortization of deferred compensation.....	--	--	403	--	--	--	403
Repayment of receivable from stockholder.....	--	--	--	13	--	--	13
Other comprehensive income (loss)...					3,453		3,453
Net loss.....	--	--	--	--	--	(26,768)	(26,768)
Balances at December 31, 1999.....	58	222,776	(806)	(20)	3,443	(55,169)	170,282
Issuance of 2,448,612 shares of Common Stock upon exercise of stock options and 214,617 shares of Common Stock under the ESPP.....	3	28,625	--	--	--	--	28,628
Issuance of 4,000,000 shares of Common Stock in private equity offering.....	4	403,351	--	--	--	--	403,355
Issuance of 1,248,522 shares of Common Stock and deferred compensation from stock options assumed in the acquisition of Proteome Inc.....	1	34,640	(2,479)	--	--	--	32,162
Amortization of deferred compensation.....	--	--	512	--	--	--	512
Repayment of receivable from stockholder.....	--	--	--	20	--	--	20
Other comprehensive income (loss)...					17,470		17,470
Net loss.....	--	--	--	--	--	(29,735)	(29,735)
Balances at December 31, 2000.....	66	689,392	(2,773)	--	20,913	(84,904)	622,694
Issuance of 752,151 shares of Common Stock upon exercise of stock options and 301,763 shares of Common Stock under the ESPP.....	1	11,645	--	--	--	--	11,646
Other.....	--	(234)	--	--	--	--	(234)
Deferred compensation on issuance of restricted stock units.....	--	7,933	(7,933)	--	--	--	--
Adjustment of deferred compensation for terminated employees.....	--	(1,324)	1,324	--	--	--	--
Amortization of deferred compensation.....	--	--	1,255	--	--	--	1,255
Other comprehensive income (loss)...					(11,923)		(11,923)
Net loss.....	--	--	--	--	--	(183,235)	(183,235)
Balances at December 31, 2001.....	$67	$707,412	$(8,127)	$ --	$ 8,990	$(268,139)	$ 440,203

See accompanying notes

INCYTE GENOMICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2001	2000	1999
Cash flows from operating activities:			
Net loss	$(183,235)	$ (29,735)	$(26,768)
Adjustments to reconcile net loss to net cash used in operating activities:			
Non-cash restructuring charges and impairment of long-lived assets	109,423	--	--
Depreciation and amortization	46,410	34,842	28,106
Amortization of deferred compensation	1,255		
Gain on repurchase of convertible subordinated notes	(2,386)	(3,137)	--
Cumulative effect of accounting change	(2,279)	--	--
Gain on derivative financial instruments, net	(553)	--	--
Impairment of long-term investments	14,665		
Gain on sale of long-term investments, net	(2,505)	(4,384)	(241)
Loss on sale of assets	5,777	--	--
Debt instruments and equity received in exchange for goods or services provided	(8,100)	(6,600)	--
Losses from joint venture	--	1,283	5,631
Changes in operating assets and liabilities:			
Accounts receivable	(21,406)	(8,414)	(12,290)
Prepaid expenses and other assets	(14,916)	(19,824)	(17,973)
Accounts payable	(10,150)	10,816	(1,743)
Accrued and other current liabilities	19,557	14,912	6,427
Deferred revenue	1,439	(3,703)	(2,595)
Net cash used in operating activities	(47,004)	(13,944)	(21,446)
Cash flows from investing activities:			
Capital expenditures	(12,919)	(59,510)	(34,758)
Purchase of long-term investments	(28,019)	(3,494)	(4,181)
Proceeds from the sale of long-term investments	4,337	7,917	4,321
Purchase of subsidiary (net of cash received)	--	(36,866)	--
Purchases of marketable securities	(888,366)	(822,357)	(22,998)
Sales of marketable securities	601,884	274,267	38,932
Maturities of marketable securities	297,226	112,950	10,000
Other	300	--	--
Net cash used in investing activities	(25,557)	(527,093)	(8,684)
Cash flows from financing activities:			
Proceeds from issuance of common stock under stock plans	11,268	31,297	13,614
Proceeds from private equity offering	--	403,355	--
Proceeds from the issuance of Convertible Subordinated Notes	--	196,800	--
Repurchase of Convertible Subordinated Notes	(5,643)	(11,872)	--
Principal payments on capital lease obligations and note payable	--	(480)	(1,160)
Other	145	20	13
Net cash provided by financing activities	5,770	619,120	12,467
Effect of exchange rate on cash and cash equivalents	4	(148)	(165)
Net increase (decrease) in cash and cash equivalents	(66,787)	77,935	(17,828)
Cash and cash equivalents at beginning of period	110,155	32,220	50,048
Cash and cash equivalents at end of period	$ 43,368	$ 110,155	$ 32,220
Supplemental Schedule of Cash Flow Information			
Interest paid	$ 9,526	$ 6,219	$ 316
Taxes paid	$ 780	$ 226	$ 224
Cash Flow for Acquisition of Subsidiaries			
Tangible assets acquired (excluding $808 cash received in 2000)	--	$ 1,597	--
Purchased in-process research and development	--	--	--
Goodwill and other intangible assets acquired	--	70,771	--
Acquisition costs incurred	--	(2,300)	--
Liabilities assumed	--	(1,039)	--
Deferred compensation assumed	--	2,479	--
Common stock issued	--	(34,642)	--
Cash paid for acquisition (net of $808 cash received in 2000)	--	$ 36,866	--
Supplemental Disclosure of Non-Cash Activity			
Deferred compensation on restricted stock units	$ 7,933	--	--
Reversal of deferred compensation on Proteome	$ (1,324)	--	--

See accompanying notes

Note 1. Organization and Summary of Significant Accounting Policies

Organization and Business. Incyte Genomics, Inc. (the "Company") was incorporated in Delaware in April 1991 under the name Incyte Pharmaceuticals, Inc. In June 2000, the Company's stockholders approved an amendment to the Company's Certificate of Incorporation to change the Company's name to Incyte Genomics, Inc. The Company believes it has the largest commercial portfolio of issued United States patents covering human, full-length genes and the proteins and antibodies they encode. The Company intends to leverage its leading intellectual property and genomic information position to be a leader in therapeutic small molecule, secreted protein and antibody discoveries. In addition, the Company has also developed a leading integrated platform of genomic technologies designed to aid in the understanding of the molecular basis of disease. These technologies primarily consist of genomic databases and pharmaceutically relevant intellectual property licenses, which help pharmaceutical and biotechnology researchers in their therapeutic discovery and development efforts. These efforts include gene discovery, understanding disease pathways, identifying new disease targets and the discovery and correlation of gene sequence variation to disease.

During 2001, the Company increased its focus on its therapeutic discovery and development programs and its information products and services, which includes licensing a portion of its intellectual property. As a result, the Company exited the following activities: microarray-related products and services, genomic screening products and services, public domain clone products and related services, contract sequencing services, transgenics products and services and SNP discovery services. As a part of the exit of these activities, the Company closed certain of its facilities in Fremont, California; St. Louis, Missouri and Cambridge, England. In addition to the product lines exited, it made infrastructure and other personnel reductions at its other locations, resulting in an aggregate workforce reduction of approximately 400 employees.

Principles of Consolidation. The consolidated financial statements include the accounts of Incyte Genomics, Inc., and its wholly owned subsidiaries. All material intercompany accounts, transactions, and profits have been eliminated in consolidation.

Reclassifications. Certain amounts reported in previous years have been reclassified to conform to 2001 financial statement presentation.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Foreign Currency Translation. The financial statements of subsidiaries outside the United States are measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date. The resultant translation adjustments are included in the accumulated other comprehensive income (loss), a separate component of stockholders' equity. Income and expense items are translated at average monthly rates of exchange.

Concentrations of Credit Risk. Cash, cash equivalents, short-term investments, trade receivables, and long-term strategic investments are financial instruments which potentially subject the Company to concentrations of credit risk. The estimated fair value of financial instruments approximates the carrying value based on available market information. The Company primarily invests its excess available funds in notes and bills issued by the U.S. government and its agencies and corporate debt securities and, by policy, limits the amount of credit exposure to any one issuer and to any one type of investment, other than securities issued or guaranteed by the U.S. government. The Company's customers are primarily pharmaceutical and biotechnology companies which are typically located in the United States and Europe. The Company has not experienced any

significant credit losses to date and does not require collateral on receivables. The Company's long-term investments represent equity and debt investments in a number of companies whose businesses may be complementary to the Company's business. The Company evaluates the long-term investments quarterly for impairment. (See Long-Term Investments)

Cash and Cash Equivalents. Cash and cash equivalents are held in U.S banks or in custodial accounts with U.S. and U.K. banks. Cash equivalents are defined as all liquid investments with maturity from date of purchase of 90 days or less that are readily convertible into cash and have insignificant interest rate risk.

Marketable Securities--Available-for-Sale. All marketable securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, based on quoted market prices, with unrealized gains and losses reported as a separate component of stockholders' equity. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretions of discounts to maturity. Such amortization is included in interest income. Realized gains and losses and declines in value judged to be other than temporary for available-for-sale securities are included in interest and other income/expense. The cost of securities sold is based on the specific identification method.

The following is a summary of the Company's marketable security portfolio including cash equivalents of $35,415,000 and $69,330,000 as of December 31, 2001 and 2000, respectively.

	Amortized Cost	Net Unrealized Gains (Losses)	Estimated Fair Value
		(in thousands)	
December 31, 2001			
U.S. Treasury notes and other U.S. government and agency securities	$131,086	$ 533	$131,619
Corporate debt securities	363,764	4,567	368,331
Long term equity investments	4,947	4,602	9,549
	$499,797	$ 9,702	$509,499
December 31, 2000			
U.S. Treasury notes and other U.S. government and agency securities	$173,614	$ 226	$173,840
Corporate debt securities	365,896	1,619	367,515
Long term equity investments	5,761	19,783	25,544
	$545,271	$21,628	$566,899

At December 31, 2001 and 2000, all of the Company's debt investments are classified as short-term, as the Company has classified its investments as available for sale and may not hold its investments until maturity in order to take advantage of market conditions. Unrealized losses were not material and have therefore been netted against unrealized gains. At December 31, 2001, the Company's debt marketable securities had the following maturities:

	Amortized Cost	Estimated Fair Value
	(in thousands)	
Less than one year	$296,872	$299,009
Between one and two years	178,164	181,020
Between two and three years	19,814	19,921
	$494,850	$499,950

Net realized gains of $1,993,000, $172,000 and $272,000 from sales of marketable securities were included in "interest and other income/expense, net" in 2001, 2000 and 1999, respectively.

Accounts Receivable. Accounts receivable at December 31, 2001 and 2000 included an allowance for doubtful accounts of $2,101,000 and $356,000, respectively, with the allowance reflecting reserves for activities exited in the restructure.

Property and Equipment. Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets (generally three to five years). Leasehold improvements are amortized over the shorter of the estimated useful life of the assets or lease term. Property and equipment consists of the following:

	December 31,	
	2001	2000
	(in thousands)	
Office equipment	$ 4,944	$ 5,308
Laboratory equipment	21,149	32,286
Computer equipment	75,906	93,136
Leasehold improvements	33,433	48,924
	135,432	179,654
Less accumulated depreciation and amortization	(87,505)	(80,706)
	$ 47,927	$ 98,948

Depreciation expense, including amortization expense of assets under capital leases and leasehold improvements, was $31,240,000, $28,922,000 and $21,849,000 for 2001, 2000 and 1999, respectively.

Certain laboratory and computer equipment used by the Company could be subject to technological obsolescence in the event that significant advancement is made in competing or developing equipment technologies. Management continually reviews the estimated useful lives of technologically sensitive equipment and believes that those estimates appropriately reflect the current useful life of its assets. In the event that a currently unknown significantly advanced technology became commercially available, the Company would re-evaluate the value and estimated useful lives of its existing equipment, possibly having a material impact on the financial statements.

Valuation of Long-Lived Assets. Long-lived assets, including certain identifiable intangible assets and goodwill, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable such as a significant industry downturn or a significant decline in the market value of the Company. Determination of recoverability is based on an estimate of undiscounted cash flows resulting from the use of the asset and its eventual disposition. Measurement of impairment charges for long-lived assets and certain identifiable intangible assets including goodwill relating to those assets that management expects to hold and use are based on the fair value of such assets. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Long-Term Investments. The Company has made equity investments in a number of companies whose businesses may be complementary to the Company's business. The Company accounts for its investments for which the shares are freely tradable or become freely tradable within one year of the balance sheet date in

accordance with Financial Accounting Standard Board ("FASB") Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities ("SFAS 115"), with unrealized gains and losses being reported in accumulated other comprehensive income (loss) as a separate component of stockholders' equity. In all other cases, the cost method of accounting is used. The Company owns less than 20% of the outstanding voting stock of each long-term investment, and does not have the ability to exert significant influence over these investments.

Derivative Financial Instruments. In June 1998, the FASB issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), as amended by SFAS Nos. 137 and 138. SFAS 133 established standards for accounting and reporting derivative instruments and hedging activities. It requires companies to recognize all derivatives as either assets or liabilities on the balance sheet and measure these instruments at fair value. Derivatives that are not designated as hedges must be adjusted to fair value through the Statement of Operations. The Company adopted SFAS 133 on January 1, 2001 and recorded a $2.3 million cumulative gain, or $0.03 per share, relating to the valuation of warrants held in other companies, which is recorded in the consolidated statements of operations as a cumulative effect of accounting change. The Company also recorded a gain of $0.6 million during the year ended December 31, 2001 related to the increase in value of the same instruments subject to SFAS 133. The asset balances are included in long-term investments.

Joint Venture. In September 1997, the Company formed a joint venture, diaDexus, LLC, with SmithKline Beecham Corporation ("SB"), to utilize genomic and bioinformatic technologies in the discovery and commercialization of molecular diagnostics. The Company and SB each held a 50 percent equity interest in diaDexus and the Company accounted for the investment under the equity method. On April 4, 2000, diaDexus converted from an LLC to a corporation and completed a private equity financing, at which time the Company no longer had significant influence over diaDexus. Accordingly, the Company began accounting for its investment in diaDexus under the cost method of accounting as of the date of the financing. (See Note 11).

Goodwill and Other Intangible Assets. Intangible assets represent purchased intangible assets and the excess acquisition cost over the fair value of tangible and identified intangible assets of businesses acquired (goodwill). Purchased intangible assets include developed technology, database, tradename and assembled workforce. Intangible assets are being amortized using the straight-line method over estimated useful lives ranging from 3 to 8 years. At December 31, 2001 and 2000, accumulated amortization was $8,064,000 and $5,380,000, respectively. See Note 14 for a discussion of impairment charges recognized in 2001.

Software Costs. In accordance with the provisions of the FASB Statement No. 86, Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed ("SFAS 86"), the Company has capitalized software development costs incurred in developing certain products once technological feasibility of the products has been determined. At December 31, 2001 and 2000, capitalized software was $5,988,000 and $8,166,000, respectively, net of accumulated amortization of $748,000 and $9,785,000, respectively. Amortization expense was $4,327,000; $4,799,000; and $3,418,000 for the years ended December 31, 2001, 2000 and 1999, respectively. See Note 14 for a discussion of impairment charges recognized in 2001.

Patent Costs. In accordance with the provisions of the Accounting Principles Board Opinion No. 17, Intangible Assets ("APB 17"), the Company has capitalized direct costs incurred in preparing, filing and maintaining patent applications. At December 31, 2001 and 2000, capitalized patents were $6,926,000 and $1,340,000, respectively, net of accumulated amortization of $478,000 and $78,000, respectively. Amortization expense was $400,000; $78,000; and $0 for the years ended December 31, 2001, 2000 and 1999, respectively.

Internal Use Software. The Company accounts for software developed or obtained for internal use in accordance with Statement of Position 98-1 Accounting for the Costs of Computer Software Developed or

Obtained for Internal Use ("SOP 98-1"). The statement requires capitalization of certain costs incurred in the development of internal-use software, including external direct material and service costs, employee payroll and payroll related costs. Capitalized software costs, which are included in property and equipment are depreciated over three to five years.

Royalties Payable. Royalties payable arise from the sublicense of third party patents. These costs are accrued and matched with revenue recognition in the period of the recording of revenue. The amount accrued at December 31, 2001 reflects increased information products and services sales in 2001.

Accumulated Other Comprehensive Income. Accumulated Other Comprehensive Income consists of the following:

	December 31,	
	2001	2000
	(in thousands)	
Unrealized gains on marketable securities.....	$9,702	$21,628
Cumulative translation adjustment.....	(712)	(715)
	$8,990	$20,913

Revenue Recognition. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable and collectibility is reasonably assured. The Company enters into various types of agreements for access to its databases of information, use of its intellectual property and sales of its custom genomics products and services. Revenue is deferred for fees received before earned or until no further obligations exist.

Revenue from database agreements are recognized evenly over the access period. Revenue from licenses to the Company's intellectual property are recognized when earned under the terms of the related agreements. Royalty revenues are recognized upon the sale of the products or services to third parties by the licensee or other agreed upon terms.

Revenues from custom products, such as clones and datasets are recognized upon completion and delivery. Revenues from custom services are recognized upon completion of contract deliverables. Revenue from gene expression microarray services includes: technology access fees, which are recognized ratably over the access term, and progress payments, which are recognized at the completion of key stages in the performance of the service in proportion to the costs incurred.

Revenues recognized from multiple element contracts are allocated to each element of the arrangement based on the relative fair values of the elements. The determination of fair value of each element is based on objective evidence from historical sales of the individual element by us to other customers. If such evidence of fair value for each element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value does exist or until all elements of the arrangement are delivered. In accordance with SAB 101, when elements are specifically tied to a separate earnings process, revenue is recognized when the specific performance obligation associated with the element is completed. When revenues for an element are not specifically tied to a separate earnings process they are recognized ratably over the term of the agreement. When contracts include non-monetary exchanges, the non-monetary transaction is determined using the fair value of the products and services involved, as applicable.

Revenues received from agreements in which collaborators paid with equity or debt instruments in their company were $7.8 million and $6.6 million in 2001 and 2000, respectively. Additionally, revenues received

from agreements in which the Company concurrently invested funds in the collaborator's stock were $14.1 million and $6.4 million in 2001 and 2000, respectively. We did not have similar transactions in 1999.

We also entered into transactions in which we recognized revenues of $24.7 million and $6.7 million in 2001 and 2000, respectively, with certain customers from whom we concurrently committed to purchase goods or services of $47.4 million and $12.4 million in 2001 and 2000, respectively. Of such amounts, we expensed $18.3 million and $1.3 million in 2001 and 2000, respectively. We did not have similar transactions in 1999.

The above transactions were recorded at fair value in accordance with the Company's revenue recognition policy.

Research and Development. Research and development costs are charged to operations as incurred.

Stock-Based Compensation. In accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"), as amended by FASB Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation ("FIN 44"), the Company records, and amortizes over the related vesting periods, deferred compensation representing the difference between the price per share of stock issued or the exercise price of stock options granted and the fair value of the Company's common stock at the time of issuance or grant.

Advertising Costs. All costs associated with advertising products are expensed in the year incurred. Advertising expense for the years ended December 31, 2001, 2000 and 1999, was $1,423,000, $2,482,000 and $1,051,000, respectively.

New Pronouncements. In July 2001, the FASB issued Statement No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 142 requires, among other things, the discontinuance of goodwill amortization and includes provisions for the reclassification of certain existing recognized intangibles as goodwill, reassessment of the useful lives of existing recognized intangibles, and reclassification of certain intangibles out of previously reported goodwill. The adoption of this statement on January 1, 2002 will not have a material impact on the Company's consolidated financial statements.

In October 2001, the FASB issued Statement No. 144, Accounting for the Impairment of Long-Lived Assets ("SFAS 144"). The FASB's new rules on asset impairment supersede FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, and portions of APB Opinion No. 30, Reporting the Results of Operations. SFAS 144 provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria that would have to be met to classify an asset as held-for-sale. SFAS 144 also requires expected future operating losses from discontinued operations to be displayed in the period in which the losses are incurred, rather than as of the measurement date as presently required. The adoption of this statement on January 1, 2002 will not have a material impact on the Company's consolidated financial statements.

Note 2. Information Product and Service Agreements

As of December 31, 2001, the Company had entered into agreements for information products and services, which includes licensing a portion of the Company's intellectual property, with over fifty pharmaceutical, biotechnology and agricultural companies and academic institutions. Over 79% and 75% of revenues in 2001 and 2000, respectively, were derived from such agreements. In general, collaborators agree to pay, during the term of the agreement, fees to receive non-exclusive access to selected modules of the Company's databases and/or

licenses of certain of its intellectual property. In addition, if a collaborator develops certain products utilizing the Company's technology and proprietary database information, royalty payments could potentially be received by the Company.

One collaborator contributed 11% of total revenues in 2000. No customer contributed 10% or more of total revenues in 2001 or 1999.

Note 3. Commitments

At December 31, 2001, the Company had noncancelable operating leases on multiple facilities and equipment, including facilities in Palo Alto and Fremont, California; St. Louis, Missouri; Beverly, Massachusetts; and Cambridge, England. Effective January 30, 2002, the Company assigned its lease obligation for the Fremont facility to another party. The leases expire on various dates ranging from November 2002 to March 2011. Rent expense for the years ended December 31, 2001, 2000 and 1999, was approximately $13,081,000, $12,696,000 and $8,674,000.

At December 31, 2001, future noncancelable minimum payments under the operating leases were as follows:

Year ended December 31,	Operating Leases (in thousands)
2002	$15,799
2003	13,884
2004	9,827
2005	9,118
2006	8,310
Thereafter	32,953
Total minimum lease payments	$89,891

The Company also has purchase commitments of $25.0 million at December 31, 2001, the timing of which is dependent upon provision by the vendor of products or services. Additionally, the Company has committed to purchase equity in certain companies when certain events occur. The total amount committed is $15.0 million. These commitments are considered contingent commitments as a future event must occur in order to cause the commitment to be enforceable.

Note 4. Convertible Subordinated Notes

In February 2000, in a private placement, the Company issued $200.0 million of convertible subordinated notes, which resulted in net proceeds of $196.8 million. The notes bear interest at 5.5%, payable semi-annually on February 1 and August 1, and are due February 1, 2007. The notes are subordinated to all senior indebtedness, as defined. The notes can be converted at the option of the holder at an initial conversion price of $67.42 per share, subject to adjustment. The Company may, at its option, redeem the notes at any time before February 7, 2003, but only if the Company's stock price exceeds 150% of the conversion price for 20 trading days in a period of 30 consecutive trading days. On or after February 7, 2003 the Company may, at its option, redeem the notes at specific prices. Holders may require the Company to repurchase the notes upon a change in control, as defined. As of December 31, 2001, the fair value of the notes was approximately $135.0 million based upon trading prices on the over-the-counter market.

In November 2000, the Company repurchased on the open market, and retired, $15.0 million in par value of the convertible subordinated notes. The Company recognized a gain of $3.1 million on the transactions, which was reported as an extraordinary item. In 2001, the Company repurchased on the open market, and retired, $8.0 million in par value of the convertible subordinated notes. The Company recognized a gain of $2.4 million on the transactions, which was reported as an extraordinary item in fiscal 2001.

Note 5. Stockholders' Equity

Common Stock. At December 31, 2001, the Company had reserved a total of 17,058,921 shares of its common stock for issuance upon exercise of outstanding and available for issuance stock options and purchases under the Employee Stock Purchase Plan described below and the conversion of the convertible subordinated notes described in Note 7. In July 2000, the Company's Board of Directors authorized a two-for-one stock split effected in the form of a stock dividend paid on August 31, 2000 to holders of record on August 7, 2000. All share and per share data have been adjusted retroactively to reflect the split.

On June 6, 2000, the Company's stockholders approved an increase in the number of shares authorized for issuance from 75,000,000 to 200,000,000.

Preferred Stock. The Company is authorized to issue 5,000,000 shares of preferred stock, none of which was outstanding at December 31, 2001 or 2000. The Board of Directors may determine the rights, preferences and privileges of any preferred stock issued in the future. The Company has reserved 500,000 shares of preferred stock designated as Series A Participating Preferred Stock for issuance in connection with the Stockholders Rights plan described below.

Sales of Stock. In February 2000, in a private offering, the Company issued 4,000,000 shares of common stock at $105.50 per share. Net proceeds from this offering were approximately $403.4 million, net of offering expenses.

Stock Compensation Plans. The Company applies APB Opinion No. 25 and related Interpretations in accounting for its stock compensation plans. Accordingly, no compensation cost, excluding options issued by Synteni prior to the 1997 merger, has been recognized for its fixed stock option plans. Had compensation cost for the Company's three stock-based compensation plans been determined consistent with SFAS 123, the Company's pro forma net loss in 2001, 2000 and 1999 would have been approximately $202.0 million, $50.5 million and $40.0 million, respectively. The Company's pro forma basic and diluted net loss per share in 2001, 2000 and 1999 would have been $3.05, $0.80 and $0.71 per share, respectively. The weighted average fair value of the options granted during 2001, 2000 and 1999 are estimated at $10.56, $28.30 and $6.71 per share, respectively, on the date of grant, using the Black-Scholes multiple-option pricing model with the following assumptions: dividend yield 0%, 0% and 0%, volatility of 86%, 92% and 66%, risk-free interest rate of 4.25%, 6.26% and 5.43%, and an average expected life of 3.46, 3.04 and 3.32 years, for 2001, 2000 and 1999, respectively. The average fair value of the employees' purchase rights under the Employee Stock Purchase Plan during 2001, 2000 and 1999 is estimated at $8.34, $6.67 and $4.07, respectively, on the date of grant, using the Black-Scholes multiple-option pricing model with the following assumptions: dividend yield 0%, 0% and 0%, volatility of 98%, 76% and 66%, risk free interest rate of 4.41%, 5.89% and 5.14%, and an expected life of 6 months, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility and option life. Because the Company's employee stock options have characteristics significantly different from those of traded options,

because changes in the subjective input assumptions can materially affect the fair value estimate, and because the Company has a relatively limited history with option behavior, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Summaries of stock option activity for the Company's stock option plans as of December 31, 2001, 2000 and 1999, and related information for the years ended December 31 are included in the plan descriptions below.

1991 Stock Plan. In November 1991, the Board of Directors adopted the 1991 Stock Plan (the "Stock Plan"), which was amended and restated in 1992, 1995, 1996, 1997, 1999, 2000 and 2001 for issuance of common stock to employees, consultants, and scientific advisors. Options issued under the plan shall, at the discretion of the compensation committee of the Board of Directors, be either incentive stock options or nonstatutory stock options. The exercise prices of incentive and non-statutory stock options granted under the plan are not less than the fair market value on the date of the grant, as determined by the Board of Directors. Options generally vest over four years, pursuant to a formula determined by the Company's Board of Directors, and expire after ten years. In June 2001, the Company's stockholders approved an increase in the number of shares of common stock reserved for issuance under the plan from 17,400,000 to 19,900,000.

During 2001, the Company granted 490,000 restricted stock units under the Stock Plan to certain management personnel. In connection with the grant of these restricted stock units, the Company recorded deferred compensation of $7,933,000 in 2001. These restricted stock units have cliff vesting terms over one to four years and are being amortized to stock compensation expense over those vesting terms.

1998 Proteome Stock Plan. In October 1998, Proteome's Board of Directors approved and adopted the Proteome, Inc. 1998 Employee, Director and Consultant Stock Option Plan, as amended through August 6, 1999 (the "Proteome Plan"). Under the Proteome Plan, Proteome could grant incentive stock options and non-qualified options to purchase the equivalent of 216,953 shares of Incyte common stock. Incentive stock options could be granted to employees at exercise prices of no less than 100% of the fair value of the common stock on the grant date, as determined by the board of directors or a committee of the board of directors. Non-qualified options could be granted to employees, outside directors and consultants who provided services to Proteome at exercise prices no less than par value of the common stock, as determined by the board of directors or a committee of the board of directors. Options could be granted with different vesting terms from time to time and options issued under the Proteome Plan expire no more than 10 years after the date of grant. All outstanding options at the time of the merger with Incyte were converted to options to purchase Incyte common stock, and the Proteome Plan was assumed by the Company. No further options will be granted under the Proteome Plan.

Non-Employee Directors' Stock Option Plan. In August 1993, the Board of Directors approved the 1993 Directors' Stock Option Plan (the "Directors' Plan"), which was amended in 1995. The Directors' Plan provides for the automatic grant of options to purchase shares of common stock to non-employee directors of the Company. The maximum number of shares issuable under the Directors' Plan is 800,000.

Through the inception of the plan through March 1998, the Directors' Plan provided that each new non-employee director joining the Board would receive an option to purchase 80,000 shares of common stock. In March 1998, the Directors Plan was amended to eliminate this initial grant. In May 2001, the Directors' Plan was amended to provide that each new non-employee director joining the Board would receive an option to purchase 20,000 shares of common stock. In December 2001, the Directors' Plan was amended to provide that this initial option shall cover the purchase of 30,000 shares of common stock. Additionally, members who continue to serve on the Board will receive annual option grants for 5,000 shares exercisable in full on the first anniversary of the date of the grant. All options are exercisable at the fair market value of the stock on the date of grant. At December 31, 2001, the Company had options outstanding under the Directors' Plan to purchase 668,000 shares

of common stock at a weighted average exercise price of $10.756 (535,000 and 615,000 shares of common stock at a weighted average exercise price of $8.819 and $5.625 at December 31, 2000 and 1999, respectively); 536,000 shares are vested and exercisable at December 31, 2001 (495,000 and 575,000 shares were vested and exercisable at December 31, 2000 and 1999, respectively). In 2000, 120,000 shares of common stock were purchased under the Directors' Plan at a weighted average exercise price of $1.36. No options were exercised prior to 2000.

Activity under the combined plans was as follows:

		Shares Subject to Outstanding Options	
	Shares Available for Grant	Shares	Weighted Average Exercise Price
Balance at January 1, 1999	3,103,292	8,381,407	$ 9.57
Additional authorization	2,200,000	--	--
Options granted	(5,256,830)	5,256,880	13.77
Options exercised	--	(1,959,628)	6.38
Options canceled	1,258,705	(1,258,705)	14.30
Balance at December 31, 1999	1,305,167	10,419,904	11.71
Additional authorization	2,600,000	--	--
Options granted	(1,043,922)	1,043,922	39.59
Options exercised	--	(2,446,632)	10.85
Options canceled	754,593	(754,593)	17.50
Balance at December 31, 2000	3,615,838	8,262,601	14.96
Additional authorization	2,500,000	--	--
Options granted	(4,543,832)	4,543,832	17.66
Options exercised	--	(752,191)	11.01
Options canceled	1,633,830	(1,673,468)	22.75
Balance at December 31, 2001	3,205,836	10,380,774	$15.18

Options to purchase a total of 4,139,069; 3,469,661 and 3,725,352 shares at December 31, 2001, 2000 and 1999, respectively, were exercisable. Of the options exercisable, 4,127,069; 3,469,661 and 3,427,292 shares were vested at December 31, 2001, 2000 and 1999, respectively.

Options Assumed in Proteome Acquisition. As part of the Proteome acquisition, Proteome stock option holders received options to purchase 216,953 shares of Incyte common stock with a weighted average exercise price of $7.60. The Company recognized $2,479,000 of deferred compensation related to these options, which is being amortized over the vesting period of the options. In connection with the workforce reduction related to the restructuring in 2001, the Company terminated certain Proteome stock option holders included in the original calculation and reduced the deferred compensation by $1,324,000 at December 31, 2001. Options to purchase a total of 41,181 and 40,651 shares were vested and exercisable at December 31, 2001 and 2000, respectively.

The following table summarizes information about stock options outstanding at December 31, 2001, for the 1991 Stock Plan, the 1996 Synteni Stock Plan, the 1998 Proteome Stock Plan, and the 1993 Non-employee Directors' Stock Option Plan:

	Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Number Exercisable	Weighted Average Exercise Price
$ 0.01- 4.44.....	1,378,871	3.23	$ 2.79		1,371,425	$ 2.79
4.66- 11.19.....	1,193,293	6.50	9.71		869,742	9.67
11.31- 14.00.....	1,211,836	7.95	13.55		589,355	13.53
14.07- 14.48.....	1,077,643	9.60	14.44		64,035	14.20
14.49- 15.22.....	1,667,960	7.80	15.08		892,863	15.11
15.32- 16.19.....	1,286,558	9.63	16.14		87,720	15.90
16.38- 21.81.....	1,349,147	7.86	19.24		600,403	18.05
21.94- 41.38.....	1,085,458	8.59	27.08		264,373	31.24
42.88- 70.00.....	92,995	8.36	47.36		46,278	48.02
119.88-119.88.....	37,013	8.18	119.88		18,804	119.88
	10,380,774	7.57	15.18		4,804,998	12.40

Employee Stock Purchase Plan. On May 21, 1997, the Company's stockholders adopted the 1997 Employee Stock Purchase Plan ("ESPP"). The Company has authorized 1,200,000 shares of common stock for issuance under the ESPP. In June 2001, the Company's stockholders approved an increase in the number of shares of common stock reserved for issuance under the plan to 1,600,000. Each regular full-time and part-time employee working 20 hours or more per week is eligible to participate after one month of employment. The Company issued 301,763, 214,617 and 158,754 shares under the ESPP in 2001, 2000 and 1999, respectively. As of December 31, 2001, 846,978 shares remain available for issuance under the ESPP.

Stockholders Rights Plan. On September 25, 1998, the Board of Directors adopted a Stockholder Rights Plan (the "Rights Plan"), pursuant to which one preferred stock purchase right (a "Right") was distributed for each outstanding share of common stock held of record on October 13, 1998. One Right will also attach to each share of common stock issued by the Company subsequent to such date and prior to the distribution date defined below. Each Right represents a right to purchase, under certain circumstances, a fractional share of the Company's Series A Participating Preferred Stock at an exercise price of $100.00, subject to adjustment. In general, the Rights will become exercisable and trade independently from the common stock on a distribution date that will occur on the earlier of (i) the public announcement of the acquisition by a person or group of 15% or more of the common stock or (ii) ten days after commencement of a tender or exchange offer for the common stock that would result in the acquisition of 15% or more of the common stock. Upon the occurrence of certain other events related to changes in ownership of the common stock, each holder of a Right would be entitled to purchase shares of common stock, or an acquiring corporation's common stock, having a market value of twice the exercise price. Under certain conditions, the Rights may be redeemed at $0.01 per Right by the Board of Directors. The Rights expire on September 25, 2008.

Note 6. Income Taxes

The provision (benefit) for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Current			
Federal	$ --	$ --	$(832)
Foreign	830	125	(92)
State	100	80	124
Total provision (benefit) for income taxes	$930	$205	$(800)

Income (loss) before provision for income taxes, extraordinary items and cumulative effect of accounting change consisted of the following (in thousands):

	Year Ended December 31,		
	2001	2000	1999
U.S. taxable entities	$(186,970)	$(32,667)	$(27,869)
Other	--	--	301
	$(186,970)	$(32,667)	$(27,568)

The provision (benefit) for income taxes before extraordinary items and cumulative effect of accounting change differs from the federal statutory rate as follows (in thousands):

	Year Ended December 31,		
	2001	2000	1999
Provision (benefit) at U.S. federal statutory rate	$(65,440)	$(11,433)	$(9,649)
Unbenefitted net operating losses	47,408	11,144	8,604
Restructuring charges and long-lived asset impairments	15,791	--	--
Other	3,171	494	245
Provision (benefit) for income taxes	$ 930	$ 205	$ (800)

Significant components of the Company's deferred tax assets are as follows (in thousands):

	December 31	
	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	$ 105,000	$ 69,800
Research credits	16,000	12,900
Capitalized research and development	16,800	13,000
Accruals and reserves	11,800	4,400
Other, net	1,000	400
Total gross deferred tax assets	150,600	100,500
Less valuation allowance for deferred tax assets	(149,400)	(91,900)
Net deferred tax assets	1,200	8,600
Deferred tax liabilities:		
Purchased intangibles	1,200	8,600
Net deferred tax assets and liabilities	$ --	$ --

The valuation allowance for deferred tax assets increased by approximately $57,500,000, $48,500,000 and $20,400,000 during the years ended December 31, 2001, 2000 and 1999, respectively. Approximately $57,500,000 of the valuation allowance for deferred tax assets relates to benefits from stock option deductions which, when recognized, will be allocated directly to contributed capital.

The Company's management believes the uncertainty regarding the timing of the realization of net deferred tax assets requires a valuation allowance.

As of December 31, 2001, the Company had federal net operating loss carryforwards of approximately $299,500,000. The Company also had federal research and development tax credit carryforwards of approximately $10,500,000. The net operating loss carryforwards will expire at various dates, beginning in 2009 through 2021, if not utilized.

Utilization of the net operating losses and credits may be subject to an annual limitation, due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions.

Note 7. Net Income (Loss) Per Share

The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2001	2000	1999
Numerator:			
Net income (loss)	$(183,235)	$(29,735)	$(26,768)
Denominator:			
Denominator for basic net income (loss) per share--weighted-average shares outstanding	66,193	63,211	56,276
Dilutive potential common shares--stock options	--	--	--
Denominator for diluted net income (loss) per share	66,193	63,211	56,276
Basic net income (loss) per share	$ (2.77)	$ (0.47)	$ (0.48)
Diluted net income (loss) per share	$ (2.77)	$ (0.47)	$ (0.48)

Options to purchase 10,380,774, 8,307,396 and 10,364,156 shares of common stock were outstanding at December 31, 2001, 2000 and 1999, respectively, which were not included in the computation of diluted net income (loss) per share, as their effect was anti-dilutive. The Company's Convertible Subordinated Notes, convertible into 2,625,383 shares of common stock, were not included in the computation of diluted net income (loss) per share, as the effect of their assumed conversion would be anti-dilutive.

Note 8. Defined Contribution Plan

The Company has a defined contribution plan covering all domestic employees. Employees may contribute a portion of their compensation, which is then matched by the Company, subject to certain limitations. Defined contribution expense for the Company was $1,951,000, $1,735,000 and $1,259,000 in 2001, 2000 and 1999, respectively.

Note 9. Segment Reporting

The Company's operations are treated as one operating segment, in accordance with SFAS 131: drug discovery and development products and services. For the year ended December 31, 2001, the Company recorded revenue from customers throughout the United States and in Austria, Canada, France, Germany, India, Israel, Japan, Scandinavia, Switzerland, and the United Kingdom. Export revenue for the years ended December 31, 2001, 2000 and 1999, was $49,656,000, $48,174,000 and $43,679,000, respectively.

Note 10. Business Combinations

Acquisitions accounted for under the purchase method of accounting

In December 2000, the Company completed the acquisition of Proteome, Inc., a privately held proteomics information company based in Beverly, Massachusetts. The Company issued 1,248,522 shares of its common stock and $37.7 million in cash in exchange for all of Proteome's outstanding capital stock. In addition, the Company assumed Proteome's stock options, which if fully vested and exercised, would amount to

216,953 shares of its common stock. The transaction was accounted for as a purchase. The amount of the purchase price in excess of the net tangible assets acquired of $70.8 million, was allocated to goodwill ($50.3 million); database ($16.6 million); tradename ($1.7 million); Proteome's assembled work force ($1.6 million); and developed technology ($0.6 million), each of which is being amortized over 8, 8, 3, 3 and 5 years, respectively.

The Company allocated Proteome's purchase price based on the relative fair value of the net tangible and intangible assets acquired. In performing this allocation, the Company considered, among other factors, the technology research and development projects in process at the date of acquisition. The results of operations of Proteome have been included in the consolidated results of the Company from the date of acquisition on December 28, 2000.

The table below presents the pro forma results of operations and earnings per share for Proteome and the Company. The transaction is assumed to be completed on January 1, 2000 and 1999 for the periods ended December 31, 2000 and 1999, respectively (in thousands except per share data).

	2000	1999
Revenues	$197,881	$158,773
Loss before extraordinary item	$ 50,443	$ 38,122
Net loss	$ 47,306	$ 38,122
Pro forma basic and diluted net loss per share	$ 0.73	$ 0.66
Pro forma shares for basic and diluted net loss per share	64,460	57,525

Note 11. Joint Venture

In September 1997, the Company formed a joint venture, diaDexus, LLC ("diaDexus"), with SmithKline Beecham Corporation ("SB"), to utilize genomic and bioinformatic technologies in the discovery and commercialization of molecular diagnostics. The Company held a 50 percent equity interest in diaDexus and accounted for the investment under the equity method. In July 1999, the Company and SB each invested an additional $2.5 million in diaDexus through convertible notes.

On April 4, 2000, diaDexus obtained additional financing through a private equity offering. In connection with the offering, diaDexus converted from an LLC to a corporation and repaid in full the $2.5 million principal amount of, together with accrued interest on, the convertible note held by the company. Under diaDexus' new capital structure, the Company no longer has the ability to exert significant influence over diaDexus. Accordingly, the Company accounts for its investment in diaDexus under the cost method of accounting as of the date of the financing.

diaDexus purchased $0.1 million, $2.6 million and $1.9 million of contract sequencing, microarray and software services from the Company in the year ended December 31, 2001, 2000 and 1999, respectively. At December 31, 2001, the Company had no receivables outstanding from diaDexus related to these services.

The following is a summary of diaDexus' financial information as of December 31, 2001, 2000, and 1999, and for the years then ended (in thousands):

	2001	2000	1999
Current assets	$68,919	$49,579	$ 8,786
Total assets	83,538	96,072	11,297
Current liabilities	3,720	2,384	5,957
Total liabilities	3,720	2,431	6,044
Net loss	24,517	23,346	11,286

Note 12. Litigation

Affymetrix

On December 21, 2001, Incyte agreed to settle the following existing patent infringement litigation with Affymetrix, Inc.: Affymetrix, Inc. v. Synteni, Inc. and Incyte Pharmaceuticals, Inc., Case Nos. C 99-21164 JF and C 99-21165 JF (N.D. Cal.); Incyte Genomics, Inc. v. Affymetrix, Inc., Case No. C 01-20065 JF (N.D. Cal.); and the Incyte Opposition to Affymetrix's European Patent No. EP 0 619 321. The first lawsuit involved several of Affymetrix's microarray-related patents (U.S. Patent Nos. 5,445,934, 5,744,305 and 5,800,992). The second lawsuit involved Incyte's RNA amplification patents (U.S. Patent Nos. 5,716,785 and 5,891,636) and two additional microarray-related patents held by Affymetrix (U.S. Patent Nos. 5,871,928 and 6,040,193). As a part of the settlement, the companies have agreed to certain non-exclusive, royalty-bearing licenses and an internal use license under their respective intellectual property portfolios. Pursuant to the settlement, the Company received a net cash settlement that was recorded as revenue in 2001. This settlement does not include Incyte's appeal before the United States District Court for the Northern District of California seeking de novo review of the Board of Patent Appeals and Interferences' decision relating to patent applications licensed by Incyte from Stanford University. There can be no assurances as to the outcome of that appeal.

Invitrogen

On October 17, 2001, Invitrogen Corporation filed an action against the Company in the United States District Court for the District of Delaware, alleging infringement of three patents (U.S. patent number 5,244,797, U.S. patent number 5,668,005, and U.S. patent number 6,063,608) that relate to the use of reverse transcriptase with no RNase H activity in preparing complimentary DNA from RNA. The complaint seeks unspecified money damages and injunctive relief.

On November 21, 2001, the Company filed its answer to the complaint filed by Invitrogen in the United States District Court for the District of Delaware. In addition to its answers to Invitrogen's patent infringement claims, the Company asserted seven counterclaims against Invitrogen seeking declaratory relief with respect to the patents at issue, implied license, estoppel, laches, and patent misuse. The Company also seeks its fees, costs, and expenses. Invitrogen filed its answer to the Company's counterclaims on January 9, 2002.

Simultaneously with the filing of its answer, the Company filed a motion to transfer the action from the United States District Court for the District of Delaware to the United States District Court for the District of Maryland, where Invitrogen Corporation is currently a party to three infringement actions alleging infringement of the same patents-in-suit. The issue of transfer has been fully briefed and submitted to the court for decision.

In addition, on November 21, 2001, the Company filed a complaint against Invitrogen, as amended on December 21, 2001 and March 7, 2002, in the United States District Court for the Southern District of California

alleging infringement of fourteen of the Company's patents. Nine of the asserted patents (U.S. patent numbers 5,633,149, 5,637,462, 5,817,497, 5,840,535, 5,919,686, 5,925,542, 5,962,263, 5,789,198 and 6,001,598) are gene patents. Three of the patents (U.S. patent numbers 5,716,785, 5,891,636, and 6,291,170) relate to RNA amplification and gene expression. Two of the patents (U.S. patent numbers 5,807,522 and 6,110,426) relate to methods of fabricating microarrays of biological samples. The complaint seeks a permanent injunction enjoining Invitrogen from further infringement of the patents at issue, damages for Invitrogen's conduct, as well as the Company's fees, costs, and interest. The Company further seeks triple damages from the infringement claim based on Invitrogen's willful infringement of the Company's patents. Invitrogen's response to the Company's complaint is due in April 2002.

The Company believes it has meritorious defenses and intends to defend vigorously the suit and potential counterclaims brought by Invitrogen. However, the Company's defenses may be unsuccessful. At this time, the Company cannot reasonably estimate the possible range of any loss resulting from this suit due to uncertainty regarding the ultimate outcome. Regardless of the outcome, the Invitrogen litigation is expected to result in substantial costs to the Company. Further, there can be no assurance that any license that may be required as a result of this litigation or the outcome thereof would be made available on commercially acceptable terms, if at all.

Note 13. Related Party Transactions

The following are related party transactions as defined by FASB Statement No. 57, Related Party Disclosures ("SFAS 57"). In each of the transactions noted in which a director of the Company is in some way affiliated with the other party to the transaction, such director has recused himself from voting on the related party transaction. For the years ended December 31, 2001, 2000 and 1999, revenues from companies considered to be related parties as defined by SFAS 57 were $24,615,000, $0, and $0, respectively. At December 31, 2001 and 2000, receivables from related parties were $10,936,000 and $0, respectively.

In March 2001, the Company entered into a LifeSeq Collaboration Agreement, Patent License Agreement, Collaboration and Technology Transfer Agreement and Proteome BioKnowledge Library License Agreement with Genomic Health, Inc. ("Genomic Health"). Randal W. Scott, who served as Chairman of the Board of the Company until November 2001 and as a director of the Company through December 2001, is Chairman of the Board, President and Chief Executive Officer of Genomic Health and owns more than 10% of the outstanding capital stock of Genomic Health. Under the agreements, Genomic Health obtained access to the Company's LifeSeq Gold database and BioKnowledge Library and received licenses to certain of the Company's intellectual property. Amounts Genomic Health will pay the Company under these agreements are similar to those paid to the Company under agreements between the Company and unrelated third parties. The Company received rights to certain intellectual property that Genomic Health may, in the future, develop. At the same time, the Company entered into an agreement to purchase shares of Series C Preferred Stock of Genomic Health for an aggregate purchase price of $5.0 million which, together with shares of Series A Preferred Stock purchased in November 2000 for an aggregate purchase price of $1.0 million, resulted in the Company owning approximately 10.9% of the outstanding capital stock of Genomic Health as of December 31, 2001. Under certain circumstances and if Genomic Health so elects, the Company has agreed to purchase in a future offering of Genomic Health's capital stock an aggregate of $5.0 million of the shares being sold in that offering.

In May 2001, the Company entered into a Development and License Agreement with Iconix Pharmaceuticals, Inc. ("Iconix"). Jon S. Saxe, a director of the Company, is Chairman of the Board of Iconix. Under the agreement, Iconix obtained an exclusive license to the Company's LifeExpress Lead database, access to LifeSeq and ZooSeq databases, licenses to certain of the Company's intellectual property and use of the Company's LifeArray expression array technology. Amounts Iconix will pay the Company under these

agreements are similar to those paid to the Company under agreements between the Company and unrelated third parties. The Company is the exclusive distributor for the database product to be developed by Iconix. At the same time, the Company entered into an agreement to purchase shares of Series E Preferred Stock of Iconix for an aggregate purchase price of $10.0 million. Under certain circumstances, the Company has agreed to purchase in a future offering of Iconix's capital stock up to an aggregate of $5.0 million of the shares being sold in that offering.

In September 2001, the Company entered into a Technology Access for Licensed Reagent Manufacture Agreement with Epoch Biosciences, Inc. ("Epoch"). Frederick B. Craves, a director of the Company, is Chairman of the Board of Epoch and Bay City Capital, of which Dr. Craves is a partner, holds shares of Epoch stock. Dr. Craves also holds shares of Epoch stock directly. Under the agreements, Epoch obtained access to the Company's LifeSeq Gold and ZooSeq databases and received licenses to certain of the Company's intellectual property. Amounts Epoch will pay the Company under these agreements are similar to those paid to the Company under agreements between the Company and unrelated third party customers. The Company has identified Epoch as the preferred provider of certain probes to Incyte's users of LifeSeq Gold. Additionally, Epoch will supply the Company with certain probes for internal development purposes.

In September 2001, the Company entered into a Collaboration Agreement, Patent License Agreement and two Unilateral Development and Commercialization Agreements with Medarex, Inc. ("Medarex"). Frederick B. Craves, a director of the Company, is also a director of Medarex and Bay City Capital, of which Dr. Craves is a partner, holds shares of Medarex stock. Under the agreements, Medarex obtained access to the Company's LifeSeq Gold database and received licenses to certain of the Company's intellectual property. Amounts Medarex will pay the Company under these agreements are similar to those paid to the Company under agreements between the Company and unrelated third party customers. Additionally, under the terms of the agreements, Medarex and the Company expect to share equally the cost and responsibility of preclinical and clinical development of antibody products. In addition, the two companies plan to jointly commercialize any antibody products resulting from this collaboration.

Note 14. Other Expenses

	For the Year Ended December 31, 2001	Cash Payments	Non-Cash Charges	Provision Balance as of December 31, 2001
		(in thousands)		
Restructuring expenses:				
Workforce reduction	$ 8,114	$(5,226)	$ --	$ 2,888
Equipment and other assets	32,629	--	(32,629)	--
Lease commitments and other restructuring charges	14,859	(753)	(2,024)	12,082
	55,602	(5,979)	(34,653)	14,970
Impairment of goodwill and other intangible assets	68,666	--	(68,666)	--
Impairment of other long-lived assets	6,104	--	(6,104)	--
Other expenses	$130,372	$(5,979)	$(109,423)	$14,970

On October 25, 2001, the Company announced a restructuring of its operations in order to focus on its database and partnership programs and its therapeutic drug discovery and development programs. As a part of the restructuring, the Company is discontinuing its microarray-based gene expression products and services, genomic screening products and services, public domain clone products and related services, contract sequencing services

and internal program on SNP discovery. These custom genomics activities contributed approximately $45,267,000 of revenue in 2001. Consequently, this resulted in the Company recording an expense of $55,602,000 related to the restructuring activities. In addition, the Company recorded a reduction in goodwill and other intangible assets and impairment of other long-lived assets totaling $74,770,000.

The workforce reduction charge of approximately $8,718,000 was determined based on the severance and fringe benefit charges for approximately 400 employees. These employees primarily worked in the activities being exited as described above and related infrastructure support positions. As of December 31, 2001, approximately 370 employees had been terminated.

Equipment and other assets that were disposed of or removed from operations were written down to their estimated fair value of $740,000 and that resulted in a charge of $32,629,000. The write-down of equipment and other assets primarily relates to leasehold improvements, computer equipment and related software, lab equipment and office equipment associated with the activities being exited and related infrastructure reduction. Additionally, the write-off of equipment and other assets also includes certain software costs related to products no longer being offered. The Company estimated the fair value of equipment and other assets based on the current market conditions.

Lease commitments and other restructuring related charges have been accrued of $14.9 million for facilities and equipment leases related to the activities being exited and contract-related provisions and settlement and professional fees. Specifically, the Company is exiting buildings located in St. Louis, Missouri; Fremont, California; Palo Alto, California; and Cambridge, United Kingdom. The Company estimated the costs based on the contractual terms of agreements and then current real estate market conditions. It is estimated that it will take the Company six to twelve months to sublease the various properties that will be vacated. The leases related to activities being exited expire on various dates ranging from May 2003 to March 2007.

The estimates above have been made based upon management's best estimate of the amounts and timing of certain events included in the restructure plan that will occur in the future. It is possible that the actual outcome of certain events may differ from the estimates. Changes will be made to the restructuring accrual at the point that the differences become known.

As a result of the Company's change in strategic direction and restructuring, pursuant to SFAS 121, the Company performed an assessment of the carrying value of its goodwill and other intangible assets recorded in connection with its Hexagen and Proteome assets.

The activities acquired through the Hexagen acquisition related primarily to a method of SNP discovery. Although SNP discovery will continue, the Hexagen method is one of the activities that will not be continued after the change in strategic direction and restructuring. As a result, it was determined that the goodwill and intangible assets related to this acquisition have no future cash flows to support their carrying value and a $10,201,000 charge was recorded to write these assets down to their estimated fair value.

The Company acquired Proteome, Inc. in December 2000 and recorded goodwill and other intangible assets of $70,800,000. At that time, the Company believed the acquisition would strengthen its database offering with a larger collection of protein annotation information. In the fourth quarter of 2001, the Company found that collaborators were unwilling to pay fees to access the Proteome databases that were sufficient to support the continued investment required to build and sustain the Proteome's products. In addition, the Company eliminated the positions of approximately 45% of Proteome employees. The Company considered these events to be indicators of potential impairment and performed an evaluation of the affected long-lived assets in accordance

with the Company's policy. The forecast of future cash flows indicated that the long-lived assets were impaired. The Company estimated the fair value of long-lived assets by discounting the cash flow forecast using a discount rate, which represented the Company's weighted average cost of capital. As a result of the evaluation, the Company concluded that unamortized goodwill and other intangible assets were impaired, and accordingly, $58,465,000 was charged to operations in the fourth quarter of 2001 to write these assets down to their estimated fair value. The carrying value of these intangible assets is $2,900,000 at December 31, 2001.

In reviewing its existing long-lived assets, the Company determined, based on certain impairment indicators, that an asset relating to capitalized software should be analyzed for impairment. As a result of this analysis, it was determined that the net book value of the asset was in excess of future revenues expected from sale of this software reduced by costs to sell. Therefore, it was determined that this capitalized software was impaired and recognized a $6,104,000 impairment charge.

Interim Consolidated Financial Information (Unaudited)
(in thousands, except per share data)

	Fiscal 2001 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Revenues	$ 51,121	$56,051	$ 57,319	$ 54,772
Loss before extraordinary item and cumulative effect of accounting change/(1)/	(14,977)	(9,891)	(17,827)	(145,205)
Net loss/(1)/	(10,312)	(9,891)	(17,827)	(145,205)
Basic and diluted loss before extraordinary item and cumulative effect of accounting change	$ (0.23)	$ (0.15)	$ (0.27)	$ (2.18)
Basic and diluted net loss per share	$ (0.16)	$ (0.15)	$ (0.27)	$ (2.18)
Shares used in computation of basic and diluted net loss per share	65,745	66,076	66,370	66,565

	Fiscal 2000 Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
Revenues	$ 40,754	$46,015	$ 51,982	$ 55,416
Loss before extraordinary item	(8,177)	(6,590)	(7,598)	(10,507)
Net loss	(8,177)	(6,590)	(7,598)	(7,370)
Basic and diluted loss before extraordinary item	$ (0.13)	$ (0.10)	$ (0.12)	$ (0.16)
Basic and diluted net loss per share	$ (0.13)	$ (0.10)	$ (0.12)	$ (0.11)
Shares used in computation of basic and diluted net loss per share	60,612	63,798	64,064	64,369

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(1) The December 31, 2001 quarter includes $130,372 of other expenses relating primarily to restructuring charges and long-lived asset write-downs.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

Description--Year Ended December 31,	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
		(in thousands)		
Allowance for doubtful accounts--1999	$434	$ --	$(200)	$ 234
Allowance for doubtful accounts--2000	234	122	--	356
Allowance for doubtful accounts--2001	356	1,745	--	2,101

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of diaDexus, Inc.

In our opinion, the accompanying balance sheets and the related statements of operations, of members' and stockholders' equity and of cash flows present fairly, in all material respects, the financial position of diaDexus, Inc. (a development stage company) at December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001 and for the cumulative period from August 29, 1997 (date of inception) to December 31, 2001, 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

San Jose, California
January 14, 2002, except as
to Paragraph 2 of
Note 8 which is as of
January 31, 2002

DIADEXUS, INC.
(a development stage company)

BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2000	December 31, 2001
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,043	$ 24,557
Short-term investments	33,874	41,194
Interest receivable	1,556	816
Prepaid expenses and other current assets	1,106	2,352
Total current assets	49,579	68,919
Long-term investments	44,271	8,872
Restricted cash	--	161
Property and equipment, net	2,152	5,110
Notes receivable from employees	--	409
Other assets	70	67
Total assets	$ 96,072	$ 83,538
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 790	$ 908
Deferred revenue	--	475
Accrued liabilities	1,108	2,270
Due to related parties	486	67
Total current liabilities	2,384	3,720
Deferred rent	47	--
Total liabilities	2,431	3,720
Commitments and contingencies (Notes 4 and 7)		
Stockholders' Equity:		
Series A preferred stock, $0.01 par value; 4,400,000 shares authorized, issued and outstanding at December 31, 2000 and December 31, 2001 (liquidation value: $15,000)	44	44
Series B preferred stock, $0.01 par value; 4,400,000 shares authorized, issued and outstanding at December 31, 2000 and December 31, 2001 (liquidation value: $10,000)	44	44
Series C preferred stock, $0.01 par value; 13,500,000 shares authorized at December 31, 2000 and December 31, 2001, 13,225,807 shares issued and outstanding at December 31, 2000 and December 31, 2001 (liquidation value: $102,500)	132	132
Series D preferred stock, $0.01 par value; none authorized, issued and outstanding at December 31, 2000, 21,000 shares authorized at December 31, 2001, 20,833 shares issued and outstanding at December 31, 2001 (liquidation value: $250)	--	--
Common stock, $0.01 par value; 50,000,000 shares authorized at December 31, 2000 and December 31, 2001, 2,076,698 shares issued and outstanding at December 31, 2000 and 2,099,968 shares issued and outstanding at December 31, 2001	21	21
Additional paid-in capital	128,060	140,207
Deferred stock compensation	(12,773)	(14,322)
Notes receivable from stockholders	(1,591)	(1,697)
Accumulated other comprehensive income	482	684
Deficit accumulated during the development stage	(20,778)	(45,295)
Total stockholders' equity	93,641	79,818
Total liabilities and stockholders' equity	$ 96,072	$ 83,538

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

DIADEXUS, INC.
(a development stage company)

STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,			Cumulative Period from August 29, 1997 (inception) through December 31,
	1999	2000	2001	2001
Revenues:				
License revenue	$ --	$ --	$ 17	$ 17
Collaborative research revenue	--	--	258	258
Product sales	--	--	2	2
License revenue from related party	100	--	--	100
Total revenues	100	--	277	377
Operating expenses:				
Research and development (including stock compensation expense of $0, $2,811, $5,882 and $8,693 for the years ended December 31, 1999, 2000, 2001, and the cumulative period from inception through December 31, 2001, respectively)	9,461	12,297	20,911	49,831
General and administrative (including stock compensation expense of $0, $12,345, $4,439 and $16,784 for the years ended December 31, 1999, 2000, 2001 and the cumulative period from inception through December 31, 2001, respectively)	2,345	16,010	9,455	29,971
Total operating expenses	11,806	28,307	30,366	79,802
Loss from operations	(11,706)	(28,307)	(30,089)	(79,425)
Interest and other income	540	5,034	5,572	11,993
Interest expense	(120)	(73)	--	(193)
Net loss	$(11,286)	$(23,346)	$(24,517)	$(67,625)

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

DIADEXUS, INC.
(a development stage company)

STATEMENTS OF MEMBERS' AND STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Series A Preferred Capital		Series B Preferred Capital		Member Contributions	Series A Preferred Stock	
	Units	Dollars	Units	Dollars	Receivable	Shares	Dollars
Issuance, at inception, of Series A units at $3.41 per unit	4,400,000	$15,000	--	$ --	$(11,000)	--	$ --
Issuance, at inception, of Series B units at $2.27 per unit	--	--	4,400,000	10,000	(6,000)	--	--
Net loss	--	(274)	--	(274)	--	--	--
Balances at December 31, 1997	4,400,000	14,726	4,400,000	9,726	(17,000)	--	--
Proceeds received from Members	--	--	--	--	17,000	--	--
Stock-based compensation	--	--	--	--	--	--	--
Net loss	--	(3,964)	--	(3,964)	--	--	--
Balances at December 31, 1998	4,400,000	10,762	4,400,000	5,762	--	--	--
Stock-based compensation	--	--	--	--	--	--	--
Net loss	--	(5,643)	--	(5,643)	--	--	--
Balances at December 31, 1999	4,400,000	5,119	4,400,000	119	--	--	--
Net loss to April 4	--	(1,284)	--	(1,284)	--	--	--
Conversion to C corporation	(4,400,000)	(3,835)	(4,400,000)	1,165	--	4,400,000	44
Issuance of Series C preferred stock upon conversion of note payable to related party	--	--	--	--	--	--	--
Issuance of Series C preferred stock, net of issuance costs of $7,322	--	--	--	--	--	--	--
Issuance of common stock	--	--	--	--	--	--	--
Deferred stock compensation	--	--	--	--	--	--	--
Amortization of deferred stock compensation	--	--	--	--	--	--	--
Remeasurement of stock options	--	--	--	--	--	--	--
Notes receivable from stockholders, net of discount	--	--	--	--	--	--	--
Comprehensive loss:							
Net loss from April 5	--	--	--	--	--	--	--
Change in unrealized gain on available-for-sale securities	--	--	--	--	--	--	--
Comprehensive loss							
Balances at December 31, 2000	--	--	--	--	--	4,400,000	44
Issuance of Series D preferred stock	--	--	--	--	--	--	--
Issuance of common stock	--	--	--	--	--	--	--
Deferred stock compensation	--	--	--	--	--	--	--
Remeasurement of stock options	--	--	--	--	--	--	--
Amortization of deferred stock compensation	--	--	--	--	--	--	--
Reversal of deferred compensation upon termination	--	--	--	--	--	--	--
Notes receivable from stockholders, net of discount	--	--	--	--	--	--	--
Comprehensive loss:	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--
Change in unrealized gain on available-for-sale securities	--	--	--	--	--	--	--
Comprehensive loss							
Balances at December 31, 2001	--	$ --	--	$ --	$ --	4,400,000	$ 44

	Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Common Stock	
	Shares	Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars
Issuance, at inception, of Series A units at $3.41 per unit	--	$ --	--	$ --	--	$ --	--	$--
Issuance, at inception, of Series B units at $2.27 per unit	--	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--	--
Balances at December 31, 1997	--	--	--	--	--	--	--	--
Proceeds received from Members	--	--	--	--	--	--	--	--
Stock-based compensation	--	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--	--
Balances at December 31, 1998	--	--	--	--	--	--	--	--
Stock-based compensation	--	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--	--

Balances at December 31, 1999	--	--	--	--	--	--	--	--
Net loss to April 4	--	--	--	--	--	--	--	--
Conversion to C corporation	4,400,000	44	--	--	--	--	--	--
Issuance of Series C preferred stock upon conversion of note payable to related party	--	--	322,580	3	--	--	--	--
Issuance of Series C preferred stock, net of issuance costs of $7,322	--	--	12,903,227	129	--	--	--	--
Issuance of common stock	--	--	--	--	--	--	2,076,698	21
Deferred stock compensation	--	--	--	--	--	--	--	--
Amortization of deferred stock compensation	--	--	--	--	--	--	--	--
Remeasurement of stock options	--	--	--	--	--	--	--	--
Notes receivable from stockholders, net of discount	--	--	--	--	--	--	--	--
Comprehensive loss:								
Net loss from April 5	--	--	--	--	--	--	--	--
Change in unrealized gain on available-for-sale securities	--	--	--	--	--	--	--	--
Comprehensive loss								
Balances at December 31, 2000	4,400,000	44	13,225,807	132	--	--	2,076,698	21
Issuance of Series D preferred stock	--	--	--	--	20,833	--	--	--
Issuance of common stock	--	--	--	--	--	--	23,270	--
Deferred stock compensation	--	--	--	--	--	--	--	--
Remeasurement of stock options	--	--	--	--				
Amortization of deferred stock compensation	--	--	--	--	--	--	--	--
Reversal of deferred compensation upon termination	--	--	--	--	--	--	--	--
Notes receivable from stockholders, net of discount	--	--	--	--	--	--	--	--
Comprehensive loss:	--	--	--	--				
Net loss	--	--	--	--	--	--	--	--
Change in unrealized gain on available-for-sale securities	--	--	--	--	--	--	--	--
Comprehensive loss								
Balances at December 31, 2001	4,400,000	$ 44	13,225,807	$132	20,833	$ --	2,099,968	$21

	Additional Paid-In Capital	Deferred Stock Compensation	Notes Receivable from Stockholders	Accumulated Other Comprehensive Income (Loss)	Deficit Accumulated During the Development Stage	Total
Issuance, at inception, of Series A units at $3.41 per unit	$ --	$ --	$ --	$ --	$ --	$ 4,000
Issuance, at inception, of Series B units at $2.27 per unit	--	--	--	--	--	4,000
Net loss	--	--	--	--	--	(548)
Balances at December 31, 1997	--	--	--	--	--	7,452
Proceeds received from Members	--	--	--	--	--	17,000
Stock-based compensation	10	--	--	--	--	10
Net loss	--	--	--	--	--	(7,928)
Balances at December 31, 1998	10	--	--	--	--	16,534
Stock-based compensation	5	--	--	--	--	5
Net loss	--	--	--	--	--	(11,286)
Balances at December 31, 1999	15	--	--	--	--	5,253
Net loss to April 4	--	--	--	--	--	(2,568)
Conversion to C corporation	2,582	--	--	--	--	--
Issuance of Series C preferred stock upon conversion of note payable to related party	2,497	--	--	--	--	2,500
Issuance of Series C preferred stock, net of issuance costs of $7,322	92,549	--	--	--	--	92,678
Issuance of common stock	2,487	--	--	--	--	2,508
Deferred stock compensation	18,331	(18,331)	--	--	--	--
Amortization of deferred stock compensation	--	5,558	--	--	--	5,558
Remeasurement of stock options	9,599	--	--	--	--	9,599
Notes receivable from stockholders, net of discount	--	--	(1,591)	--	--	(1,591)
Comprehensive loss:						
Net loss from April 5	--	--	--	--	(20,778)	(20,778)
Change in unrealized gain on available-for-sale securities	--	--	--	482	--	482
Comprehensive loss						(20,296)
Balances at December 31, 2000	128,060	(12,773)	(1,591)	482	(20,778)	93,641
Issuance of Series D preferred stock	250	--	--	--	--	250
Issuance of common stock	27	--	--	--	--	27
Deferred stock compensation	12,257	(12,257)	--	--	--	--
Remeasurement of stock options	102					102
Amortization of deferred stock compensation	--	10,219	--	--	--	10,219
Reversal of deferred compensation upon termination	(489)	489	--	--	--	--
Notes receivable from stockholders, net of discount	--	--	(106)	--	--	(106)
Comprehensive loss:						
Net loss	--	--	--	--	(24,517)	(24,517)
Change in unrealized gain on available-for-sale						

securities	--	--	--	202	--	202
Comprehensive loss						(24,315)
Balances at December 31, 2001	$140,207	$(14,322)	$(1,697)	$684	$(45,295)	$ 79,818

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

DIADEXUS, INC.
(a development stage company)

STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,			Cumulative Period from August 29, 1997 (Inception) through December 31,
	1999	2000	2001	2001
Cash flows from operating activities:				
Net loss	$(11,286)	$(23,346)	$(24,517)	$ (67,625)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	1,072	1,167	2,254	6,152
Stock compensation expense	5	15,157	10,321	25,493
Discount on notes receivable from stockholders	--	1,281	--	1,281
Imputed interest on notes receivable from stockholders	--	(12)	(106)	(119)
Loss on disposal of property and equipment	3	--	--	26
Changes in operating assets and liabilities:				
Interest receivable	--	(1,556)	740	(816)
Prepaid expenses and other assets	(24)	(678)	(1,244)	(2,351)
Restricted cash	--	--	(161)	(161)
Accounts payable	(197)	748	118	908
Accrued liabilities	(177)	649	1,162	2,085
Issuance of notes receivable to stockholders	--	(465)	--	(465)
Due to related parties	(2,234)	153	(419)	(2,183)
Deferred revenue	--	--	475	475
Deferred rent	(29)	(41)	(43)	3
Net cash used in operating activities	(12,867)	(6,943)	(11,420)	(37,297)
Cash provided by (used in) investing activities:				
Purchases of property and equipment	(238)	(877)	(5,212)	(7,759)
Proceeds from sale of equipment	9	--	--	9
Purchases of other assets	--	(1)	--	(1)
Maturities of investments	--	--	57,327	57,327
Purchases of investments	--	(77,664)	(29,049)	(106,713)
Net cash provided by (used in) investing activities	(229)	(78,542)	23,066	57,137
Cash provided by (used in) financing activities:				
Discount on notes receivable from employees	--	--	102	102
Imputed interest on notes receivable from employees	--	--	(11)	(11)
Issuance of notes receivable to employees	--	--	(500)	(500)
Proceeds from issuance of convertible notes payable to related parties	5,000	--	--	5,000
Repayment of convertible note payable to related party	--	(2,621)	--	(2,621)
Proceeds from related party contributions receivable	--	--	--	17,000
Proceeds from issuance of Series A preferred units	--	--	--	2,953
Proceeds from issuance of Series B preferred units	--	--	--	4,000
Proceeds from issuance of Series C preferred stock, net of issuance costs	--	92,678	--	92,678
Proceeds from issuance of Series D preferred stock, net of issuance costs	--	--	250	250
Proceeds from issuance of common stock	--	113	27	140
Net cash provided by (used in) financing activities	5,000	90,170	(132)	118,991
Net increase (decrease) in cash and cash equivalents	(8,096)	4,685	11,514	24,557
Cash and cash equivalents at beginning of period	16,454	8,358	13,043	--
Cash and cash equivalents at end of period	$ 8,358	$ 13,043	$ 24,557	$ 24,557
Supplemental disclosures of cash flow information:				
Interest paid	$ --	$ 193	$ --	$ 193
Noncash investing and financing activities:				
Conversion of notes payable into Series C preferred stock	--	2,500	--	2,500
Issuance of common stock in exchange for notes receivable from stockholders	--	2,395	--	2,395

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

DIADEXUS, INC.
(a development stage company)

NOTES TO FINANCIAL STATEMENTS

Note 1. The Company:

diaDexus, Inc. (the "Company"), was founded as a Delaware limited liability company in August 1997 by SmithKline Beecham Corporation ("SmithKline Beecham") and Incyte Genomics, Inc. ("Incyte") (together, the "Members"). On April 4, 2000, the Company was converted to a Delaware corporation (see Note 2).

The Company focuses on the discovery, development and commercialization of novel, patent-protected diagnostic and therapeutic products with high clinical value. Since its formation in 1997, the Company has focused on discovering molecular targets and developing novel diagnostic products for the improved detection, classification and prognosis of diseases. Where possible, the Company seeks to develop diagnostic and therapeutic products that are directed at the same molecular target, enabling a diagnostic/therapeutic tandem approach to detect and treat disease.

Note 2. Summary of Significant Accounting Policies:

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 amount of income and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk and other risks and uncertainties

The Company's financial instruments that are subject to concentration of credit risk consist primarily of cash and cash equivalents and marketable securities. The Company's policy is to place its cash and cash equivalents and marketable securities with high credit quality financial institutions in order to limit the amount of credit exposure. The Company has not experienced any losses to date.

The Company's future products may require approval from the U.S. Food and Drug Administration ("FDA") and may require approval from certain international regulatory agencies prior to commencing commercial sales. There can be no assurance that the Company's products will receive any of these required approvals. If the Company was denied such approvals or such approvals were delayed, it would have a material adverse impact on the Company's results of operations.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, uncertainty of market acceptance of products, product liability and the need to obtain additional financing.

SmithKline Beecham accounted for 100% of revenues during the year ended December 31, 1999.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days to be cash equivalents. Investments with maturities of less than one year from the balance sheet date and with original maturities greater than 90 days are considered short-term investments. Investments consist primarily of money market accounts, commercial paper, certificates of deposit and other short-term instruments. These investments

typically bear minimal risk. This minimization of risk is consistent with the Company's policy to maintain high liquidity and ensure safety of principal.

Restricted cash

Restricted cash represents term deposits held at a financial institution as collateral under the Company's operating lease arrangement for research and development facilities in South San Francisco for the remainder of the lease, which expires in September 2003.

Investments

The Company's short-term and long-term investments are classified as available-for-sale. Available-for-sale securities are carried at fair value based on quoted market prices, with the unrealized gains and losses included in accumulated other comprehensive income within stockholders' equity. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest and other income. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are also included in interest and other income. Interest and dividends on securities classified as available-for-sale are also included in interest and other income. The cost of securities sold is based on the specific identification method.

The amortized cost and fair value of securities, with gross unrealized gains and losses, were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities at December 31, 2000				
Corporate bonds	$77,663	$493	$(11)	$78,145
Debt securities at December 31, 2001				
Corporate bonds	$49,382	$684	$ --	$50,066

The fair value of available-for-sale debt securities by contractual maturity at December 31, 2000 and December 31, 2001 was as follows (in thousands):

	December 31,	
	2000	2001
Within 1 year	$33,874	$41,194
Greater than 1 year, less than 5 years	44,271	8,872
	$78,145	$50,066

Property and equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Assets contributed by the Members during 1997 were recorded at amounts equal to the Members' net carrying value. Laboratory equipment, computers, software, and office furniture are depreciated over three years. Leasehold improvements are recorded at cost and amortized over the term of the non-cancelable lease or their useful life, whichever is shorter. Maintenance and repairs are expensed as incurred.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or circumstances suggest that the carrying amount of those assets may not be fully recoverable or that the estimated useful life of those assets has changed significantly. When expected future undiscounted cash flows that are expected to be generated by an asset are less than its carrying amount, then an impairment loss is recognized and the asset is written down to its estimated fair value.

Revenue recognition

The amount received from SmithKline Beecham under a non-refundable license arrangement was recognized during 1999 as the earnings process was completed pursuant to the terms of the agreement and no remaining performance obligations existed. Any amounts received in advance of completing the earnings process are recorded as deferred revenue. As of July 11, 2001, the Company entered into a research and license agreement with Fujirebio, Inc. Pursuant to the agreement, the Company will receive an aggregate amount of $1,750,000 in the form of an upfront license fee, an anniversary fee and research support payments. The upfront license fee will be recognized as revenue over the three-year term of the agreement and the anniversary payment will be recognized over the remaining two-year term of the agreement. The research support payments will be recognized as revenue as the research work is performed and the related research costs are incurred. As of December 31, 2001, $375,000 was received as upfront license fee and research support payments prior to completion of the earnings process. This amount was recorded as deferred revenue as of December 31, 2001. During the last quarter of 2001, the Company entered into several agreements for the sale of clinical diagnostic test kits to clinical reference laboratories. Pursuant to these agreements, the Company received prior to December 31, 2001 an aggregate amount of $100,000 prior to completion of the earnings process. The amount of $100,000 was recorded as deferred revenue as of December 31, 2001, and will be recognized as revenue upon completion of the earnings process. Product sales are recognized as revenue upon completion of the earnings process. The earning process is complete upon delivery, provided that persuasive evidence of an arrangement exists, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. The Company's revenue recognition practices are in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Research and development

The Company recognizes research and development expense as incurred.

Income taxes

From the Company's inception through April 4, 2000, no provision or benefit for federal or state income taxes was recorded in the financial statements as the Company was a limited liability company and, therefore, was taxed as a partnership. Rather, the federal and state income tax effects of the Company's results of operations were recorded by the Members in their respective income tax returns. On April 4, 2000, in connection with completing the Series C preferred stock financing, the Company became subject to the C corporation provisions of the Internal Revenue Code. Accordingly, any earnings after this date are taxed at federal and state corporate income tax rates.

Current income tax expense (benefit) is the amount of income taxes expected to be payable (refundable) for the current year. A deferred income tax asset or liability is computed for the expected future impact of the differences between the financial reporting and tax bases of assets and liabilities as well as the expected future

tax benefit to be derived from tax loss and tax credit carryforwards. Deferred income tax expense (benefit) is generally the net change during the year in the deferred income tax assets or liability. A valuation allowance is established when necessary to reduce deferred tax assets to the amount more likely than not to be realized in future tax returns.

Stock-based compensation

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), Financial Accounting Standards Board Interpretation No. 28, "Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans" ("FIN No. 28"), Financial Accounting Standards Board Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation--an Interpretation of APB No. 25" ("FIN No. 44"), and Emerging Issues Task Force No. 00-23, "Issues Related to the Accounting for Stock Compensation Under APB No. 25 and FIN No. 44" ("EITF No. 00-23") and complies with the pro forma disclosure provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123").

Under APB No. 25, compensation expense is based on the difference, if any, on the date of the grant between the estimated fair value of the Company's common stock and the exercise price. SFAS No. 123 defines a "fair value" based method of accounting for employee stock options. Pro forma disclosures of the difference between compensation expense included in net loss and the related cost measured by the fair value method are presented in Note 5.

The Company accounts for stock issued to non-employees in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force No. 96-18, "Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services" ("EITF No. 96-18").

Comprehensive income (loss)

The Company accounts for comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting and displaying comprehensive income (loss) and its components. Comprehensive income (loss) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income (loss) but excluded from net income (loss).

Recent accounting pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 "Business Combinations" which establishes financial accounting and reporting for business combinations and supercedes APB Opinion No. 16, "Business Combinations," and SFAS No. 38, "Accounting for Preacquisition Contingencies of Purchased Enterprises." SFAS No. 141 requires that all business combinations be accounted for using one method, the purchase method. The provisions of this statement apply to all business combinations initiated after June 30, 2001. The Company will adopt SFAS No. 141 during the first quarter of fiscal 2002, and this adoption is expected to have no impact on the Company's financial reporting and related disclosures.

In July 2001, the FASB issued SFAS No. 142 "Goodwill and Other Intangible Assets," which establishes financial accounting and reporting for acquired goodwill and other intangible assets and supercedes APB Opinion No. 17, Intangible Assets. SFAS No. 142 addresses how intangible assets that are acquired individually

or with a group of other assets (but not those acquired in a business combination) should be accounted for in financial statements upon their acquisition, and after they have been initially recognized in the financial statements. The provisions, of this statement are effective for fiscal years beginning after December 15, 2001. The Company will adopt SFAS No. 142 during the first quarter of fiscal 2002, and this adoption is expected to have no material impact on the Company's financial reporting and related disclosures.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," in that it removes goodwill from its impairment scope and allows for different approaches in cash flow estimation. However, SFAS No. 144 retains the fundamental provisions of SFAS No. 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of. SFAS No. 144 also supercedes the business segment concept in APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," in that it permits presentation of a component of an entity, whether classified as held for sale or disposed of, as a discontinued operation. However, SFAS No. 144 retains the requirement of APB Opinion No. 30 to report discontinued operations separately from continuing operations. The Company is required to adopt the provisions of SFAS No. 144 effective January 1, 2002, with earlier application encouraged. The Company believes that the implementation of this standard will not have a material effect on the Company's results of operations and financial position.

Note 3. Balance Sheet Components

Property and equipment consist of the following (in thousands):

	December 31,	
	2000	2001
Laboratory, computer and office equipment	$ 3,382	$ 5,686
Leasehold improvements	2,649	2,611
Total	6,031	8,297
Less: Accumulated depreciation and amortization	(3,879)	(3,187)
	$ 2,152	$ 5,110

Accrued liabilities consist of the following (in thousands):

	December 31,	
	2000	2001
Payroll and related	$ 424	$ 658
Outside services	347	60
Deposits	72	64
Accrued loss on the Santa Clara facility lease	--	426
Accrued moving and relocation expenses	--	605
Accrued legal expenses	--	160
Other	265	297
	$1,108	$2,270

Note 4. Commitments and Contingencies

The Company has an operating lease for laboratory and office facilities in Santa Clara, California through September 30, 2002. The Company declined the option to renew the lease. During 2001, the Company vacated the facility and accrued for the loss on the facility lease.

In July 2001, the Company entered a facility lease agreement expiring in September 2003. Minimum future lease payments as of December 31, 2001 are as follows (in thousands):

Year Ending December 31,	
2002	$1,580
2003	744
	$2,324

Rent expense was $838,000, $804,000 and $1,413,438 for the years ended December 31, 1999, 2000 and 2001, respectively. A security deposit of $67,000 relating to our facility lease was paid by SmithKline Beecham and is included in due to related parties in the accompanying balance sheets.

The Company has subleased a portion of its leased office facilities in Santa Clara under a non-cancelable lease agreement since 1998. Rental income for the years ended December 31, 1999, 2000 and 2001 was $202,000, $299,000 and $272,000, respectively. The aggregate minimum future lease payments to be received by the Company under the sublease are $155,000.

The Company entered into a collaboration agreement with the University of Pittsburgh Medical Center effective October 1, 2000 to analyze RNA expression in human cancer tissues. Under this agreement, the University of Pittsburgh Medical Center will perform RNA expression analysis on human cancer and corresponding non-malignant tissues to establish genotypic classifications. The Company will pay the University of Pittsburgh Medical Center approximately $1,218,000 over the three year term of this agreement. The Company paid $0 and $405,000 in relation to work done by the University of Pittsburgh Medical Center for the years ended December 31, 2000 and 2001, respectively.

The Company entered into an agreement with Agilent Technologies, Inc. in August 2000 for early access to Agilent's DNA microarray technology. Under the terms of the agreement, the Company can purchase a number of custom in-situ microarrays at a cost of approximately $405,000. The agreement expires in August 2002 or when the products become available, whichever is sooner, and may not be terminated by either party except under specified circumstances. The Company paid $0 and $242,000 for the purchase of microarrays for the years ended December 31, 2000 and 2001, respectively.

The Company has entered into employment agreements with certain key executive officers. Such agreements provide for severance payments and, in one case, provide for accelerated vesting of stock options following a change in control of the Company.

On October 1, 2001, in connection with the relocation of its office and laboratory premises, the Company offered a relocation assistance program to employees who met specific criteria, for a period of one year from the date of relocation. This relocation assistance program provides for qualified relocating expense claims. Relocation expenses are expensed as incurred. Employee relocation expense for the year ended December 31, 2001 was $708,000.

On December 18, 2001, the Company entered into a Services Agreement with Compugen Ltd. ("Compugen"). Pursuant to the agreement, the Company is committed to pay up to $1.1 million for services received from Compugen. In conjunction with entering into the agreement, the Company also issued a warrant to Compugen to purchase up to 393,571 shares of the company's common stock at a price of $12.00 per share. The warrant will vest as certain future performance criteria are met by Compugen. The warrant expires in December 2006 (see Note 5).

Note 5. Members' and Stockholders' Equity:

Preferred units and stock

In September 1997, the Company issued 4,400,000 Series A Preferred units, no par value, to SmithKline Beecham, at $3.41 per unit. At the time these units were issued, the Company received an initial capital contribution of $4,000,000 in cash and assets and a contractual commitment for additional cash contributions of $7,000,000 and $4,000,000 which were received on April 15, 1998 and July 15, 1998, respectively. Upon conversion of the Company from a limited liability company into a C corporation, the Series A Preferred units were exchanged for shares of Series A Preferred Stock on a one-to-one basis. The Series A Preferred Stock converts automatically to Common Stock upon completion of an initial public offering by the Company that results in net proceeds of at least $20,000,000 and an offering price of at least $10.00 per share.

In September 1997, the Company also issued 4,400,000 Series B Preferred units, no par value, to Incyte at $2.27 per unit. At the time these units were issued, the Company received an initial capital contribution of $4,000,000 in cash and a contractual commitment for additional cash contributions of $2,000,000 and $4,000,000 which were received on April 15, 1998 and July 15, 1998, respectively. Upon conversion of the Company from a limited liability company into a C corporation, the Series B Preferred units were exchanged for shares of Series B Preferred Stock on a one-to-one basis. The Series B Preferred Stock converts automatically to Common Stock upon completion of an initial public offering by the Company that results in net proceeds of at least $20,000,000 and an offering price of at least $10.00 per share.

In April 2000, the Company issued 13,225,807 shares of Series C Preferred Stock, $0.01 par value, at $7.75 per share. Net proceeds were approximately $92,678,000 after cash offering expenses of $7,322,000. The Series C Preferred Stock converts automatically to Common Stock upon completion of an initial public offering by the Company that results in net proceeds of at least $20,000,000 and an offering price of at least $10.00 per share.

In connection with the sale of Series C Preferred Stock, the Company issued a warrant in June 2000 to purchase 129,032 shares of Series C Preferred Stock at $7.75 per share to the placement agent. The Series C Preferred Stock warrant converts automatically to a Common Stock warrant upon completion of an initial public offering by the Company that results in net proceeds of at least $20,000,000 and an offering price of at least $10.00 per share. The warrant becomes exercisable in 2005. The Company valued this warrant using the Black-Scholes option pricing model with the following assumptions: expected life of five years; risk free interest rate of 6.23%; expected dividend yield of zero, and volatility of 85%. The fair value of the warrant of $846,367 is included in the carrying value of the Series C Preferred Stock.

In connection with signing of the Fujirebio research and license agreement in July 2001 (see Note 2), the Company issued 20,833 shares of Series D Preferred Stock, $0.01 par value, at $12.00 per share. The Series D Preferred Stock converts automatically to Common Stock upon completion of an initial public offering by the Company that results in net proceeds of at least $20,000,000 and an offering price of at least $10.00 per share.

At December 31, 2000 and 2001, the Company has reserved 22,154,839 and 22,175,672 shares respectively, of Common Stock for future issuance upon the conversion of the Preferred Stock. Included in the December 31, 2000 and 2001 shares reserved for future issuance upon the conversion of Preferred Stock, is a warrant to purchase 129,032 shares of Series C Preferred Stock.

Dividends

In the event dividends are paid on any share of Common Stock, an additional dividend must be paid with respect to all outstanding shares of Preferred Stock in an amount per share (on an as-if-converted basis) equal to the amount paid or set aside for each share of Common Stock, whenever funds are legally available. Such dividends are payable when, as and if declared by the Board of Directors. No dividends accrue unless declared by the Board of Directors. As of December 31, 2001, no dividends had been declared.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, holders of the Series A, Series B, Series C and Series D Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets to the holders of the Common Stock, an amount per share equal to $3.41 for each outstanding share of Series A Preferred Stock, $2.27 for each outstanding share of Series B Preferred Stock and $7.75 for each outstanding share of Series C Preferred Stock and $12.00 for each outstanding share of Series D Preferred Stock, plus any declared but unpaid dividends on such shares of Series A, Series B, Series C or Series D Preferred Stock. If upon the occurrence of such an event, the assets and funds thus distributed among the holders of the Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series A, Series B, Series C and Series D Preferred Stock in proportion to the aggregate liquidation preference of such stock owned by each such holder.

Upon completion of the distributions described above, all of the remaining assets of the Company available for distribution to stockholders shall be distributed among the holders of Common Stock pro rata based on the number of shares of Common Stock held by each.

Voting rights

Holders of Series A, Series B, Series C and Series D Preferred Stock are entitled to one vote for each share of Common Stock into which such shares can be converted. The holders of the outstanding shares of Series A and Series B Preferred Stock, voting as separate classes, are each entitled to elect one member to the Company's Board of Directors and the holders of the outstanding shares of Series C Preferred Stock, voting as a separate class, are entitled to elect two members to the Company's Board of Directors. Any remaining board members will be elected by the holders of Common Stock and the holders of Preferred Stock voting together as a single class.

Conversion rights

Shares of Series A, Series B, Series C and Series D Preferred Stock are convertible into shares of Common Stock at the option of the holder, or automatically upon completing a public offering of at least $20,000,000 of Common Stock at an offering price of at least $10.00 per share, upon the written consent of the holders of at least 80% of the then outstanding shares of Series A, Series B, Series C and Series D Preferred Stock voting together

as a single class on an as-if-converted basis. The conversion rate is one share of Common Stock for one share of Preferred Stock (subject to certain adjustments).

Common stock

As of December 31, 2001, the Company had issued 2,099,968 shares of Common Stock, $0.01 par value, primarily in connection with the exercise of stock options. No dividends have been declared. In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, holders of Common Stock shall be entitled to receive the remaining assets of the Company after distribution to holders of Preferred Stock, pro rata based on the number of shares of Common Stock held by each holder.

In March 2000 the Company committed to grant a warrant to purchase 50,000 shares of Common Stock at $1.20 per share for services to be received. This warrant has not been granted as of December 31, 2001.

Stock option plans

In January 1998, the Company's Board of Directors adopted the 1997 Incentive Plan ("1997 Plan") under which 1,200,000 shares of the Company's Common Units ("Units") were reserved for issuance to employees and consultants of the Company. During 1999, the Company increased the number of Units reserved for future issuance by 1,000,000. Options granted under the 1997 Plan are for terms not to exceed ten years. If the option is granted to an individual who, at the time of grant, owns a membership interest in the Company representing more than 10% of the voting power of all classes of membership interest of the Company or any parent or subsidiary, the exercise price of the option must be at least 110% of the estimated fair value of the Units at the date of grant. Exercise prices of options granted to all other persons must be at least 85% of the estimated fair value of the Units at the date of grant. Options under the 1997 Plan generally vest over four years. The 1997 Plan expires in 2008.

In April 2000, all of the Units originally granted under the 1997 Plan were converted into options to acquire shares of Common Stock under the 2000 Equity Incentive Plan (the "2000 Plan"), which provides for the issuance of options to purchase up to 2,200,000 shares of the Company's Common Stock. The Board of Directors has the authority to determine to whom options will be granted, the number of shares, the term and exercise price (which cannot be less than the estimated fair value at date of grant for incentive stock options or 85% of the estimated fair value for nonstatutory stock options). Historically, estimated fair value has been determined by the Board of Directors. If an employee owns stock representing more than 10% of the outstanding shares, the price of each share shall be at least 110% of estimated fair value. Options generally vest ratably over four years and expire within ten years of the date of the grant. In June 2000 and December 2001, the Company reserved an additional 2,500,000 and 2,500,000 shares of Common Stock, respectively, under the 2000 Plan.

In February 2001, the Company's Board of Directors adopted the 2000 Employee Stock Purchase Plan (the "2000 ESPP") under which a total of 350,000 shares of Common Stock were approved for issuance.

In February 2001, the Company's Board of Directors adopted the 2001 Equity Incentive Plan (the "2001 Plan") which will become effective upon completion of the Company's initial public offering. Under the 2001 Plan, a maximum of 2,500,000 shares of Common stock will be reserved for issuance in addition to any shares of Common Stock that remain reserved for issuance under the 2000 Plan at the time of completion of the Company's initial public offering. However, in no event shall the total number of shares reserved for issuance under the 2001 Plan, together with the total number of shares originally reserved under the 2000 Plan, exceed 7,200,000 shares.

Stock option activity under the Company's plans is as follows:

		Outstanding Options	
	Options Available for Grant	Number of Options	Weighted Average Exercise Price
Options reserved at the plan inception	1,200,000	--	$ --
Options granted	(760,500)	760,500	0.36
Options canceled	44,250	(44,250)	0.35
Balances, December 31, 1998	483,750	716,250	0.36
Additional shares reserved	1,000,000	--	--
Options granted	(1,055,083)	1,055,083	0.75
Options canceled	433,738	(433,738)	0.47
Balances, December 31, 1999	862,405	1,337,595	0.63
Additional shares reserved	2,500,000	--	--
Options granted	(2,438,213)	2,438,213	1.85
Options exercised	--	(2,076,498)	1.21
Options canceled	204,303	(204,303)	0.68
Balances, December 31, 2000	1,128,495	1,495,007	1.81
Additional shares reserved	2,500,000	--	--
Options granted	(1,759,590)	1,759,590	5.03
Options exercised	--	(23,270)	1.14
Options canceled	189,089	(189,089)	2.07
Balances, December 31, 2001	2,057,994	3,042,238	3.68

The following summarizes information about stock options outstanding at December 31, 2001:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number	Weighted Average Remaining Contractual Life (Years)	Exercise Price	Number	Weighted Average Exercise Price
$0.35	76,000	6.07	$0.35	67,672	$0.35
0.75	229,356	7.30	0.75	95,860	0.75
1.20	58,812	8.16	1.20	25,603	1.20
1.30	551,167	8.50	1.30	258,873	1.30
1.80	134,813	8.88	1.80	30,610	1.80
5.00	1,992,090	9.65	5.00	29,091	5.00
	3,042,238	9.11		507,709	1.31

The weighted average grant date fair value of options granted during the years ended December 31, 1999, 2000 and 2001, was $0.14, $7.41 and $7.73 per share, respectively.

Had compensation cost for the Company's stock options been calculated based upon the fair value at the date of grant, the Company's net loss would have increased to the pro forma amounts shown in the table that follows:

	Year Ended December 31,		
	1999	2000	2001
	(in thousands, except per share data		
Net loss:			
As reported	$ 11,286	$ 23,346	$(24,517)
Pro forma	(11,313)	(24,002)	(25,305)

The fair value of each option grant is estimated at the grant date using the minimum value method, assuming an expected option term of four years, no dividend yield, and risk-free interest rates of 5.11% to 5.86%, 5.10% to 6.20% and 3.58% to 4.88% for the years ended December 31, 1999, 2000 and 2001 respectively.

Deferred stock compensation

For the year ended December 31, 2000 and 2001, the Company recorded $18,331,000 and $12,257,000 respectively of deferred stock compensation in accordance with APB No. 25, SFAS No. 123 and EITF Issue No. 98-16 from the grant of stock options to employees, directors and consultants. The difference between exercise price of the option granted and the estimated fair value of Common Stock on the grant date is recognized as deferred stock compensation. Stock compensation expense is being recognized over the vesting period of the related options in accordance with FIN No. 28. The Company amortized $5,558,000 and $10,219,000 of stock-based compensation expense during the years ended December 31, 2000 and 2001, respectively.

In November 2000, the Company modified certain outstanding stock options which were then exercised in exchange for full recourse non-interest bearing notes. In accordance with APB 25 and FIN No. 44, the associated remeasurement of such options resulted in a one-time compensation charge in the statements of operations for the year ended December 31, 2000 of $9,599,000.

The notes mature over periods ranging from seven to ten years. The discount associated with the use of non-interest bearing notes was calculated using an interest rate of 6.5% and a weighted average term of 9.44 years, and resulted in an immediate compensation charge of $1,281,000, of which $790,000 was allocated to general and administrative expense and $491,000 was allocated to research and development expense as of December 31, 2000. The discount will be recognized as interest income over the life of the loans.

Warrant for Common Stock

In December 2001, the Company entered into a Service Agreement with Compugen Ltd. ("Compugen"). In conjunction with entering into the agreement, the Company issued a warrant to Compugen to purchase up to 393,571 shares of the Company's common stock at a price of $12.00 per share. The warrant will vest upon the outcome of certain future performance criteria expected to be met by Compugen over the next six months, and will expire in December 2006. As the outcome of these future events is not solely within Compugen's control, the Company valued the warrant at its lowest aggregate fair value, which was zero, as of December 31, 2001.

401(k) savings plan

In January 1998, the Company has established a qualified savings plan for employees under Section 401(k) (the "401(k) Plan") of the Internal Revenue Service Code, in which employees may defer as much as 15% of

their pretax annual salary up to the statutory limits. The 401(k) Plan permits discretionary matching and profit sharing contributions to be made by the Company. Through December 31, 2001 the Company has not made any contributions to the 401(k) Plan.

Note 6. Income Taxes:

On April 5, 2000, the Company became subject to the C corporation provisions of the Internal Revenue Code. No provision or benefit for income taxes has been recognized since April 5, 2000 as the Company has incurred net operating losses.

The significant components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2000	2001
Net operating loss carryforwards	$ 212	$5,601
Depreciation and amortization	2,635	2,560
Research tax credit carryforwards	530	1,165
Other	45	235
Total deferred tax assets	3,422	9,561
Deferred interest income	620	--
Less: Valuation allowance	2,802	9,561
Net deferred taxes	$ --	$ --

The Company has provided a full valuation allowance for its deferred tax assets at December 31, 2000 and 2001 due to the uncertainty surrounding the future realization of such assets.

At December 31, 2001, the Company had state and federal net operating loss carryforwards of $5.1 million and $15.6 million, respectively, which expire in 2005 and 2020, respectively, and federal and state research tax credit carryforwards of $1.2 million, which expire in 2020. Utilization of federal and state net operating loss and tax credit carryforwards may be subject to an annual limitation due to the "change in ownership" provisions of the Internal Revenue Code.

Note 7. Related Party Transactions:

In connection with forming the Company, SmithKline Beecham, Incyte and the Company entered into several agreements during September 1997, including an Operating Agreement (the "Operating Agreement") and a Master Strategic Relationship Agreement (the "Master Agreement"). The Operating Agreement served as the Company's by-laws while the Master Agreement documents certain specific matters regarding the operation of the Company. During September 1997, the Company issued 4,400,000 shares of Series A Preferred units to SmithKline Beecham in exchange for an initial capital contribution of $4,000,000 in cash and assets and a contractual commitment for additional cash contributions of $11,000,000, which was received in two installments on April 15 and July 15, 1998. Concurrently, the Company issued 4,400,000 shares of Series B Preferred units to Incyte in exchange for an initial capital contribution of $4,000,000 in cash and a contractual commitment for additional cash contributions of $6,000,000, which was received in two installments on April 15 and July 15, 1998.

The Operating Agreement specified that the limited liability company would merge into a C corporation at the earliest of (i) the eighteen month anniversary of the Company's formation (March 1999); (ii) any time after

January 1, 1999, if the Company's cash balance falls below $2,000,000, or (iii) the mutual agreement of SmithKline Beecham and Incyte. Pursuant to the Operating Agreement, the conversion of the Company into a C corporation was deferred until completion of the Series C Preferred Stock financing in April 2000.

In addition to the above contributions, SmithKline Beecham has granted the Company various exclusive rights under a Collaboration and License Agreement entered into by SmithKline Beecham, Incyte and the Company in September 1997. Under this agreement, as amended, SmithKline Beecham has granted to the Company an exclusive sublicenseable license under certain of its patents and know-how with respect to genes and gene products for use as diagnostics through September 2, 2001. In September 1997, the Company also entered into a Collaborative LifeSeq Agreement and a Collaborative PathoSeq Database Agreement with Incyte. Under these agreements, as amended and described below, Incyte has provided the Company with non-exclusive access to certain of its gene sequence and expression databases for research, diagnostic and therapeutic applications until September 2003. These non-cash assets received as capital contributions from SmithKline Beecham and Incyte were recorded at zero value, which was equal to the carrying value of such assets by SmithKline Beecham and Incyte.

Under the Collaboration and License Agreement as currently in effect, the Company pays no milestones, royalties or other payments to SmithKline Beecham but is obligated to pay pass-through royalties to Human Genome Sciences on sales of products derived from the use of genes discovered by Human Genome Sciences. In addition, although the Company has no plans to develop any therapeutic products based on SmithKline Beecham's intellectual property, in the event the Company does so, SmithKline Beecham has an exclusive license to the Company's know-how or patents related to any such therapeutic products until September 2005. In order to license the Company's products under this arrangement, SmithKline Beecham must make milestone payments of up to an aggregate of $4,000,000 for each patented product and up to an aggregate of $1,600,000 for each product for which a patent is pending. As of December 31, 2001, no such milestone payments have been received or recognized by the Company.

Pursuant to the 1997 Collaboration and License Agreement and the 2000 Collaborative Agreement, the Company has committed to purchase $5,000,000 in gene sequencing and microarray services from Incyte, including services obtained under the GEM Services Agreement. As of December 31, 2000, the Company had fulfilled all of its purchase commitments to Incyte under these agreements.

Pursuant to an Intercompany Services Agreement, SmithKline Beecham and Incyte provided the Company with certain legal, financial and research and development services. Charges to the Company for these services were based upon either actual costs or rates charged to other customers for similar services. Such amounts, which were charged to research and development, were $0, $0 and $0 in 1999, 2000 and 2001, respectively. Pursuant to the 1997 Collaboration and License Agreement, and the Collaborative Agreement with Incyte, the Company incurred costs which were charged to research and development of $449,000, $2,600,000 and $0 during the years ended December 31, 1999, 2000 and 2001, respectively.

On September 28, 1998, the Company entered into a Service Agreement with SmithKline Beecham. Under this agreement, SmithKline Beecham provided the Company personnel support to identify diagnostic leads and research for a period of one year. Pursuant to this agreement, the Company incurred costs which were charged to research and development of $150,000 during the year ended December 31, 1999. No such costs were incurred during the year ended December 31, 2000 and 2001.

On November 1, 1998, the Company entered into a GEM Services Agreement with Incyte which was subsequently amended on September 1, 1999, pursuant to which the Company obtains gene preparation and

expression services from Incyte which the Company uses to generate gene expression information and data. The Company paid Incyte for its services pursuant to a pricing schedule for the production of standard and custom microarrays, which pricing schedule was substantially similar to that contained in GEM Services Agreements between Incyte and unrelated third parties. The GEM Services Agreement expired on November 1, 2000. Pursuant to this agreement, the Company incurred costs which were charged to research and development of $1,479,000, $95,000 and $0 during the years ended December 31, 1999, 2000 and 2001, respectively.

In February 1999, the Company entered into a License Agreement with SmithKline Beecham Clinical Laboratories, Inc. Under the agreement, SmithKline Beecham obtained licenses from the Company with respect to the Company's technology for a potential molecular target for prostate cancer. Later during 1999, testing of this molecular target was discontinued and the parties agreed that no additional work under the agreement was appropriate. Accordingly, the non-refundable license fee of $100,000 was recognized as revenue in 1999.

In July 1999, the Company issued two convertible notes payable in the amount of $2,500,000 each to SmithKline Beecham and Incyte. The notes were due and payable in April 2000, accruing interest at 5.6% per annum. Upon closing the Series C financing, the note to SmithKline Beecham was converted to 322,580 shares of Series C Preferred Stock. Additionally, the Company paid interest of $97,000 on the note to SmithKline Beecham and paid Incyte principal of $2,500,000 and accrued interest of $97,000.

In December 1999, the Company entered into a consulting agreement with Dr. George Poste, Chairman of the Board of Directors to serve as the Company's acting Chief Executive Officer and as a consultant to the Company for a quarterly fee of $20,000, plus travel expenses. For each of the years ended December 31, 2000 and 2001, the Company paid an aggregate of $80,000 pursuant to this agreement. In January 2000, the Company entered into a special consulting agreement with Dr. Poste to act as a consultant to the Company in connection with the Series C preferred stock financing. Pursuant to this agreement, the Company paid an aggregate of $15,000 to Dr. Poste in the year ended December 31, 2000.

In December 1999, the Company entered into a LifeArray Software License Agreement with Incyte. Under this agreement, the Company has access to computer software from Incyte for the processing and analysis of microarray expression data for a period of 12 months. The license fee paid for the use of the software was $75,000 for the 12-month term.

In February 2000, the Company entered into a Collaborative Agreement with Incyte to replace and expand the rights that existed under the 1997 Collaborative LifeSeq and 1997 Collaborative PathSeq Database Agreements. Under this new agreement the Company retained access to Incyte's human database, LifeSeq Gold, and microbial database, PathoSeq, at no subscription cost until September 2, 2003. Under the agreement, along with other database subscribers, the Company has non-exclusive access to database products and database patents for research, the diagnostic field of use and the pharmaceutical field of use. Additionally, the Company has an option to exclusively license in the future certain Incyte patents in the pharmaceutical field of use. The Company may pay up to an aggregate of $4,622,500 in licensing fees and milestone payments for each therapeutic product and up to an aggregate of $2,385,000 in licensing fees and milestone payments for each antisense product, in addition to royalty payments on the sale of these products. In October 2001, the Company amended this agreement so that, under certain circumstances, it could sublicense to third parties the rights to certain drug products, such as therapeutic antibodies and small molecules. The Company also clarified in the amendment that it had the right to use third party collaborators to conduct research and development with respect to certain products. As of December 31, 2001, no licensing fees or milestone payments have been paid or recognized by the Company.

In June 2001, the Company made non-interest bearing secured loans totalling $500,000 to two employees for the purchase of a home in connection with their relocation to the Bay Area. These loans are repayable in a series of installments, the first of which is due in November 2003 and the last in June 2006.

Note 8. Subsequent Event:

On January 4, 2002, the Company entered into an agreement with a third party to purchase remnant anomyzed human biological material and corresponding surgical pathology reports for an aggregate amount of $250,000 plus applicable shipping costs not to exceed $6,000.

On January 30, 2002, the Company entered into a collaboration and licensing agreement with a third party to discover novel diagnostic markers and therapeutic targets. Pursuant to the terms of the agreement, the Company has purchased $1,000,000 of the third party's preferred stock and has committed to pay up to $3,000,000 in research fees over the 18-month term of the agreement.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item (with respect to Directors) is incorporated by reference from the information under the caption "Election of Directors" contained in the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the Company's 2002 Annual Meeting of Stockholders to be held on June 4, 2001 (the "Proxy Statement").

Item 415 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16(a) of the Exchange Act. This disclosure is contained in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

The executive officers of the Company are as follows:

Paul A. Friedman, Ph.D., age 59, joined the Company as the Chief Executive Officer and a Director in November 2001. From 1994 until October 2001, Dr. Friedman served as President of DuPont Pharmaceuticals Research Laboratories, of DuPont Pharmaceuticals Company (formerly The DuPont Merck Pharmaceutical Company), and from 1991 to 1994 he served as Senior Vice President at Merck Research Laboratories. Prior to his work at Merck and DuPont, Dr. Friedman was an Associate Professor of Medicine and Pharmacology at Harvard Medical School. Dr. Friedman is a Diplomat of the American Board of Internal Medicine, Member of the American Society of Pharmacology and Experimental Therapeutics, Member of the American Society of Clinical Investigation and a Member of the American Society of Biological Chemist. He received his A.B. in Biology from Princeton University and his M.D. from Harvard Medical School.

Roy A. Whitfield, age 48, co-founded the Company and has been a Director since June 1991 and Chairman of the Board since November 2001. Mr. Whitfield served as President of the Company from June 1991 until January 1997, as Treasurer of the Company between April 1991 and October 1995 and as Chief Executive Officer of the Company between June 1993 and November 2001. Previously, Mr. Whitfield served as the President of Ideon Corporation, which was a majority-owned subsidiary of Invitron Corporation, a biotechnology company, from October 1989 until April 1991. From 1984 to 1989, he held senior operating and business development positions with Technicon Instruments Corporation, a medical instrumentation company, and its predecessor company, CooperBiomedical, Inc., a biotechnology and medical diagnostics company. Prior to his work at Technicon, Mr. Whitfield spent seven years with the Boston Consulting Group's international consulting practice. Mr. Whitfield received a B.S. with first class honors in Mathematics from Oxford University, and an M.B.A. with distinction from Stanford University. Mr. Whitfield is also a director of Inhale Therapeutics Systems, Inc.

Robert B. Stein, Ph.D., age 51, joined the Company in November 2001 as President and Chief Scientific Officer and as a Director. From September 1996 to November 2001, Dr. Stein was the Executive Vice President of Research and Preclinical Development of DuPont Pharmaceuticals Company (formerly The DuPont Merck Pharmaceutical Company). From May 1990 to September 1996, Dr. Stein was employed by Ligand Pharmaceuticals, Inc., serving as Senior Vice President and Chief Scientific Officer from 1993 to 1996, as Vice President, Research and Preclinical Development from 1992 to 1993 and Vice President, Research from 1990 to 1992. From 1982 to 1990, Dr. Stein held various positions with Merck, Sharp & Dohme Research Laboratories, including Senior Director and Head of the Department of Pharmacology from 1989 to 1990. Dr. Stein received his B.S. in biology and chemistry from Indiana University, his doctorate in Physiology and Pharmacology, and his M.D. from Duke University. He also serves on the Board of Directors of Geron Corporation.

Michael D. Lack, age 50, has been the Chief Operating Officer of the Company since July 1999 and became an Executive Vice President of the Company in June 2000. Prior to joining the Company, Mr. Lack was the President and Chief Executive Officer of Silicon Valley Networks from July 1998 to July 1999. Previously,

Mr. Lack served as Chief Executive Officer with several software startup companies, including Aqueduct Software from July 1997 to July 1998 and Presidio Systems, Inc. from May 1994 to May 1997. He also held various senior positions with Cadence Design Systems, Inc., including Senior Vice President of Product Operations, Division President of Integrated Circuit Design, and Division President of Systems. Mr. Lack received his B.S. in Physics from the University of California, Los Angeles.

John M. Vuko, age 51, joined the Company as Chief Financial Officer in December 1999 and became an Executive Vice President of the Company in June 2000. Prior to joining the Company, Mr. Vuko was the primary financial consultant of an affiliate of Achievement Radio Holdings, Inc. from October 1998 to December 1999. From April 1997 to September 1998, Mr. Vuko served as the Senior Vice President and Chief Financial Officer of Achievement Radio Holdings, Inc. From October 1989 to March 1997, Mr. Vuko served in various positions with Ross Stores, Inc., most recently as Senior Vice President and Chief Financial Officer. Prior to his work at Ross Stores, Mr. Vuko held the positions of Corporate Development Executive, Vice President, Treasurer, and Controller with the Cooper family of companies, including CooperVision, Inc., Cooper LaserSonics, Inc. and The Cooper Companies, Inc. Mr. Vuko received his B.A. in Accounting from San Francisco State University.

James R. Neal, age 46, has been the Executive Vice President of Sales and Marketing since July 1999. From July 1997 to immediately prior to joining Incyte, Mr. Neal served as General Manager of the Solaris Group, a division of Monsanto Company. From 1982, he also held various positions with Monsanto, including Vice President of Global Business Development, Director of Brand Marketing and Residential Products, and Manager of New Product Introduction. Mr. Neal received his B.S. in Biology and his M.S. in Genetics and Plant Breeding from the University of Manitoba, Canada as well as an Executive M.B.A. from Washington University, St. Louis.

Lee Bendekgey, age 44, has been General Counsel of the Company since January 1998 and served as Interim Chief Financial Officer from June 1999 until December 1999. Mr. Bendekgey became the Secretary of the Company in June 1998 and an Executive Vice President of the Company in June 2000. Prior to joining the Company, Mr. Bendekgey was the Director of Strategic Relations at Silicon Graphics, Inc. July 1997 through December 1997. He held various positions with SGI from March 1993 through June 1997, including Director of Legal Services, Products and Technology; Senior Counsel, Product Divisions; Group Counsel, Computer Systems Group; and Division Counsel, MIPS Technologies, Inc. From 1982 to 1993, Mr. Bendekgey held associate and partner positions with Graham & James, a law firm in San Francisco, where he specialized in intellectual property protection and licensing. Mr. Bendekgey received his B.A. magna cum laude in Political Science and French from Kalamazoo College and his J.D. from Stanford University.

James P. Merryweather, Ph.D., age 51, has been an Executive Vice President of the Company since November 2000. He has led the Company's Target Validation Research organization since December 2002 and, prior to that, led the Company's Business Development organization from November 2000 until December 2001. He served as Senior Vice President of Client Business Management from July 1999 until November 2000 and served as Vice President of Partnership Programs from March 1999 until July 1999. Prior to joining the Company, Dr. Merryweather was the Vice President of Program Management at Millennium Pharmaceuticals, Inc. from September 1996 until November 1998. Prior to joining Millennium Pharmaceuticals, Dr. Merryweather was Director of Project Management at Chiron Corporation. Dr. Merryweather held various positions at Chiron from November 1981, including Senior Scientist, Research Leader and Director of Regulatory Affairs. Dr. Merryweather received his Ph.D. in Biochemistry from Washington State University.

Brian W. Metcalf, Ph.D., age 56, has served as Executive Vice President and Chief Drug Discovery Scientist since February 2002. From March 2000 to February 2002, Dr. Metcalf served as Senior Vice President and Chief Scientific Officer of Kosan Biosciences Incorporated. From December 1983 to March 2000, Dr. Metcalf held a number of executive management positions with SmithKline Beecham, most recently as Senior Vice President, Discovery Chemistry and Platform Technologies. Prior to joining SmithKline Beecham, Dr. Metcalf held positions with Merrell Research Center from 1973 to 1983. Dr. Metcalf received his B.S. and Ph.D. in organic chemistry from the University of Western Australia. Dr. Metcalf is also a director of Argonaut Technologies, Inc.

Item 11. Executive Compensation

The information required by this item is incorporated by reference from the information under the captions "Election of Directors--Compensation of Directors" and "Executive Compensation," contained in the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated by reference from the information under the caption "Security Ownership of Certain Beneficial Owners and Management" contained in the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

In March 2001, the Company entered into a LifeSeq Collaboration Agreement, Patent License Agreement, Collaboration and Technology Transfer Agreement and Proteome BioKnowledge Library License Agreement with Genomic Health, Inc. ("Genomic Health"). Randal W. Scott, who served as Chairman of the Board of the Company until November 2001 and as a director of the Company through December 2001, is Chairman of the Board, President and Chief Executive Officer of Genomic Health and owns more than 10% of the outstanding capital stock of Genomic Health. Under the agreements, Genomic Health obtained access to the Company's LifeSeq Gold database and BioKnowledge Library and received licenses to certain of the Company's intellectual property. Amounts Genomic Health will pay the Company under these agreements are similar to those paid to the Company under agreements between the Company and unrelated third parties. The Company received rights to certain intellectual property that Genomic Health may, in the future, develop. At the same time, the Company entered into an agreement to purchase shares of Series C Preferred Stock of Genomic Health for an aggregate purchase price of $5.0 million which, together with shares of Series A Preferred Stock purchased in November 2000 for an aggregate purchase price of $1.0 million, resulted in the Company owning approximately 10.9% of the outstanding capital stock of Genomic Health as of December 31, 2001. Under certain circumstances and if Genomic Health so elects, the Company has agreed to purchase in a future offering of Genomic Health's capital stock an aggregate of $5.0 million of the shares being sold in that offering.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Documents filed as part of this report:

(1) Financial Statements

Reference is made to the Index to Consolidated Financial Statements of Incyte Genomics, Inc. and the Index to Financial Statements of diaDexus, Inc., under Item 8 of Part II hereof.

(2) Financial Statement Schedules

The following financial statement schedule of Incyte Genomics, Inc. is filed as part of this Form 10-K included in Item 8 of Part II:

Schedule II--Valuation and Qualifying Accounts for each of the three years in the period ended December 31, 2001.

All other financial statement schedules have been omitted because they are not applicable or not required or because the information is included elsewhere in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits

See Item 14(c) below. Each management contract or compensatory plan or arrangement required to be filed has been identified.

(b) Reports on Form 8-K.

The Company filed the following reports on Form 8-K during the fiscal quarter ended December 31, 2001:

(i) Current Report on Form 8-K filed on November 13, 2001, reporting under Item 5 the Company's restructuring of its operations and related personnel reductions.

(ii) Current Report on Form 8-K filed on November 30, 2001, reporting under Item 5 that it had filed a complaint against Invitrogen Corporation alleging infringement of sixteen patents. The Company also reported the appointment of Paul A. Friedman, M.D. as the Company's new Chief Executive Officer and the appointment of Robert Stein, M.D. as the Company's new President and Chief Scientific Officer.

(iii) Current Report on Form 8-K filed on December 28, 2001, reporting under item 5 that Affymetrix, Inc. and the Company had agreed to settle patent infringement lawsuits.

(c) Exhibits

Exhibit Number	Description of Document
3(i)(a)	Restated Certificate of Incorporation, as amended (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2000).
3(i)(b)	Certificate of Designation of Series A Participating Preferred Stock (incorporated by reference to the Company's Annual Report on 10-K for the year ended December 31, 1998).
3(ii)*	Bylaws of the Company, as amended as of December 20, 2001.
4.1	Form of Common Stock Certificate (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
4.2	Rights Agreement dated as of September 25, 1998 between the Company and Chase Mellon Shareholder Services, L.L.C., which includes as Exhibit B, the rights certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed September 30, 1998).

Exhibit Number	Description of Document
4.3	Indenture dated as of February 4, 2000 between the Company and State Street Bank and Trust Company of California, N.A., as trustee (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.1*#	1991 Stock Plan of Incyte Genomics, Inc., as amended and restated February 15, 2001 (the "Plan").
10.2#	Form of Incentive Stock Option Agreement under the Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.3#	Form of Nonstatutory Stock Option Agreement under the Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.4*#	Amended and Restated 1993 Directors' Stock Option Plan of Incyte Genomics, Inc., dated February 27, 2002.
10.5#	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.6	Lease Agreement dated December 8, 1994 between the Company and Matadero Creek (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1994).
10.9	Stock Purchase Agreement dated as of June 22, 1994 between the Company and Pfizer Inc (incorporated by reference to Exhibit B to the Company's Current Report on Form 8-K dated June 23, 1994).
10.10	Registration Rights Agreement dated as of June 22, 1994 between the Company and Pfizer Inc (incorporated by reference to Exhibit C to the Company's Current Report on Form 8-K dated June 23, 1994).
10.11	Stock Purchase Agreement dated as of November 30, 1994 between the Company and The Upjohn Company (incorporated by reference to Exhibit B to the Company's Current Report on Form 8-K dated November 30, 1994, as amended by Form 8-K/A filed with the Commission on March 27, 1995).
10.12	Registration Rights Agreement dated as of November 30, 1994 between the Company and The Upjohn Company (incorporated by reference to Exhibit C to the Company's Current Report on Form 8-K dated November 30, 1994).
10.13	Registration Rights Agreement dated as of February 4, 2000 among the Company and Deutsche Bank Securities Inc. and Warburg Dillon Read LLC (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.14	Lease Agreement dated June 19, 1997 between the Company and The Board of Trustees of the Leland Stanford Junior University (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.15*#	1997 Employee Stock Purchase Plan of Incyte Genomics, Inc. (as amended and restated June 26, 2001).
10.18#	1996 Synteni, Inc. Equity Incentive Stock Plan (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-8 (File No. 333-46639)).
10.19#	The Hexagen Limited Unapproved Company Share Option Plan 1996, as amended (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 (File No. 333-67691)).

Exhibit Number	Description of Document
10.20	Stock Purchase Agreement dated as February 24, 2000 between the Company and the investors named therein (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.21	Registration Rights Agreement, dated as of December 28, 2000, by and among the Company and the Stockholders of Proteome, Inc. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed January 10, 2001).
10.22#	1998 Employee, Director and Consultant Stock Option Plan of Proteome, Inc., as amended (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed January 29, 2001 (File No. 333-54496)).
10.23*#	Form of Restricted Stock Unit Agreement under the 1991 Stock Plan of Incyte Genomics, Inc.
10.24*#	Transition Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and Roy A. Whitfield.
10.25*#	Amended and Restated Employment Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and E. Lee Bendekgey.
10.26*#	Amended and Restated Employment Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and Michael D. Lack.
10.27*#	Amended and Restated Employment Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and James P. Merryweather.
10.28*#	Amended and Restated Employment Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and James R. Neal.
10.29*#	Amended and Restated Employment Agreement, dated as of November 26, 2001, between Incyte Genomics, Inc. and John M. Vuko.
10.30*#	Offer of Employment Letter, dated November 21, 2001, from the Company to Paul A. Friedman.
10.31*#	Offer of Employment Letter, dated November 16, 2001, from the Company to Robert B. Stein.
10.32*#	Employment Agreement, dated November 26, 2001, between Paul A. Friedman and Incyte Genomics, Inc.
10.33*#	Employment Agreement, dated November 26, 2001, between Robert B. Stein and Incyte Genomics, Inc.
10.34*+	Settlement Agreement dated December 21, 2001, between Affymetrix, Inc. and Incyte Genomics, Inc.
10.35*	Lease Agreement, dated February 28, 2002, between Dupont Pharmaceuticals and Incyte Genomics, Inc.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP, Independent Auditors.
23.2*	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
24.1*	Power of Attorney (see page 94 of this Form 10-K).

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* Filed herewith.
\+ Confidential treatment has been requested with respect to certain portions of these agreements.
\# Indicates management contract or compensatory plan or arrangement.

(d) Financial Statements and Schedules

Reference is made to Item 14(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INCYTE GENOMICS, INC.

By: /s/ PAUL A. FRIEDMAN
Paul A. Friedman
Chief Executive Officer

Date: April 1, 2002

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Paul A. Friedman, E. Lee Bendekgey, and John M. Vuko, and each of them, his true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PAUL A. FRIEDMAN Paul A. Friedman	Chief Executive Officer (Principal Executive Officer) and Director	April 1, 2002
/s/ ROBERT B. STEIN Robert B. Stein	President, Chief Scientific Officer and Director	April 1, 2002
/s/ JOHN M. VUKO John M. Vuko	Chief Financial Officer (Principal Financial Officer)	April 1, 2002
/s/ TIMOTHY G. HENN Timothy G. Henn	Senior Vice President, Finance and Corporate Controller (Principal Accounting Officer)	April 1, 2002
/s/ ROY A. WHITFIELD Roy A. Whitfield	Chairman	April 1, 2002
/s/ JEFFREY J. COLLINSON Jeffrey J. Collinson	Director	April 1, 2002
/s/ BARRY M. BLOOM Barry M. Bloom	Director	April 1, 2002
/s/ FREDERICK B. CRAVES Frederick B. Craves	Director	April 1, 2002

Signature	Title	Date
/s/ JON S. SAXE Jon S. Saxe	Director	April 1, 2002
/s/ BARRY M. ARIKO Barry M. Ariko	Director	April 1, 2002
/s/ RICHARD U. DE SCHUTTER Richard U. De Schutter	Director	April 1, 2002
/s/ PAUL A. BROOKE Paul A. Brooke	Director	April 1, 2002
/s/ JULIAN C. BAKER Julian C. Baker	Director	April 1, 2002

Exhibit Index

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21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP, Independent Auditors.

Exhibit Number	Description of Document
23.2*	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
24.1*	Power of Attorney (see page 94 of this Form 10-K).

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* Filed herewith.
\+ Confidential treatment has been requested with respect to certain portions of these agreements.
\# Indicates management contract or compensatory plan or arrangement.

Copies of above exhibits not contained herein are available to any stockholder upon written request to: Investor Relations, Incyte Genomics, Inc., 3160 Porter Drive, Palo Alto, CA 94034.

EXHIBIT 3(ii)

BYLAWS

OF

INCYTE GENOMICS, INC.

(amended as of December 20, 2001)

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders shall be held at such place within or without the State of Delaware as may be fixed from time to time by the board of directors or the chief executive officer, or if not so designated, at the registered office of the corporation.

Section 2. Annual Meeting. Annual meetings of stockholders shall be held at such date and time as shall be designated from time to time by the board of directors or the chief executive officer and stated in the notice of meeting. At the annual meeting the stockholders shall elect by a plurality vote a board of directors and shall transact such other business as may properly be brought before the meeting.

To be properly brought before the annual meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors or the chief executive officer, (b) otherwise properly brought before the meeting by or at the direction of the board of directors or the chief executive officer, or (c) otherwise properly brought before the meeting by a stockholder of record. In addition to any other applicable requirements, for business to be properly brought before the annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the corporation, addressed to the attention of the secretary of the corporation, not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled annual meeting was mailed or such public disclosure was made, whichever first occurs, and (b) two days prior to the date of the scheduled meeting. A stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class, series and number of shares of the corporation that are owned beneficially by the stockholder, and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these bylaws to the contrary, no

business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section; provided, however, that nothing in this Section shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

The chairman of the board of the corporation (or such other person presiding at the meeting in accordance with these bylaws) shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may, unless otherwise prescribed by statute or by the certificate of incorporation, be called only by the board of directors or the chief executive officer and shall be called by the chief executive officer or secretary at the request in writing of a majority of the board of directors. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

Section 4. Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, annual or special, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 5. Voting List. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city or town where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute, the certificate of incorporation or these bylaws.

Section 7. Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these bylaws, which time and place shall be announced at the meeting, by a majority of the stockholders present in person or represented by proxy at the meeting and entitled to vote, though less than a quorum, or, if no stockholder is present or represented by proxy, by any officer entitled to preside at or to act as secretary of such meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned

meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Action at Meetings. When a quorum is present at any meeting, the vote of the holders of a majority of the stock present in person or represented by proxy and entitled to vote on the question shall decide any question brought before such meeting, unless the question is one upon which by express provision of law, the certificate of incorporation or these bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Voting and Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of capital stock having voting power held of record by such stockholder. Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 10. Action Without Meeting. Any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE II

DIRECTORS

Section 1. Number, Election, Tenure and Qualification. The number of directors which shall constitute the whole board of directors shall not be less than one (1) nor more than twelve (12). Within such limit, the number of directors which shall constitute the whole board of directors shall be fixed from time to time by resolution of the board of directors. The directors shall be elected at the annual meeting or at any special meeting of the stockholders, except as provided in Section 3 of this Article, and each director elected shall hold office until his successor is elected and qualified, unless sooner displaced. Directors need not be stockholders.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board of directors at the annual meeting, by or at the direction of the board of directors, may be made by any nominating committee or person appointed by the board of directors; nominations may also be

made by any stockholder of record of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the corporation addressed to the attention of the secretary of the corporation not less than 60 days nor more than 90 days prior to the scheduled date of the meeting (regardless of any postponements, deferrals or adjournments of that meeting to a later date); provided, however, that, in the case of an annual meeting and in the event that less than 70 days' notice or prior public disclosure of the date of the scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 10th day following the day on which such notice of the date of the scheduled meeting was mailed or such public disclosure was made, whichever first occurs, or (b) two days prior to the date of the scheduled meeting. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class, series and number of shares of capital stock of the corporation that are owned beneficially by the person, (iv) a statement as to the person's citizenship, and (v) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class, series and number of shares of capital stock of the corporation that are owned beneficially by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as director of the corporation. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein.

In connection with any annual meeting, the chairman of the board of directors (or such other person presiding at such meeting in accordance with these by-laws) shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 2. Enlargement. The number of the board of directors may be increased at any time by vote of a majority of the directors then in office.

Section 3. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of a vacancy in the board of directors, the remaining directors, except as otherwise provided by law or these bylaws, may exercise the powers of the full board until the vacancy is filled.

Section 4. Resignation and Removal. Any director may resign at any time upon written notice to the corporation at its principal place of business or to the chief executive officer or the secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified by law or the certificate of incorporation.

Section 5. General Powers. The business and affairs of the corporation shall be managed by its board of directors, which may exercise all powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Section 6. Chairman of the Board. If the board of directors appoints a chairman of the board, he shall, when present, preside at all meetings of the stockholders and the board of directors. He shall perform such duties and possess such powers as are customarily vested in the office of the chairman of the board or as may be vested in him by the board of directors. Section 7. Place of Meetings. The board of directors may hold meetings, both regular and special, either within or without the State of Delaware.

Section 8. Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board; provided that any director who is absent when such a determination is made shall be given prompt notice of such determination. A regular meeting of the board of directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

Section 9. Special Meetings. Special meetings of the board may be called by the chief executive officer, secretary, or on the written request of two or more directors, or by one director in the event that there is only one director in office. Two days notice to each director, either personally or by telegram, cable, telecopy, commercial delivery service, telex or similar means sent to his business or home address, or three days notice by written notice deposited in the mail, shall be given to each director by the secretary or by the officer or one of the directors calling the meeting. A notice or waiver of notice of a meeting of the board of directors need not specify the purposes of the meeting.

Section 10. Quorum, Action at Meeting, Adjournments. At all meetings of the board, a majority of directors then in office, but in no event less than one third of the entire board, shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by law or by the certificate of incorporation. For purposes of this section, the term "entire board" shall mean the number of directors last fixed by the stockholders or directors, as the case may be, in accordance with law and these bylaws; provided, however, that if less than all the number so fixed of directors were elected, the "entire board" shall mean the greatest number of directors so elected to hold office at any one time pursuant to such authorization. If a quorum shall not be present at any meeting of the board of

directors, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. Action by Consent. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 12. Telephonic Meetings. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 13. Committees. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; and, unless the resolution designating such committee or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and make such reports to the board of directors as the board of directors may request. Except as the board of directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these bylaws for the conduct of its business by the board of directors.

Section 14. Compensation. Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. No such payment shall preclude any director from serving the corporation or its parent or subsidiary corporations in any other capacity and receiving

compensation therefor. The board of directors may also allow compensation for members of special or standing committees for service on such committees.

ARTICLE III

OFFICERS

Section 1. Enumeration. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer and such other officers with such titles, terms of office and duties as the board of directors may from time to time determine, including a chairman of the board, one or more vice-presidents, and one or more assistant secretaries and assistant treasurers. If authorized by resolution of the board of directors, the chief executive officer may be empowered to appoint from time to time assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide.

Section 2. Election. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, a secretary and a treasurer. Other officers may be appointed by the board of directors at such meeting, at any other meeting, or by written consent.

Section 3. Tenure. The officers of the corporation shall hold office until their successors are chosen and qualify, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal. Any officer elected or appointed by the board of directors or by the chief executive officer may be removed at any time by the affirmative vote of a majority of the board of directors or a committee duly authorized to do so, except that any officer appointed by the chief executive officer may also be removed at any time by the chief executive officer. Any vacancy occurring in any office of the corporation may be filled by the board of directors, at its discretion. Any officer may resign by delivering his written resignation to the corporation at its principal place of business or to the chief executive officer or the secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 4. President. The president shall be the chief operating officer of the corporation. He shall also be the chief executive officer unless the board of directors otherwise provides. The president shall, unless the board of directors provides otherwise in a specific instance or generally, preside at all meetings of the stockholders and the board of directors, have general and active management of the business of the corporation and see that all orders and resolutions of the board of directors are carried into effect. The president shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Section 5. Vice-Presidents. In the absence of the president or in the event of his inability or refusal to act, the vice-president, or if there be more than one vice-president, the vice-presidents in the order designated by the board of directors or the chief executive officer (or in

the absence of any designation, then in the order determined by their tenure in office) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors or the chief executive officer may from time to time prescribe.

Section 6. Secretary. The secretary shall have such powers and perform such duties as are incident to the office of secretary. He shall maintain a stock ledger and prepare lists of stockholders and their addresses as required and shall be the custodian of corporate records. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be from time to time prescribed by the board of directors or chief executive officer, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 7. Assistant Secretaries. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, the chief executive officer or the secretary (or if there be no such determination, then in the order determined by their tenure in office), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors, the chief executive officer or the secretary may from time to time prescribe. In the absence of the secretary or any assistant secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary or acting secretary to keep a record of the meeting.

Section 8. Treasurer. The treasurer shall perform such duties and shall have such powers as may be assigned to him by the board of directors or the chief executive officer. In addition, the treasurer shall perform such duties and have such powers as are incident to the office of treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the board of directors, when the chief executive officer or board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 9. Assistant Treasurers. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, the chief executive officer or the treasurer (or if there be no such determination, then in the order determined by their tenure in office), shall, in the absence of the treasurer or in the event of his inability or refusal to

act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors, the chief executive officer or the treasurer may from time to time prescribe.

Section 10. Bond. If required by the board of directors, any officer shall give the corporation a bond in such sum and with such surety or sureties and upon such terms and conditions as shall be satisfactory to the board of directors, including without limitation a bond for the faithful performance of the duties of his office and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control and belonging to the corporation.

ARTICLE IV

NOTICES

Section 1. Delivery. Whenever, under the provisions of law, or of the certificate of incorporation or these bylaws, written notice is required to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Unless written notice by mail is required by law, written notice may also be given by telegram, cable, telecopy, commercial delivery service, telex or similar means, addressed to such director or stockholder at his address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Oral notice or other in-hand delivery (in person or by telephone) shall be deemed given at the time it is actually given.

Section 2. Waiver of Notice. Whenever any notice is required to be given under the provisions of law or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

INDEMNIFICATION

Section 1. Actions Other than by or in the Right of the Corporation. Subject to Section 4 of this Article V, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he

acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation. Subject to Section 4 of this Article V, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

Section 3. Success on the Merits. To the extent that any person described in Section 1 or 2 of this Article V has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Specific Authorization. Any indemnification under Section 1 or 2 of this Article V (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be, of this Article V. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders of the corporation.

Section 5. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the manner provided for in Section 4 of this Article V upon receipt of an undertaking by or on behalf of any person

described in said Section to repay such amount unless it shall ultimately be determined that he is entitled to indemnification by the corporation as authorized in this Article V.

Section 6. Non-Exclusivity. The indemnification and advancement of expenses provided by this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent of the corporation and shall inure to the benefit of the heirs, executors and administrators of such a person; provided, however, that any repeal or amendment of any of the provisions of this Article V shall not adversely affect any right or protection of any indemnitee existing at the time of such repeal or amendment.

Section 7. Insurance. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article V.

Section 8. Severability. If any word, clause or provision of this Article V or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 9. Intent of Article. The intent of this Article V is to provide for indemnification to the fullest extent not prohibited by section 145 of the General Corporation Law of Delaware. To the extent that such Section or any successor section may be amended or supplemented from time to time, this Article V shall be amended automatically and construed so as to permit indemnification to the fullest extent from time to time not prohibited by law.

ARTICLE VI

CAPITAL STOCK

Section 1. Certificates of Stock. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. Certificates may be issued for partly paid shares and in such case upon the face or back of the

certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give reasonable evidence of such loss, theft or destruction, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificate.

Section 3. Transfer of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and proper evidence of compliance with other conditions to rightful transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4. Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty days nor less then ten days before the date of such meeting, nor more than sixty days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating to such purpose.

Section 5. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

CERTAIN TRANSACTIONS

Transactions with Interested Parties. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, if any, may be declared by the board of directors at any regular or special meeting or by written consent, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Reserves. The directors may set apart out of any funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

Section 3. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 5. Seal. The board of directors may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the word "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. The seal may be altered from time to time by the board of directors.

ARTICLE IX

AMENDMENTS

These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors provided, however, that in the case of a regular or special meeting of stockholders, notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such meeting.

Exhibit 10.1

1991 STOCK PLAN OF INCYTE GENOMICS, INC.
(As Amended and Restated on February 15, 2001)

SECTION 1. ESTABLISHMENT AND PURPOSE.

The Plan was adopted on November 7, 1991, and most recently amended and restated on February 15, 2001. The purpose of the Plan is to offer selected employees and consultants an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company's Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may include Nonstatutory Options as well as ISOs intended to qualify under section 422 of the Code.

The Plan is intended to comply in all respects with Rule 16b-3 (or its successor) under the Exchange Act and shall be construed accordingly.

SECTION 2. DEFINITIONS.

(a) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

(b) "Change in Control" shall mean the occurrence of either of the following events:

(i) A change in the composition of the Board of Directors, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination; or

(ii) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Committee" shall mean a committee of the Board of Directors, as described in Section 3(a).

(e) "Company" shall mean Incyte Genomics, Inc. (formerly Incyte Pharmaceuticals, Inc.), a Delaware corporation.

(f) "Employee" shall mean (i) any individual who is a common-law employee of the Company or of a Subsidiary or (ii) an independent contractor who performs services for the Company or a Subsidiary and who is not a member of the Board of Directors. Service as an independent contractor shall be considered employment for all purposes of the Plan except the second sentence of Section 4(a).

(g) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(h) "Exercise Price" shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified by the Committee in the applicable Stock Option Agreement.

(i) "Fair Market Value," with respect to a Share, shall mean the market price of one Share of Stock, determined by the Committee as follows:

(i) If the Stock was traded over-the-counter on the date in question but was not traded on The Nasdaq Stock Market, then the Fair Market Value shall be equal to the last-transaction price quoted for such date by the OTC Bulletin Board or, if not so quoted, shall be equal to the mean between the last reported representative bid and asked prices quoted for such date by the principal automated inter-dealer quotation system on which the Stock is quoted or, if the Stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc.;

(ii) If the Stock was traded on The Nasdaq Stock Market, then the Fair Market Value shall be equal to the last reported sale price quoted for such date by The Nasdaq Stock Market;

(iii) If the Stock was traded on a United States stock exchange on the date in question, then the Fair Market Value shall be equal to the closing price reported for such date by the applicable composite-transactions report; and

(iv) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

In all cases, the determination of Fair Market Value by the Committee shall be conclusive and binding on all persons.

(j) "ISO" shall mean an employee incentive stock option described in section 422(b) of the Code.

(k) "Nonstatutory Option" shall mean an employee stock option not described in sections 422(b) or 423(b) of the Code.

(l) "Offeree" shall mean an individual to whom the Committee has offered the right to

acquire Shares under the Plan (other than upon exercise of an Option).

(m) "Option" shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(n) "Optionee" shall mean an individual who holds an Option.

(o) "Plan" shall mean this Amended and Restated 1991 Stock Plan of Incyte Genomics, Inc.

(p) "Purchase Price" shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Committee.

(q) "Service" shall mean service as an Employee.

(r) "Share" shall mean one share of Stock, as adjusted in accordance with Section 9 (if applicable).

(s) "Stock" shall mean the Common Stock, $.001 par value, of the Company.

(t) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his or her Option.

(u) "Stock Purchase Agreement" shall mean the agreement between the Company and an Offeree who acquires Shares under the Plan which contains the terms, conditions and restrictions pertaining to the acquisition of such Shares.

(v) "Subsidiary" shall mean any corporation, if the Company and/or one or more other Subsidiaries own not less than 50 percent of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(w) "Total and Permanent Disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.

SECTION 3. ADMINISTRATION.

(a) Committee Composition. The Plan shall be administered by the Committee. The Committee shall consist of two or more directors of the Company who shall satisfy the requirements of Rule 16b-3 (or its successor) under the Exchange Act with respect to the grant of Awards to persons who are officers or directors of the Company under Section 16 of the Exchange Act or the Board itself. The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not qualify under Rule 16b-3, who may administer the Plan with respect to Employees who are not considered officers or directors of the Company under Section 16 of the Exchange Act, may grant Shares and Options under the Plan to such Employees and may determine all terms of such grants.

(b) Committee Procedures. The Board of Directors shall designate one of the members of the Committee as chairman. The Committee may hold meetings at such times and places as it shall determine. The acts of a majority of the Committee members present at meetings at which a quorum exists, or acts reduced to or approved in writing by all Committee members, shall be valid acts of the Committee.

(c) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

(i) To interpret the Plan and to apply its provisions;

(ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;

(iii) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(iv) To determine when Shares are to be awarded or offered for sale and when Options are to be granted under the Plan;

(v) To select the Offerees and Optionees;

(vi) To determine the number of Shares to be offered to each Offeree or to be made subject to each Option;

(vii) To prescribe the terms and conditions of each award or sale of Shares, including (without limitation) the Purchase Price, and to specify the provisions of the Stock Purchase Agreement relating to such award or sale;

(viii) To prescribe the terms and conditions of each Option, including (without limitation) the Exercise Price, to determine whether such Option is to be classified as an ISO or as a Nonstatutory Option, and to specify the provisions of the Stock Option Agreement relating to such Option;

(ix) To amend any outstanding Stock Purchase Agreement or Stock Option Agreement, subject to applicable legal restrictions and to the consent of the Offeree or Optionee who entered into such agreement;

(x) To prescribe the consideration for the grant of each Option or other right under the Plan and to determine the sufficiency of such consideration; and

(xi) To take any other actions deemed necessary or advisable for the administration of the Plan.

All decisions, interpretations and other actions of the Committee shall be final and binding on all Offerees, all Optionees, and all persons deriving their rights from an Offeree or Optionee. No member of the Committee shall be liable for any action that he or she has taken or has failed to take in good faith with respect to the Plan, any Option, or any right to acquire Shares under the Plan.

SECTION 4. ELIGIBILITY.

(a) General Rule. Only Employees, as defined in Section 2(f), shall be eligible for designation as Optionees or Offerees by the Committee. In addition, only individuals who are employed as common-law employees by the Company or a Subsidiary shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. An Employee who owns more than 10 percent of the total combined voting power of all classes of outstanding stock of the Company or any of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110 percent of the Fair Market Value of a Share on the date of grant and (ii) such ISO by its terms is not exercisable after the expiration of five years from the date of grant.

(c) Attribution Rules. For purposes of Subsection (b) above, in determining stock ownership, an Employee shall be deemed to own the stock owned, directly or indirectly, by or for such Employee's brothers, sisters, spouse, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be deemed to be owned proportionately by or for its stockholders, partners or beneficiaries. Stock with respect to which such Employee holds an option shall not be counted.

(d) Outstanding Stock. For purposes of Subsection (b) above, "outstanding stock" shall include all stock actually issued and outstanding immediately after the grant. "Outstanding stock" shall not include shares authorized for issuance under outstanding options held by the Employee or by any other person.

SECTION 5. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Shares offered under the Plan shall be authorized but unissued Shares or treasury Shares. The aggregate number of Shares which may be issued under the Plan (upon exercise of Options or other rights to acquire Shares) shall not exceed 19,900,000 Shares, subject to adjustment pursuant to Section 9. The number of Shares that are subject to Options or other rights outstanding at any time under the Plan shall not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) Additional Shares. In the event that any outstanding Option or other right for any reason expires or is canceled or otherwise terminated, the Shares allocable to the unexercised portion of such Option or other right shall again be available for the purposes of the Plan. In the event that Shares issued under the Plan are reacquired by the Company pursuant to any forfeiture provision, right of repurchase or right of first refusal, such Shares shall again be available for the purposes of the Plan.

SECTION 6. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Purchase Agreement. Each award or sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Offeree and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Purchase Agreement. The provisions of the various Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to acquire Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Offeree within 30 days after the grant of such right was communicated to the Offeree by the Committee. Such right shall not be transferable and shall be exercisable only by the Offeree to whom such right was granted.

(c) Purchase Price. The Purchase Price of Shares to be offered under the Plan shall not be less than the par value of such Shares. Subject to the preceding sentence, the Purchase Price shall be determined by the Committee at its sole discretion. The Purchase Price shall be payable in a form described in Section 8.

(d) Withholding Taxes. As a condition to the award, purchase, vesting or sale of Shares, the Offeree shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such Shares. The Committee may permit the Offeree to satisfy all or part of his or her tax obligations related to such Shares by having the Company withhold a portion of any Shares that otherwise would be issued to him or her or by surrendering any Shares that previously were acquired by him or her. The Shares withheld or surrendered shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. The payment of taxes by assigning Shares to the Company, if permitted by the Committee, shall be subject to such restrictions as the Committee may impose, including any restrictions required by rules of the Securities and Exchange Commission.

(e) Restrictions on Transfer of Shares. Any Shares awarded or sold under the Plan shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Stock Purchase Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 7. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 9. The Stock Option Agreement shall also specify whether the Option is an ISO or a

Nonstatutory Option. Options granted to any Optionee in a single calendar year shall in no event cover more than 800,000 Shares, subject to adjustment in accordance with Section 9.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an ISO shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant, and a higher percentage may be required by Section 4(b). The Exercise Price of a Nonstatutory Option shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant. Subject to the preceding two sentences, the Exercise Price under any Option shall be determined by the Committee at its sole discretion. The Exercise Price shall be payable in a form described in Section 8.

(d) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option. The Committee may permit the Optionee to satisfy all or part of his or her tax obligations related to the Option by having the Company withhold a portion of any Shares that otherwise would be issued to him or her or by surrendering any Shares that previously were acquired by him or her. Such Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. The payment of taxes by assigning Shares to the Company, if permitted by the Committee, shall be subject to such restrictions as the Committee may impose, including any restrictions required by rules of the Securities and Exchange Commission.

(e) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. A Stock Option Agreement may provide for accelerated exercisability in the event of the Optionee's death, Total and Permanent Disability or retirement or other events.

(f) Effect of Change in Control. The Committee may determine, at the time of granting an Option or thereafter, that such Option shall become exercisable on an accelerated basis in the event that a Change in Control occurs with respect to the Company. If the Committee finds that there is a reasonable possibility that, within the succeeding six months, a Change in Control will occur with respect to the Company, then the Committee may determine that all outstanding Options shall be exercisable on an accelerated basis.

(g) Term. The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the date of grant, except as otherwise provided in Section 4(b). Subject to the preceding sentence, the Committee at its sole discretion shall determine when an Option is to expire.

(h) Nontransferability. Except as may be provided in the applicable Stock Option Agreement with respect to a Nonstatutory Option, no Option shall be transferable by the Optionee other than by will, by beneficiary designation delivered to the Company, or by the laws of descent and distribution. An Option may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative. No Option or interest therein may be transferred, assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

(i) Termination of Service (Except by Death). Except as may be provided in the applicable Stock Option Agreement, if an Optionee's Service terminates for any reason other than the Optionee's death, then such Optionee's Option(s) shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (g) above;

(ii) The date 90 days after the termination of the Optionee's Service for any reason other than Total and Permanent Disability; or

(iii) The date six months after the termination of the Optionee's Service by reason of Total and Permanent Disability.

The Optionee may exercise all or part of his or her Option(s) at any time before the expiration of such Option(s) under the preceding sentence, but only to the extent that such Option(s) had become exercisable before the Optionee's Service terminated or became exercisable as a result of the termination. The balance of such Option(s) shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Option(s), all or part of such Option(s) may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Option(s) directly from the Optionee by bequest, beneficiary designation or inheritance, but only to the extent that such Option(s) had become exercisable before the Optionee's Service terminated or became exercisable as a result of the termination.

(j) Leaves of Absence. Except as may be provided in the applicable Stock Option Agreement, for purposes of Subsection (i) above, Service shall be deemed to continue while the Optionee is on military leave, sick leave or other bona fide leave of absence (as determined by the Committee). The foregoing notwithstanding, in the case of an ISO granted under the Plan, Service shall not be deemed to continue beyond the first 90 days of such leave, unless the Optionee's reemployment rights are guaranteed by statute or by contract.

(k) Death of Optionee. Except as may be provided in the applicable Stock Option Agreement, if an Optionee dies while he or she is in Service, then such Optionee's Option(s) shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (g) above; or

(ii) The date six months after the Optionee's death.

All or part of the Optionee's Option(s) may be exercised at any time before the expiration of such Option(s) under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Option(s) directly from the Optionee by bequest, beneficiary designation or inheritance, but only to the extent that such Option(s) had become exercisable before the Optionee's death or became exercisable as a result of the Optionee's death. The balance of such Option(s) shall lapse when the Optionee dies.

(l) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by his or her Option until he or she

becomes entitled, pursuant to the terms of such Option, to receive such Shares. No adjustments shall be made, except as provided in Section 9.

(m) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair such Optionee's rights or increase his or her obligations under such Option.

(n) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option may be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 8. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in lawful money of the United States of America at the time when such Shares are purchased, except as provided in Subsections (b), (c), (d), (e) and (f) below.

(b) Surrender of Stock. To the extent that a Stock Option Agreement so provides, payment may be made all or in part with Shares which have already been owned by the Optionee or the Optionee's representative for more than six months and which are surrendered to the Company in good form for transfer. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(c) Services Rendered. At the discretion of the Committee, Shares may be awarded under the Plan in consideration of services rendered to the Company or a Subsidiary prior to the award. If Shares are awarded without the payment of a Purchase Price in cash, the Committee shall make a determination (at the time of the award) of the value of the services rendered by the Offeree and the sufficiency of the consideration to meet the requirements of Section 6(c).

(d) Promissory Note. To the extent that a Stock Option Agreement or Stock Purchase Agreement so provides, a portion of the Exercise Price or Purchase Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note, provided that (i) the par value of such Shares must be paid in lawful money of the United States of America at the time when such Shares are purchased, (ii) the Shares are pledged as security for payment of the principal amount of the promissory note and interest thereon and (iii) the interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Committee (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

(e) Exercise/Sale. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any

withholding taxes.

(f) Exercise/Pledge. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

SECTION 9. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the value of Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a recapitalization, a spinoff, a reclassification or a similar occurrence, the Committee shall make appropriate adjustments in one or more of (i) the number of Shares available for future grants under Section 5, (ii) the limit set forth in Section 7(b), (iii) the number of Shares covered by each outstanding Option or (iv) the Exercise Price under each outstanding Option.

(b) Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, (i) for the assumption of outstanding Options by the surviving corporation or its parent, (ii) for their continuation by the Company, if the Company is a surviving corporation, (iii) for payment of a cash settlement equal to the difference between the amount to be paid for one Share pursuant to such agreement and the Exercise Price or (iv) for the acceleration of their exercisability followed by the cancellation of Options not exercised, in all cases without the Optionees' consent. Any cancellation shall not occur until after such acceleration is effective and Optionees have been notified of such acceleration.

(c) Reservation of Rights. Except as provided in this Section 9, an Optionee or Offeree shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 10. SECURITIES LAWS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange on which the Company's securities may then be listed.

SECTION 11. NO EMPLOYMENT RIGHTS.

No provision of the Plan, nor any right or Option granted under the Plan, shall be construed to give any person any right to become, to be treated as, or to remain an Employee. The Company and its Subsidiaries reserve the right to terminate any person's Service at any time and for any reason.

SECTION 12. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as amended and restated as set forth herein, shall become effective as of February 15, 2001. In the event the Company's stockholders fail to approve the amendment to the Plan increasing the number of shares issuable hereunder at the 2001 annual meeting of stockholders, any Option grants or Stock awards made in excess of an aggregate of 17,400,000 Shares shall be null and void. The Plan shall terminate automatically on February 15, 2011 and may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason. An amendment of the Plan shall be subject to the approval of the Company's stockholders to the extent required by applicable laws, regulations, rules, listing standards or other requirements, including (without limitation) Rule 16b-3 under the Exchange Act. Stockholder approval shall not be required for any other amendment of the Plan.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

SECTION 13. EXECUTION.

To record the amendment and restatement of the Plan by the Board of Directors on February 15, 2001, the Company has caused its authorized officer to execute the same.

INCYTE GENOMICS, INC.

By /s/ ROY A. WHITFIELD

Its Chief Executive Officer

EXHIBIT 10.4

AMENDED AND RESTATED

1993 DIRECTORS' STOCK OPTION PLAN OF

INCYTE GENOMICS, INC.

(As Amended February 27, 2002)

SECTION 1. INTRODUCTION.

The Plan was adopted on July 28, 1993, amended and restated as of August 3, 1993, amended as of March 22, 1995, amended and restated as of March 18, 1998, amended and restated as of March 30, 2001, amended as of May 1, 2001, amended as of December 20, 2001 and, subject to stockholder approval, amended as of February 27, 2002. The purpose of the Plan is to offer the Company's Nonemployee Directors an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company's Stock. The Plan seeks to achieve this purpose by providing for the grant of nonstatutory options to purchase Stock.

The Plan is intended to comply in all respects with Rule 16b-3 (or its successor) under the Exchange Act and shall be construed accordingly.

SECTION 2. DEFINITIONS.

(a) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

(b) "Change in Control" shall mean the occurrence of either of the following events:

(i) A change in the composition of the Board of Directors, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination; or

(ii) Any "person" (as such term is used in sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital

Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(d) "Company" shall mean Incyte Genomics, Inc. (formerly Incyte Pharmaceuticals, Inc.), a Delaware corporation.

(e) "Employee" shall mean an employee (within the meaning of section 3401(c) of the Code and the regulations thereunder) of the Company or of a Subsidiary of the Company.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Exercise Price" shall mean the amount for which one Share may be purchased upon exercise of an Option, as specified in the applicable Stock Option Agreement.

(h) "Fair Market Value" shall mean the market price of Stock, determined by the Board of Directors as follows:

(i) If Stock was traded over-the-counter on the date in question but was not traded on The Nasdaq Stock Market, then the Fair Market Value shall be equal to the mean between the last reported representative bid and asked prices quoted for such date by the principal automated inter-dealer quotation system on which Stock is quoted or, if the Stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc.;

(ii) If Stock was traded over-the-counter on the date in question and was traded on The Nasdaq Stock Market, then the Fair Market Value shall be equal to the last-transaction price quoted for such date by The Nasdaq Stock Market;

(iii) If Stock was traded on a stock exchange on the date in question, then the Fair Market Value shall be equal to the closing price reported for such date by the applicable composite-transactions report; and

(iv) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Board of Directors in good faith on such basis as it deems appropriate.

In all cases, the determination of Fair Market Value by the Board of Directors shall be conclusive and binding on all persons.

(i) "Nonemployee Director" shall mean a member of the Board of Directors who (i) is not an Employee, (ii) does not own five percent or more of the Stock, (iii) does not represent an owner of five percent or more of the Stock and (iv) does not join the Board of Directors pursuant to, or as a result of, a contractual arrangement between the Company and a third party.

(j) "Nonstatutory Option" shall mean a stock option not described in sections 422(b) or 423(b) of the Code.

(k) "Option" shall mean a Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(l) "Optionee" shall mean an individual who holds an Option.

(m) "Plan" shall mean this 1993 Directors' Stock Option Plan of Incyte Genomics, Inc. (formerly Incyte Pharmaceuticals, Inc.), as it may be amended from time to time.

(n) "Reverse Split" shall mean the one-for-two reverse split of the Stock authorized by the Board of Directors prior to the initial adoption of the Plan.

(o) "Service" shall mean service as a member of the Board of Directors, whether or not as a Nonemployee Director.

(p) "Share" shall mean one share of Stock, as adjusted in accordance with Section 6 (if applicable). All references to numbers of Shares in Section 3 hereof give effect to the Reverse Split and the 100% stock dividends paid in November 1997 and August 2000.

(q) "Stock" shall mean the Common Stock ($.001 par value) of the Company.

(r) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

(s) "Subsidiary" shall mean any corporation, if the Company and/or one or more other Subsidiaries own not less than 50 percent of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(t) "Total and Permanent Disability" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.

SECTION 3. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Shares offered under the Plan shall be authorized but unissued Shares or treasury Shares. The aggregate number of Shares which may be issued under the Plan shall not exceed 1,100,000 Shares, subject to adjustment pursuant to Section 6. The number of Shares that are subject to Options at any time shall not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) Additional Shares. In the event that any outstanding Option for any reason expires or is canceled or otherwise terminated, the Shares allocable to the unexercised portion of such Option shall again be available for the purposes of the Plan.

SECTION 4. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Board of Directors deems appropriate for inclusion in a Stock Option Agreement.

(b) Initial Grants. Each new Nonemployee Director who first joins the Board of Directors after March 30, 2001 shall receive an Option covering 30,000 Shares within one business day after his or her initial election to the Board of Directors. The number of Shares included in an Option shall be subject to adjustment under Section 6.

(c) Annual Grants. On the first business day following the conclusion of each regular annual meeting of the Company's stockholders, each Nonemployee Director who will continue serving as a member of the Board of Directors thereafter shall receive an Option covering 5,000 Shares, subject to adjustment under Section 6. Each Nonemployee Director who is not initially elected at a regular annual meeting of the Company's stockholders shall receive an Option to purchase a pro rata portion of 5,000 Shares within ten business days of such Director's election based on the number of full months remaining from date of election until the next regular annual meeting of the Company's stockholders divided by twelve. Any fractional shares resulting from such calculation shall be rounded up to the nearest whole number.

(d) Exercise Price. The Exercise Price under each Option shall be equal to 100 percent of the Fair Market Value of the Stock subject to such Option on the date when such Option is granted. The entire Exercise Price of Shares issued under the Plan shall be payable in cash when such Shares are purchased, except as follows:

(i) Payment may be made all or in part with Shares that have already been owned by the Optionee or the Optionee's representative for more than six months and that are surrendered to the Company in good form for transfer. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(ii) Payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(iii) Payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(e) Vesting. Each Option granted under Subsection (b) above shall become exercisable (i) as to one-fourth (1/4) of the total number of shares covered by such Option on the first anniversary of the date of grant and (ii) as to one-forty-eighth (1/48) of the total number of shares covered by such Option on each of a series of thirty-six (36) monthly installments thereafter. Except as set forth in the next succeeding sentence and in the last sentence of this Subsection (e), each Option granted under Subsection (c) above shall become exercisable in full on the first anniversary of the date of grant. Except as set forth in the last sentence of this Subsection (e), each Option granted under Subsection (c) to Nonemployee Directors who were not initially elected at a regular annual meeting of the Company's stockholders shall become exercisable in full at the next regular annual meeting of the Company's stockholders following the date of grant. Notwithstanding the foregoing, each Option granted under Subsection (c) above that is outstanding shall become exercisable in full in the event that a Change in Control occurs with respect to the Company.

(f) Term of Options. Subject to Subsections (g) and (h) below, each Option shall expire on the 10th anniversary of the date when such Option was granted.

(g) Termination of Service (Except by Death). If an Optionee's Service terminates for any reason other than death, then his or her Options shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (f) above;

(ii) The date 24 months after the termination of the Optionee's Service, if the termination occurs because of his or her Total and Permanent Disability; or

(iii) The date six months after the termination of the Optionee's Service for any reason other than Total and Permanent Disability.

The Optionee may exercise all or part of his or her Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before his or her Service terminated. The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of his or her Service but before the expiration of his or her Options, all or part of such Options may be exercised at any time prior to their expiration by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from him or her by bequest, inheritance or beneficiary designation under the Plan, but only to the extent that such Options had become exercisable before his or her Service terminated.

(h) Death of Optionee. If an Optionee dies while he or she is in Service, then his or her Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (f) above; or

(ii) The date 24 months after his or her death.

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of his or her estate or by any person who has acquired such Options directly from him or her by bequest, inheritance or beneficiary designation under the Plan.

(i) Nontransferability. No Option shall be transferable by the Optionee other than by will, by written beneficiary designation or by the laws of descent and distribution. An Option may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative. No Option or interest therein may be transferred, assigned, pledged or hypothecated by the Optionee during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

(j) Stockholder Approval. Subsection (e) above notwithstanding, no Option shall be exercisable under any circumstances unless and until the Company's stockholders have approved the Plan.

SECTION 5. MISCELLANEOUS PROVISIONS.

(a) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by his or her Option until he or she becomes entitled, pursuant to the terms of such Option, to receive such Shares. No adjustment shall be made, except as provided in Section 6.

(b) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair such Optionee's rights or increase his or her obligations under such Option.

(c) Restrictions on Issuance of Shares. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange on which the Company's securities may then be listed. The Company may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates) if, in the judgment of the Company and its counsel, such restrictions are necessary or desirable in order to achieve compliance with the provisions of the Securities Act of 1933, as amended, the securities laws of any state or any other law.

(d) Withholding Taxes. The Company's obligation to deliver Stock upon the exercise of an Option shall be subject to any applicable tax withholding requirements.

(e) No Retention Rights. No provision of the Plan, nor any Option granted under the Plan, shall be construed as giving any person the right to be elected as, or to be nominated for election as, a Nonemployee Director or to remain a Nonemployee Director.

SECTION 6. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the value of Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a recapitalization, a spin-off, a reclassification or a similar occurrence, the Board of Directors shall make appropriate adjustments in one or more of (i) the number of Options available for future grants under Section 3, (ii) the number of Shares to be covered by each new Option under Section 4, (iii) the number of Shares covered by each outstanding Option or (iv) the Exercise Price under each outstanding Option.

(b) Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Options shall be subject to the agreement of merger or reorganization. Such agreement shall provide (i) for the assumption of outstanding Options by the surviving corporation or its parent, (ii) for their continuation by the Company, if the Company is a surviving corporation, (iii) for payment of a cash settlement equal to the difference between the amount to be paid for one Share pursuant to such agreement and the Exercise Price or (iv) for the acceleration of their exercisability followed by the cancellation of Options not exercised, in all cases without the Optionees' consent. Any cancellation shall not occur until after such acceleration is effective and Optionees have been notified of such acceleration.

(c) Reservation of Rights. Except as provided in this Section 6, an Optionee shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 7. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan shall become effective on the date of its adoption by the Board of Directors, subject to approval of the Company's stockholders. The Plan shall remain in effect until it is terminated under Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend, suspend or terminate the Plan at any time and for any reason, except that the provisions of the Plan relating to the amount, price and timing of Option grants shall not be amended more than

once in any six-month period. Any amendment of the Plan shall be subject to the approval of the Company's stockholders to the extent required by applicable laws, regulations, rules, listing standards or other requirements, including (without limitation) Rule 16b-3 under the Exchange Act. Stockholder approval shall not be required for any other amendment of the Plan.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold under the Plan after the termination thereof, except upon exercise of an Option granted prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Option previously granted under the Plan.

SECTION 8. EXECUTION.

To record the amendment of the Plan as of February 27, 2002, the Company has caused its authorized officer to execute the same.

INCYTE GENOMICS, INC.

By /s/ Lee Bendekgey

Title Executive Vice President

EXHIBIT 10.15

INCYTE GENOMICS, INC.

1997 EMPLOYEE STOCK PURCHASE PLAN

(as amended June 26, 2001)

The following constitute the provisions of the 1997 Employee Stock Purchase Plan of Incyte Genomics, Inc. (formerly Incyte Pharmaceuticals, Inc.), as amended June 26, 2001.

1. Purpose.

The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Common Stock" shall mean the Common Stock of the Company.

(d) "Company" shall mean Incyte Genomics, Inc. and any Designated Subsidiary of the Company.

(e) "Compensation" shall mean all cash salary, wages, commissions and bonuses, but shall not include any imputed income or income arising from the exercise or disposition of equity compensation.

(f) "Effective Date" shall mean June 26, 2001.

(g) "Designated Subsidiary" shall mean any Subsidiary which has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(h) "Employee" shall mean any individual who is an Employee of the Company for tax purposes whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(i) "Enrollment Date" shall mean the first day of each Offering Period.

(j) "Exercise Date" shall mean the last Trading Day of each Purchase Period.

(k) "Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(1) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(2) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Board deems reliable; or

(3) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Board.

(l) "Offering Periods" shall mean the periods of approximately twenty-four (24) months during which an option granted pursuant to the Plan may be exercised, commencing on the first Trading Day on or after May 1 and November 1 of each year and terminating on the last Trading Day in the periods ending twenty-four months later; provided, however, that the first Offering Period under the Plan shall commence with the first Trading Day on or after August 1, 1997 and shall end on the last Trading Day in the period ending October 31, 1999, and the second Offering Period under the Plan shall commence on the first Trading Day on or after May 1, 1998. New employees who become eligible to participate in the Plan during an Offering Period shall have an opportunity to enroll in the Plan on the first day of the next quarter following the date the employee first becomes eligible to participate in the Plan (August 1 or February 1). The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

(m) "Plan" shall mean this Employee Stock Purchase Plan.

(n) "Purchase Price" shall mean an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower.

(o) "Purchase Period" shall mean the approximately six-month period commencing after one Exercise Date and ending with the next Exercise Date, except that the first Purchase Period of any Offering Period shall commence on the Enrollment Date and end with the next Exercise Date; provided, however that the first Purchase Period under the first Offering Period under the Plan shall mean the approximately nine month period commencing on the first Trading Day on or after August 1, 1997 and ending on the last Trading Day in the period ending April 30, 1998.

(p) "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(q) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than 50% of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary.

(r) "Trading Day" shall mean a day on which national stock exchanges and The Nasdaq National Market (or any successor market system) are open for trading.

3. Eligibility.

(a) Any Employee who has been employed by the Company for three months or more on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries accrues at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods.

The Plan shall be implemented by consecutive, overlapping Offering Periods with a new Offering Period commencing on the first Trading Day on or after May 1 and November 1 each year, or on such other dates as the Board shall determine, and continuing thereafter until terminated in accordance with Section 19 hereof; provided, however, that the first Offering Period under the Plan shall commence with the first Trading Day on or after August 1, 1997 and shall end on the last Trading Day in the period ending October 31, 1999, and the second Offering Period under the Plan shall commence on the first Trading Day on or after May 1, 1998. New employees who become eligible to participate in the Plan during an Offering Period shall have an opportunity to enroll in the Plan on the first day of the next quarter following the date the employee first becomes eligible to participate in the Plan (August 1 or February 1). The Board or a committee thereof shall have the power to change the duration of Offering Periods (including the commencement dates thereof) and Purchase Periods thereunder with respect to future offerings without stockholder approval if such change is announced at least five (5) days prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions in the form of Exhibit A to this Plan and

filing it with the Company's stock administrator 10 working days prior to the applicable Enrollment Date.

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not less than one percent (1%) and not more than ten percent (10%) of the participant's Compensation; provided that the aggregate of such payroll deductions during the Offering Period shall not exceed ten percent (10%) of the participant's aggregate Compensation during said Offering Period.

(b) All payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A participant may not make any additional payments into such account.

(c) A participant may increase the rate of his or her payroll deductions at the beginning of each new Offering Period. Such increase shall take affect with the first payroll following the beginning of the new Offering Period. A participant may decrease the rate of his or her payroll deductions each month, provided that any decrease shall become effective with the first payroll of the next calendar month. Participants may discontinue his or her participation in the Plan during the Offering Date, provided that the discontinuation of participation in the Plan shall occur at least ten (10) working days prior to the next Enrollment Date. A participant must by complete or file with the Company's stock administrator a new subscription agreement authorizing a change in payroll deduction rate. The Board may, in its discretion, limit the number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following five (5) business days after the Company's receipt of the new subscription agreement unless the Company elects to process a given change in participation more quickly. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at any time during a Purchase Period. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Purchase Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10 hereof.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At

any time, the Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee.

7. Grant of Option.

On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event shall an Employee be permitted to purchase during each Purchase Period more than two thousand (2,000) shares of the Company's Common Stock (subject to any adjustment pursuant to Section 18) on the Enrollment Date, and provided further that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12 hereof. Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof. The option shall expire on the last day of the Offering Period.

8. Exercise of Option.

Unless a participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery.

As promptly as practicable after each Exercise Date on which a purchase of shares occurs, a share certificate or certificates representing the number of shares so purchased shall be delivered to a brokerage account designated by the Company and kept in such account pursuant to a subscription agreement between each participant and the Company and subject to the conditions described therein which may include a requirement that shares be held and not sold for certain time periods, or the Company shall establish some other means for such participants to receive ownership of the shares.

10. Withdrawal.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan. All of the participant's payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of

shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement.

(b) A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Termination of Employment.

Upon a participant's ceasing to be an Employee, for any reason, he or she shall be deemed to have elected to withdraw from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option shall be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such participant's option shall be automatically terminated. The preceding sentence notwithstanding, a participant who receives payment in lieu of notice of termination of employment shall be treated as continuing to be an Employee for the participant's customary number of hours per week of employment during the period in which the participant is subject to such payment in lieu of notice.

12. Interest.

No interest shall accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) The maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be one million two hundred thousand (1,200,000) shares, subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof. If, on a given Exercise Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) The participant shall have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares purchased by a participant under the Plan shall be registered in the name of the participant or in the name of the participant and his or her spouse.

14. Administration.

The Plan shall be administered by the Board or a committee of members of the Board appointed by the Board. The Board or its committee shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Board or its committee shall, to the full extent permitted by law, be final and binding upon all parties.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transferability.

Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds.

All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves, the maximum number of shares each participant may purchase each Purchase Period (pursuant to Section 7), as well as the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan which

has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of outstanding shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration". Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Periods shall terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Board.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, limited liability company or other entity, the Plan shall terminate upon the date of the consummation of such transaction unless the plan of merger, consolidation or reorganization provides otherwise, and any Purchase Periods then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date") and any Offering Periods then in progress shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof. The Plan shall in no event be construed to restrict the Company's right to undertake any liquidation, dissolution, merger, consolidation or other reorganization.

19. Amendment or Termination.

(a) The Board of Directors of the Company may at any time and for any reason terminate or amend the Plan. Except as provided in Section 18 hereof, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board of Directors on any Exercise Date if the Board determines that the termination of the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 18 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board (or its committee) shall be entitled to change the Offering Periods, limit the frequency and/or number of

changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

20. Notices.

All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares.

Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Term of Plan.

The Plan, as amended and restated, shall become effective upon the Effective Date. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 19 hereof.

23. Automatic Transfer to Low Price Offering Period.

To the extent permitted by any applicable laws, regulations, or stock exchange rules, if the Fair Market Value of the Common Stock on any Exercise Date in an Offering Period is lower than the Fair Market Value of the Common Stock on the Enrollment Date of such Offering Period, then all participants in such Offering Period shall be automatically withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

24. Execution.

To record the amendment and restatement of the Plan by the Board of Directors as of the Effective Date, the Company has caused its authorized officer to execute the same.

INCYTE GENOMICS, INC.

By /s/ Lee Bendekgey

Its Executive Vice President

EXHIBIT A

INCYTE GENOMICS, INC.

1997 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

Enrollment Date: _____

____ Original Application
____ Change in Payroll Deduction Rate
____ Change of Beneficiary(ies)

(1) _____ hereby elects to participate in the Incyte Genomics, Inc. 1997 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Employee Stock Purchase Plan.

(2) I hereby authorize payroll deductions from each paycheck in the amount of ___% of my Compensation (as defined in the Employee Stock Purchase Plan) on each payday (from 1 to 10%) during the Offering Period in accordance with the Employee Stock Purchase Plan. (Please note that no fractional percentages are permitted.)

(3) I understand that these payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Employee Stock Purchase Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option to purchase shares.

(4) I have received a copy of the complete Employee Stock Purchase Plan. I understand that my participation in the Employee Stock Purchase Plan is in all respects subject to the terms of such Plan. I understand that my ability to exercise the option under this Subscription Agreement is subject to stockholder approval of the Employee Stock Purchase Plan.

(5) Shares purchased for me under the Employee Stock Purchase Plan should be issued in the name(s) of (Employee or Employee and Spouse only):

_____

(6) I understand that if I dispose of any shares received by me pursuant to the Plan within 2 years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or one year after the Exercise Date. I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price which I paid for the shares. I hereby agree to

notify the Company in writing within 30 days after the date of any disposition of my shares and I will make adequate provision for Federal, state or other tax withholding obligations, if any, which arise upon the disposition of the Common Stock. The Company may, but will not be obligated to, withhold from any compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the 2-year and 1-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (1) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares; or (2) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

(7) I hereby agree to be bound by the terms of the Employee Stock Purchase Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Employee Stock Purchase Plan.

(8) In the event of my death, I hereby designate the following as my beneficiary(ies) to receive all payments and shares due me under the Employee Stock Purchase Plan:

NAME: (Please print)

(First) (Middle) (Last)

- ---

(Relationship)

(Address)

Employee's Social Security Number:

Employee's Address:

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT SHALL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated:

Signature of Employee

Spouse's Signature
(If beneficiary other than spouse)

APPENDIX A

EMPLOYEES OF INCYTE GENOMICS LIMITED

Gains on options exercised under the Plan by Employees who are employed by Incyte Genomics Limited ("Limited") are subject to National Insurance Contributions under United Kingdom Social Security Contributions and Benefits Act 1992, section 4(4)(a) ("Secondary Contributions"). Secondary Contributions are payable by Limited unless Limited and the Employee enter into a joint election in the form attached hereto as Exhibit A to transfer liability for payment of the Secondary Contributions to the Employee (the "Joint Election"). Effective January 1, 2001, any Employee of Limited who wishes to exercise options granted pursuant to the Plan must enter into a Joint Election in accordance with the following provisions:

A.1 Filing Date for Current Participants. Employees of Limited who enrolled in the Plan prior to October 31, 2001 and who have not withdrawn from the Plan must file the Joint Election with the Company's stock administrator not later than ten (10) business days prior to October 31, 2001. Any such Employee who fails to file the Joint Election in a timely manner will be deemed to have withdrawn from the Plan prior to October 31, 2001 and his or her option or options will not be exercised on the Exercise Date falling on October 31, 2001.

A.2 New Participants. An eligible Employee of Limited who wishes to become a participant in the Plan on or after November 1, 2001 must file a Joint Election with the Company's stock administrator at least ten (10) business days prior to the applicable Enrollment Date. An eligible Employee who does not file a Joint Election will not be granted an option under the Plan.

A.3 Amendment of the Joint Election; Approval. The form for the Joint Election, as it may be amended by the Company from time to time, shall be submitted to the Board of Inland Revenue for approval and such approval shall be obtained before the Company and an eligible Employee enter into a particular Joint Election. A Joint Election may be amended in a writing signed by both the Company and the Employee, provided that any such amendment must be approved by the Board of Inland Revenue before it takes effect.

A.4 Effect of Withdrawal from the Plan. If a participant withdraws from the Plan, the Joint Election shall continue to apply in the event that the Employee re-enrolls in the Plan.

EXHIBIT 10.23

1991 STOCK PLAN OF INCYTE GENOMICS, INC.

RESTRICTED STOCK UNIT AGREEMENT

Payment for Units	No payment is required for the units you receive. However, upon settlement of the units, you shall be required to pay in cash the par value of any shares of Common Stock you receive.
Vesting	The units vest in installments, as shown in the Notice of Restricted Stock Unit Award. In addition, the units may vest upon such earlier dates as may be specified in any written employment or similar agreement between you and the Company. No additional units vest after your service as an employee, director, consultant or advisor of the Company or a subsidiary of the Company has terminated for any reason.
Forfeiture	If your service as an employee, director, consultant or advisor of the Company or a subsidiary of the Company terminates for any reason, then your units will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination. This means that the units will immediately be cancelled. You receive no payment for units that are forfeited. The Company can provide written notice to you at any time terminating your service with the Company, which notice shall determine when your service terminates for purpose of forfeiture. In addition, the units may be forfeited upon such earlier dates as may be specified in any written employment or similar agreement between you and the Company.
Leaves of Absence	For purposes of this award, your service does not terminate when you go on a military leave, a sick leave or another bona fide leave of absence, if the leave was approved by the Company in writing and if continued crediting of service is required by the terms of the leave or by applicable law. But your service terminates when the approved leave ends, unless you immediately return to active work.
Nature of Units	Your units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue shares of Common Stock (or distribute cash) on a future date. As a holder of units, you have no rights other than the rights of a general creditor of

the Company.

No Voting Rights or Dividends	Your units carry neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a stockholder of the Company unless and until your units are settled by issuing shares of the Company's Common Stock. No adjustments will be made for dividends or other rights if the applicable record date occurs before your stock certificate is issued, except as described in the Plan.
Units Nontransferable	You may not sell, transfer, assign, pledge or otherwise dispose of any units. For instance, you may not use your units as security for a loan.
Settlement of Units	Each of your units will be settled when it vests, unless you elect a later settlement date(s), for some or all of your units, which may not be beyond the earlier of (a) 30 days after the termination of your service, or (b) the ninth anniversary of your Vesting Commencement Date (the "Latest Settlement Date"). Such an election must be in writing, must be received by the Company at its headquarters at least 6 months before the unit vests and must become irrevocable on the date that is 6 months before the unit vests. You may select as the settlement date(s) either one or more fixed date(s) (i.e., you may elect to have your units settled in a lump sum or in installments), or the date that is 30 days after the termination of your employment (but if not settled earlier, your units will automatically be settled on the Latest Settlement Date). At the time of settlement, you will receive one share of the Company's Common Stock for each vested unit. But the Company, at its sole discretion, may substitute an equivalent amount of cash, at the then fair market value of the stock, if the distribution of stock is not reasonably practicable due to the requirements of applicable law. The amount of cash will be determined on the basis of the market value of the Company's Common Stock at the time of settlement. Notwithstanding the foregoing, if a settlement date (including the Latest Settlement Date) occurs on a date that is not during a "window period," then, unless the Company determines otherwise, the settlement date automatically shall be deferred to the first trading day of the first "window period" beginning after such date. In addition, if a settlement date (including the Latest Settlement Date) occurs at a time when you are considered by the Company to be one of its "covered employees" within the meaning of Section 162(m) of the Internal Revenue Code, then, unless the Company determines otherwise, delivery of the shares of Common Stock (or cash) automatically shall be deferred until the first trading day of the first "window period" after you have ceased to be a covered employee.

	A "window period" means a period designated by the Company during which an employee of the Company is permitted to purchase or sell shares of Common Stock.
Withholding Taxes	No stock certificates or cash will be distributed to you unless you have made acceptable arrangements to pay any withholding taxes that may be due as a result of the settlement of this award. These arrangements may include withholding shares of the Company's stock that otherwise would be distributed to you when the units are settled. These arrangements may also include surrendering shares of the Company's stock that you already own. The fair market value of these shares, determined as of the date when taxes otherwise would have been withheld in cash, will be applied to the withholding taxes.
Restrictions on Resale	By signing this Agreement, you agree not to sell any shares of the Company's Common Stock issued upon settlement of the units at a time when applicable laws or Company policies prohibit a sale. This restriction will apply as long as you are an employee, director, consultant or advisor of the Company or a subsidiary of the Company.
No Retention Rights	Your award or this Agreement do not give you the right to be retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Company's Common Stock, the number of your units will be adjusted accordingly, as the Company may determine pursuant to the provisions of the Plan otherwise applicable to stock options. In the event that the Company is a party to a merger or other reorganization, your units will be subject to the agreement of merger or reorganization. That agreement may provide, without limitation, (i) for the assumption of units by the surviving corporation or its parent, (ii) for the continuation of units by the Company, if it is a surviving corporation, or (iii) for the settlement of the units in cash. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall by made with respect to, the number of your units. The grant of your units shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

Beneficiary Designation	You may dispose of your units in a written beneficiary designation. A beneficiary designation must be filed with the Company on the proper form. It will be recognized only if it has been received at the Company's headquarters before your death. If you file no beneficiary designation or if none of your designated beneficiaries survives you, then your estate will receive any vested units that you hold at the time of your death.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of California (without regard to its choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement, signed by both parties.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,

YOU AGREE TO ALL OF THE TERMS AND CONDITIONS

DESCRIBED ABOVE AND IN THIS PLAN.

EXHIBIT 10.24

TRANSITION AGREEMENT

THIS TRANSITION AGREEMENT (the "Agreement") is made and entered into as of November 26, 2001, by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company") and ROY A. WHITFIELD ("Executive"),

W I T N E S S E T H:

WHEREAS, Executive has determined, and the Board of Directors of the Company (the "Board") has accepted, that it is in the best interests of the Company and its stockholders for Executive to resign as the Company's Chief Executive Officer, and Executive and the Company have mutually agreed upon a plan to transition Executive's duties to Paul A. Friedman (together with any successor thereto, to be referred to herein as the "CEO"); and

WHEREAS, the Company wishes to incentivize Executive to remain available to provide assistance to the CEO and the Board as requested by the CEO or the Board on an as needed basis; and

WHEREAS, Executive wishes to focus his attention on so assisting the CEO, initially as a full-time employee of the Company, and thereafter, should he or the Company choose to terminate such employment, on an as needed basis in his capacity as a member of the Board of Directors; and

WHEREAS, Executive and the Company wish to terminate and supersede the provisions of the Employment Agreement dated as of May 2, 2001 by and between Executive and the Company; and

WHEREAS, the parties hereto wish to enter into this Agreement to provide for an orderly transition of Executive's responsibilities and definitively resolve and settle any claims or differences that may exist between them with respect to Executive's present and future employment by the Company:

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. Definitions.

(a) "Annual Base Salary" shall mean shall mean $395,000.

(b) "Cause" shall mean:

(i) The willful and continued failure of Executive to perform substantially Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed Executive's duties; or

(ii) The willful engaging by Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates; or

(iv) The willful and material breach of the covenants set forth in Sections 4(a) or 4(b) below.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the CEO or based upon the advice of counsel for the Company. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of the conduct described in subparagraph (i), (ii), (iii) or (iv) above, and specifying the particulars thereof in detail.

(c) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities and Exchange Act of 1934) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company; or

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation.

(d) "Competitor" shall mean an entity that is engaged in the business of developing and marketing genomic databases substantially similar to those developed or marketed by the Company.

(e) "Disability" shall mean the absence of Executive from Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative.

(f) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing a similar function with respect to such other entity that is not a corporation.

(g) "Target Bonus" shall mean 80% of the Annual Base Salary.

(h) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, and group life plans and programs) which are provided at any time after the Effective Date to the CEO.

2. Resignation as Chief Executive Officer and Employment Thereafter.

(a) As of the date of this Agreement (the "Effective Date"), Executive hereby voluntarily and irrevocably resigns as the Company's Chief Executive Officer, and accepts the position of Chairman of the Board of Directors, which position is a full-time employment position (i.e., 40 hours per week), reporting directly to the CEO. Executive shall only work on such matters as are assigned to him by the CEO or the Board from time to time. Executive in this capacity shall maintain an office at the principal offices of the Company, unless he is requested by the CEO to work out of his home, in which case Executive shall vacate his office at the Company and only visit the Company premises when requested to so do by the CEO.

(b) Either the Company, at its sole discretion and for any reason, or Executive, at his sole discretion and for any reason, may at any time (the "Transition Completion Date"), terminate upon written notice the full-time employment of Executive as Chairman of the Board. Notwithstanding the foregoing, in accordance with and subject to the applicable provisions of the Company's By-Laws and Delaware General Corporation Law, Executive may continue to serve as a member of the Board of Directors. For a two (2)-year period following the Transition Completion Date (the "Term"), Executive shall be available, to the extent reasonably needed, to assist the Company in transitional matters in his capacity as a member of the Board of Directors. During the Term, Executive may accept employment as an employee or consultant to another entity which is not a Competitor and Executive shall not be required, unless by mutual agreement of the parties, to devote more time to the affairs of the Company than that customarily committed to the Company by other members of the Board of Directors.

(c) A termination by the Company for Cause shall only be effective if Executive is first given a Notice of Termination and an opportunity to cure. For purposes of this Agreement, a "Notice of Termination" means a written notice that (i) to the extent applicable, indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifies the termination date (which date shall be not less than 30 days after the giving of such notice). The failure by the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company's rights hereunder.

3. Compensation and Benefits.

(a) The Company shall pay to Executive, in accordance with the Company's standard practices, the bonus to which Executive would have been entitled under the Company's Corporate Incentive Plan as if Executive were employed as Chief Executive Officer of the Company for the entire year ending December 31, 2001.

(b) For the period commencing on the Effective Date through the Transition Completion Date, the Company will compensate Executive for his full-time employment services as Chairman of the Board at the Annual Base Salary rate, payable in accordance with the Company's standard payroll practices, and shall continue Executive's Welfare Benefits. Executive will be eligible to accrue paid time-off, but shall not be eligible to participate in any

Company executive bonus or other bonus programs, profit sharing plan or management incentive plan.

(c) Following the Transition Completion Date, and subject to the terms and conditions of this Agreement, the Company shall pay Executive the product of (1) two and (2) the sum of (x) the Annual Base Salary and (y) the greater of the Target Bonus or the bonus payable pursuant to Section 3(a) above. Such amount shall be paid to Executive in equal installments over the Term in accordance with the Company's usual payroll practices and less standard deductions; provided, however, that Executive may elect, at any time after the Transition Completion Date, to have all outstanding payments due under this Section 3(c) paid in a lump sum. Notwithstanding the preceding sentence, if Executive's employment as Chairman of the Board is terminated by the Company prior to a Change in Control for Cause, the Company's obligation to pay Executive the compensation under this Section 3(c) for any period subsequent to the Transition Completion Date shall cease.

(d) Executive shall not be eligible to accrue paid-time off during the Term, and, except as provided herein, shall not be eligible to participate in any Company executive bonus or other bonus programs, profit sharing plan, or management incentive plan.

(e) The Board has awarded to Executive, effective as of the date of this Agreement, restricted stock units (the "Units") that entitle Executive to receive an aggregate of 100,000 shares of common stock of the Company, subject to the terms and conditions set forth in this Agreement and in the Notice of Restricted Stock Unit Award and Restricted Stock Unit Agreement in substantially the form attached hereto as Exhibit A (the "Restricted Stock Unit Agreement"). Fifty percent (50%) of the Units shall vest on the first anniversary of the Effective Date, and fifty percent (50%) of the Units shall vest on the second anniversary of the Effective Date, provided that Executive has continued to serve through such dates as the Chairman of the Board of Directors or, following the Transition Completion Date, as a member of the Board of Directors of the Company.

(f) Effective as of the Transition Completion Date, the Company shall pay to Executive any compensation previously deferred by Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid.

(g) During the Term, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to Executive and/or Executive's family; provided, however, that if Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Executive for retiree benefits pursuant to such plans, practices, programs and policies, Executive shall be considered to have remained employed until 24 months after the Transition Completion Date and to have retired on the last day of such period.

(h) All options ("Options") acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company (the "Plans") that have not vested in accordance with the terms and conditions of the grant, award or purchase, shall continue to vest and become exercisable in accordance with the vesting schedule set forth in the applicable option agreements. In the event Executive's employment hereunder terminates due to death or Disability of Executive, all Options shall become fully vested and shall be exercisable for 12 months after the date of termination due to death or Disability.

(i) In the event of a Change in Control, Executive shall continue to be entitled to receive the compensation set forth in Section 3(c) and the benefits provided for in Section 3(g), the Units shall become fully vested and the shares of common stock of the Company shall be delivered to Executive within 30 days after the date of Change in Control, and all Options shall become fully vested and shall be exercisable for 12 months after the date of Change in Control.

(j) If Executive incurs reasonable expenses while providing services to the Company hereunder, he shall be entitled to reimbursement in accordance with the Company's standard policies. The Company further agrees to reimburse Executive for all reasonable past expenses he has incurred while providing services to the Company prior to the Transition Completion Date.

4. Covenants.

(a) During Executive's employment with the Company and for two (2) years after the Transition Completion Date, Executive agrees that, without the prior express written consent of the Company, Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its Subsidiaries to terminate his or her employment with the Company for the purpose of accepting employment with any employer other than the Company, its Subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its Subsidiaries, by the Company's Board of Directors or CEO), nor, during the two (2) year period following the Transition Completion Date, directly or indirectly hire (A) any employee of the Company or its Subsidiaries at the time of such hiring or (B) any former employee of the Company or its Subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or

other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at the Company.

(b) Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by Executive during Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by Executive or representatives of Executive in violation of this Agreement). After termination of Executive's employment with the Company, Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. Except as otherwise provided herein, in no event shall an asserted violation of the provisions of this Section 4 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement. Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between Executive and the Company (the "Confidential Information Agreement").

(c) Any termination of Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 4.

(d) Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if Executive breaches or threatens to breach any of the provisions of this Section 4. Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 4, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 4, raise the defense that the Company has an adequate remedy at law.

(e) The terms and provisions of this Section 4 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on Executive's future employment imposed by this Section 4 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 4 unreasonable in duration or geographic scope or otherwise, Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(f) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of Executive's promises under this Section 4.

5. Non-Exclusivity of Rights and Full Settlement.

(a) Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which Executive may qualify, nor shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company or any of its affiliated companies, except as provided herein. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Transition Completion Date shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

(b) The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and, other than as set forth in Section 3(g) with respect to Welfare Benefits, such amounts shall not be reduced whether or not Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by Executive about of any payment pursuant to this Agreement), plus in each case interest on any delayed payment and the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986 as amended. Notwithstanding the foregoing, the Company shall not be required to pay legal fees and expenses which Executive may incur as a direct result of any contest or dispute regarding Sections 4(a) and 4(b), unless Executive is found to have not violated such Sections 4(a) and 4(b) of this Agreement, in which event the Company shall reimburse Executive for all such legal fees and expenses incurred as a result of such contest or dispute.

6. Executive's Representations.

Executive hereby represents and warrants to the Company that he has fully reviewed this Agreement and the transactions contemplated hereby, and that he fully understands this Agreement and such transactions. In connection with this review, Executive has had an opportunity to consult with legal counsel and with financial and other advisors of his choosing and, if he has decided not to do so, such choice was his voluntary decision. The terms of this Agreement are voluntarily accepted by Executive without duress or coercion.

7. Mutual Release.

(a) The benefits to be provided to Executive following the Transition Completion Date pursuant to this Agreement are expressly conditioned upon Executive's execution of a release, within 21 days following the Transition Completion Date, in the following form, and the Company's obligation to provide such benefits shall not become effective until 7 days after the date of execution by Executive of such release (the "Release Effective Date"):

"In consideration of the benefits to be provided to Executive pursuant to the Agreement, the sufficiency of which Executive acknowledges, Executive, on behalf of himself, his family members and his and their heirs and successors, assigns, attorneys and agents, hereby releases and forever discharges the Company, as well as its officers, attorneys, directors, employees, stockholders and agents, and their successors and assigns, and its employee pension benefit or welfare benefit plans and current and former trustees and administrators of such plans (collectively "Company Releasees") from any and all claims, contracts, liabilities, damages, expenses and causes of action, whether in law or in equity, known or unknown, which may have existed or which may now exist from the beginning of time to the Release Effective Date against one or more of the Company Releasees (collectively "Executive Claims"), to the extent such Executive Claims relate in any way directly or indirectly, in whole or in part to: Executive's resignation as Chief Executive Officer pursuant to Section 2 of the Agreement, the fact that Executive is or was an employee, officer, stockholder or agent of the Company; any services performed by Executive for the Company; Executive's employment or non-employment by the Company; any alleged harassment or disparagement suffered by Executive during his employment at the Company; any status, term or condition of such employment; any physical or mental harm or distress arising from such termination, employment or non-employment; any claims based upon federal, state or local laws prohibiting employment discrimination, including but not limited to claims of discrimination under the Fair Employment and Housing Act, Title VII of the 1964 Civil Rights Act, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, or the Employee Retirement Income Security Act of 1974; breach of contract or any other legal basis. This release also includes release of any claims for age discrimination under the Age Discrimination in Employment Act, as amended ("ADEA"). The ADEA requires that Executive be advised to consult with an attorney before Executive waives any claim under the ADEA. In addition, the ADEA provides Executive with at least 21 days to decide whether to waive claims under the ADEA and seven days after Executive signs this Agreement to revoke that waiver.

Executive understands that various federal, state and local laws prohibit age, sex, national origin, race and other forms of employment discrimination and that these laws are enforced through the U.S. Equal Employment Opportunity Commission, and similar state and local agencies. Executive understands that if he believed that his treatment by the Company had violated any of these laws, he could consult with these agencies and file a charge with them. Instead, Executive has voluntarily decided to accept the Company's offer in the Agreement and to waive and release any and all claims he may have under such laws.

The Company hereby releases and forever discharges Executive, his successors and assigns (collectively "Executive Releasees") from any and all claims, demands, costs, contracts, liabilities, objections, rights, damages, expenses, compensation and actions and causes of action of every nature, whether in law or in equity, known or unknown, or suspected or unsuspected, which may have existed or which may now exist from the beginning of time to the Release Effective Date, against Executive of any type, nature and description, or may have in the future (collectively "Company Claims"), to the extent such Company Claims relate in any way directly or indirectly, in whole or in part to, or are in any way connected with or based upon: the fact that Executive is or was an employee, officer, stockholder, consultant or agent of the Company; any services performed by Executive for the Company; Executive's employment or non-employment by the Company; or any status, term or condition of such employment other than any breach of Executive's Confidential Information Agreement.

Nothing under the Agreement or in this release shall affect the parties' obligations under this Agreement, the Confidential Information Agreement, any agreement under which the Options were granted, the Restricted Stock Unit Agreement, or the Indemnity Agreement between Executive and the Company, or release Executive from any claims arising from any fraudulent or illegal acts committed while he was an employee of the Company.

Each of Executive and the Company expressly waive and relinquish any and all rights that such party may have under Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

8. Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined

and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

9. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:
at Executive's current address shown on the records of the Company

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to applicable law or regulation.

(e) Executive's or the Company's failure to insist on strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Any and all disputes, claims and causes of action arising under or relating to the interpretation or application of this Agreement or concerning Executive's employment or association with the Company or termination thereof, including but not limited to whether such claims are subject to arbitration, shall be resolved by final and binding arbitration in Palo Alto, California through the auspices of the American Arbitration Association under the then existing National Rules for the Resolution of Employment Disputes. Any such arbitration shall be conducted in the strictest confidence, e.g., no communications are to be made to third parties or publications concerning the terms of this Agreement, the existence of the arbitration proceeding,

the nature or fact of a dispute between the parties, or the evidence presented at the arbitration, unless authorized by law. A judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. Subject to Section 5(b) of this Agreement, the prevailing party in any such arbitration shall be entitled to recovery of its reasonable attorneys' fees and costs, including costs of arbitration. Nothing contained in this Section 9(f) shall limit the right of the Company to enforce by court injunctive or other equitable relief Executive's obligations under Section 4. The arbitrator shall not have the authority to modify, change or refuse to enforce the terms of this Agreement. In no event shall either party be liable for any special, consequential or incidental damages, including, without limitation, loss of profits or goodwill, regardless of the form of the action, as a result of the breach of this Agreement or any action taken hereunder. Executive specifically agrees to waive a jury trial right with respect to any breach of this Agreement.

(g) This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof, and supersedes all prior and contemporaneous negotiations, correspondence, understandings and agreements of the parties relating to the subject matter hereof, including without limitation the Employment Agreement dated as of May 2, 2001 by and between the Company and Executive, which, as of the Effective Date, shall be terminated and be of no further force or effect; provided, however, that the Confidential Information Agreement shall remain in full force and effect and the stock option agreements under which the Options were granted, as the same may be modified by this Agreement, shall remain in full force and effect.

IN WITNESS WHEREOF, Executive and the Company, through the Chairman of the Compensation Committee of the Board, have executed this Agreement effective as of the day and year first written above.

EXECUTIVE

/s/ Roy A. Whitfield

COMPANY

By /s/ Jon S. Saxe

Jon S. Saxe
Chairman of the
Compensation Committee
of the Board of Directors

EXHIBIT 10.25

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and E. Lee Bendekgey (the "Executive"), effective as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to continue to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS.

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such

failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until

such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location more than 35 miles from Palo Alto, California; or

(iii) Any substantial and material reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units that entitle Executive to receive shares of common stock of the Company awarded to Executive as of the date of this Agreement.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, vision, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT DURING THE EMPLOYMENT PERIOD.

(a) Death or Disability. The Executive's employment shall terminate
automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period for Change in Control Good Reason or Other Than for Cause, Death or Disability. If, during the Change in

Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common

stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period for Good Reason or Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, the Company shall continue Welfare Benefits to Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period.

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that, in any event, an additional portion equal to at least 33% of the Units shall become vested) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination.

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits, (ii) an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall

continue to be exercisable for 12 months following the Date of Termination, and (iii) should such death or Disability occur prior to November 26, 2003, 33% of the Units shall become vested or, should such death or Disability occur on or after November 26, 2003, 100% of the Units shall become vested. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G.

(a) Basic Rule. Notwithstanding anything in this Agreement to the
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contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments
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made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the

Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(c) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a) or 7(b) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a) or 7(b) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a) or 7(b) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its subsidiaries to terminate his or her employment with the Company for the purpose of accepting employment with any employer other than the Company, its subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its subsidiaries, by the Company's Board of Directors or Chief Executive Officer), nor, during the two (2) year period following the termination of

Executive's employment, directly or indirectly hire (A) any employee of the Company or its subsidiaries at the time of such hiring or (B) any former employee of the Company or its subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit the Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at or for the Company.

(b) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between the Executive and the Company (the "Confidential Information Agreement").

(c) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a) or 7(b) of this Agreement in more than a minor, de minimis or trivial manner, then (i) the Executive shall forfeit all of the Executive's unvested Units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from the vesting of Units by the Executive shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(c), the vesting of Units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(c), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange, as

reported by the applicable composite-transactions report, (ii) if the shares of Company common stock are then traded on The Nasdaq Stock Market, the last reported sale price per share of Company common stock during normal trading hours as reported for such date on The Nasdaq Stock Market, or (iii) if the shares of Company common stock are traded over-the-counter on such date but not on The Nasdaq Stock Market, the last transaction price per share of Company common stock quoted for such date by the OTC Bulletin Board or, if not so quoted, the mean between the last reported representative bid and asked prices for the shares of Company common stock quoted for such date by the principal automated inter-dealer quotation system on which the shares of Company common stock are quoted or, if the Company common stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc., or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee of the Board shall determine in good faith. Notwithstanding the foregoing, this Section 7(c) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(d) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(e) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(f) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(g) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of

descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records
of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Executive's obligations under the Confidential Information Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement to be effective as of the day and year first above written.

EXECUTIVE

/s/ Lee Bendekgey

COMPANY

By /s/ Paul Friedman

Its Chief Executive Officer

EXHIBIT 10.26

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and Michael D. Lack (the "Executive"), effective as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to continue to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS.

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such

failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until

such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location more than 35 miles from Palo Alto, California; or

(iii) Any substantial and material reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units that entitle Executive to receive shares of common stock of the Company awarded to Executive as of the date of this Agreement.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, vision, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT DURING THE EMPLOYMENT PERIOD.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period for Change in Control Good Reason or Other Than for Cause, Death or Disability. If, during the Change in

Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common

stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period for Good Reason or Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, the Company shall continue Welfare Benefits to Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period.

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that, in any event, an additional portion equal to at least 25% of the Units shall become vested) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination; provided, however, that if the Date of Termination occurs prior to November 26, 2002, all options described above shall become 100% vested and shall continue to be exercisable for 12 months following the Date of Termination.

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits, (ii) an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance

with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination, and (iii) should such death or Disability occur prior to November 26, 2003, 25% of the Units shall become vested or, should such death or Disability occur on or after November 26, 2003, 100% of the Units shall become vested. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G.

(a) Basic Rule. Notwithstanding anything in this Agreement to the contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such

Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated

companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(c) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a) or 7(b) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a) or 7(b) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a) or 7(b) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its subsidiaries to terminate his or her employment with the Company for the purpose of accepting employment with any employer other than the Company, its subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the

hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its subsidiaries, by the Company's Board of Directors or Chief Executive Officer), nor, during the two (2) year period following the termination of Executive's employment, directly or indirectly hire (A) any employee of the Company or its subsidiaries at the time of such hiring or (B) any former employee of the Company or its subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit the Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at or for the Company.

(b) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between the Executive and the Company (the "Confidential Information Agreement").

(c) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a) or 7(b) of this Agreement in more than a minor, de minimis or trivial manner, then (i) the Executive shall forfeit all of the Executive's unvested Units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from the vesting of Units by the Executive shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(c), the vesting of Units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(c), the

"Fair Market Value" of a share of Company common stock on any date shall be (i) the closing price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange, as reported by the applicable composite-transactions report, (ii) if the shares of Company common stock are then traded on The Nasdaq Stock Market, the last reported sale price per share of Company common stock during normal trading hours as reported for such date on The Nasdaq Stock Market, or (iii) if the shares of Company common stock are traded over-the-counter on such date but not on The Nasdaq Stock Market, the last transaction price per share of Company common stock quoted for such date by the OTC Bulletin Board or, if not so quoted, the mean between the last reported representative bid and asked prices for the shares of Company common stock quoted for such date by the principal automated inter-dealer quotation system on which the shares of Company common stock are quoted or, if the Company common stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc., or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee of the Board shall determine in good faith. Notwithstanding the foregoing, this Section 7(c) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(d) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(e) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(f) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(g) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Executive's obligations under the Confidential Information Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement to be effective as of the day and year first above written.

EXECUTIVE

/s/ Michael D. Lack

COMPANY

By /s/ Paul Friedman

Its Chief Executive Officer

EXHIBIT 10.27

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and James P. Merryweather (the "Executive"), effective as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to continue to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS.

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such

failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company to whom the Executive reports or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any

decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location more than 35 miles from Palo Alto, California; or

(iii) Any substantial and material reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the

quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units that entitle Executive to receive shares of common stock of the Company awarded to Executive as of the date of this Agreement.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, vision, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT DURING THE EMPLOYMENT PERIOD.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention

to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period for Change in Control Good Reason or Other Than for Cause, Death or Disability. If, during the Change in Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period for Good Reason or Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, the Company shall continue Welfare Benefits to Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided

under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period.

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that, in any event, an additional portion equal to at least 33% of the Units shall become vested) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination.

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive

other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits, (ii) an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination, and (iii) should such death or Disability occur prior to November 26, 2003, 33% of the Units shall become vested or, should such death or Disability occur on or after November 26, 2003, 100% of the Units shall become vested. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G.

(a) Basic Rule. Notwithstanding anything in this Agreement to the contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election

within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any

contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(c) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a) or 7(b) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a) or 7(b) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a) or 7(b) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its subsidiaries to terminate his or her employment with the Company for the

purpose of accepting employment with any employer other than the Company, its subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its subsidiaries, by the Company's Board of Directors or Chief Executive Officer), nor, during the two (2) year period following the termination of Executive's employment, directly or indirectly hire (A) any employee of the Company or its subsidiaries at the time of such hiring or (B) any former employee of the Company or its subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit the Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at or for the Company.

(b) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between the Executive and the Company (the "Confidential Information Agreement").

(c) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a) or 7(b) of this Agreement in more than a minor, de minimis or trivial manner, then (i) the Executive shall forfeit all of the Executive's unvested Units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from the vesting of Units by the Executive shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(c), the vesting of Units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company

common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(c), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange, as reported by the applicable composite-transactions report, (ii) if the shares of Company common stock are then traded on The Nasdaq Stock Market, the last reported sale price per share of Company common stock during normal trading hours as reported for such date on The Nasdaq Stock Market, or (iii) if the shares of Company common stock are traded over-the-counter on such date but not on The Nasdaq Stock Market, the last transaction price per share of Company common stock quoted for such date by the OTC Bulletin Board or, if not so quoted, the mean between the last reported representative bid and asked prices for the shares of Company common stock quoted for such date by the principal automated inter-dealer quotation system on which the shares of Company common stock are quoted or, if the Company common stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc., or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee of the Board shall determine in good faith. Notwithstanding the foregoing, this Section 7(c) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(d) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(e) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(f) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(g) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Executive's obligations under the Confidential Information Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement to be effective as of the day and year first above written.

EXECUTIVE

/s/ James P. Merryweather

COMPANY

By /s/ Paul Friedman

Its Chief Executive Officer

EXHIBIT 10.28

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and James R. Neal (the "Executive"), effective as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to continue to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS.

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such

failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company to whom the Executive reports or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any

decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location more than 35 miles from Palo Alto, California; or

(iii) Any substantial and material reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the

quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units that entitle Executive to receive shares of common stock of the Company awarded to Executive as of the date of this Agreement.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, vision, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT DURING THE EMPLOYMENT PERIOD.

(a) Death or Disability. The Executive's employment shall terminate
automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention

to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period for Change in Control Good Reason or Other Than for Cause, Death or Disability. If, during the Change in Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period for Good Reason or Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, the Company shall continue Welfare Benefits to Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided

under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period.

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that, in any event, an additional portion equal to at least 33% of the Units shall become vested) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination.

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive

other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits, (ii) an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination, and (iii) should such death or Disability occur prior to November 26, 2003, 33% of the Units shall become vested or, should such death or Disability occur on or after November 26, 2003, 100% of the Units shall become vested. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G.

(a) Basic Rule. Notwithstanding anything in this Agreement to the contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election

within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any

contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(c) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a) or 7(b) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a) or 7(b) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a) or 7(b) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its subsidiaries to terminate his or her employment with the Company for the

purpose of accepting employment with any employer other than the Company, its subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its subsidiaries, by the Company's Board of Directors or Chief Executive Officer), nor, during the two (2) year period following the termination of Executive's employment, directly or indirectly hire (A) any employee of the Company or its subsidiaries at the time of such hiring or (B) any former employee of the Company or its subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit the Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at or for the Company.

(b) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between the Executive and the Company (the "Confidential Information Agreement").

(c) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a) or 7(b) of this Agreement in more than a minor, de minimis or trivial manner, then (i) the Executive shall forfeit all of the Executive's unvested Units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from the vesting of Units by the Executive shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(c), the vesting of Units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company

common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(c), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange, as reported by the applicable composite-transactions report, (ii) if the shares of Company common stock are then traded on The Nasdaq Stock Market, the last reported sale price per share of Company common stock during normal trading hours as reported for such date on The Nasdaq Stock Market, or (iii) if the shares of Company common stock are traded over-the-counter on such date but not on The Nasdaq Stock Market, the last transaction price per share of Company common stock quoted for such date by the OTC Bulletin Board or, if not so quoted, the mean between the last reported representative bid and asked prices for the shares of Company common stock quoted for such date by the principal automated inter-dealer quotation system on which the shares of Company common stock are quoted or, if the Company common stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc., or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee of the Board shall determine in good faith. Notwithstanding the foregoing, this Section 7(c) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(d) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(e) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(f) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(g) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Executive's obligations under the Confidential Information Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement to be effective as of the day and year first above written.

EXECUTIVE

/s/ James R. Neal

COMPANY

By /s/ Paul Friedman

Its Chief Executive Officer

EXHIBIT 10.29

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and John M. Vuko (the "Executive"), effective as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to continue to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS.

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such

failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until

such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location more than 35 miles from Palo Alto, California; or

(iii) Any substantial and material reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units that entitle Executive to receive shares of common stock of the Company awarded to Executive as of the date of this Agreement.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, vision, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT DURING THE EMPLOYMENT PERIOD.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period for Change in Control Good Reason or Other Than for Cause, Death or Disability. If, during the Change in

Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common

stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period for Good Reason or Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, the Company shall continue Welfare Benefits to Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period.

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that, in any event, an additional portion equal to at least 33% of the Units shall become vested) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination.

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits, (ii) an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall

continue to be exercisable for 12 months following the Date of Termination, and (iii) should such death or Disability occur prior to November 26, 2003, 33% of the Units shall become vested or, should such death or Disability occur on or after November 26, 2003, 100% of the Units shall become vested. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of vested Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G.

(a) Basic Rule. Notwithstanding anything in this Agreement to the contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the

Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(c) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a) or 7(b) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a) or 7(b) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a) or 7(b) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) directly or indirectly, induce or attempt to induce any employee of the Company or its subsidiaries to terminate his or her employment with the Company for the purpose of accepting employment with any employer other than the Company, its subsidiaries, or an entity formed by or with the participation of the Company (provided that in the case of any such entity formed by or with the participation of the Company the hiring of any such employee by such entity is approved, either on an individual employee basis or a general basis by which it is acknowledged that such entity may hire employees of the Company or its subsidiaries, by the Company's Board of Directors or Chief Executive Officer), nor, during the two (2) year period following the termination of

Executive's employment, directly or indirectly hire (A) any employee of the Company or its subsidiaries at the time of such hiring or (B) any former employee of the Company or its subsidiaries who had such relationship within six (6) months prior to the date of such hiring, it being understood that nothing herein shall prohibit the Executive from serving as and providing a reference for any such employee or former employee;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product competitive with such a product marketed by or under development at or for the Company.

(b) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement between the Executive and the Company (the "Confidential Information Agreement").

(c) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a) or 7(b) of this Agreement in more than a minor, de minimis or trivial manner, then (i) the Executive shall forfeit all of the Executive's unvested Units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from the vesting of Units by the Executive shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(c), the vesting of Units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(c), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange, as

reported by the applicable composite-transactions report, (ii) if the shares of Company common stock are then traded on The Nasdaq Stock Market, the last reported sale price per share of Company common stock during normal trading hours as reported for such date on The Nasdaq Stock Market, or (iii) if the shares of Company common stock are traded over-the-counter on such date but not on The Nasdaq Stock Market, the last transaction price per share of Company common stock quoted for such date by the OTC Bulletin Board or, if not so quoted, the mean between the last reported representative bid and asked prices for the shares of Company common stock quoted for such date by the principal automated inter-dealer quotation system on which the shares of Company common stock are quoted or, if the Company common stock is not quoted on any such system, by the "Pink Sheets" published by the National Quotation Bureau, Inc., or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee of the Board shall determine in good faith. Notwithstanding the foregoing, this Section 7(c) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(d) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(e) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(f) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(g) The parties acknowledge that this Agreement would not have been entered into and the benefits described herein, including the award of the Units, would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of

descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Executive's obligations under the Confidential Information Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement to be effective as of the day and year first above written.

EXECUTIVE

/s/ John M. Vuko

COMPANY

By /s/ Paul Friedman

Its Chief Executive Officer

EXHIBIT 10.30

November 21, 2001

Paul Friedman
[ADDRESS]

Dear Paul:

It is with great pleasure that we offer you the position of Chief Executive Officer of Incyte Genomics, Inc. ("Incyte" or the "Company"), reporting to the Board of Directors of the Company.

1. Salary and Bonus. Should you accept our offer, your salary will be $600,000 per year, payable on a bi-weekly basis. This is a salaried, exempt position, as your salary covers compensation for all hours worked. Your salary will be subject to annual review by the Compensation Committee of the Board of Directors, with the first such review to occur at the Compensation Committee's regularly scheduled meeting for that purpose in the last quarter of 2002 or the first quarter of 2003, as applicable. In addition, beginning fiscal year 2002 you will participate together with the Company's other executive officers in the Company's Corporate Incentive Plan ("CIP"). Under the CIP, your target bonus will be 50% of your annual salary, with the actual bonus amount determined by the achievement of performance goals to be determined annually by the Board of Directors.

2. Stock Options and Restricted Stock Units. Incyte will grant you an option to purchase 400,000 shares of Incyte common stock at an exercise price equal to the fair market value of the common stock on the date of grant, which will occur on the date of your commencement of employment with the Company. Twenty-five percent (25%) of this option will vest on the first anniversary of the date of grant, with the remaining seventy-five percent (75%) of the option vesting monthly in thirty-six equal increments beginning in the month immediately following the first anniversary of the date of grant. The specific terms and conditions of this grant will be set forth in a Stock Option Agreement to be entered into between you and the Company. Your stock options will be "incentive stock options" to the maximum extent permitted by law. Upon the commencement of your employment, you will also receive 100,000 restricted stock units (the "Units"). Each Unit will enable you to receive one share of Incyte common stock. The Units will vest fifty percent (50%) on the third anniversary of your employment and the remaining fifty percent (50%) on the fourth anniversary of your employment or on such earlier date as provided in the Employment Agreement, dated November 26, 2001, between the Company and you (the "Employment Agreement"). Upon your termination of employment, unvested Units will be forfeited. The Units will be settled in shares of Incyte common stock on the date of vesting or such later date, but not beyond the earlier of 30 days after the termination of your employment or the ninth anniversary of the date you commence your employment with the Company, as you may elect in a timely deferral election filed with the Company.

3. Place of Performance. You will spend an average of at least 5 business days per month working at the Company's West Coast headquarters, currently Palo Alto, California, and the remaining business days working on the East Coast. The Company will provide you with a furnished one bedroom apartment in the Palo Alto vicinity.

4. Election to Board of Directors. Upon your acceptance of the position of Chief Executive Officer, subject to the necessary Board of Directors approval and effective upon

commencement of your employment, you will be elected as a member of the Company's Board of Directors.

5. Benefits. Incyte offers employees and their eligible dependents a variety of group health insurance benefits. Effective on your first day of employment, you will be eligible for these benefits which currently include medical, dental, vision, disability and life insurance. An outline of our benefit package is enclosed. Incyte offers a 401(k) Plan available for your participation at the next open enrollment, held quarterly. Information about these programs and other company benefits along with guidelines concerning employment are contained in Incyte's Employee Handbook, a copy of which is issued at the time employment commences.

6. Corporate Policy. As a condition of your employment with Incyte, you are required to sign the enclosed Confidential Information and Invention Assignment Agreement ("Confidential Information Agreement") protecting Incyte's proprietary and competitive information. This offer of employment is subject to your acceptance of the terms of the Confidential Information Agreement. As an Incyte employee, you will be responsible for carrying out your duties and upholding all Company policies as outlined in the Company Employee Handbook and in the Confidential Information Agreement, as may be modified from time to time.

7. Term of Employment. Please note that your employment with Incyte, if accepted, will commence on December 3, 2001 and will be on an "at will" basis, meaning that either you or the Company can terminate the employment relationship for any reason at any time.

8. Severance. If your employment with the Company is terminated without Cause or for Good Reason or Change in Control Good Reason, you will be entitled to receive the severance benefits described in the Employment Agreement.

9. Immigration Documentation. This offer of employment is expressly conditioned upon your being able to provide Incyte with documentation on the date that you report to work as evidence that you are fully authorized by the INS to accept this employment position. This offer of employment is contingent on the Company receiving satisfactory background checks.

Paul, we would be delighted by your decision to join Incyte and we look forward to your acceptance of this offer of employment. We believe Incyte offers an exciting and challenging opportunity.

Please consider our offer and advise me of your decision by December 3, 2001. The Company does not intend to hold the offer open beyond this date.

In order to confirm your agreement with and acceptance of these terms, please sign one copy of this letter and return it to me along with your signed Employment Agreement, Confidential Information Agreement, Computer Usage Policy, EEO form and I-9. The Confidential Information Agreement must be returned with a signed copy of this letter to be considered a valid acceptance. The other copy of this offer letter is for your records. In the meantime, should you have any questions about our offer or about the Company more generally, please contact me.

Sincerely,

/s/ Roy A. Whitfield
Roy A. Whitfield
Chief Executive Officer

- ---

I have read and understand the terms of this offer including the attached Confidential Information Agreement. I agree to the terms of employment set forth in this letter and Confidential Information Agreement and will be available to report to work on Monday, December 3, 2001.

/s/ Paul Friedman

Paul Friedman

EXHIBIT 10.31

November 16, 2001

Robert B. Stein
[ADDRESS]

Dear Bob:

It is with great pleasure that we offer you the position of President and Chief Scientific Officer of Incyte Genomics, Inc. ("Incyte" or the "Company"), reporting to the Chief Executive Officer of the Company.

1. Salary and Bonus. Should you accept our offer, your salary will be $500,000 per year, payable on a bi-weekly basis. This is a salaried, exempt position, as your salary covers compensation for all hours worked. Your salary will be subject to annual review by the Compensation Committee of the Board of Directors, with the first such review to occur at the Compensation Committee's regularly scheduled meeting for that purpose in the last quarter of 2002 or the first quarter of 2003, as applicable. In addition, beginning fiscal year 2002 you will participate together with the Company's other executive officers in the Company's Corporate Incentive Plan ("CIP"). Under the CIP, your target bonus will be 50% of your annual salary, with the actual bonus amount determined by the achievement of performance goals to be determined annually by the Board of Directors.

2. Stock Options and Restricted Stock Units. Incyte will grant you an option to purchase 250,000 shares of Incyte common stock at an exercise price equal to the fair market value of the common stock on the date of grant, which will occur on the date of your commencement of employment with the Company. Twenty-five percent (25%) of this option will vest on the first anniversary of the date of grant, with the remaining seventy-five percent (75%) of the option vesting monthly in thirty-six equal increments beginning in the month immediately following the first anniversary of the date of grant. The specific terms and conditions of this grant will be set forth in a Stock Option Agreement to be entered into between you and the Company. Your stock options will be "incentive stock options" to the maximum extent permitted by law. Upon the commencement of your employment, you will also receive 50,000 restricted stock units (the "Units"). Each Unit will enable you to receive one share of Incyte common stock. The Units will vest on the fourth anniversary of your employment or on such earlier date as provided in the Employment Agreement, dated November 26, 2001, between the Company and you (the "Employment Agreement"). Upon your termination of employment, unvested Units will be forfeited. The Units will be settled in shares of Incyte common stock on the date of vesting or such later date, but not beyond the earlier of 30 days after the termination of your employment or the ninth anniversary of the date you commence your employment with the Company, as you may elect in a timely deferral election filed with the Company.

3. Place of Performance and Loan for Personal Residence. Your principal place of employment with the Company will be the Company's headquarters, currently Palo Alto, California. The Company will pay all of your reasonable expenses to move you and your family and your household goods from Delaware to California. The Company will also provide you and your family with $60,000 to be used for temporary housing and renting related expenses in the Palo Alto vicinity. As an inducement to move your principal residence to California, the Company will offer you a non-interest bearing (subject to paragraph (d) below) loan of up to

$750,000 (the "Loan") to purchase a new home (the "Residence") pursuant to the following conditions:

a. The Loan will be recourse to you and secured by the Residence (if, in addition to the Loan, you secure financing from a financial institution to purchase the Residence, the Loan may be second in priority only to such mortgage from a financial institution), but the Loan (or the Loan and any such other financing) cannot exceed 90% of the purchase price of the Residence;

b. You will certify to the Company that you reasonably expect to be entitled to and will in fact itemize your deductions for each year the Loan is outstanding;

c. 50% of the Loan will be forgiven on the third anniversary of the date you commence your employment with the Company and the remaining 50% of the Loan will be forgiven on the fourth anniversary of such date, provided that you are still employed with the Company on such days; and

d. (i) If your employment is terminated for Cause (as defined in the Employment Agreement) or you leave employment of the Company on your own volition without Good Reason or Change in Control Good Reason (as defined in the Employment Agreement), any unpaid balance of the Loan will be due 30 days after termination of your employment and will bear interest at the relevant applicable federal rate retroactive from the date the Loan is made; and

(ii) If your employment is terminated without Cause or you leave employment of the Company with Good Reason or Change in Control Good Reason or due to death or Disability (as defined in the Employment Agreement), any unpaid balance of the Loan will be due one year after termination of your employment; and

(iii) If you sell the Residence and do not purchase another home in the Palo Alto area or in another area that the Board of Directors requests you to relocate of equal or greater value within 3 months of the sale of the Residence, the unpaid balance of the Loan will be immediately due and payable.

4. Election to Board of Directors. Upon your acceptance of the position of President and Chief Scientific Officer, subject to the necessary Board of Directors approval and effective upon commencement of your employment, you will be elected as a member of the Company's Board of Directors.

5. Benefits. Incyte offers employees and their eligible dependents a variety of group health insurance benefits. Effective on your first day of employment, you will be eligible for these benefits which currently include medical, dental, vision, disability and life insurance. An outline of our benefit package is enclosed. Incyte offers a 401(k) Plan available for your participation at the next open enrollment, held quarterly. Information about these programs and other company benefits along with guidelines concerning employment are contained in Incyte's Employee Handbook, a copy of which is issued at the time employment commences.

6. Corporate Policy. As a condition of your employment with Incyte, you are required to sign the enclosed Confidential Information and Invention Assignment Agreement ("Confidential Information Agreement") protecting Incyte's proprietary and competitive information. This offer of employment is subject to your acceptance of the terms of the Confidential Information Agreement. As an Incyte employee, you will be responsible for carrying out your duties and upholding all Company policies as outlined in the Company Employee Handbook and in the Confidential Information Agreement, as may be modified from time to time.

7. Term of Employment. Please note that your employment with Incyte, if accepted, will commence on December 3, 2001 and will be on an "at will" basis, meaning that either you or the Company can terminate the employment relationship for any reason at any time.

8. Severance. If your employment with the Company is terminated without Cause or for Good Reason or Change in Control Good Reason, you will be entitled to receive the severance benefits described in the Employment Agreement.

9. Immigration Documentation. This offer of employment is expressly conditioned upon your being able to provide Incyte with documentation on the date that you report to work as evidence that you are fully authorized by the INS to accept this employment position. This offer of employment is contingent on the Company receiving satisfactory background checks.

Bob, we would be delighted by your decision to join Incyte and we look forward to your acceptance of this offer of employment. We believe Incyte offers an exciting and challenging opportunity.

Please consider our offer and advise me of your decision by December 3, 2001. The Company does not intend to hold the offer open beyond this date.

In order to confirm your agreement with and acceptance of these terms, please sign one copy of this letter and return it to me along with your signed Employment Agreement, Confidential Information Agreement, Computer Usage Policy, EEO form and I-9. The Confidential Information Agreement must be returned with a signed copy of this letter to be considered a valid acceptance. The other copy of this offer letter is for your records. In the meantime, should you have any questions about our offer or about the Company more generally, please contact me.

Sincerely,

/s/ Roy A. Whitfield
Roy A. Whitfield
Chief Executive Officer

- ---

I have read and understand the terms of this offer including the attached Confidential Information Agreement. I agree to the terms of employment set forth in this letter and Confidential Information Agreement and will be available to report to work on Monday, December 3, 2001.

/s/ Robert B. Stein

Robert B. Stein

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and Paul Friedman (the "Executive"), dated as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein.

Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board of the Company which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or

disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of Sections 2 or 3 of the letter agreement between the Company and the Executive dated November 21, 2001 (the "Offer Letter") or this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location outside of the East Coast (provided that travel to, and frequent stays in, the Company's West Coast headquarters, which is currently located in Palo Alto, California, shall not be a Good Reason event under this clause (ii)); or

(iii) Any reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time; or

(iv) A material breach by the Company of this Agreement or of Sections 2 or 3 of the Offer Letter.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate; provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001. For purposes of computing the Limitation Amount hereunder, the parachute payments attributable to the vesting of 20% of the Units shall be excluded.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units which entitle Executive to receive shares of common stock of the Company, as described in the Offer Letter.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT.

(a) Death or Disability. The Executive's employment shall terminate
automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause
during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than for Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period Other Than for Cause, Death or Disability or for Change in Control Good Reason. If, during the Change in Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 36-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 36 months after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 36 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period Other Than for Cause, Death or Disability or for Good Reason. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, if the Executive properly elects to continue the Company's group health plan coverage as is the Executive's right under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay the portion of the COBRA premiums for Executive and/or the Executive's family equal to the percentage share of medical premiums the Company paid for the Executive and/or the Executive's family prior to the Date of Termination; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed

until 12 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 90 days following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that in no event will less than 20% of the Units vest) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination; and

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period, other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability of the Executive, this Agreement shall terminate without further obligations to the Executive other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits and (ii) the Units shall become 100% vested and an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the

Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G

(a) Basic Rule. Notwithstanding anything in this Agreement to the contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly

as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(d) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a), 7(b) or 7(d) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause or by the Executive for Change in Control Good Reason and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a), 7(b) or 7(c) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a), 7(b) or 7(d) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) The Executive represents and warrants to the Company that the performance of the Executive's duties will not violate any agreements with or trade secrets of any other person or entity or previous employers, including without limitation agreements containing provisions against solicitation or competition. The Executive has provided the Company with copies of the Employee Agreement, dated July 1, 1998, between The DuPont Pharmaceutical Company and the Executive and any other agreements (specifically including any agreements with The DuPont Pharmaceutical Company or Bristol-Myers Squibb Company) that could restrict the Executive's activities in the course of the Executive's employment with the Company. The Executive represents and warrants to the Company that the Executive has not and will not sign the Bristol-Myers Squibb Company General Release and Non-Solicitation Agreement or any other agreement that could restrict his activities in the course of his employment with the Company. The Company's offer of employment is based on the accuracy of the Executive's representation and warranty and a violation of this Section 7(a) shall be grounds for termination with Cause.

(b) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an

owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) personally (or personally direct another to) solicit or hire (A) any employee of the Company or its affiliates at the time of such solicitation or hiring or (B) any former employee of the Company or its affiliates who had such relationship within six (6) months prior to the date of such solicitation or hiring, including but not limited to attempting to induce any such employee of the Company or its affiliates to leave the employ of the Company;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product.

For purposes of this Section 7(b), the term "solicit" means any communication of any kind whatsoever, regardless of by whom initiated, inviting, encouraging or requesting any person or entity to take or refrain from taking any action.

(c) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement.

(d) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a), 7(b) or 7(c) of this Agreement in more than a minor, deminimus or trivial manner, then (i) the Executive shall forfeit all of his unexercised Company stock options or stock appreciation rights, unvested Company restricted stock and unvested Company restricted stock units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from (A) the exercise of any Company stock options or stock appreciation rights, (B) the vesting of any Company restricted stock or other Company equity based awards, (C) the vesting of Company restricted stock units (excluding the vesting of 20% of the Units), or (D) the forgiveness of any loan to the Executive from the Company, by the Executive from such event shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(d), the exercise of

incentive stock options and the vesting of restricted stock units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(d), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing sale price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange or (ii) if the shares of Company common stock are then traded on the NASDAQ Stock Market or any other over-the-counter market, the average of the closing bid and asked prices for the shares of Company common stock during normal trading hours in such over-the-counter market for such date or the last preceding date on which there was a sale of such Company common stock in such market, or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee shall determine in good faith. Notwithstanding the foregoing, this Section 7(d) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause or (ii) by the Executive for Change in Control Good Reason.

(e) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(f) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(g) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(h) The parties acknowledge that the Offer Letter and this Agreement would not have been entered into and the benefits described herein and therein would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Company's obligations in the Offer Letter or the Executive's obligations under the Confidential Information and Invention Assignment Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement as of the day and year first above written.

EXECUTIVE

/s/ Paul A. Friedman

COMPANY

By /s/ Roy Whitfield

Its Chief Executive Officer

EXHIBIT 10.33

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") by and between INCYTE GENOMICS, INC., a Delaware corporation (the "Company"), and Robert B. Stein (the "Executive"), dated as of the 26th day of November, 2001.

The Board of Directors of the Company (the "Board"), has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide the Executive with compensation and benefits arrangements upon a Change in Control and an event of Change in Control Good Reason which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other comparable corporations. In addition, as an inducement to the agreement by Executive to be employed by the Company prior to a Change in Control on an "at will" basis, the Company desires to provide Executive with certain benefits upon termination of Executive's employment under certain circumstances as set forth herein.

Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1. DEFINITIONS

(a) "Annual Base Salary" shall mean the highest rate of annual base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the 12-month period immediately preceding the month in which the Change in Control or, in the case of termination other than on account of a Change in Control, the Date of Termination occurs.

(b) "Business Unit" shall mean a Subsidiary or a business division of the Company or Subsidiary in which the Executive is primarily employed.

(c) "Cause" shall mean:

(i) The willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness or impairment), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties; or

(ii) The willful engaging by the Executive in illegal conduct, gross misconduct or dishonesty which is materially and demonstrably injurious to the Company; or

(iii) Unauthorized and prejudicial disclosure or misuse of the Company's secret, confidential or proprietary information, knowledge or data relating to the Company or its affiliates.

Notwithstanding the foregoing, "Cause" shall not include any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or based upon the advice of counsel for the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i), (ii) or (iii) above, and specifying the particulars thereof in detail.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company 24 months prior to such change; or

(B) Were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination;

(ii) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) by the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company;

(iii) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company;

(iv) There is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or

disposition by the Company to a Subsidiary or to an entity, the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(v) The sale, transfer or other disposition of a substantial portion of the stock or assets of the Company or a Business Unit or a similar transaction as the Board, in each case, in its sole discretion, may determine to be a Change in Control.

The term "Change in Control" shall not include a transaction, the sole purpose of which is to change the state of the Company's incorporation or the initial public offering of the stock of a Business Unit.

(e) "Change in Control Employment Period" shall mean the 24-month period following the occurrence of a Change in Control.

(f) "Change in Control Good Reason" shall mean:

(i) The assignment to Executive of any duties inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect immediately prior to a Change in Control or any other action by the Company that results in a diminishment in such position, authority, duties or responsibilities; or

(ii) (A) Except as required by law, the failure by the Company to continue to provide to Executive benefits substantially equivalent or more beneficial (including in terms of the amount of benefits provided and the level of participation of Executive relative to other participants), in the aggregate, to those enjoyed by Executive under the Company's employee benefit plans (including, without limitation, any pension, deferred compensation, split-dollar life insurance, supplemental retirement, retirement or savings plan(s) or program(s)) and Welfare Benefits in which Executive was eligible to participate immediately prior to the Change in Control; or (B) the taking of any action by the Company that would, directly or indirectly, materially reduce or deprive Executive of any other benefit, perquisite or privilege enjoyed by Executive immediately prior to the Change in Control, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iii) The Company's requiring the Executive to be based at any office or location more than 35 miles from the office or location where the Executive is based immediately prior to the Change in Control; or

(iv) Any reduction in the Executive's Base Salary or Target Bonus opportunity; or

(v) A material breach by the Company of Sections 2 or 3 of the letter agreement between the Company and the Executive dated November 16, 2001 (the "Offer Letter") or this Agreement.

(g) "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness or impairment which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(h) "Employment Agreements" shall mean this Agreement and all other employment agreements with executive officers of the Company similar to this Agreement that are in effect as of the first Change in Control to occur after April 1, 2001.

(i) "Employment Period" means the period the Executive is employed by the Company prior to the Change in Control Employment Period and the period the Executive is employed by the Company after the end of a Change in Control Employment Period.

(j) "Good Reason" shall mean:

(i) The assignment to Executive of any duties substantially and materially inconsistent with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect prior to the Date of Termination or any other action by the Company that results in a substantial and material diminishment in such position, authority, duties or responsibilities; or

(ii) The Company's requiring the Executive to be based at any office or location other than the Company's East Coast or West Coast headquarters; the West Coast headquarters are currently located in Palo Alto, California; or

(iii) Any reduction in the Executive's Base Salary, Target Bonus opportunity or Welfare Benefits, unless such reductions are made proportionally for all executives of the Company at the same time; or

(iv) A material breach by the Company of this Agreement or of Sections 2 or 3 of the Offer Letter; or

(v) If Paul Friedman ceases to be the Chief Executive Officer of the Company more than 30 months after the Executive commences his employment with the Company and the Executive terminates his employment for any reason between the ninetieth (90th) and one hundred twentieth (120th) day following Paul Friedman's termination.

(k) "Limitation Amount" shall mean the sum of Payments that constitute nondeductible "excess parachute payments" under section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), assuming such Payments constitute the only payments made on account of a Change in Control, that result in a deemed Federal income tax cost to the Company, calculated as set forth in the succeeding sentences, of $15,000,000. The Limitation Amount is based on the estimated Federal income tax cost to the Company resulting from the nondeductibility of such excess parachute payments, which tax cost shall not exceed $15,000,000. The initial Limitation Amount is $42,857,143.07, based on the Federal corporate income tax rate of 35% for tax years ending in 2001. The Limitation Amount shall be adjusted if, and when, the Federal corporate income tax rate changes to such amount as shall equal the quotient obtained by dividing $15,000,000 by such changed Federal corporate income tax rate;

provided, however, that the Limitation Amount shall not be so adjusted after the first Change in Control to occur after April 1, 2001. For purposes of computing the Limitation Amount hereunder, the parachute payments attributable to the vesting of 20% of the Units shall be excluded.

(l) "Payment" shall mean any payment or transfer by the Company under this Agreement to or for the benefit of the Executive (including for this purpose those made pursuant to Section 3(a)(iii)) or, as the case may be, any such payment or transfer made to another executive officer of the Company pursuant to another Employment Agreement. "Payment" shall not include any amount that would be payable to the Executive or another executive officer of the Company that would be payable in the event of a Change in Control regardless of the existence of this Agreement or the relevant Employment Agreement, as the case may be. By way of example, an amount in respect of an option that by its terms, and not pursuant to the terms of this Agreement, accelerates upon a Change in Control shall not be deemed to be a Payment.

(m) "Subsidiary" shall mean any other entity, whether incorporated or unincorporated, in which the Company or any one or more of its Subsidiaries directly owns or controls (i) 50% or more of the securities or other ownership interests, including profits, equity or beneficial interests, or (ii) securities or other interests having by their terms ordinary voting power to elect more than 50% of the board of directors or others performing similar function with respect to such other entity that is not a corporation.

(n) "Target Bonus" shall mean the Executive's target bonus under the Company's annual bonus program, or any comparable bonus under any predecessor or successor plan for the year prior to the year in which the Change in Control or, in the case of a termination other than on account of a Change in Control, the Date of Termination occurs.

(o) "Units" shall mean the restricted stock units which entitle Executive to receive shares of common stock of the Company, as described in the Offer Letter.

(p) "Welfare Benefits" shall mean welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, and group life plans and programs) (i) in effect for the Executive at any time during the 120-day period immediately preceding (A) the Change in Control or (B) the Date of Termination (as defined below) or (ii) which are provided at any time after the Change in Control to peer executives of the Company and its affiliated companies, whichever of (i)(A), (i)(B) or (ii) provides the most favorable benefit to the Executive, as determined separately for each such benefit.

SECTION 2. TERMINATION OF EMPLOYMENT.

(a) Death or Disability. The Executive's employment shall terminate
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automatically upon the Executive's death during the Employment Period or Change in Control Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period or Change in Control Employment Period, it may give to the Executive written notice in accordance with Section 9(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability

Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties.

(b) Cause. The Company may terminate the Executive's employment for Cause during the Employment Period or Change in Control Employment Period.

(c) Good Reason. The Executive's employment may be terminated by the Executive for Good Reason during the Employment Period.

(d) Change in Control Good Reason. The Executive's employment may be terminated by the Executive for Change in Control Good Reason during the Change in Control Employment Period. For purposes of this Section 2(d), any good faith determination of "Change in Control Good Reason" made by the Executive shall be conclusive. The termination of the Executive's employment with the Company prior to, but in anticipation of or in connection with, a Change in Control shall be deemed to be a termination by the Executive for Change in Control Good Reason during the Change in Control Employment Period if the Board so determines in its good faith judgment.

(e) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason during the Employment Period or for Change in Control Good Reason during the Change in Control Employment Period, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 9(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason, Change in Control Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(f) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, by the Executive for Good Reason during the Employment Period, or by the Executive for Change in Control Good Reason during the Change in Control Employment Period, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability or by the Executive other than for Good Reason or Change in Control Good Reason, the Date of Termination shall be the date on which the Company or the Executive, as the case may be, notifies the other of such termination, and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

SECTION 3. OBLIGATIONS OF THE COMPANY UPON TERMINATION

(a) Termination During the Change in Control Employment Period Other Than for Cause, Death or Disability or for Change in Control Good Reason. If, during the Change in Control Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Change in Control Good Reason (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the Target Bonus and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(a)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 24-month period following the Date of Termination. Such election may be made at any time prior to the Change in Control and may be amended or revoked at the sole discretion of the Executive prior to the date of the Change in Control.

(ii) For 24 months after the Executive's Date of Termination or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue Welfare Benefits to the Executive and/or the Executive's family; provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) All options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in

accordance with the terms and conditions of the grant, award or purchase, shall become 100% vested and all options shall continue to be exercisable for 12 months following the Date of Termination and all Units shall become 100% vested and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination;

(iv) The Company shall, at its sole expense as incurred, provide the Executive with outplacement services for a period of 12 months following the Date of Termination, the scope and provider of which shall be selected by the Executive in his sole discretion (the "Outplacement Benefits"); and

(v) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Termination During the Employment Period Other Than for Cause, Death or Disability or for Good Reason. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason or if, during the Change in Control Employment Period, the Executive shall terminate employment for Good Reason under subparagraph (v) thereof (and the Executive's employment is not terminated by reason of death or Disability):

(i) The Company shall pay to the Executive the aggregate of the following amounts:

(A) The Accrued Obligations; and

(B) the amount equal to the product of (1) one and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Target Bonus or, if greater, the bonus pursuant to the Company's management bonus plan in the most recently completed fiscal year.

The payments described in this Section 3(b)(i) shall be paid to the Executive in a lump sum in cash within 30 days after the Date of Termination unless the Executive elected to receive such payments in equal installments in accordance with the Company's usual payroll practices over the 12-month period following the Date of Termination. Such election may be made at any time prior to 180 days before the Date of Termination and may be amended or revoked at the sole discretion of the Executive prior to 180 days before the Date of Termination.

(ii) For 12 months after the Executive's Date of Termination, if the Executive properly elects to continue the Company's group health plan coverage as is the Executive's right under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay the portion of the COBRA premiums for Executive and/or the Executive's family equal to the percentage share of medical premiums the Company paid for the Executive and/or the Executive's family prior to the Date of Termination; provided, however, that if the Executive becomes reemployed with

another employer and is eligible to receive medical or other welfare benefits under an other employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 12 months after the Executive's Date of Termination and to have retired on the last day of such period;

(iii) An additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 90 days following the Date of Termination and an additional portion of the Units which have not vested in accordance with the terms and conditions of such grant shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination (provided that in no event will less than 20% of the Units vest) and the shares of common stock of the Company shall be delivered to the Executive within 30 days after the Date of Termination; and

(iv) The Company shall provide to the Executive the Outplacement Benefits and the Other Benefits.

(c) Termination for Cause. If the Executive's employment shall be terminated for Cause during the Employment Period or the Change in Control Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) the Executive's Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, including vested Units, and (z) Other Benefits, in each case to the extent theretofore unpaid. In such case, all amounts due and owing to the Executive pursuant to this Section 3(c) shall be paid to the Executive in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(d) Voluntary Termination. If the Executive voluntarily terminates employment during the Employment Period, other than for Good Reason, or during the Change in Control Employment Period, other than for Change in Control Good Reason, this Agreement shall terminate without further obligations to the Executive other than for Accrued Obligations and the timely payment or provision of Other Benefits; provided that if such termination occurs during the Employment Period, the Executive shall not receive a prorated Target Bonus. In such case, all amounts due and owing to the Executive pursuant to this Section 3(d) shall be paid to the Executive in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the Date of Termination.

(e) Death or Disability. If the Executive's employment is terminated during the Employment Period or the Change in Control Employment Period due to the death or Disability

of the Executive, this Agreement shall terminate without further obligations to the Executive other than for (i) Accrued Obligations and the timely payment or provision of Other Benefits and (ii) the Units shall become 100% vested and an additional portion of options acquired under the 1991 Stock Plan of Incyte Genomics, Inc. or any other stock-based incentive plan of the Company which have not vested in accordance with the terms and conditions of the grant, award or purchase, shall become vested equal to the amount of vesting that would have occurred if the Executive had continued working for the Company for an additional 12 months after the Date of Termination and all options shall continue to be exercisable for 12 months following the Date of Termination. In such case, all amounts due and owing to the Executive or the Executive's estate, as the case may be, pursuant to this Section 3(e) shall be paid to the Executive or the Executive's estate in a lump sum in cash or, in the case of Units, in shares of common stock of the Company, within 30 days of the receipt by the Company of written notice of the Executive's death from the executor of the Executive's estate or the Disability Effective Date.

SECTION 4. SECTION 280G

(a) Basic Rule. Notwithstanding anything in this Agreement to the
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contrary, in the event that the independent auditors most recently selected by the Board (the "Auditors") determine that any Payments would constitute "excess parachute payments" within the meaning of section 280G of the Code that in the aggregate exceed the Limitation Amount, then the Payments made pursuant to this Agreement shall be reduced (but not below zero) to the Reduced Amount. For purposes of this Section 4, the "Reduced Amount" shall be the amount, expressed as a present value, that maximizes the aggregate present value of the Payments to the Executive without causing the sum of the Payments made hereunder and under all Employment Agreements to exceed the Limitation Amount. The Payments for the Executive under this Agreement and for each executive officer under the other Employment Agreements, as so reduced, shall be determined on a pro rata basis based on the total Payments payable pursuant to the Employment Agreements, calculated as of the date of the first Change in Control to occur after April 1, 2001. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or distribution of any type to or for the benefit of the Executive by the Company (the "Total Payment") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) if and to the extent that a reduction in the Total Payments would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the Excise Tax) than if the Executive received the entire amount of such Total Payments. The determination of which Payments are to be reduced shall be made in a manner consistent with the provisions of Section 4(b).

(b) Reduction of Payments. If the Auditors determine that any Payments made
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pursuant to this Agreement would exceed the Limitation Amount because of section 280G of the Code, which calculation shall occur at the time of the Change in Control, then the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof and of the Reduced Amount, and the Executive may then elect, in the Executive's sole discretion, which and how much of such Payments shall be eliminated or reduced (as long as after such election the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall advise the Company in writing of the Executive's election within 10 days of receipt of notice. If no such election is made by the Executive within such 10-day period, then the Company may decide which and how much of such Payments shall be

eliminated or reduced (as long as after such decision the aggregate present value of such Payments, as so eliminated or reduced, equals the Reduced Amount) and shall notify the Executive promptly of such decision. For purposes of this Section 4, present value shall be determined in accordance with section 280G(d)(4) of the Code. All determinations made by the Auditors under this Section 4 shall be binding upon the Company and the Executive and shall be made within 60 days of the date when a Payment becomes payable or transferable. As promptly as practicable following such determination and the elections hereunder, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or transfer to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(c) Overpayments and Underpayments. As a result of uncertainty in the application of section 280G of the Code at the time of an initial determination by the Auditors hereunder, it is possible that Payments will have been made by the Company pursuant to this Agreement that should not have been made (an "Overpayment") or that additional Payments that will not have been made by the Company pursuant to this Agreement could have been made (an "Underpayment"), consistent in each case with the calculation of the Reduced Amount hereunder. In the event that the Auditors, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive that the Auditors believe has a high probability of success, determine that an Overpayment has been made, such Overpayment shall be treated for all purposes as a loan to the Executive which he or she shall repay to the Company, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent that such payment would not reduce the Company's Federal income tax liability under section 280G of the Code. In the event that the Auditors determine that an Underpayment has occurred, such Underpayment shall promptly be paid or transferred by the Company to or for the benefit of the Executive, together with interest at the applicable federal rate provided in section 7872(f)(2) of the Code.

(d) Waiver of Limitation. At any time, and in its sole discretion, the Company's Compensation Committee of the Board may elect to waive, in whole or in part, the reduction of a Payment to be made pursuant to this Agreement, notwithstanding the determination that such Payment will be nondeductible by the Company for federal income tax purposes because of section 280G of the Code, or that it exceeds the Limitation Amount.

(e) Related Corporations. For purposes of this Section 4, the term "Company" shall include affiliated corporations to the extent determined by the Auditors in accordance with section 280G(d)(5) of the Code.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS.

Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 9(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated

companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

SECTION 6. FULL SETTLEMENT.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others (other than pursuant to Section 7(d) of this Agreement). In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code. Notwithstanding the foregoing, the Company will not pay any legal fees or expenses which the Executive may incur as a direct result of any contest or dispute regarding Sections 7(a), 7(b) or 7(d) of this Agreement; provided, however, that (i) this sentence shall not apply if (A) after a Change in Control the Executive's employment with the Company is terminated by the Company without Cause, by the Executive for Change in Control Good Reason or by the Executive for Good Reason under subparagraph (v) thereof and (B) the Executive has not, in the good faith determination of the Board, blatantly and willfully breached Sections 7(a), 7(b) or 7(c) of this Agreement and (ii) if this sentence applies and there is a contest or dispute regarding Sections 7(a), 7(b) or 7(d) of this Agreement and the Executive is found to have not violated Section 7 of this Agreement, then the Company will reimburse all such legal fees and expenses reasonably incurred as a result of such contest or dispute.

SECTION 7. COVENANTS.

(a) The Executive represents and warrants to the Company that the performance of the Executive's duties will not violate any agreements with or trade secrets of any other person or entity or previous employers, including without limitation agreements containing provisions against solicitation or competition. The Executive has provided the Company with copies of the Employee Agreement, dated June 4, 1996, between The DuPont Pharmaceutical Company and the Executive and any other agreements (specifically including any agreements with The DuPont Pharmaceutical Company or Bristol-Myers Squibb Company) that could restrict the Executive's activities in the course of the Executive's employment with the Company. The Executive represents and warrants to the Company that the Executive has not and will not sign the Bristol-Myers Squibb Company General Release and Non-Solicitation Agreement or any other agreement that could restrict his activities in the course of his employment with the Company. The Company's offer of employment is based on the accuracy of the Executive's representation and warranty and a violation of this Section 7(a) shall be grounds for termination with Cause.

(b) During the Executive's employment with the Company and for two (2) years after the termination of the Executive's employment for any reason, the Executive agrees that, without the prior express written consent of the Company, the Executive shall not, anywhere in the world, for his own benefit or for, with or through any other person, firm, partnership, corporation or other entity or individual (other than the Company or its affiliates) as or in the capacity of an owner, shareholder, employee, consultant, director, officer, trustee, partner, agent, independent contractor and/or in any other representative capacity or otherwise:

(i) personally (or personally direct another to) solicit or hire (A) any employee of the Company or its affiliates at the time of such solicitation or hiring or (B) any former employee of the Company or its affiliates who had such relationship within six (6) months prior to the date of such solicitation or hiring, including but not limited to attempting to induce any such employee of the Company or its affiliates to leave the employ of the Company;

(ii) personally (or personally direct another to) make or publish any statement (orally or in writing) to a current or prospective client of the Company or its affiliates or any other entity with whom the Company has a collaboration, strategic partnership, joint venture or other similar relationship (collectively, a "Customer Entity") that would libel, slander, disparage, denigrate, ridicule or criticize the Company or any of its affiliates; and

(iii) personally (or personally direct another to) solicit any Customer Entity to purchase a gene sequence or genomic database product.

For purposes of this Section 7(b), the term "solicit" means any communication of any kind whatsoever, regardless of by whom initiated, inviting, encouraging or requesting any person or entity to take or refrain from taking any action.

(c) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 7 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement. The Executive also agrees to comply with the terms set forth in the Confidential Information and Invention Assignment Agreement.

(d) If at any time prior to the date that is 365 days after the Executive's Date of Termination, the Executive breaches any provision of Sections 7(a), 7(b) or 7(c) of this Agreement in more than a minor, deminimus or trivial manner, then (i) the Executive shall forfeit all of his unexercised Company stock options or stock appreciation rights, unvested Company restricted stock and unvested Company restricted stock units and (ii) the gain or income realized within the twenty-four (24) months prior to such breach from (A) the exercise of

any Company stock options or stock appreciation rights, (B) the vesting of any Company restricted stock or other Company equity based awards, (C) the vesting of Company restricted stock units (excluding the vesting of 20% of the Units), or (D) the forgiveness of any loan to the Executive from the Company, by the Executive from such event shall be paid by the Executive to the Company upon notice from the Company (for purposes of this Section 7(d), the exercise of incentive stock options and the vesting of restricted stock units shall be treated as a realization event). Such gain shall be determined on a gross basis, without reduction for any taxes incurred, as of the date of such event, and without regard to any subsequent change in the Fair Market Value (as defined below) of a share of Company common stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Executive by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement). For purposes of this Section 7(d), the "Fair Market Value" of a share of Company common stock on any date shall be (i) the closing sale price per share of Company common stock during normal trading hours on the national securities exchange on which the Company common stock is principally traded for such date or the last preceding date on which there was a sale of such Company common stock on such exchange or (ii) if the shares of Company common stock are then traded on the NASDAQ Stock Market or any other over-the-counter market, the average of the closing bid and asked prices for the shares of Company common stock during normal trading hours in such over-the-counter market for such date or the last preceding date on which there was a sale of such Company common stock in such market, or (iii) if the shares of Company common stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Compensation Committee shall determine in good faith. Notwithstanding the foregoing, this Section 7(d) shall not apply in the event that after a Change in Control the Executive's employment with the Company is terminated either (i) by the Company without Cause, (ii) by the Executive for Change in Control Good Reason or (iii) by the Executive for Good Reason under subparagraph (v) thereof.

(e) Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 7.

(f) The Executive acknowledges and agrees that the Company will have no adequate remedy at law, and could be irreparably harmed, if the Executive breaches or threaten to breach any of the provisions of this Section 7. The Executive agrees that the Company shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of this Section 7, and to specific performance of each of the terms hereof in addition to any other legal or equitable remedies that the Company may have. The Executive further agrees that he shall not, in any equity proceeding relating to the enforcement of the terms of this Section 7, raise the defense that the Company has an adequate remedy at law.

(g) The terms and provisions of this Section 7 are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. The parties hereto acknowledge that the potential restrictions on the Executive's future employment imposed by this Section 7 are reasonable in both duration and geographic scope and in all other respects. If for any reason any court of competent jurisdiction shall find any provisions of this Section 7 unreasonable in duration or geographic scope or otherwise, the Executive and the Company agree that the restrictions and prohibitions contained herein shall be effective to the fullest extent allowed under applicable law in such jurisdiction.

(h) The parties acknowledge that the Offer Letter and this Agreement would not have been entered into and the benefits described herein and therein would not have been promised in the absence of the Executive's promises under this Section 7.

SECTION 8. SUCCESSORS.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or the relevant Business Unit to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company or such Business Unit would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

SECTION 9. MISCELLANEOUS.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
at the Executive's current address as shown on the records of the Company.

If to the Company:
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 2(c) or Change in Control Good Reason pursuant to Section 2(d) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Change in Control, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company at any time, in which case the Executive shall have no further rights under this Agreement except as expressly set forth in Section 3 hereof. From and after the closing of a Change in Control transaction, this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof (provided that it shall not supersede the Company's obligations in the Offer Letter or the Executive's obligations under the Confidential Information and Invention Assignment Agreement).

IN WITNESS WHEREOF, the Executive and the Company, through its duly authorized Officer, have executed this Agreement as of the day and year first above written.

EXECUTIVE

/s/ Robert B. Stein

COMPANY

By /s/ Roy A. Whitfield

Its Chief Executive Officer

CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

Exhibit 10.34

SETTLEMENT AGREEMENT

between

INCYTE GENOMICS INC.

and

AFFYMETRIX, INC.

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is effective this 21st day of December, 2001 (the "Effective Date"), between Incyte Genomics, Inc., a Delaware corporation ("Incyte") and Affymetrix, Inc., a Delaware corporation ("Affymetrix") (collectively, the "Parties").

W I T N E S S E T H:

WHEREAS, the Parties have been involved in various disputes, which have led to the commencement of certain actions and proceedings, including, but not limited to, Affymetrix, Inc. v. Synteni, Inc. and lncyte Pharmaceuticals, Inc., Case Nos. C 99-21164 JF and C 99-21165 JF (N.D. Cal.); Incyte Genomics, Inc. v. Affymetrix, Inc., Case No. C 01- 20065 JF (N.D. Cal.); and the Incyte Opposition to European Patent No. EP 0619321 (collectively, the "Matters");

WHEREAS, in the Matters, Affymetrix alleges that Incyte infringes several of its patents, and Incyte denies such infringement, and Incyte alleges that Affymetrix infringes several of its patents, and Affymetrix denies such infringement;

WHEREAS, the Matters involve claims that numerous complex products and processes infringe numerous sophisticated patents;

WHEREAS, the Parties acknowledge that the litigation of the Matters involves substantial uncertainties;

WHEREAS, while the Parties disagree whether infringement exists in the Matters, each of the Parties acknowledges that there is substantial risk that it will be found to infringe the other's valid patents;

WHEREAS, the Parties have been involved in various other disputes involving Stanford University, which have led to the commencement of certain actions and proceedings, including, but not limited to, Incyte Pharmaceuticals, Inc., et al. v. Affymetrix, Inc., Case No. C 99-21111 JF (N.D. Cal.); Patrick 0. Brown, et al. v. Stephen P.A. Fodor, et al., Patent Interference No. 104,358 (Bd. of Patent App. and Inter.); Patrick 0. Brown, et al. v. Stephen P.A. Fodor, et al., Patent Interference No. 104,359 (Bd. of Patent App. and Inter.), the Affymetrix Opposition to European Patent No. EP B10804 731, and the Affymetrix opposition to Australian Patent No. AU709276 (2962/95) (collectively, the "Stanford Matters");

WHEREAS, the Parties desire to reach an amicable resolution of the Matters in a voluntary, convenient, efficient and expeditious manner; and

WHEREAS, contemporaneously with the execution of this Agreement, Incyte and Affymetrix have entered into the following agreements, all of even date herewith: an *** from *** to *** (the "***"), a *** Agreement under which *** with respect to certain of *** intellectual property (the "*** Agreement"), a *** Agreement from *** to *** (the "*** Agreement"), and an *** Agreement under which *** grants to *** licenses

with respect to certain of *** intellectual property (the "***"). The ***, the *** Agreement, the *** Agreement, and the *** are collectively referred to herein as the "Related Agreements".

NOW THEREFORE, for and in consideration of the complexity of the issues to be litigated and the substantial risks and uncertainties enumerated above, the Related Agreements, the promises contained herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Definitions.

1.1 General Terms. For purposes of this Agreement, the following terms have the meanings hereinafter indicated:

"Affymax" means Affymax, Inc., Affymax Research Institute, and/or any predecessor in interest or successor in interest to either of them.

"Affymetrix Patents" means (a) the Affymetrix Patents-In-Suit, (b) all patents and/or patent applications claiming priority to or common priority with the Affymetrix Patents-In-Suit, together with all continuations, continuations-in-part and divisionals of such patents and patent applications, and (c) all patents issuing from any patent application described in clause (b), and (d) all reissues, re-examinations, extensions and foreign counterparts of any of the foregoing patents and patent applications.

"Affymetrix Patents-In-Suit" means U.S. Patent Nos. 5,445,934, 5744,305, 5,800,992, 5,871,928 and 6,040,193.

"Affiliates" means any company, partnership, corporation or like entity, in any country, which, directly or indirectly (i) wholly or substantially owns or controls an entity, directly or indirectly, or (ii) is wholly or substantially owned or controlled by that entity, directly or indirectly, but for so long as such entity remains an Affiliate of a Party, and only if such Affiliate is bound by the terms of this Agreement. As used herein, substantial ownership or control means ownership or control of one hundred percent (100%) of the voting stock or equity of an entity and effective management control by contract or otherwise.

"Claims" means any and all claims, counterclaims, causes of action, demands, agreements, contracts, covenants, representations, warranties, promises, undertakings, actions, obligations, controversies, debts, costs, expenses, attorneys' fees, expert witness fees, court costs, accounts, damages, losses, injuries and liabilities, of whatever kind or nature, in law, equity, or otherwise, whether known or unknown, suspected or unsuspected, for or by reason of any matter, cause or thing whatsoever, whether sounding in contract, tort or otherwise.

"lncyte Patents" means (a) the Incyte Patents-In-Suit, (b) all patents and/or patent applications claiming priority to or common priority with the Incyte Patents-In-Suit, together with all continuations, continuations-in-part and divisionals of such patents, and/or patent applications; (c) all patents issuing from any patent application described in clause

(b), and (d) all reissues, re-examinations, extensions and foreign counterparts of any of the foregoing patents and patent applications.

"Incyte Patents-In-Suit" means U.S. Patent Nos. 5,716,785, 5,891,636, and 6,291,170.

"Matters" has the meaning specified in the Recitals, above.

"Stanford Matters" has the meaning specified in the Recitals.

2. Release by Incyte.

2.1 Except to the extent provided in Sections 8.7 and 9, and except as provided in Section 11, Incyte, for itself and its present and former officers, directors, employees, agents, assigns, predecessors, representatives, subsidiaries, affiliates, and divisions, (collectively, the "Incyte Releasing Parties"), does hereby forever and irrevocably release, acquit, discharge, and covenant not to sue or bring or maintain against Affymetrix, its present and former officers, directors, employees, predecessors, representatives, subsidiaries, affiliates and divisions (the "Affymetrix Released Parties") any Claims based upon events occurring up to and including the Effective Date that were or could have been asserted in the Matters or that relate to the patents that are licensed in the Related Agreements. This release specifically covers any claim voluntarily dismissed in the Matters, but excludes any claims or contentions relating to the Stanford Matters.

2.2 Except to the extent described in Section 2.5, Incyte, for itself and the other Incyte Releasing Parties, also hereby forever and irrevocably releases, acquits, and discharges, and covenants not to sue or bring or maintain any Claim against, any customers, collaborators, agents and users of any of the Affymetrix Released Parties that the Incyte Releasing Parties have, had, or may have against any of them exclusively arising out of the making, using, importing, selling, or offering to sell any Affymetrix microarray-related product manufactured by Affymetrix or the purchase of Affymetrix microarray-related services prior to and including the Effective Date. For the sake of clarity, "making, using, importing, selling, or offering to sell any Affymetrix microarray-related product manufactured by Affymetrix" shall include any activities performed in conjunction with using an Affymetrix microarray-related product manufactured by Affymetrix, but such release shall not extend to any such person's making, using, importing, selling or offering to sell any microarray-related products other than microarray-related products manufactured, or sold by Affymetrix.

2.3 Except to the extent described in Section 2.5, Incyte, for itself and the other Incyte Releasing Parties, also hereby forever and irrevocably releases, acquits and discharges, and covenants not to sue or bring or maintain any Claim against any customers, collaborators, agents or users of any of the Affymetrix Released Parties based upon the use of microarray-related products that were sold by Affymetrix on or before the Effective Date and used by such customer, collaborator, agent or user after the Effective Date. This release also specifically covers the use of data generated by the use of microarray-related products that were sold by Affymetrix on or before the Effective Date and used by such customer, collaborator, agent or user after the Effective Date.

2.4 The release by Incyte set forth in Sections 2.1, 2.2, and 2.3 shall be binding on any successors in interest to Incyte only with respect to Claims that were or could have been asserted by Incyte (expressly excluding claims that could only have been asserted by such successor in interest).

2.5 The release by Incyte set forth in Sections 2.2 and 2.3 does not include any release by Incyte of any Claim that it may have against Invitrogen Corporation.

3. Release by Affymetrix.

3.1 Except as provided in Section 11, Affymetrix, for itself and its present and former officers, directors, employees, agents, assigns, predecessors, representatives, subsidiaries, affiliates, and divisions, (collectively, the "Affymetrix Releasing Parties"), does hereby forever and irrevocably release, acquit, discharge, and covenant not to sue or bring or maintain against Incyte, its present and former officers, directors, employees, predecessors, representatives, subsidiaries, affiliates and divisions (the "Incyte Released Parties") any Claims based upon events occurring up to and including the Effective Date that were or could have been asserted in the Matters or that relate to the patents that are licensed in the Related Agreements. Notwithstanding the foregoing, it is expressly agreed and understood by the Parties that Incyte Released Parties does not include Patrick Brown or Stanford University, and also does not include *** except the release specifically covers any acts and/or omissions that *** performed within the course and scope of his employment with Incyte or Synteni. This release specifically covers any claim or matter dismissed in the Matters, but excludes any claims or contentions relating to the Stanford Matters. Affymetrix agrees not to bring any claim against *** for theft of trade secrets, misappropriation, fraud or any similar causes of action for a period of one (1) year after the Effective Date unless *** first initiates an action against Affymetrix. The Parties agree that if Affymetrix asserts such claims, Incyte will not assert any defenses such as laches, waiver, estoppel or any applicable statute of limitations based on Affymetrix's delay in filing such claims from the Effective Date of this Agreement and for the one (1) year period thereafter. Incyte expressly reserves all other defenses based on Affymetrix' s delay in filing such claims prior to the Effective Date.

3.2 Except to the extent described in Section 3.5, Affymetrix, for itself and the other Affymetrix Releasing Parties, also hereby forever and irrevocably releases, acquits, and discharges, and covenants not to sue or bring or maintain any Claim against, any customers, collaborators, agents and users of any of the Incyte Released Parties that the Affymetrix Releasing Parties have, had, or may have against any of them exclusively arising out of the making, using, importing, selling, or offering to sell any Incyte microarray-related product manufactured by Incyte or the purchase of Incyte microarray-related services prior to and including the Effective Date. For the sake of clarity, "making, using, importing, selling, or offering to sell any Incyte microarray-related product manufactured by Incyte" shall include any activities performed in conjunction with using an Incyte microarray-related product manufactured by Incyte, but such release shall not extend to any such person's making, using, importing, selling or offering to sell any microarray-related products other than microarray-related products manufactured or sold by Incyte.

3.3 Except to the extent described in Section 3.5, Affymetrix, for itself and the other Affymetrix Releasing Parties, also hereby forever and irrevocably releases, acquits, and discharges, and covenants not to sue or bring or maintain any Claim against any customers, collaborators, agents or users of any of the Incyte Released Parties based upon the use of microarray related products that were purchased from Incyte by such customer, collaborator, agent or user on or before the Effective Date and used by such customer, collaborator, agent, or user after the Effective Date. This release also specifically covers the use of data generated by the use of microarray-related products that were sold by Incyte on or before the Effective Date and used by such customer, collaborator, agent or user after the Effective Date.

3.4 The release by Affymetrix set forth in Sections 3.1, 3.2 and 3.3 shall be binding on any successors in interest to Affymetrix only with respect to Claims that were or could have been asserted by Affymetrix (expressly excluding claims that could only have been asserted by such successor in interest).

3.5 The release by Affymetrix set forth in Sections 3.2 and 3.3 does not include any release by Affymetrix of any Claim that it may have against *** or *** or any of their respective predecessors in interest or successors in interest, except with respect to the use by such entities of Incyte' s data for internal research purposes.

4. Section 1542 Waiver. The Incyte Releasing Parties and the Affymetrix Releasing Parties have each been fully advised by their respective attorneys of the contents of Section 1542 of the Civil Code of the State of California, which reads as follows:

> "Section 1542. (General Release - Claims Extinguished) A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The Incyte Releasing Parties and the Affymetrix Releasing Parties each expressly waive and relinquish all rights and benefits under Section 1542, and any similar law or common law principle of similar effect of any state or territory of the United States and any foreign jurisdiction, with respect to the Claims released hereby, and expressly consent that this Agreement will be given full force and effect according to each and all of its express terms and provisions based upon events occurring up to and including the Effective Date of this Agreement, including with respect to the release of any Claims that are unknown or unsuspected that the Incyte Releasing Parties or the Affymetrix Releasing Parties may have against any of the Released Parties.

5. Finality of Waiver. The Parties hereby expressly and knowingly acknowledge that each may, after execution of this Agreement, discover facts different from or in addition to those which each knows or believes to be true as of the Effective Date with respect to the Claims released in this Agreement. Nonetheless, each Party agrees that this Agreement shall be and remain in full force and effect in all respects, notwithstanding such different or additional facts. It is the intention hereby fully, finally, and forever to settle and release all such matters, and any and all Claims relating to the Matters, which do now exist or previously have existed by and among the Parties. In furtherance of such intention, the

releases given in this Agreement shall be and remain in effect as full and completed releases of such matters, notwithstanding the discovery by any of the Parties of the existence of any additional or different Claims or facts relating to the Claims occurring prior to and including the Effective Date of this Agreement. Similarly, in entering into this Agreement, each Party assumes the risk of mistake, and if either Party should subsequently discover that any fact it relied upon in entering into this Agreement was untrue, or that its understanding of the facts or law was incorrect, such Party shall not be entitled to set aside this Agreement or be entitled to recover any damages on that account. This Agreement, and the Releases it contains, is intended, pursuant to the advice of independently selected legal counsel, to be final and binding between and among the Parties to this Agreement regardless of any claims of mistake of fact or law or of any other circumstances whatsoever.

6. Dismissals/Withdrawals.

6.1 Except as provided in Section 11, the Parties agree to dismiss with prejudice all Claims asserted against one another in the Matters.

6.2 The Parties agree that within three (3) business days of the execution of this Agreement, they will jointly sign and file with the United States District Court for the Northern District of California the Stipulation and [Proposed] Order of Dismissal With Prejudice attached hereto as Exhibit A.

6.3 In the event that the Court has not entered the Stipulation and [Proposed] Order of Dismissal With Prejudice in substantially the form set forth in Exhibit A within thirty (30) days after its filing, the Parties agree to contact the Court jointly and use their best efforts in order to expedite entry of the Stipulation and [Proposed] Order of Dismissal With Prejudice.

6.4 Either Party shall have the right to terminate this Agreement and the Related Agreements should (i) the Court not enter the Stipulation and [Proposed] Order of Dismissal With Prejudice in substantially the form set forth in Exhibit A or (ii) any other government agency or other entity prevents the Court's entry of such Stipulation and [Proposed] Order of Dismissal With Prejudice. In the event of termination pursuant to this section:

(a) Any Party who has received a payment from the other Party pursuant to this Agreement, or the Related Agreements, must return the payment within seven (7) business days.

(b) Each Party reserves its rights to seek an extension of the discovery period in the Matters based upon, but not limited to, any arguments that existed prior to the Effective Date.

6.5 Incyte agrees to take, within fourteen (14) days after the entry of the Stipulation and [Proposed] Order of Dismissal With Prejudice, all necessary steps to withdraw from, discontinue, terminate or dismiss the Incyte Opposition to European Patent No. EP 0619321 and that it will not further participate directly or indirectly in such opposition.

6.6 The Parties represent and warrant that there are no adverse proceedings between them that are filed, pending or planned other than the Matters and the Stanford

Matters. If any adverse proceeding was omitted from the Matters and the Stanford Matters, the parties intend to settle any such litigation, proceeding or action and therefore agree to take all necessary steps to withdraw from, discontinue, terminate or dismiss such omitted adverse proceeding.

7. Payment by Affymetrix.

7.1 Affymetrix hereby agrees to pay Four Million Five Hundred Thousand Dollars ($4,500,000) to Incyte as past damages with respect to the Layton Patent Rights [as such term is defined in the *** Agreement] within thirty (30) days after the Effective Date by wire transfer in immediately available federal funds to an account designated in writing by Incyte.

8. Representations and Indemnities.

8.1 Each Party to this Agreement represents and warrants to the others that, as of the date hereof, it is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite power and authority, corporate or otherwise, to execute, deliver and perform this Agreement and all Related Agreements. This Agreement and each of the Related Agreements is a legal, valid and binding obligation enforceable against each of the Parties in accordance with its terms and conditions, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws, from time to time in effect, affecting creditor's rights generally and by general principles of equity.

8.2 Each Party to this Agreement represents and warrants that it has not assigned or transferred any portion of any Claims released under this Agreement to any other person, individual, firm, corporation or entity. Each Party to this Agreement further represents and warrants that no other person, individual, firm, corporation or entity has any lien, right, claim or interest in any Claims released under this Agreement with the exception of the interests of Stanford University, Patrick Brown and Dari Shalon in Counterclaim III for a Declaration That Synteni Or Dari Shalon Have Not Misappropriated Any Of Affymetrix's Trade Secrets. Each Party to this Agreement shall indemnify, defend, and hold harmless any other Party to or beneficiary of this Agreement from and against any and all Claims arising out of, related to, or connected with any prior assignment or transfer, or any purported assignment or transfer, of any Claims released under this Agreement or breach of the warranties provided herein.

8.3 Except for statements expressly set forth in this Agreement, no Party has made any statement or representation to any other Party regarding a fact relied upon by the other Party in entering into this Agreement and no Party has relied upon any statement, representation, or promise of any other Party, or of any representative or attorney for any other Party, in executing this Agreement or in making the settlement provided for in this Agreement.

8.4 Incyte represents and warrants to Affymetrix and the Affymetrix Released Parties that, as of the date hereof, it is the successor, owner, and assignee of Synteni, Inc. and has all requisite power and authority, corporate or otherwise, to release and discharge all Claims on Synteni's behalf under Section 2.1, 2.2, and 2.3 to the extent such Claims exist.

Incyte shall indemnify, defend, and hold harmless Affymetrix, each of the Affymetrix Released Parties, and each beneficiary of this Agreement from and against any and all Claims arising out of, related to, or connected with any breach or failure of this representation and warranty.

8.5 Incyte represents and warrants to Affymetrix and the Affymetrix Released Parties that, as of the date hereof, it possesses the right to assert the Incyte Patents, and has all requisite power and authority, corporate or otherwise, to release and discharge any and all Claims relating to infringement of the Incyte Patents under Sections 2.1, 2.2, and 2.3 to the extent such Claims exist. Incyte shall indemnify, defend, and hold harmless Affymetrix, each of the Affymetrix Released Parties, and each beneficiary of this Agreement from and against any and all Claims arising out of, related to, or connected with any breach or failure of this representation and warranty.

8.6 Affymetrix represents and warrants to Incyte and the Incyte Released Parties that, as of the date hereof, that Affymetrix has all the requisite power and authority, corporate or otherwise, to release and discharge all Claims on Affymax' behalf under Sections 3.1,3.2 and 3.3 to the extent that such Claims exist. Affymetrix shall indemnify, defend and hold harmless Incyte, each of the Incyte Released Parties and each beneficiary of this Agreement from and against any and all claims arising out of, related to or connected with any breach or failure of this representation and warranty.

8.7 Incyte represents and warrants to Affymetrix and the Affymetrix Released Parties that under Incyte's license agreement with Stanford University ("Stanford"), effective March 24, 1995, as amended (the "Stanford Agreement"), Incyte is obligated to (a) *** with the *** and *** of *** and *** licensed to Incyte under the Stanford Agreement, including but not limited to *** involving such *** and *** and appeals thereof; (b) take all steps necessary to protect the enforceability of such patents; (c) file all documents and provide all reasonable assistance to Stanford in connection with any of the foregoing, and (d) ***. Incyte further represents and warrants to Affymetrix and the Affymetrix Released Parties that Stanford has communicated to Incyte that *** of the Stanford Matters *** and *** from the Stanford Matters would constitute *** described in the previous sentence. Incyte shall indemnify, defend, and hold harmless Affymetrix, each of the Affymetrix Released Parties, and each beneficiary of this Agreement from and against any and all Claims arising out of, related to, or connected with any breach or failure of this representation and warranty:

8.8 Incyte waives any and all rights or interests it may have based on paragraphs 4.1 and 4.3 of the Loan Agreement between Incyte and *** dated May 7, 1999 (the "*** Agreement"), or any other agreement, which would require or otherwise provide incentive, either positive or negative, to *** to provoke or maintain interference proceedings in the U.S. Patent and Trademark Office or any other adverse proceedings against patent applications or patents assigned to Affymetrix, and agrees not to (i) enforce any such rights it may have to require or otherwise provide incentive, either positive or negative, to *** to provoke or maintain such interference proceedings or (ii) require any monetary compensation in connection with the settlement or resolution of any interference proceeding brought by *** against Affymetrix. Incyte agrees to notify *** in writing of this

provision, and agrees that Affymetrix may show this provision to ***, but not any other provision of this Agreement or any other agreement between Incyte and Affymetrix. Incyte shall also execute and deliver to Affymetrix on or before January 15, 2002 a release letter in the form to be mutually agreed to by the Parties for the benefit of ***. Incyte expressly reserves all other rights in the *** Agreement.

8.9 Within ten (10) court days of the Effective Date, Affymetrix will cause Affymax to file a Request for Dismissal with Prejudice of Affymax' Complaint For Breach Of Contract; Intentional Interference With Contractual Relations; And Inducing Breach of Contract, Case No. CV 803311, filed on November 21,2001, against Michael Pirrung, Incyte Genomics, Howrey Simon Arnold & White, and Does 1 through 10 in the Superior Court of the State of California for the County of Santa Clara.

9. Stanford Matters.

Incyte agrees that it will *** the Stanford Matters to the ***.

10. Cross-Default.

Except as provided in any provisions of the Related Agreements, the Parties acknowledge and agree that a breach or default under any of such Related Agreements shall not constitute a breach or default under any other Related Agreement nor under this Agreement.

11. Reservation of Rights.

Nothing in this Agreement or the Related Agreements shall be interpreted as an admission by either party of the validity or invalidity of any patent, or as an admission by either party of its direct or contributory or inducement of infringement of any patent, or as an admission by either party of any issue relating to the Matters or Stanford Matters. Notwithstanding any other provision in this Agreement or the Related Agreements, it is expressly understood that neither party is waiving or has waived any Claim or affirmative defense that any patents are valid, invalid, enforceable, or unenforceable, including any Claim or affirmative defense based upon the factual allegations made in the Matters or the Stanford Matters which each party expressly reserves.

12. Miscellaneous.

12.1 The Parties agree to keep the terms of this Agreement and the Related Agreements confidential, and agree not to disclose the terms of this Agreement and the Related Agreements, except pursuant to a mutually-agreed press release, and except as may be (i) necessary for the purpose of enforcing any provision of this Agreement or a Related Agreement, (ii) required by law or any regulatory body, and (iii) to the outside counsel of any third party undertaking a bona fide due diligence exercise in connection with the business of either Party or the purchase of substantially all of the assets of the other party, but only where a mutually satisfactory confidentiality agreement has been signed. Notwithstanding the foregoing, both Parties may agree to inform any court with jurisdiction over the Matters or Stanford Matters of the existence of a settlement and the Parties may file this Agreement and any other Related Agreements in the U.S. Patent office as required

under 35 U.S.C. ss. 135(c). If this Agreement or any of the Related Agreements is sought in;. discovery, the Party responding to discovery shall make its best efforts to maintain the confidentiality of the Agreement, and in the event that a court orders production of the Agreement, to ensure that it is produced with a restriction providing that it can be seen and/or discussed only by outside counsel of the requesting party.

12.2 Each Party represents and acknowledges that it has read this Agreement and fully understands and agrees to its terms, and that each Party has been represented by counsel in connection with the negotiation and execution of this Agreement.

12.3 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.4 The Parties agree that this Agreement will be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of laws principles of such State.

12.5 This Agreement and the Related Agreements contain the entire agreement among the Parties with respect to the matters contained herein, and may be amended only by written agreement signed by the Parties to the Agreement. The provisions of all of such agreements shall be construed together so as to give effect to the provisions of each of the agreements to the greatest extent possible.

12.6 Except to the extent provided in Sections 2.2, 2.3, 3.2, 3.3 and 8.7, this Agreement is intended only for the benefit of the Parties hereto, the Incyte Released Parties and the Affymetrix Released Parties and no other person or entity is entitled to any rights or benefits hereunder.

12.7 Each Party shall perform any further acts, and sign and deliver any further instruments and documents, as may be required to accomplish the purposes of this Agreement; provided, however, that nothing in this provision shall be interpreted to modify any of the specific terms of this Agreement.

12.8 Any notice, requests, delivery, approval or consent required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person, transmitted by commercial overnight courier, or transmitted by telex telegram or telecopy (facsimile, with confirmed receipt) to the Party to whom it is directed at its address shown below or such other address as such Party shall have last given by notice to the other Parties (referred to herein as "notice"). All notices shall be effective upon receipt.

If to Incyte: FAX Number: 650-845-4500
Incyte Genomics, Inc.
3160 Porter Drive
Palo Alto, California 94303
Attention: Paul A. Friedman, M.D., CEO

with a copy to: Incyte Genomics, Inc.

3160 Porter Drive
Palo Alto, California 94303
Attention: Lee Bendekgey, General Counsel

If to Affymetrix: FAX Number: 408-481-0422
Affymetrix, Inc.
3380 Central Expressway
Santa Clara, California 95051
Attention: Stephen P.A. Fodor, Ph.D.

with a copy to: Affymetrix, Inc.
3380 Central Expressway
Santa Clara, California 95051
Attention: Barbara A. Caulfield, Esq.

12.9 No Party hereto shall assign or delegate any of its rights or obligations hereunder without the prior, written consent of the other Party, which the other Party may withhold in its sole and absolute discretion, except that no such consent shall be required with respect to a merger, consolidation, reorganization, sale of stock or sale of substantially all of the business and assets of a Party. This Agreement shall be binding upon the permitted successors and permitted assigns of the Party. Any assignment not in accordance with the above shall be void.

12.10 The prevailing Party in any action to enforce this Agreement will be entitled to recover its attorney's fees and costs in connection with such action.

12.11 Within 90 days after final judgment and appeal or final settlement of Case No. C 99-21111, the Parties will return and/or destroy all documents and materials produced in the various actions, and will certify their destruction and/or return to the other Party, and comply with Section VII of the Stipulation and Amended Protective Order for Confidential Documents, Testimony and Information in Cases C 99-21164, C-99- 21165 and C 99-21111 and Amended Protective Order for Confidential Documents, Testimony and Information in Case C 01-20065. The Parties hereby confirm that, consistent with the terms of the Protective Orders in the Matters and in Incyte Pharmaceuticals, Inc., et al. v. Affymetrix, Inc., Case No. C 99-21111 IF (N.D. Cal.), the Parties will not disclose or use any documents, testimony or other information designated by the other Party under the Protective Orders except as permitted by the Protective Orders.

12.12 Incyte and Affymetrix agree that they will not use any information or materials obtained pursuant to the Protective Orders in the Matters or Stanford Matters except in those matters, and that they will not disclose any such information or materials to, or use them on behalf of, any other person or entity, except as permitted by the Protective Orders referenced in Section 12.11.

12.13 Except to the extent specifically provided in any of the Related Agreements, Incyte and Affymetrix agree that for a period of one (1) year from the Effective Date neither Incyte nor Affymetrix will initiate, sponsor, finance or participate in any court proceeding or arbitration against the other Party relating to intellectual property rights.

12.14 During the two year period commencing on the first anniversary of the Effective Date, neither Incyte nor Affymetrix will initiate, sponsor, finance or participate in any court proceeding or arbitration relating to the intellectual property rights against the other Party without first engaging in the following procedures:

(a) The Party which desires to initiate, sponsor, finance or participate in any such court proceeding or arbitration shall first notify the other Party in writing of its intention to do so, which notice shall contain a brief but reasonably complete description of the nature of the claims to be brought in such court proceeding or arbitration (the "Dispute Notice").

(b) During a period of ninety (90) days from the date of the Dispute Notice, the Chief Executive Officers of Incyte and Affymetrix shall discuss the matters described in the Dispute Notice with a view to resolving such matters in a manner satisfactory to the Parties. If, at the conclusion of such ninety-day period no resolution has been reached, either Party may initiate, sponsor, finance or participate in any court proceeding or arbitration legally available to it.

12.15 In the event of any controversy or claim relating to, arising out of or in any way connected to any provision of this Agreement ("Dispute"), except for any proceedings in the United States Patent Office, the Parties shall seek to settle their differences amicably between themselves. Any unresolved Dispute shall be resolved by arbitration under 35 U.S.C. 294. The parties agree that under 35 U.S.C. 294(c), in the event a patent which is the subject of an arbitration award is subsequently determined to be invalid or unenforceable by a court or governmental body of competent jurisdiction from which no appeal can or has been taken such arbitration award may be modified by any court of competent jurisdiction upon application by a party to the arbitration. Whenever a Party shall decide to institute arbitration proceedings, it shall give written notice to that effect to the other Party. The Party giving such notice shall refrain from instituting the arbitration proceedings for a period of ten (10) days following such notice to allow the Parties to attempt to resolve the Dispute between themselves. If the Parties are still unable to resolve the dispute, the Party giving notice may institute the arbitration proceeding before JAMS or its successor pursuant to the United States Arbitration Act 9 U.S.C. ss. 1 et seq. Arbitration shall be held in the San Francisco Bay Area of California. The arbitration shall be conducted in accordance with the provisions of JAMS Comprehensive Arbitration Rules and Procedures before a single arbitrator mutually chosen by the Parties, but if the parties have not agreed upon a single arbitrator within fifteen (15) days after notice of the institution of the arbitration, then a single arbitrator shall be chosen under JAMS rules from neutrals who have experience trying patent cases. All arbitrator(s) eligible to conduct the arbitration must undertake in writing as a condition of service to render their opinion(s) promptly after the final arbitration hearing and to provide a reasoned written opinion setting forth the findings of fact and conclusions of law. No arbitrator shall have the power to award punitive damages or any award of multiple damages under this Agreement and such awards are expressly prohibited. Judgment on the award of the arbitrator(s) may be entered County of Santa Clara, California. Except to the extent entry of judgment and any subsequent enforcement may require disclosure, or except as required by law, all matters relating to the arbitration, including the award, shall be held in confidence by the Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in counterparts as of the date first written above.

Dated: AFFYMETRIX, INC.

12/21/01 By: /s/ Barbara A. Caulfield

Name: BARBARA A. CAULFIELD

Title: Exec. V.P. & G.G.

Dated: INCYTE GENOMICS, INC.

December 21, 2001 By: /s/ Lee Bendedgey

Name: LEE BENDEDGEY

Title: Executive Vice President

Dated:

Dated:

Exhibit A

Stipulation and [Proposed] Order of Dismissal

IRELL & MANELLA LLP
Morgan Chu (SBN 70446)
Richard de Bodo (SBN 128199)
Jeffrey L. Arrington (SBN 139435)
1800 Avenue of the Stars
Los Angeles, California 90067-4276

Attorneys for Affymetrix, Inc.

HOWREY SIMON ARNOLD & WHITE, LLP
Robert P. Taylor (SBN 46046)
Teresa M. Corbin (SBN 132360)
Don F. Livornese (SBN 125934)
301 Ravenswood Avenue
Menlo Park, CA 94025

Attorneys for Incyte Genomics, Inc., Incyte Pharmaceuticals, Inc., and Synteni, Inc.

OTHER COUNSEL LISTED ON SIGNATURE PAGE

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

AFFYMETRIX, INC.,	Civil Action No. C 99-21164 (JF)
Plaintiff/Counterdefendant,	Civil Action No. C 99-21165 (JF)
vs.	Civil Action No. C 01-20065 (JF)
SYNTENI, INC. and INCYTE	STIPULATION AND [PROPOSED]
PHARMACEUTICALS, INC.,	ORDER OF DISMISSAL
Defendants/Counterclaimant.	
AND RELATED ACTIONS	

WHEREAS Affymetrix, Inc. ("Affymetrix") and Incyte Genomics, Inc., Incyte Pharmaceuticals, Inc., and Synteni, Inc. (collectively, "Incyte") have entered into a confidential settlement which provides a basis for conclusion of these actions;

THEREFORE, THE PARTIES HEREBY STIPULATE AND AGREE, through their counsel of record, that:

1. All claims, defenses, and counterclaims in Case Nos. C 99-21164,

   C 99-21165, and C 01-20065 are hereby dismissed with prejudice. However, it is 11 expressly understood that neither party is admitting the validity or invalidity of any patent, or its direct, contributory, or inducement of infringement of any patent, or any issue relating to the above-captioned actions or Case No. C 99- 21111. It is further expressly understood that neither party is waiving or has waived any claim, affirmative defense or contention that any patents are valid, invalid, enforceable or unenforceable, including any claim, affirmative defense or contention based upon the factual allegations made in the above captioned-actions or in Case No. C 99-21111. Each party expressly reserves such issues, contentions, claims and/or defenses.

2. The parties do not accept, admit, or waive any issue, matter, or position raised in or relating to these above-captioned actions.

3. Each party shall bear its own attorneys' fees and costs of suit.

4. Case No. C 99-21111 is not being settled or dismissed at this time. Neither party shall be required to comply with Paragraph VII of the Stipulations and Amended Protective Orders for Confidential Documents, Testimony and Information in Case Nos. C 99-21164, C 99-21165, C 99-21111 and C 01-20065 until final termination or settlement of Case No. C 99-21111.

5. This Court shall retain jurisdiction over the implementation of the parties' settlement, including retaining jurisdiction to order any appropriate remedy under law or equity.

Dated: December __, 2001 IRELL & MANELLA LLP

By:

Richard de Bodo
Attorneys for Affymetrix

Dated: December __, 2001 HOWREY SIMON ARNOLD & WHITE LLP

By:

Teresa M. Corbin

Dated: December __, 2001 SHEARMAN & STERLING

By:

Vicki S. Veenker

Attorneys for Incyte Genomics, Inc.
Incyte Pharmaceuticals, Inc., and
Synteni, Inc.

ORDER

IT IS SO ORDERED.

Dated:

HON. JEREMY FOGEL
UNITED STATES DISTRICT JUDGE

EXHIBIT 10.35

LEASE

BY AND BETWEEN

E. I. DU PONT DE NEMOURS AND COMPANY

AND

INCYTE GENOMICS, INC.

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EXHIBITS

INDEX OF DEFINED TERMS

LEASE AGREEMENT

1. DATE OF LEASE; PARTIES. THIS LEASE AGREEMENT (this "Lease") is made this 28th day of February, 2002, by and between E. I. DU PONT DE NEMOURS AND COMPANY, a Delaware corporation ("LANDLORD"), and INCYTE GENOMICS, INC., a Delaware corporation ("TENANT").

2. LEASED PREMISES.

(a) LEASED PREMISES. LANDLORD hereby leases to TENANT, and TENANT hereby rents from LANDLORD, a portion of Building 300 (the "Building 300 Space") and Building 112 ("Building 112, each of which is more particularly shown on Exhibit "A" attached hereto and made a part hereof. The Building 300 Space and Building 112 are all located within LANDLORD's Stine-Haskell Research Center situated at 1090 Elkton Road in the City of Newark, County of New Castle, State of Delaware ("Shared Site"). The Building 300 Space contains approximately 32,557 rentable square feet, and Building 112 contains approximately 14,415 rentable square feet. The leasing of the Building 300 Space and Building 112 includes (i) all laboratory hoods and work bench stations (and appurtenances to the foregoing, but excluding detachable biosafety cabinets), if any, located therein and all other property located therein which, by reason of intention, annexation, unity, attachment or adaptation for particular use, may fairly be deemed fixtures under applicable law ("Fixtures"), (ii) the right to use the parking spaces shown on Exhibit "A" ("Parking Spaces"), and (iii) the right, in common with LANDLORD and other occupants of the Shared Site, to use internal roads, driveways, sidewalks, loading areas, lobbies, hallways and other appurtenances of the Shared Site commonly used by the occupants of the Shared Site, including without limitation the library, Conference Room S300/202 and the lunchroom located in Building 300 (collectively, "Common Areas") (the Building 300 Space and Building 112, together with the Fixtures, the Parking Spaces and the Common Areas is hereinafter collectively referred to as the "LEASED PREMISES"). TENANT acknowledges that, except as expressly set forth in this Lease, TENANT is not relying on any statement or representation that has been made by LANDLORD or any of LANDLORD's employees, agents, attorneys or representatives concerning the condition of the LEASED PREMISES (whether relating to physical conditions, operation, performance or legal matters (other than matters relating to title)).

(b) Additional Space. If, during the Initial Term of this Lease, LANDLORD shall receive, and wish to accept, a bona fide offer for the lease of any or all of Building 115 on the Shared Site ("Building 115"), or shall desire to use Building 115 for its own purposes, LANDLORD shall first notify TENANT in writing of such offer or desire. In such event, LANDLORD hereby gives and grants unto TENANT the right of first refusal to lease Building 115. If TENANT wishes to exercise such right, TENANT shall notify LANDLORD of its intent to lease Building 115 within 10 days following TENANT's receipt of LANDLORD's notice. If TENANT does exercises such right, LANDLORD shall be obligated to lease Building 115 to TENANT on the date specified in TENANT's exercise notice, which date (the "Building 115 Delivery Date") shall be no later than 20 days after the date of TENANT's exercise notice.

Effective on the Building 115 Delivery Date, (i) Building 115 shall be added to and become a part of the LEASED PREMISES, (ii) the representations and warranties of LANDLORD in Paragraph 9 below shall be deemed to be re-made with respect to Building 115, (iii) the base rent for Building 115 shall be the same per rentable square foot rent as is then charged for the balance of the LEASED PREMISES, and (iv) Building 115 shall be governed by all of the provisions of this Lease. The lease of Building 115 shall include all Fixtures, the right to use the Parking Spaces, and the right, in common with LANDLORD and other occupants of the Shared Site, to use the Common Areas. Should TENANT fail to notify LANDLORD within the prescribed 10 day period, LANDLORD shall be free to lease Building 115, free and clear of all restrictions otherwise imposed by this subparagraph 2(b). Notwithstanding that TENANT should fail or refuse to exercise its right of first refusal, if Building 115 is not leased or used by LANDLORD within three months after LANDLORD's notice, then TENANT's right of first refusal and provisions of this subparagraph 2(d) shall be reinstated.

(c) BOMA Measurement. TENANT shall have the option during the term of this Lease to have a licensed architect measure the rentable square footage of the portions of space comprising the LEASED PREMISES in accordance with the most current BOMA standards for multi-tenant buildings. If such measurement demonstrates that the actual rentable square footage of the any portion of the LEASED PREMISES is less than the approximate rentable square footage set forth the preceding subparagraphs of this Paragraph 1, then the rent and all other obligations of TENANT determined as a result of rentable square footage shall automatically be reduced from and after the date TENANT delivers such architect's calculation to LANDLORD.

3. TERM.

(a) Initial Term. The initial term of this Lease (the "Initial Term") shall commence on the Commencement Date (as defined below) and shall end on the date ("Expiration Date") which is the last day of the month in which the second anniversary of the Final Space Delivery Date (as defined below) occurs, subject to the terms of subparagraphs 3(b), 3(c) and 3(d) below. The parties expect that LANDLORD will deliver possession of the portions of space comprising the LEASED PREMISES in accordance with the provisions of this Lease on the following dates:

Space	Expected Delivery Date
Building 300 Space	March 15, 2002 ("Building 300 Delivery Date")
Building 112	March 15, 2002 ("Building 112 Delivery Date")

A Delivery Date will not be deemed to have occurred until LANDLORD (or a third party with whom LANDLORD has contracted) has substantially completed any work required to be performed in the portions of space comprising the LEASED PREMISES prior to TENANT's occupancy, including without limitation the telecommunications work described in subparagraph 6(e) below and the decommissioning work described in subparagraph 9(a) below, and exclusive possession thereof has been delivered to TENANT. The first to occur of the Building 300 Delivery Date and the Building 112 Delivery Date shall be the "Commencement Date." The last to occur of the Building 300 Delivery Date and the Building 112 Delivery Date shall be the "Final Space Delivery Date." Once the Commencement Date and Final Space

Delivery Date occur, LANDLORD and TENANT shall execute a written confirmation of such dates and the Expiration Date.

(b) Extension Option. TENANT may extend the term of this Lease on two occasions, for a period of three (3) months in each case (each, a "Renewal Term"), by giving LANDLORD at least ninety (90) days' written notice and provided that no Event of Default has occurred and is continuing. The extension must be exercised in the manner specifically set forth in this subparagraph 3(b), or it shall be deemed waived and all of TENANT's rights with respect thereto shall wholly cease, terminate and expire. Time shall be of the essence in connection with the exercise and the delivery of any extension notice by TENANT hereunder. Any such notice shall be irrevocable upon delivery thereof.

(c) Postponement of Delivery Dates. The Building 300 Delivery Date and the Building 112 Delivery Date, rent and TENANT's other obligations with respect to each such space shall be postponed to the extent LANDLORD fails to deliver possession of the applicable space by the expected delivery date set forth in subparagraph 3(a) above in the condition required by this Lease, including without limitation Paragraph 9 hereof, whether due to the holding over by a prior occupant or otherwise. If either of the Building 300 Delivery Date or the Building 112 Delivery Date is postponed for more than thirty (30) days, TENANT shall have the option, by giving LANDLORD written notice, to terminate this Lease with respect to the applicable space, in which event this Lease shall continue in full force and effect only with respect to the remaining space.

(d) TENANT's Early Access. LANDLORD shall permit TENANT to enter all or any portion of the LEASED PREMISES as soon as possible following the execution of this Lease in order to permit TENANT to perform certain work to prepare the LEASED PREMISES for TENANT's occupancy. If LANDLORD or any third party is still performing any work at a time when TENANT is granted early access to a portion of space comprising the LEASED PREMISES, TENANT shall not interfere with such ongoing work. During any such early access period, TENANT shall comply with all the terms and conditions of this Lease, but TENANT shall not be obligated to pay rent during such period.

4. RENT.

(a) Base Rent. Beginning on the Building 300 Space Delivery Date and the Building 112 Delivery Date, and thereafter on the first business day of each calendar month during the Initial Term, TENANT shall pay to LANDLORD for the Building 300 Space and Building 112, respectively, as monthly base rent (exclusive of water, sewer and electric), the amounts set forth on Exhibit "B" attached hereto (except that for any partial calendar month during the Initial Term for which base rent shall be due and payable under this Lease, the base rent shall be apportioned based on the number of days in such month). The parties agree that base rent includes payment of the utilities and ancillary rent services to be provided to TENANT by LANDLORD pursuant to Exhibit "E" (exclusive of water, sewer and electric). The portion of base rent attributable to such utilities and ancillary rent services may be adjusted following the outsourcing of any utilities or services or adjusted to account for: any change in the cost of complying with any law affecting the provision of a utility or service; any material change to the nature of a utility or service; reasonably anticipated changes (based on experience or expected

developments) in the historical cost or reasonably anticipated change in the cost to LANDLORD of providing any utilities or services; and/or the cost of any capital improvements for the benefit of the TENANT.

(b) Place of Payment. All payments of base rent and other sums required to be paid to LANDLORD hereunder shall be in lawful money of the United States of America and shall be paid to LANDLORD at the address set forth in the Paragraph 24 hereof, or to such other person and/or at such other place as LANDLORD may designate from time to time.

(c) Additional Rent. During the term hereof, TENANT shall pay to LANDLORD, as additional rent (together with all other amounts payable by TENANT hereunder other than base rent payable under subparagraph 4(a), "Additional Rent"), charges for water, sewer and electric, each of which will be metered as described in Exhibit "E" (the "Shared Utilities and Ancillary Rent Services Exhibit"). Charges for water, sewer and electric may be adjusted by LANDLORD to reflect any change in the cost imposed upon LANDLORD by a third party provider.

(d) No Payment for Common Costs. Except for charges for water, sewer and electric, TENANT's payment of base rent shall include all amounts payable by TENANT for its use of the Common Areas and the other services to be provided to TENANT as described in the Shared Utilities and Ancillary Rent Services Exhibit.

(e) Government Incentive Programs. LANDLORD acknowledges that TENANT is eligible for, and may receive, tax abatements, tax credits, grants or other governmental or publicly-supported financial awards (collectively, "Incentive Payments") for locating TENANT's business in the State of Delaware. LANDLORD shall cooperate with TENANT in procuring any Incentive Payments for which TENANT is eligible, and to the extent that any such Incentive Payments intended for TENANT are awarded to LANDLORD (as, for example, an abatement of Taxes attributable to LANDLORD's ownership of the Shared Site) the entire economic benefit of such Incentive Payments shall be passed through to TENANT as a reduction in base rent or in another manner mutually agreed upon by LANDLORD and TENANT. In the event that any such Incentive Payments are awarded to LANDLORD and passed through to TENANT, TENANT shall have the right to inspect, upon reasonable prior notice and at reasonable times, LANDLORD's books and records relating to such Incentive Payments. In no event shall TENANT have any right to, or claim upon, any Incentive Payments for which LANDLORD may be separately eligible, the parties hereby agreeing that this subparagraph 4(e) only applies to Incentive Payments clearly intended for TENANT.

(f) Invoicing for Water, Sewer and Electric. LANDLORD shall have the option of issuing invoices to TENANT on a monthly or quarterly basis. Each such invoice shall set forth the amount of the total fee for water, sewer and electric due for such month or quarter, as applicable. Payment terms are net 30 days of invoice receipt. TENANT shall not be entitled to set off or reduce its payments to LANDLORD by any amounts TENANT claims are owed to it by LANDLORD. The parties will implement arrangements to provide for electronic funds transfer on customary terms for such payments. Upon the termination of this Lease, there will be a final accounting, and each party shall promptly pay to the other any amounts owed. Undisputed late payment shall bear an interest on the amount paid late at the prime rate of

interest announced publicly from time to time in New York City, New York, U.S.A. by Morgan Guaranty Trust prorated for the number of days such overdue amounts are outstanding.

5. USE OF PREMISES.

(a) Permitted Uses. Subject to the further provisions of this Paragraph 5, TENANT may use and occupy the LEASED PREMISES for general office purposes and chemical and biological research and development, including related functions.

(b) Access. LANDLORD shall provide TENANT and its invitees with full and complete ingress and egress to the LEASED PREMISES across LANDLORD's lands and properties on a 24 hour per day, seven day per week basis. Notwithstanding the foregoing, in the event TENANT is prohibited from using its usual means of ingress and egress to the LEASED PREMISES for any reason (including without limitation, maintenance being performed at the Shared Site), LANDLORD may provide TENANT with an alternate route of ingress and egress to the LEASED PREMISES regardless of whether such route is more circuitous. LANDLORD shall provide TENANT, as a service pursuant to this Paragraph 5, with parking based on an allocation of parking spaces of three and one-half (3.5) parking spaces per 1,000 square feet of leased space within the LEASED PREMISES. LANDLORD shall not charge any fee to TENANT for the use of such parking spaces.

(c) Occupancy of LEASED PREMISES. TENANT shall not permit the LEASED PREMISES to become or remain vacant or unoccupied for a period of time exceeding six (6) months, except as may be necessary in connection with alterations, improvements or replacements made pursuant to Paragraphs 10 or 11 hereof.

(d) Compliance With Laws. TENANT shall comply at TENANT's sole cost and expense with all applicable federal, state, county and local laws, codes, ordinances and regulations, and with the rules or regulations of any applicable Local Board of Underwriters, with respect to use and occupancy of the LEASED PREMISES; provided, however, to the extent any capital improvements or replacements are required to be made to any portion of the LEASED PREMISES in order to comply with any of the foregoing, TENANT shall only be responsible for capital improvements and replacements required by TENANT's manner of use of the LEASED PREMISES.

(e) Rules and Regulations. TENANT shall comply with DuPont's PSGs (as defined in subparagraph 5(g) below) and any other of LANDLORD's rules and regulations that are applicable to the LEASED PREMISES and the Shared Site ("Rules and Regulations"). Any such Rules and Regulations shall be reasonable and consistent in all material respects with the rules and regulations applicable to any occupants of any other premises on the Shared Site, including LANDLORD. The current Rules and Regulations are attached as a part of Exhibit "C." LANDLORD shall provide TENANT reasonable advance notice of all changes in LANDLORD's Rules and Regulations. Notwithstanding the foregoing, in the event of any inconsistencies between the terms and conditions of this Lease and the Rules and Regulations, the terms and conditions of this Lease shall prevail, and the Rules and Regulations shall not apply to TENANT to the extent that they unreasonably interfere with, or make materially more

costly, TENANT's permitted uses of the LEASED PREMISES as provided in subparagraph 5(a) hereof.

(f) Hazardous Substances. Any use, production, storage, deposit or disposal of Hazardous Substances (as defined in subparagraph 5(g) below) by TENANT on any portion of the LEASED PREMISES shall be performed or accomplished in accordance with all Environmental Laws (as defined in subparagraph 5(g) below). Unless otherwise agreed to by LANDLORD, TENANT, during and upon termination of this Lease, shall promptly remove all such Hazardous Substances used, produced, or stored on site by TENANT from the LEASED PREMISES in accordance with all Environmental Laws.

(g) Environmental Matters.

(i) Certain Defined Terms. As used in this Lease, the following terms have the following meanings (such meanings equally to be applicable to the singular as well as the plural form of the terms defined):

(1) "DuPont's PSGs" means those SHE Policies, Standards and Guidelines and Security Policies and Standards as implemented at the facility as of the date hereof and described in Exhibit "C," a copy of which has been provided to TENANT.

(2) "Environment" means any surface water, groundwater, drinking water supply, land surface or subsurface strata, or ambient air.

(3) "Environmental Claim" means any claim, action, cause of action, investigation, demand, order, directive or written notice by or on behalf of, any Governmental Authority or any other individual, corporation, limited liability company, partnership, trust or other entity, or former employee, alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, medical monitoring or penalties) arising out of, based on or resulting from: (i) the presence, Release or threatened Release of any Hazardous Substance at any location; (ii) exposure to any Hazardous Substance; or (iii) requirements or violation of any Environmental Law or Environmental Permit.

(4) "Environmental Laws" means all Laws relating to pollution or protection of human health or the Environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Clean Water Act, the Occupational Safety and Health Act, the Toxic Substances Control Act, any amendments thereto and any rules and regulations promulgated pursuant to or implementing the foregoing, similar state Laws and other Laws relating to any of (i) Releases, threatened Releases or the presence of Hazardous Substances or the manufacture, processing, distribution, use, treatment, storage, transport or handling of Hazardous Substances, including the disposal of radioactive materials, (ii) noise or odors, (iii) pollution or protection of the air, surface water, groundwater, drinking water, land surface or subsurface strata, or (iv) exposure to Hazardous Substances and employee health and safety.

(5) "Environmental Permit" means any permit, license, approval or other authorization under any applicable Law or of any Governmental Authority relating to Environmental Laws.

(6) "Governmental Authority" means the United States of America, the State of Delaware and any municipality or other political subdivision thereof, and any of their respective entities, bodies, agencies, commissions or courts exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any executive official thereof.

(7) "Hazardous Substance" means any substance, whether solid, liquid or gaseous, which is listed, defined or regulated as a "hazardous substance", "hazardous waste", "oil", "pollutant", "toxic substance", "hazardous material waste", or "contaminant" or is otherwise classified as hazardous or toxic, in or pursuant to any Environmental Law; or which is or contains any asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, explosive, nuclear, or radioactive material, or motor fuel or other petroleum hydrocarbons, or pesticides, insecticides, fungicides, or rodenticides, or biohazardous materials or waste.

(8) "Laws" means all laws, statutes, ordinances, rules, regulations, orders, writs, judgments, codes, injunctions or decrees of any Governmental Authority.

(9) "Losses" means any and all damages, losses, deficiencies, liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including, without limitation, the costs and expenses of any and all actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), but excluding consequential damages, loss of profits and punitive damages (other than such damages awarded to any third party against the party being indemnified).

(10) "Release" means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor Environment or into or out of any property, including the movement of Hazardous Substances through or in the air, soil, surface water or groundwater.

(ii) General.
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(1) TENANT acknowledges that hazards may be involved in its operations on the Shared Site. Accordingly, TENANT shall perform its work in a careful and workmanlike manner and take all necessary precautions in processing, handling, transporting and disposing of material and product involved in its operations, to avoid: (w) an unhealthy or unsafe work environment; (x) injuries to persons; (y) damage to property; or (z) pollution. The methods employed and the precautions taken shall be determined by and rest solely with TENANT. Any information supplied by TENANT to LANDLORD shall be the latest information known to TENANT, but TENANT does not warrant that the information is necessarily complete.

(2) LANDLORD acknowledges that hazards may be involved in its operations on the Shared Site. Accordingly, LANDLORD shall perform its work in a careful and workmanlike manner and take all necessary precautions in processing, handling, transporting and disposing of material and product involved in its operations, to avoid: (w) an unhealthy or unsafe work environment; (x) injuries to persons; (y) damage to property; or (z) pollution. The methods employed and the precautions taken shall be determined by and rest solely with LANDLORD. Any information supplied by LANDLORD to TENANT shall be the latest information known to LANDLORD, but LANDLORD does not warrant that the information is necessarily complete.

(iii) DuPont's PSGs.

(1) Subject to the other provisions of this subparagraph 5(g), TENANT, its invitees and contractors shall adhere in all material respects to DuPont's PSGs then in effect. TENANT shall advise its employees and the employees of its invitees and contractors that:

(A) It is the policy of LANDLORD to prohibit the non-medical use, possession, sale, manufacture, dispensing, and distribution of drugs or other controlled substances on the Shared Site, and to prohibit in the workplace the presence of an individual with such substances in the body for non-medical reasons; and

(B) Any person who is found in violation of such guidelines and policies or who refuses to permit inspection may be removed or barred from the Shared Site at the sole and absolute discretion of LANDLORD.

(2) LANDLORD and TENANT each agrees to perform its activities on or use the Shared Site in all material respects in accordance with ACC (formerly CMA) Responsible Care guiding principles and, subject to the other provisions of this subparagraph 5(g), comply in all material respects with DuPont's PSGs, including any updates, corrections or modifications thereto (provided, in the case of TENANT, that such updates, corrections or modifications do not unreasonably interfere with, or make materially more costly, TENANT's permitted uses of the LEASED PREMISES as provided in subparagraph 5(a) hereof). LANDLORD and TENANT recognize that certain aspects of DuPont's PSGs may not be applicable to TENANT's operations, and TENANT shall only be obligated to adhere and comply with DuPont's PSGs to the extent applicable to TENANT's operations or to the use of the Shared Site generally. LANDLORD and TENANT shall jointly identify the provisions of DuPont's PSGs that are applicable to TENANT's operations or use of the Shared Site. LANDLORD and TENANT shall cooperate and assist each other in complying with all Environmental Laws and the DuPont's PSGs. DuPont's PSGs, including any updates, corrections or modifications thereto, are furnished to TENANT under a nontransferable, non-exclusive and royalty-free license by LANDLORD to TENANT for TENANT's use at the LEASED PREMISES. This license is effective on the Commencement Date and shall remain in effect until this Lease expires or sooner terminates. DuPont's PSGs, in whole or in part, are the property of LANDLORD, and no title to or ownership of the DuPont's PSGs, or in any intellectual property rights relating to the DuPont's PSGs, is transferred to TENANT. DuPont's PSGs contain proprietary and confidential information of LANDLORD and as a condition of this

license, and except as required by law or prudent business practice (e.g., bankers, attorneys, insurers), TENANT agrees not to sell, lease, or otherwise transfer, provide, disclose or make available copies of any DuPont's PSGs to any other party without the prior written consent of LANDLORD.

(3) TENANT recognizes that the DuPont's PSGs may provide only minimal guidance for TENANT's compliance with Environmental Laws and therefore will not rely on them for that purpose.

(4) In order to protect its employees, contractors, visitors and premises, LANDLORD has determined that there are certain minimally acceptable elements that must be present in TENANT's policies, practices, and operations at the LEASED PREMISES. The sole purpose of LANDLORD communicating such elements in the DuPont's PSGs is for the protection of LANDLORD's employees, contractors, visitors, and premises. There is no intention to communicate to TENANT a comprehensive safety, health, and environmental program which will meet its particular needs with respect to its employees, contractors, visitors, and premises. It is understood that it remains the ultimate responsibility of TENANT to evaluate its needs/risks and to develop those programs and procedures it deems necessary to manage those needs/risks. Notwithstanding the foregoing, LANDLORD retains the right, upon reasonable prior notice (which, except in the event of an emergency, shall mean at least 48 hours prior notice) and at LANDLORD's sole expense to enter at all reasonable times to audit TENANT's material compliance with DuPont's PSGs and TENANT agrees to cooperate in a reasonable manner with such audit; provided, however, that any such audit shall occur no more frequently than once every six months unless LANDLORD has reasonable grounds to request an audit more frequently and identifies such grounds in a written request to TENANT, which request may not be unreasonably refused by TENANT. LANDLORD shall promptly provide TENANT with the findings of the audit and shall not disclose the findings to third parties, except as may be required by Environmental Laws and only after notice to TENANT (and, if permitted by the applicable Environmental Laws, shall allow TENANT to make such disclosure provided TENANT does so within five business days of receiving notice of the need therefor from LANDLORD).

(iv) Chemical Substances. Within sixty (60) days after the Commencement Date and as amended on a timely basis, TENANT shall provide LANDLORD a list by chemical name, Chemical Abstract Service Number and by trade name of all Hazardous Substances which it intends to use or store at the LEASED PREMISES in quantities in excess of the lesser of (1) 5,000 gallons per calendar year or (2) reportable quantities under CERCLA.

(v) Permits. LANDLORD and TENANT shall each obtain all Environmental Permits and other permits necessary for its respective operations at the Shared Site. LANDLORD will provide support with respect to its Title V Permit in accordance with, and TENANT shall comply with, the relevant provisions of the Shared Utilities and Ancillary Rent Services Exhibit.

(vi) Wastes. Unless as otherwise agreed and except as to LANDLORD's Environmental Liabilities (as defined below), TENANT shall retain sole and complete responsibility for the management, storage and proper disposal of chemical substances, wastes, discharges and emissions in all media produced from its activities. TENANT shall

provide LANDLORD an updated list of the identity of any waste disposal subcontractor, methods of waste disposal to be used, and the locations of sites to be used for waste disposal not covered by the Shared Utilities and Ancillary Rent Services Exhibit. TENANT shall transport and dispose of such waste in a safe and environmentally sound manner to prevent any waste from entering the environment as a pollutant. TENANT agrees that it will not engage in and will not knowingly permit any other party to engage in any activity without prior approval from LANDLORD with respect to the LEASED PREMISES that would reasonably be expected to cause the LEASED PREMISES or the adjoining property of LANDLORD to become a hazardous waste treatment, storage or disposal facility within the meaning of RCRA.

(vii) MSDS. TENANT shall submit Material Safety Data Sheets
---- complying with the Federal Hazard Communication Standard (OSHA 1910.1200) together with its submission of the lists of Hazardous Substances required by subparagraph 5(g)(iv) above. Such Hazardous Substances shall be properly labeled and strictly controlled by TENANT as to their use and disposal.

(viii) Notice. Each party hereto shall notify the other party of
------ any incidents or conditions that may have adverse safety, health or environmental consequences to employees, contractors, visitors or property. While LANDLORD or TENANT may discover and/or disclose issues regarding the other party's compliance with Environmental Laws and make recommendations to that party to avoid noncompliance with Environmental Laws, neither party hereto makes a representation or warranty that all possible compliance issues have been identified and disclosed or that its disclosures or recommendations include all possible recommendations to prevent the occurrence of noncompliance with Environmental Laws. Neither party shall disclose information relating to the other party's compliance with Environmental Laws to third parties, except as required by Environmental Laws and only after notice to the other party (and, if permitted by the applicable Environmental Laws, such party will allow the non-complying party to make such disclosure provided the non-complying party does so within five business days of receiving notice of the need therefor from the other party). Neither party hereto certifies the other party's or any third party's compliance with present or future Environmental Laws, and each party agree to seek its own legal advice regarding its own compliance.

(ix) Compliance.
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(1) Each party shall be responsible for complying with Environmental Laws relating to the operation of its activities at the Shared Site and with respect to the provision and receipt of shared services under the Shared Utilities and Ancillary Rent Services Exhibit. Notwithstanding the above, LANDLORD or TENANT may contract out the record keeping and/or reporting activities required by any Environmental Laws, provided that such party shall not contract away its liability and responsibility for assuring that any required records or reports comply with the legal requirements and are truthful and accurate.

(2) Notwithstanding the foregoing, complaints from the community regarding odors or excessive emissions shall be handled through LANDLORD procedures and communicated promptly to each party's site representative.

(x) Indemnity.

(1) LANDLORD agrees to indemnify, release, defend and hold harmless TENANT from and against all Environmental Claim(s) and/or Losses which arise, or are alleged to arise, from or in connection with:

(A) Any non-compliance with any Environmental Law or Environmental Permits at the Shared Site (whether on or off the Shared Site) occurring prior to the date hereof and any such non-compliance caused by LANDLORD after the date hereof;

(B) The generation, manufacture, refining, transportation, treatment, storage, handling, disposal, discharge, Release or spill of any Hazardous Substance at the Shared Site (whether on or off the Shared Site) occurring prior to the date hereof and any such generation, manufacture, refining, transportation, treatment, storage, handling, disposal, discharge, Release or spill of any Hazardous Substance caused by LANDLORD after the date hereof;

(C) Any disturbance, migration, leaching or Release of any Hazardous Substance onto, off of, near, under, or otherwise affecting the Shared Site occurring prior to the date hereof and any such disturbance, migration, leaching or Release of any Hazardous Substance continuing or caused by LANDLORD after the date hereof; or

(D) Any quantity of a Hazardous Substance which was at the Shared Site and disposed of off the Shared Site in any such case, prior to the date hereof, or disposed of or caused by LANDLORD after the date hereof.

Notwithstanding the foregoing clauses (A) through (D) above (collectively, LANDLORD's "Environmental Indemnities"), LANDLORD's indemnity does not extend to Environmental Claims or Losses associated with soil excavation, characterization or disposal by/for TENANT after the date hereof (as for example and not a limitation, excavation, characterization or disposal undertaken during construction or facility modification as permitted pursuant to the terms hereof) and such Environmental Claims or Losses shall be borne by TENANT.

(2) TENANT agrees to indemnify, release, defend and hold harmless LANDLORD from and against all Environmental Claims or Losses which arise, or are alleged to arise, from or in connection with:

(A) TENANT's release of a Hazardous Substance in violation of any Environmental Law at the Shared Site (whether on or off the Shared Site) occurring on or after the Commencement Date;

(B) TENANT's violation of any Environmental Law at the Shared Site (whether on or off the Shared Site) occurring on or after the Commencement Date;

(C) The generation, manufacture, refining, transportation, treatment, storage, handling, disposal, discharge, Release or spill of any Hazardous Substance at the Shared Site by TENANT or its contractors or subcontractors; and

(D) Any disturbance, migration, leaching or Release of any Hazardous Substances on, onto, near, under or otherwise affecting the Shared Site (including, without limitation, the LEASED PREMISES), provided that the origin, disturbance, migration, leaching or release of the Hazardous Substance was due to the actions or operations of TENANT or its contractors or subcontractors.

(3) Where LANDLORD and TENANT have jointly caused any Environmental Claims or Losses, whether or not a third party's acts or omissions also were causal, TENANT and LANDLORD shall contribute to their common liability a pro rata share based upon the relative degree of fault of each (including attorneys' fees and other costs of defense). Each party hereto shall bear its own attorneys' fees and costs of defense, subject to reimbursement by the other party, until:

(A) There is a final court judgment allocating fault between the LANDLORD and TENANT; or

(B) LANDLORD and TENANT otherwise agree to an allocation.

Upon the occurrence of an event described in clauses (A) or (B) above, TENANT shall reimburse LANDLORD for that portion of the past costs, attorneys' fees and defense costs incurred by LANDLORD which is equal to TENANT's share of the allocation, or LANDLORD shall reimburse TENANT for that portion of the past costs, attorneys' fees and defense costs paid by TENANT which is equal to LANDLORD's share of the allocation, whichever is applicable. Thereafter, LANDLORD and TENANT shall share the costs according to the allocation.

(4) In the event of any Environmental Claims and/or Losses for which a party hereto is entitled to indemnity hereunder, the party seeking indemnity shall immediately notify in writing the indemnifying party of such matter, shall fully cooperate with the indemnifying party in the defense of the Environmental Claims and/or Losses and, at the indemnifying party's cost, permit the indemnifying party's attorneys to handle and control the conduct and/or settlement of such Environmental Claims and/or Losses, including making personnel and records available for the defense. In no event shall the indemnifying party agree to a settlement that contains a non-monetary component without the consent of the indemnified party, which consent not to be unreasonably withheld or delayed. The above indemnification provision is contingent upon the indemnified party promptly turning over the complete control of the Environmental Claims and/or Losses to the indemnifying party.

(xi) Limitation. The foregoing indemnities are subject to the provisions of subparagraph 15(c). Furthermore, nothing contained herein shall prohibit either party hereto from seeking restitution or contribution from third parties.

(xii) Survival. The provisions of this subparagraph 5(g) shall expressly survive the expiration or earlier termination of this Lease.

(h) Criminal Background Checks. Prior to hiring or assigning any employee to perform work at the LEASED PREMISES, TENANT shall have performed a criminal background check to determine whether such employee has been convicted of any felony crimes, felony crimes plea bargained to a lesser charge, or previous misdemeanor crime. TENANT shall not, without LANDLORD's prior written approval, permit an employee to work at the LEASED PREMISES if that employee has within the prior seven year period been convicted of any felony crimes, felony crimes plea bargained to a lesser charge, or previous misdemeanor crime. TENANT's criminal background check program must be in compliance with the Fair Credit Reporting Act and LANDLORD's Contractor Criminal Background Investigation Requirements, a copy of which has been provided to TENANT.

6. UTILITIES AND SERVICES.

(a) General. LANDLORD shall furnish the LEASED PREMISES with those utilities and services necessary to use the LEASED PREMISES for the purposes described in subparagraph 5(a) above, including without limitation those identified on the Shared Utilities and Ancillary Rent Services Exhibit. LANDLORD and TENANT hereby agree that the Shared Utilities and Ancillary Rent Services Exhibit shall govern the provision of such services in connection with the TENANT's use of the LEASED PREMISES. LANDLORD shall provide shared utilities and ancillary rent services to TENANT using the same degree of care as it exercises in providing such utilities and services for its own use, and nothing in this Lease shall imply or require that LANDLORD shall meet a higher standard of care which might be applicable to commercial providers of such services. Nothing in this Lease shall require LANDLORD to favor TENANT over the businesses of LANDLORD, nor shall LANDLORD favor its business over the TENANT's business in providing such utilities and services. Should TENANT's use of shared utilities or services require LANDLORD to expand, modify or modernize its equipment or distribution lines to provide such utilities or services, and TENANT requests that LANDLORD proceed with such expansion, modification or modernization after written notice from LANDLORD of the need therefor, the cost of such work shall be for TENANT's account, unless agreed otherwise. Should LANDLORD, in it's sole discretion expand, modify, or modernize its equipment or distribution lines to provide such utilities or services, the cost thereof shall be apportioned fairly between LANDLORD, TENANT and any other tenants at the Shared Site. All utilities and services shall be provided by employees of LANDLORD or its affiliates, or at LANDLORD's election, by third parties to whom it has contracted. All references in this Lease to LANDLORD providing a utilities or services shall include both provision by the LANDLORD and indirect provision by third parties. TENANT agrees that the utilities or services provided by third parties are conditioned upon performance by such third parties under their separate agreements between LANDLORD and such third parties. LANDLORD reserves the right to purchase any utilities or services from a third party or to change a third party provider. In no event shall TENANT be entitled to re-sell or supply any utilities or ancillary rent service to a third party. LANDLORD shall not be required to provide TENANT extraordinary levels of service that are above the ordinary levels, special studies, training, or the like.

(b) Temporary Shutdown. LANDLORD, at its sole and absolute discretion, shall have the right to shut down and/or suspend any utility or ancillary rent service, in whole or in part, at any time for reasons of safety, health or environment. In this regard, LANDLORD will use good faith efforts and reasonable diligence to address such safety, health or environmental matters, and TENANT shall fully cooperate with LANDLORD. LANDLORD shall use good faith efforts and reasonable diligence to expeditiously resume the supply of the affected utility or ancillary rent service after, in the sole and absolute judgment of LANDLORD, such concern is abated. Further, in the event of a temporary partial loss of a utility or ancillary rent service due to equipment failure or Force Majeure causes, LANDLORD will fairly allocate such portions of the affected utilities or ancillary rent services between LANDLORD's operations, TENANT and other tenants of the Shared Site. If any utility or service is not fully restored within fifteen (15) days of the shut down or suspension thereof, and if such shut down or suspension materially interferes with TENANT's use and enjoyment of the LEASED PREMISES, LANDLORD shall proportionately reduce the rent due hereunder during the period of material interference.

(c) LANDLORD Not a Public Utility. It is understood that neither party hereto considers LANDLORD to be a regulated public utility. Furthermore, neither party intends by this Lease to engage in the business of being a public utility or to enjoy any of the powers and privileges of a public utility or by its performance of its obligations to dedicate to public or quasi-public use or purpose any of the facilities which it operates, and each party agrees that the execution of this Lease shall not, nor shall any performance or partial performance, be or ever be deemed, asserted or urged by a party to be a dedicated public or quasi-public use of any such facilities of the other party, or as subjecting the other party to any jurisdiction or regulation as a public utility. Notwithstanding the foregoing, should LANDLORD be determined to be a public utility or should LANDLORD determine in good faith based on the advice of counsel that there is a material risk of it being deemed to be a public utility LANDLORD may terminate the affected utility or service(s) upon not less than ninety (90) days' written notice to TENANT. Notwithstanding the foregoing, in the event LANDLORD receives an order from any governmental authority requiring LANDLORD to cease providing a service in less than ninety (90) days and LANDLORD is unable to timely obtain a stay of enforcement of that order after exercising its good faith efforts to do so, LANDLORD shall immediately notify TENANT of such occurrence and may terminate such utility or ancillary rent service consistent with the time period set forth in that order. Upon request by TENANT and at TENANT's expense, LANDLORD must appeal such order and/or seek a stay of enforcement, so LANDLORD can continue providing such utility or ancillary rent service pending appeal of that order. If any utility or service is not fully restored within fifteen (15) days LANDLORD ceases to provide it, and if such cessation of a utility or service materially interferes with TENANT's use and enjoyment of the LEASED PREMISES, LANDLORD shall proportionately reduce the rent due hereunder during the period of material interference.

(d) No Representations. LANDLORD MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO ANY WARRANTY ARISING FROM OPERATION OF LAW OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY UTILITY OR SERVICE PROVIDED HEREUNDER, THE QUALITY OR CONDITION THEREOF, OR ANY OTHER

MATTER. TENANT ASSUMES ALL RISK AND LIABILITY RESULTING FROM ITS RECEIPT AND/OR USE OF A UTILITY OR SERVICE.

(e) Telecommunications Infrastructure. LANDLORD is not providing any telecommunications services to TENANT hereunder, but LANDLORD shall nonetheless provide, at LANDLORD's sole cost and expense (or the expense of a third party provider), all necessary trenching and other work to enable the LEASED PREMISES to have access to such cabling, switching and other equipment as is suitable for the use described in subparagraph 5(a) above. TENANT, together with any third party provider, shall be solely responsible for the design and functionality of any telecommunications system installed in the LEASED PREMISES.

(f) Non-Standard Services. In the event that TENANT requests LANDLORD to provide any non-standard service, or any service not contemplated by Exhibit "E," LANDLORD shall have the option of providing such service, but shall have no obligation to do so. If LANDLORD elects to provide the service, it will be provided on terms and conditions agreed upon by the parties, including without limitation the costs thereof.

7. SIGNS. No signs, advertisements or notices (other than those required by law) shall be affixed to or placed upon any part of the LEASED PREMISES by TENANT or anyone acting for or on behalf of TENANT, other than identification signage on each of the portions comprising the LEASED PREMISES that are consistent with identification signs used by other tenants (current or former) of the Shared Site, provided that LANDLORD first approves signage, such approval not to be unreasonably withheld, conditioned or delayed. If at any time TENANT desires to modify such signage or to affix or place new signage upon any part of the LEASED PREMISES, any such signage shall be affixed in a manner and be of such size, design and color as shall be (i) consistent with the signs utilized by LANDLORD on or in the portions of space comprising the LEASED PREMISES or in the vicinity of the LEASED PREMISES, (ii) compliant in all respects with local zoning and/or other municipal ordinances; and (iii) approved in advance in writing by LANDLORD, which approval shall not be unreasonably withheld, conditioned or delayed. TENANT at its sole cost and expense shall remove such sign or signs upon the termination of this Lease. Any defacement or damage to the Building or the LEASED PREMISES caused by such sign or signs or the installation or removal thereof shall be repaired promptly by TENANT.

8. ASSIGNMENT AND SUBLETTING. TENANT shall not assign, convey, transfer, sublet, mortgage, encumber or otherwise dispose of all or any portion of its rights and obligations under this Lease without the prior written consent of the LANDLORD, which consent may not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, TENANT may assign, convey, transfer, sublet or otherwise dispose of all or any portion of its interest in, or its rights and obligations under, this Lease to any Affiliate of the TENANT. For purposes of this Paragraph 8, the term "Affiliate" means any entity who, directly or indirectly, controls or is controlled by or is under common control with TENANT, whether through the ownership of voting securities or by contract or otherwise. For this purpose, "control" means the ownership, directly or indirectly, of at least fifty percent (50%) of the outstanding stock if such entity is a corporation, or other equity interest if such entity is not a corporation, or the possession, directly or indirectly, of the power to direct or cause the direction

of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise. In the event of any permitted assignment or sublet, TENANT shall nonetheless remain liable for the performance of all of the obligations of the tenant hereunder.

9. CONDITION OF PREMISES.

(a) Representations. To induce TENANT to enter this Lease and take possession of the LEASED PREMISES, LANDLORD hereby represents and warrants to TENANT as follows:

(i) The LEASED PREMISES and the operation thereof complies in all material respects with all applicable federal, state and local laws, regulations, codes, orders, ordinances, rules and statutes and any restrictive covenants applicable to the LEASED PREMISES. LANDLORD has obtained all permits, approvals and licenses necessary for the Shared Site and the use thereof. The purposes for which the LEASED PREMISES may be used pursuant to subparagraph 5(a) are permitted within the zoning classification of the Shared Site or appropriate zoning relief from such classification has been obtained and is in effect.

(ii) The improvements and Fixtures included in the LEASED PREMISES have been kept and maintained in good working order and condition and will be in such condition as of the Commencement Date.

(iii) As of each delivery date, each portion of space comprising the LEASED PREMISES (A) will have been decommissioned in accordance with all applicable Laws, including Environmental Laws, and in accordance with DuPont's PSGs, (B) decontaminated in accordance with the procedures set forth on Exhibit "F," and (C) to LANDLORD's knowledge, will not contain any lead-based paint, asbestos or asbestos containing materials, polychlorinated biphenyls or urea formaldehyde foam insulation.

(b) No Alterations. TENANT acknowledges that LANDLORD has no obligation to alter, remodel or improve the LEASED PREMISES and that LANDLORD's obligations are limited to delivering the LEASED PREMISES to TENANT in the condition specified in subparagraph (a) above.

(c) Joint Inspection. At the time of occupancy, TENANT shall inspect and execute the "Chemical Laboratory Final Check List," a copy of which has been provided to TENANT, to acknowledge the condition of laboratory space.

10. ALTERATIONS.

(a) General Provisions. TENANT shall have no right to make any alterations, installations, changes and improvements whatsoever in and upon the LEASED PREMISES without the prior written consent of LANDLORD, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that TENANT shall have the right to make

those initial alterations for TENANT's occupancy which are more particularly identified on Exhibit "D" attached hereto and made a part hereof.

(b) Rights of Removal. Upon termination or expiration of this Lease or at any time during the continuance hereof (but provided that no Event of Default shall have occurred and be continuing hereunder), (i) TENANT shall have the right to remove from the LEASED PREMISES any articles of personal property or trade fixtures made or installed by TENANT (which does not include any hoods, duct work, stacks, blowers, casework and any other generic laboratory equipment that are existing on the date hereof which may be deemed to be trade fixtures (collectively, "Excluded Trade Fixtures"), and (ii) except as otherwise agreed in writing by the parties, TENANT shall have the right to remove from the LEASED PREMISES any alterations, installations, changes, improvements or other property, including fixtures (other than Excluded Trade Fixtures), made or installed by TENANT whether or not constituting or becoming a part of the LEASED PREMISES and whether made or installed under subparagraph 10(a) or otherwise; provided that, in the case of both clause (i) and clause (ii) above, any damage caused by such removal will be fully repaired by TENANT at TENANT's sole cost and expense prior to surrender of the LEASED PREMISES.

(c) Obligation to Remove. Upon termination or expiration of this Lease, (i) LANDLORD shall have the right to require TENANT to remove from the LEASED PREMISES all articles of TENANT's property, whether fixtures or personalty, other than any alterations, installations, changes or improvements made by TENANT to the LEASED PREMISES in accordance with the provisions of subparagraph 10(a) hereof, whether or not the same have become an actual part thereof, and any damage caused by any such removal will be fully repaired by TENANT at TENANT's sole cost and expense prior to the surrender of the LEASED PREMISES, and (ii) in the event TENANT fails to remove any property from the LEASED PREMISES as and when required by LANDLORD in accordance with clause (i) of this subparagraph 10(c), LANDLORD shall have the right to (x) remove, transport and dispose of same (without taking title or ownership thereto); and (y) fully repair any damage caused by such removal, and TENANT shall indemnify and hold harmless LANDLORD for any costs, expenses or liabilities whatsoever associated with such removal, transportation and disposal and any such repair (other than to the extent any such costs, expenses or liabilities arise from the gross negligence, recklessness or willful misconduct of LANDLORD in performing such activities).

(d) Abandonment. Any alterations, installations, changes, improvements or other property which TENANT has placed on the LEASED PREMISES and which is not removed within sixty (60) days following the termination or expiration of this Lease shall be deemed to have been abandoned by TENANT and shall become the property of LANDLORD upon the termination or expiration of this Lease, subject to LANDLORD's rights to remove, transport and dispose of same (without taking title or ownership thereto) at TENANT's sole cost and expense as set forth in subparagraph 10(c) hereof.

(e) Compliance with Laws. Any alterations, additions or improvements made by TENANT shall be made in accordance with applicable federal, state, county and local laws and ordinances and building codes, rules and regulations.

11. MAINTENANCE AND REPAIRS.

(a) TENANT's Responsibilities. TENANT, at its own cost and expense, shall keep the interior of the LEASED PREMISES and all improvements made by TENANT in good order and shall be responsible for the full cost of the repair to any such item, unless it is a repair for which LANDLORD is responsible under subparagraph 11(b) below.

(b) LANDLORD's Responsibilities. LANDLORD shall keep in good order, condition and repair and replace when necessary the structural portions of each building included in the LEASED PREMISES, the roof and roof membrane, foundations, appurtenances, heating, ventilation and air conditioning equipment, electrical systems, plumbing systems, lighting, storm drainage and other mechanical systems of the Building, exterior walls and windows of the Building and utility and sewer pipes serving the Building. LANDLORD shall also perform all routine maintenance required at each building included in the LEASED PREMISES, including without limitation painting, repairing broken glass and ordinary maintenance of all such building components. LANDLORD shall also be responsible for repairing any damage to the LEASED PREMISES caused by leaks in the roof, bursting pipes (by freezing or otherwise) or by defects in any building. LANDLORD shall keep all roads and sidewalks on the Shared Site in a neat and clean condition and promptly remove all dirt, trash, snow and ice therefrom.

If LANDLORD fails to make any repairs required by this Lease within fifteen (15) days of LANDLORD's receipt of written notice from TENANT of need therefor (except in the event of an emergency in which case TENANT shall only have to wait a period of time that is reasonable under the circumstances), and if such failure materially interferes with TENANT's use and enjoyment of the LEASED PREMISES, TENANT may make such repairs and offset the cost thereof against base rent and other amounts due under this Lease and may recover the amount thereof from LANDLORD in addition to any other legal or equitable remedies TENANT may have. Notwithstanding the foregoing, if LANDLORD shall have commenced to make such repairs within such fifteen (15) day period (or shorter period in the event of an emergency) and shall be diligently pursuing the completion thereof, TENANT shall not have the right to make such repairs and recover the cost of doing so from LANDLORD unless LANDLORD ceases to diligently pursue the completion thereof.

12. LIABILITY. LANDLORD in no event shall be liable for any damage or injury to TENANT or any agent, employee or invitee of TENANT, or to any person or persons coming upon the LEASED PREMISES in connection with the occupancy by TENANT or otherwise, or to any goods, chattels, or other property of TENANT or any other person or persons which may during the term of this Lease be located in LEASED PREMISES, which damage or injury has been caused or contributed to by water, rain, snow, breakage of pipes, leakage, casualty (including, without limitation, any damage resulting from a casualty of the nature insured against under a comprehensive policy of property insurance with extended coverage riders) or by any other cause beyond LANDLORD's control, except when caused by the gross negligence, recklessness or willful misconduct of LANDLORD, its invitees, agents or employees. Nothing in this subparagraph 12(a) is intended to limit or otherwise affect LANDLORD's indemnity obligations to TENANT relating to environmental matters as provided in subparagraph 5(g) of this Lease.

13. ACCESS TO LEASED PREMISES. TENANT shall permit LANDLORD to enter upon the LEASED PREMISES at all times in an emergency and otherwise at all reasonable

times upon reasonable notice (which shall mean at least 48 hours prior notice) for the purpose of inspecting the same and/or providing services pursuant to Paragraph 6 and the Shared Utilities and Ancillary Rent Services Exhibit and/or maintenance or making repairs pursuant to subparagraph 11(a) hereof, and/or making improvements or replacements pursuant to subparagraph 11(b) hereof and/or making any repairs or rebuilding under Paragraph 14 hereof.

14. CASUALTY.

(a) Non-Material Casualty. In the event that fire or other casualty damages the LEASED PREMISES to an extent that does not materially interfere with TENANT's use thereof as permitted under subparagraph 5(a) hereof, LANDLORD shall repair the LEASED PREMISES promptly after such casualty at its sole cost and expense.

(b) Material Casualty. In the event that fire or other casualty damages the LEASED PREMISES to an extent that materially interferes with TENANT'S use thereof as permitted under subparagraph 5(a) hereof, LANDLORD shall proportionately reduce the rent due hereunder during the period of material interference, and LANDLORD shall have the option, in its sole discretion, of rebuilding or repairing the LEASED PREMISES at its sole cost and expense; provided, however, that LANDLORD shall rebuild or repair the LEASED PREMISES if such rebuilding or repairs are reasonably estimated as being capable of rebuilding or repair for less than $100,000.00. If LANDLORD is not required and elects not to rebuild or repair the LEASED PREMISES and continued occupancy thereof is otherwise lawful, LANDLORD shall so inform TENANT and TENANT may (i) vacate the part of the LEASED PREMISES rendered unusable by the fire or other casualty and continue to occupy the remainder of the LEASED PREMISES and to pay the proportionately reduced rent, or (ii) promptly quit the LEASED PREMISES by notifying LANDLORD in writing of TENANT's election to terminate this Lease and thereafter this Lease shall terminate as of the effective date of such notice and TENANT shall be entitled to a refund for any unearned rent paid or credited in advance to LANDLORD. If LANDLORD elects not to rebuild the LEASED PREMISES and continued occupancy thereof is unlawful, LANDLORD shall so inform TENANT, and TENANT shall promptly quit the LEASED PREMISES at which time this Lease shall terminate and TENANT shall be entitled to a refund for any unearned rent paid or credited in advance to LANDLORD. If LANDLORD is not required but does elect to rebuild or repair, LANDLORD shall notify TENANT within thirty (30) days of learning of the casualty of its intention to rebuild or repair, which notice shall provide TENANT with LANDLORD's good faith estimate of the time needed to complete the rebuilding or repairing, and this Lease shall remain in full force and effect (with the rent proportionately reduced until such rebuilding or repairing is complete); provided, however, that in the event that (i) LANDLORD's reasonable estimate indicates that rebuilding or repairing would take longer than six (6) months, or (ii) rebuilding or repairing in fact takes longer than six (6) months, TENANT may thereupon quit the LEASED PREMISES and within five (5) days after vacating the LEASED PREMISES notify LANDLORD in writing of TENANT's election to terminate this Lease, in which case this Lease shall terminate as of the date of LANDLORD's receipt of such notice and TENANT shall be entitled to a refund for any unearned rent paid or credited in advance to LANDLORD. If TENANT fails to notify LANDLORD of TENANT's election to quit the LEASED PREMISES in accordance with this Paragraph 14, TENANT shall be liable for rent accruing to the date of LANDLORD's actual knowledge of TENANT's vacation or impossibility of further occupancy. Notwithstanding any other provision to the

contrary, LANDLORD shall have the right to retain any and all insurance proceeds regardless of its decision regarding rebuilding or repairing the LEASED PREMISES.

(c) TENANT shall bear the risk of loss for all its personal property (and all personal property of its employees and invitees) including improvements and fixtures within the LEASED PREMISES.

15. ADDITIONAL INDEMNITY.

(a) TENANT Indemnity. Except as otherwise herein provided (including, without limitation, as provided in subparagraph 5(g) hereof), TENANT, promptly following demand by LANDLORD, shall indemnify and hold LANDLORD safe and harmless from and against any and all Losses (i) on account of the death of or injury to any person or persons or the damage to or destruction of any property arising from or growing out of TENANT's use and occupancy of the LEASED PREMISES or (ii) resulting from any failure by TENANT to perform or observe any covenant or agreement to be performed or observed by TENANT under this Lease, but only to the extent such Losses are not caused by the gross negligence or willful misconduct of LANDLORD. The provisions of this subparagraph 15(a) shall expressly survive the expiration or earlier termination of this Lease.

(b) LANDLORD Indemnity. LANDLORD, promptly following demand by TENANT, shall indemnify and hold TENANT safe and harmless from and against any and all Losses (i) on account of the death of or injury to any person or persons or the damage to or destruction of any property arising from or growing out of LANDLORD's use and occupancy of the Shared Site other than the LEASED PREMISES (including without limitation the portion of Building 300 not occupied by TENANT) or (ii) resulting from any failure by LANDLORD to perform or observe any covenant or agreement to be performed or observed by LANDLORD under this Lease, but only to the extent such Losses are not caused by the gross negligence or willful misconduct of TENANT. Nothing in this subparagraph 15(b) is intended to limit or otherwise affect LANDLORD's indemnity obligations to TENANT relating to environmental matters as provided in subparagraph 5(g) of this Lease. The provisions of this subparagraph 15(b) shall expressly survive the expiration or earlier termination of this Lease.

(c) Limitations. All indemnity obligations of LANDLORD and TENANT arising under this Lease, and all claims, demands, damages and losses assertable by LANDLORD and TENANT against the other in any suit or cause of action arising out of or relating to this Lease, the LEASED PREMISES or the Shared Site, or the use and occupancy thereof, are limited as follows:

(i) By the releases and waivers expressed herein, including, without limitation, the mutual releases and waivers of rights set forth in Paragraph 12 above and subparagraph 20(d) below;

(ii) All claims for indemnification and other recoveries shall be limited to direct, proximately caused damages and exclude all consequential or indirect damages, including, but not limited to, business loss or interruption, suffered by the party asserting the claim or seeking the recovery; and

(iii) In the event that LANDLORD and TENANT (or the persons for whom they are liable as expressly set forth herein) are determined to be contributorily responsible for the indemnified injury or loss, each indemnitor's obligation shall be limited to the indemnitor's equitable share of the losses, costs or expenses to be indemnified against based on the relative culpability of each indemnifying person whose negligence or misconduct contributed to the injury or loss.

16. EVENTS OF DEFAULT AND REMEDIES.

(a) General. If TENANT (i) fails to pay any base rent or Additional Rent when due and payable hereunder or under the Shared Utilities and Ancillary Rent Services Exhibit and such failure continues for a period of ten (10) days after written notice thereof is given to TENANT by LANDLORD, or (ii) fails to perform or observe any other covenant or agreement set forth in this Lease in accordance with the terms hereof and such failure continues for a period of thirty (30) days after written notice thereof is given to TENANT by LANDLORD, then, in either of such events, if so declared in writing by LANDLORD, such event or circumstance shall constitute an "Event of Default" Notwithstanding the foregoing, in the case of failure described in clause (ii) of the preceding sentence, if the failure cannot with due diligence be cured within thirty (30) days from and after the giving of notice by LANDLORD as aforesaid, and if TENANT commences to cure such failure and proceeds diligently and with reasonable dispatch to take such steps and do such work as may reasonably be required to cure such failure, then LANDLORD shall not have the right to declare an Event of Default.

(b) Additional Events of Default. Any of the following shall also constitute an Event of Default: (i) TENANT is adjudicated a bankrupt, (ii) TENANT institutes proceedings for a reorganization or for an arrangement under the bankruptcy laws of the United States codified as Title 11 of the United States Code ("Bankruptcy Act") or (iii) an involuntary petition in bankruptcy is filed against TENANT under the Bankruptcy Act, which is not dismissed or vacated within ninety (90) days.

(c) Remedies. Upon the occurrence of an event or circumstance constituting an Event of Default under subparagraph 16(b), or the declaration of an Event of Default under subparagraph 16(a), LANDLORD (i) shall have the right, upon the giving of five (5) days' advance written notice to TENANT, to terminate this Lease and if such Event of Default shall not have been cured by TENANT within such five (5) day period, this Lease shall terminate and expire at midnight on such fifth day and (ii) shall have all other rights and remedies provided by law or in equity.

17. EMINENT DOMAIN. If the whole or any part of the LEASED PREMISES shall be taken by any public authority under the power of eminent domain such as to materially interfere with TENANT's use thereof as permitted under Paragraph 5(a) hereof, then the terms of this Lease shall cease on the part so taken on the date possession of that part is surrendered, and from that day TENANT shall have the right either (i) to cancel this Lease and declare the same null and void, giving written notice to LANDLORD of same, and to be entitled to any unearned rent paid or credited in advance, or (ii) to continue in possession of the remainder of the LEASED PREMISES under the terms herein provided, giving written notice to LANDLORD of same, except that the base rent and TENANT'S SHARE shall be equitably adjusted by

LANDLORD and TENANT as may be appropriate in light of the portions of the Building taken in such proceeding. Notwithstanding anything to the contrary contained herein, TENANT shall not be entitled to share in any portion of the award in respect of such taking.

18. SUBORDINATION. LANDLORD hereby represents to TENANT that there are no mortgages, judgments or liens encumbering the Shared Site. If requested by LANDLORD from time to time hereafter, TENANT shall subordinate its interest in the LEASED PREMISES to the lien, operation and effect of any mortgage created by LANDLORD, provided that such subordination shall include or be accompanied by a commercially reasonable form of nondisturbance agreement under which the mortgagee agrees that, in the event of a mortgage foreclosure or conveyance in lieu of foreclosure or otherwise, this Lease shall continue as a Lease between LANDLORD's successor, as landlord, and TENANT, as tenant, with the same force and effect as if LANDLORD's successor and TENANT had entered into a Lease containing the same terms, covenants and conditions as those contained in this Lease, including the rights of renewal thereof for a term equal to the unexpired term of this Lease.

19. SURRENDER. On or before the Expiration Date or prior termination of this Lease, TENANT shall peaceably surrender the LEASED PREMISES, and the LEASED PREMISES shall be turned over to LANDLORD (i) in substantially the condition existing on the date of this Lease (ordinary wear and tear, damage by casualty and repairs that are LANDLORD's responsibility hereunder excepted), (ii) in compliance with the conditions and requirements specified in subparagraphs 5(f), 5(g), 10(b) and 10(c) and in Paragraph 7, (iii) having been decommissioned in accordance with all applicable Laws, including Environmental Laws, and in accordance with DuPont's PSGs, and (iv) having been decontaminated in accordance with the procedures set forth on Exhibit "F." Any personal property remaining within the LEASED PREMISES after termination shall be treated as provided for in Paragraph 10 hereof.

20. INSURANCE.

(a) TENANT's Insurance. TENANT shall obtain and keep in effect during the term of this Lease, from one or more reputable insurance companies licensed to do business in the State of Delaware:

(i) Comprehensive general liability insurance policy (Occurrence Form), including Blanket Contractual Liability, Product/Completed Operations, Broad Form Property Damage, and Personal Injury in a combined single limit for Bodily Injury and Property Damage not less than $2,000,000 per occurrence. Such policy shall name LANDLORD as an additional insured and shall contain a waiver of subrogation in favor of LANDLORD. Each such policy shall contain a thirty (30) day prior written notice provision to LANDLORD prior to any such cancellation or termination. TENANT may provide its insurance coverage for the LEASED PREMISES through a blanket or umbrella policy.

(ii) Workers' Compensation - Statutory; Employer's Liability - $1,000,000 per accident/per employee; and such other generic insurance as may be required by law.

(iii) Business Auto Liability, in a combined single limit for Bodily Injury and Property Damage - $1,000,000 per occurrence.

TENANT shall further file a certificate of insurance evidencing the above required minimum coverage with LANDLORD's designee. Neither the failure of TENANT to comply with any or all of the insurance provisions of this Lease, nor the failure to secure endorsements on policies as may be necessary to carry out the terms and provisions of this Lease, shall be construed to limit or relieve TENANT from any of its obligations under this Lease, including this insurance paragraph.

(b) LANDLORD's Insurance. LANDLORD shall either obtain and keep in effect fire and extended coverage casualty insurance ("Casualty Insurance") in the amount of the full replacement cost of the LEASED PREMISES or, if permitted by subparagraph 20(c) below, establish a self-insurance program in lieu of obtaining third party insurance in accordance with the requirements of subparagraph 20(c). Neither the failure of LANDLORD to comply with any or all of the insurance provisions of this Lease, nor the failure to secure endorsements on policies as may be necessary to carry out the terms and provisions of this Lease, shall be construed to limit or relieve LANDLORD from any of its obligations under this Lease, including this insurance paragraph.

(c) Self-Insurance. Notwithstanding anything to the contrary contained herein, for so long as (i) E.I. du Pont de Nemours and Company is the LANDLORD hereunder, (ii) E.I. du Pont de Nemours and Company has a net worth in excess of $2,000,000,000, and (iii) E.I. du Pont de Nemours and Company has an investment grade credit rating from each of the nationally recognized rating agencies then rating its debt, LANDLORD may self-insure in lieu of obtaining or keeping in effect third party insurance (including, without limitation, Casualty Insurance) relating to the Shared Site, including the LEASED PREMISES.

(d) Release and Waiver of Subrogation. Any provision of this Lease to the contrary notwithstanding, LANDLORD and TENANT hereby release the other from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise (a) from any and all liability for any loss or damage to the property of the releasing party, (b) for any loss or damage that may result, directly or indirectly, from the loss or damage to such property (including rental value and business interruption), and (c) from legal liability for any loss or damage to property (no matter who the owner of the property may be), all to the extent that the releasing party's loss or damage is insured or, if not insured, was insurable under commercially available fire and extended coverage property insurance policies, including additional coverages typically obtained by owners and tenants of comparable premises, even if such loss or damage or legal liability shall be caused by or result from the fault or negligence of the other party or anyone for whom such party may be responsible and even if the releasing party is self insured in whole or in part or the amount of the releasing party's insurance is inadequate to cover the loss or damage or legal liability. It is the intention of the parties that LANDLORD and TENANT shall look solely to their respective insurance carriers or self-insurance programs for recovery against any such property loss or damage or legal liability, without (in the case of third party coverage) such insurance carriers having any rights of subrogation against the other party.

21. QUIET ENJOYMENT. LANDLORD warrants its right to create the leasehold interest created herein and covenants that TENANT, upon paying the rent and all other sums and charges to be paid by it under this Lease, and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall have peaceful, quiet and uninterrupted possession of the LEASED PREMISES during the term of this Lease, including any Renewal Term.

22. MAINTENANCE OF RECORDS/INSPECTION. LANDLORD shall maintain or cause to be maintained in the ordinary course of business, books and records relating to its calculation of rent due hereunder and the costs of water, sewer and electric charged to TENANT hereunder. LANDLORD shall make such records available for inspection by TENANT during regular business hours and upon reasonable notice (or by an independent accountant or other designee of TENANT to which LANDLORD does not have reasonable objection); provided, however, that any such inspection by TENANT shall not occur more than once each calender quarter and shall be conducted in a manner which does not interfere unreasonably with the operation of the day-to-day business affairs of LANDLORD.

23. JURISDICTION; FORUM; ETC. Any controversy, claim or issue arising out of or relating to either party's performance under this Lease or the interpretations, validity or effectiveness of this Lease shall, upon the written request of either party, be referred to designated senior management representatives of LANDLORD and TENANT for resolution. Such representatives shall promptly meet and, in good faith, attempt to resolve the controversy, claim or issue referred to them. If TENANT and LANDLORD cannot so resolve such controversy, claim or issue, then upon written notice from either party within the next sixty (60) days, the parties will attempt in good faith to resolve the dispute through mediation to be held in Wilmington, Delaware, unless the parties otherwise agree upon another location. If the controversy, claim or issue is not resolved through mediation, then such controversy, claim or issue shall be settled by binding arbitration before the American Arbitration Association ("AAA") to be held in Wilmington, Delaware, unless the parties otherwise agree upon another location. Such arbitration shall be conducted in accordance with AAA's then current Commercial Arbitration Rules. The award rendered by the arbitrator or arbitrators shall be final and unappealable, and judgment may be entered upon the award in accordance with applicable law in any Court having jurisdiction thereof. The non-prevailing party in such arbitration shall be required to reimburse the prevailing party its reasonable attorneys' fees and costs incurred in such arbitration and any action to enter judgment upon the arbitration award.

24. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, telecopied (which is confirmed) or sent by registered or certified mail (postage prepaid, return receipt requested) or by a nationally recognized overnight delivery service to the parties at the following addresses:

If to TENANT, to:

Incyte Genomics Inc.
3160 Porter Drive
Palo Alto, CA 94304

Attn.: Robin Weckesser

With a courtesy copy to:

Incyte Genomics Inc.
3160 Porter Drive
Palo Alto, CA 94304
Attn.: General Counsel

If to LANDLORD, to:

E.I. du Pont de Nemours and Company
1007 Market Street
Wilmington, DE 19898
Attn: Corporate Real Estate.
Room: D-12090

or to such other address as LANDLORD or TENANT may specify by notice to the other (provided that notice of any change of address shall be effective only upon receipt thereof).

25. CORPORATE COVENANTS AND REPRESENTATIONS. Each person executing this Lease on behalf of LANDLORD and TENANT hereby covenants and warrants that LANDLORD or TENANT, as applicable, is a duly constituted corporation qualified to do business in the State of Delaware and that such person is duly authorized to execute and deliver this Lease on behalf of TENANT.

26. INTEGRATION. This Lease and the documents referred to herein set forth all the agreements, conditions and understandings between LANDLORD and TENANT relative to the LEASED PREMISES, and there are no promises, agreements, conditions or understandings, either oral or written, between them other than that certain Confidentiality Agreement dated February 5, 2002 by and between them (which agreement may be amended from time to time). No subsequent alteration, amendment, supplement, change or addition to this Lease shall be binding upon LANDLORD or TENANT unless reduced to writing and signed by both parties hereto.

27. NO PARTNERSHIP. The parties do not intend to create any partnership or joint venture between themselves with respect to the LEASED PREMISES or any other matter. In all matters relating to this Lease, both parties will be acting solely as independent contractors and will be solely responsible for the acts of their employees, officers, directors, contractors and agents. Employees, agents, or contractors of one party shall not be considered employees, agents, or contractors of the other party. Neither party shall have the right, power, or authority to create any obligation, express or implied, on behalf of the other party.

28. GOVERNING LAW. This Lease shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws.

29. HEADINGS. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Lease.

30. SEVERABILITY. The invalidity or unenforceability of any provision of this Lease shall not affect the validity or enforceability of any other provisions of this Lease, each of which shall remain in full force and effect.

31. SUCCESSION. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

32. COUNTERPARTS. This Lease may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

33. INTERPRETATION.

(a) Reference to any law, or to any provision of any law, in this Lease shall include any modification or reenactment of that legislation or legislation substituted therefor and all legislation, orders, regulations and amendments issued under such legislation.

(b) Reference to any party shall include a reference to its legal successors and permitted assignees.

34. BROKERS. LANDLORD covenants, represents and warrants to TENANT that LANDLORD has had no dealing or negotiations with any broker or agent or finder in connection with respect to this Lease other than CRESA Partners and CB Richard Ellis (collectively, the "Brokers"). TENANT covenants, represents and warrants to LANDLORD that TENANT has had no dealing or negotiations with any broker or agent or finder in connection with respect to this Lease other than the Brokers. LANDLORD shall pay the Brokers any commission or other fees due in connection with the Lease pursuant to separate agreements. LANDLORD and TENANT each covenant and agree to pay, hold harmless and indemnify the other from and against any and all costs, expenses, including reasonable attorneys' fees, and liability for any compensation, commissions or charges claimed by any other broker or agent with whom the indemnifying party has had any dealings or negotiations with respect to this Lease.

35. FORCE MAJEURE. "Force Majeure" means, for either party, any circumstance(s) beyond the reasonable control of that party, which prevents full performance of an obligation hereunder. For the avoidance of doubt, the following circumstances shall also constitute a Force Majeure event: failure by a third party to supply (in whole or in part) any utilities or ancillary rent service to the extent that such failure prevents, hinders or delays LANDLORD's ability to provide that utility or ancillary rent service to TENANT; a Governmental Authority notifies LANDLORD or commences a legal or administrative action alleging that provision of a utilities or ancillary rent services results in LANDLORD being deemed a public utility. The party affected by an event constituting Force Majeure shall be excused from performance of its obligations under or pursuant to this Lease if, and to the extent that, performance of such obligations is delayed, hindered or prevented by such Force Majeure.

A Force Majeure may excuse a delay in making any payment due hereunder where the delay in payment was caused by the Force Majeure, but otherwise the parties shall continue to make payments due hereunder for the remaining utilities or ancillary rent services provided hereunder. If a party is in a position of Force Majeure or is aware of the likelihood of a situation constituting Force Majeure arising, it shall notify the other party in writing promptly of the cause and extent of such non-performance or likely non-performance, the date or likely date of commencement thereof and the means proposed to be adopted to remedy or abate the Force Majeure, and the parties shall consult with a view to take such steps as may be appropriate to mitigate the effects of such Force Majeure. If any such Force Majeure continues for more than fifteen (15) days and materially interferes with TENANT's use and enjoyment of the LEASED PREMISES , LANDLORD shall proportionately reduce the rent due hereunder during the period of material interference.

36. SURVIVAL. The expiration or termination of this Lease shall not affect any rights or obligations that have arisen or accrued hereunder before such expiration or termination.

37. CONFIDENTIALITY. The cost of utilities and services is confidential business information. It and any other exchange of confidential information shall be governed by the February 5, 2002 Confidentiality Agreement between the parties, as amended from time to time.

38. DATA TRANSFER AND PRIVACY. Unless otherwise agreed by the parties in writing, any personal information provided by one party to the other hereunder may only be used for conducting the transactions that are the subject of this Lease. Personal information means any information by which the identity of a person could be revealed. Examples of personal information include, but are not limited to, name, address, telephone number, date of birth, social security number, e-mail address or any combination thereof.

39. NON-SOLICITATION OF DUPONT EMPLOYEES. During the term of the Lease, TENANT will not recruit or solicit for employment any of LANDLORD's current employees.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the day and year first above written.

Witness:	E. I. DU PONT DE NEMOURS AND COMPANY
----------	By: /s/ Diane L. Boc
Name:	Name: Diane L. Boc
Title:	Title: Manager Corporate Real Estate U.S. Region
Witness:	INCYTE GENOMICS INC.
----------	By: /s/ Roy Whitfield
Name:	Name: Roy A. Whitfield
Title:	Title: Chairman of the Board

EXHIBIT A

DIAGRAM OF LEASED PREMISES AND
LEGAL DESCRIPTION OF SHARED SITE

See Attached

EXHIBIT B

RENTAL SCHEDULE

Building 300 Space

Dates	Square Footage	Rental Rate	Monthly Rent
Building 300 Delivery Date to March 15, 2003	32,557 RSF	$35.00/RSF	$ 94,957.92
March 16, 2003 to Expiration Date	32,557 RSF	$36.05/RSF	$ 97,806.65
Renewal Terms	32,557 RSF	$37.13/RSF	$ 100,736.78

Building 112

Dates	Square Footage	Rental Rate	Monthly Rent
Building 112 Delivery Date to March 15, 2003	14,415 RSF	$35.00/RSF	$ 42,043.75
March 16, 2003 to Expiration Date	14,415 RSF	$36.05/RSF	$ 43,305.06
Renewal Terms	14,415 RSF	$37.13/RSF	$ 44,602.41

EXHIBIT C

DUPONT'S PSGs AND RULES AND REGULATIONS

1) DuPont's PSGs are included in the two (2) volume three-ring binders entitled "Corporate Policies, Standards and Guidelines; Safety, Health and Environmental Manual", dated December 2000, separately delivered to TENANT.

2) For the purposes of this Lease, the "Rules and Regulations" shall consist of the following, each of which have been separately delivered to TENANT:

- Procedure 22-1, Air Permitting, 4/1/01
- Procedure 22-2, Waste Management and Disposal, 3/31/99
- Procedure 22-3, Sewers and Groundwater Protection, 3/1/01
- DuPont Facilities Services & Real Estate, Waste Guide, Version 4.4, 1/10/02

EXHIBIT D

APPROVED INITIAL ALTERATIONS BY TENANT

See Attached

EXHIBIT E

SHARED UTILITIES AND ANCILLARY RENT SERVICES

I. Utilities or Ancillary Services Included in Base Rent

1. SITE ADMINISTRATION
2. PROPERTY TAXES
3. BUILDING MAINTENANCE (including facilities engineering support and janitorial)
4. ROADS AND GROUNDS MAINTENANCE; SNOW REMOVAL
5. ROUTINE SITE SECURITY
6. MATERIALS HANDLING;
7. SITE MAIL SERVICE
8. BUILDING HEAT
9. EMERGENCY RESPONSE PROGRAM COORDINATION
10. AIR PERMIT SUPPORT

Terms of Service:

1. SITE ADMINISTRATION

Description: Provide site management services to insure continuity of site and TENANT operations. The site management team will interact with site residents to be sure all site activities and facility infrastructures are aligned with business goals and operations. The site management function also as the external community spokesperson for the Stine-Haskell Research Center. The services include the remaining services described in this Section I.

2. PROPERTY TAXES

Description: Provides management and payment of the charges related to site building depreciation and property taxes. Depreciation rates are set by LANDLORD based on corporate standards and determined by the current level of investment. Local governments levy property taxes and payments are administered by LANDLORD Finance Tax Section.

3. BUILDING MAINTENANCE

Description:

Routine Maintenance - Provides routine building maintenance services. Installation of new services and equipment is normally the financial responsibility of the resident. Building maintenance services may include: asbestos abatement, electrical maintenance, fire & life safety systems maintenance, plumbing, HVAC operation & maintenance, roof maintenance, vertical transportation maintenance, & facilities engineering.

Facilities Engineering - Point of contact to provide technical assistance to building maintenance, HVAC and power/utility operations for buildings at the Stine-Haskell Research Center, including the development and implementation of preventive/predictive maintenance programs, energy conservation and benchmarking studies.

Janitorial - Provide janitorial service per "2001/2002 Janitorial Specifications For Stine-Haskell" guidelines. Janitorial service is provided at offices, laboratories, and warehouses. utilities or ancillary rent services included: office and lab cleaning, common area cleaning (conference rooms, hallways, corridors and stairways) and carpet cleaning. Also included under janitorial service is pest control, ash hauling, interior and exterior window cleaning.

4. ROADS AND GROUNDS; SNOW REMOVAL

Description: Provide roads and grounds maintenance service to office and laboratory residents. The services provided include:

- - Roads/Parking Lots/Sidewalks:
- - Perform annual inspection of parking areas, sidewalks, paved surfaces and striping
- - Repair, replace or refinish as needed
- - Provide road and parking lot striping
- - Clean all areas as needed

- - Landscaping:
- - Ground maintenance
- - Mowing
- - Edging
- - Pruning (trees and bushes)
- - Trash clean-up including between buildings and shed areas
- - Weeding beds

- - Mulching/edge beds

- - Leaf removal

- - Flower planting and maintenance

- - Lawn repair and seeding

- - Shrub replacement

- - Storm damage and clean-up

- - Snow Removal:

- - Clear parking lots/sidewalks/roadways of snow or ice, as needed
- - Sand or ice melt application to all areas as needed

- - Sand clean-up
- - Street drain cleaning

5. ROUTINE SITE SECURITY

Description: Provide site security for the protection of people, property, and information. utilities or ancillary rent services include: security pass administration, gate keeping services, routine patrols, incident investigations, emergency response, maintenance of building life safety systems, and proactive/preventative security services including:
- - Provide 24 hour/day
- - 7 days/week site security.
- - Conduct safety/security patrols during off-hours within building.
- - Provide monthly safety inspections (per standards) of exit lights and emergency lights. Effect necessary repairs.
- - Provide, repair and maintain all building life safety systems per National Fire Protection Association (NFPA), LANDLORD Engineering Guidelines/Standards and local code requirements.
- - Provide routine traffic audits, with feedback to business management.
- - Maintain a well-trained, professional and courteous site security force.

6. MATERIALS HANDLING

Description: Provides centralized shipping, receiving, and distribution of material and equipment at Stine-Haskell Research Center. This service includes:
- - Receipt and shipment of materials such as precious metals, perishables, radioactive, theft-sensitive items and controlled substances.
- - Bar-Coded Package Tracking System - Internet based.
- - Freight, claims, and problem package management.
- - Delivery of packages to loading docks.
- - Delivery of packages to offices.

Note: utilities or ancillary rent services do not include off-site materials transportation; waste manifests. TENANT may be required to give LANDLORD appropriate power of attorney to sign shipping/receiving forms on its behalf.

7. SITE MAIL SERVICE

Description: Provides intra-site and external mail services at Stine-Haskell Research Center. This includes mail to/from the U. S. Postal utilities or ancillary rent service, intra-company mail including scheduled daily runs for priority interoffice mail and related distribution services to the various pickup/delivery points. The contract operator providing the mail service also manages postage meters and special pickups, which is handled as a demand service cost. LANDLORD manages the service level and accounting for the mail service contract. Site Mail utilities or ancillary rent service goals include:
- - Deliver and pick up mail twice/day at bulk stops (desk to desk - once/day).
- - Delivery of mail within two (2) business days between locations within a site.
- - Maintain accurate listing for proper individual mail delivery.

8. BUILDING HEAT

LANDLORD will provide environmental comfort (steam) heat to the LEASED PREMISES.

9. SITE. EMERGENCY RESPONSE PROGRAM

Description: LANDLORD coordinates emergency response services for the site. This includes fire response, medical emergency, spill control and other site emergency services. This response is closely coordinated with local authorities.

Additional Terms and Conditions:

1. Site Emergency Response Program Participation:

(a) TENANT will participate in the Site Emergency Response Program to the extent reasonably requested by LANDLORD, it being the intention of the parties that such participation by TENANT will be on a basis comparable to the participation in the Site Emergency Response Program by individual LANDLORD businesses located at the Stine-Haskell Research Center. It is expected that TENANT's participation will include, but not be limited to, the assignment by TENANT to the Stine-Haskell Research Center emergency response team of such number of TENANT's personnel as the parties may reasonably agree from time to time and the participation by such personnel in training, fire fighting and other activities associated with the Site Emergency Response Program.

(b) TENANT personnel shall be subject to LANDLORD's direction while participating in the Site Emergency Response Program; provided, however, that in no event shall such personnel be deemed employees of LANDLORD in connection with or as a result of their participation in the Site Emergency Response Program.

2. Response:

(a) In the event TENANT requests LANDLORD's assistance hereunder, LANDLORD shall use all reasonable efforts to provide such assistance as contemplated under the Site Emergency Response Program (including the provision of emergency first aid services), utilizing such personnel and equipment as shall be available at the Stine-Haskell Research Center at that time for that purpose. In the event of simultaneous emergencies at the TENANT facilities and elsewhere on the Stine-Haskell Research Center, the Emergency Director of the Stine-Haskell Research Center shall give priority to the emergency which presents, in his/her sole judgement, the greatest immediate danger or threat of personal injury, death or property damage without regard to the location of the emergency.

(b) If LANDLORD provides assistance to TENANT hereunder, LANDLORD shall be entitled to direct the emergency effort and TENANT shall cooperate fully with LANDLORD in this regard.

10. AIR PERMIT SUPPORT

Executive Summary: LANDLORD will manage the air permitting and record-keeping requirements for the emissions from laboratory fume hoods and ventilated enclosures as produced by TENANT at the Stine Haskell Research Center site ("Services"). These Services shall be provided in conjunction with the TENANT's research and development activities located at the LANDLORD Stine Haskell Research Center ("SHRC"). LANDLORD services shall be provided, and TENANT shall provide to LANDLORD its air emissions data, in compliance with applicable law, related regulations and LANDLORD's own permit and rules ("Compliance"). The services will be provided for only so long as it is permitted under LANDLORD's Title V permit.

TENANT Contact: Leslie O'Rourke Garret

LANDLORD Contacts:

Name	Telephone	Fax
Angela Jenkins	(302) 695-3821	(302) 774-1143
Charles Leaberry	(302) 695-4032	(302) 774-3508

Scope: LANDLORD will:

1. Develop, register, maintain and record TENANT Compliance with air permits and regulations. Submit environmental reports. Obtain regulatory permits and permit renewals under LANDLORD's Title V Air Permit.
2. Provide air pollution modeling to meet Delaware Air toxics requirements, and conduct other air dispersion modeling as reasonably requested by TENANT.
3. Develop procedures and provide training so that the TENANT unit proprietor has the necessary tools to comply with the sites permitting requirements.

Tracking and Reporting: TENANT will be responsible for timely and accurate biannual certifications as required for Compliance with/deviation from LANDLORD's Title V permit.

II. Utilities or Ancillary Services Not Included in Base Rent (i.e., Additional Rent Services)

1) ELECTRICITY
2) WATER AND SEWER

Terms of Service:

LANDLORD will provide electricity, domestic water and sanitary sewer to the TENANT.

- - Between 110-220 volt electricity.
- - Domestic water for general use, drinking fountains, chilled water, fire protection and sanitary purposes.

- - Sanitary waste water/sewer service, for which the TENANT shall meet all site discharge requirements and restrictions.

On the Effective Date, the utility provider for the Shared Site for (a) electricity is Conectiv; (b) domestic water is United Water Delaware and (c) sanitary sewer is New Castle County. Utilities' availability by TENANT is subject at all times by the terms and conditions of the LANDLORD's agreement with these providers.

Electricity and domestic water will be metered based on metered readings to be charged as a direct pass-through to the TENANT. Sanitary sewer charges will be based on the TENANT metered water use and charged at the pass through sewer unit rate per one thousand gallons used. In buildings where the TENANT is not the sole TENANT, the TENANT will be charged a prorated amount based on the meter readings for the entire building and their percentage of occupied space in that building.

Charges for electricity will be invoiced on a monthly basis; water and sanitary sewer bills will be on a quarterly basis.

EXHIBIT F

DECONTAMINATION PROCEDURES

- Chemical Dry (Glove) Box Decontamination Procedure, 2/3/02
- Chemical Fume Hood Decontamination Procedure, 2/3/02
- Chemical Laboratory Final Checklist, 2/3/02
- Lab and Office Checkout Guidance, 2/3/02
- Occupant Laboratory Move Checklist, 2/3/02
- Decontamination Procedure for Biosafety Level 2 (or above) Laboratories (undated)

Exhibit 21.1

SUBSIDIARIES OF INCYTE GENOMICS, INC.

Name	Jurisdiction of Organization
Incyte Dormant Co. Limited....	England and Wales
Incyte Europe Holdings Limited	England and Wales
Incyte Genomics Limited.....	England and Wales
Incyte Genomics Asia, Inc.....	Delaware
Proteome, Inc.....	Delaware

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-76236 and 33-93668) pertaining to the 1993 Directors' Stock Option Plan of Incyte Pharmaceuticals, Inc., (Form S-8 Nos. 33-76344, 33-93666, 333-13449, 333-31413, 333-47178, 333-63069, 333-67598 and 333-83291) pertaining to the 1991 Stock Plan of Incyte Pharmaceuticals, Inc., (Form S-8 Nos. 333-31409, 333- 47180 and 333-67596) pertaining to the 1997 Employee Stock Purchase Plan of Incyte Pharmaceuticals, Inc., (Form S-8 No. 333-46639) pertaining to Options Assumed By Incyte Pharmaceuticals, Inc. Originally Granted Under The Synteni, Inc. 1996 Equity Incentive Plan, (Form S-8 No. 333-67691) pertaining to Options Issued By Incyte Pharmaceuticals, Inc. to Former Optionholders of Hexagen Limited, (Form S-8 No. 333-54496) pertaining to Options Assumed By Incyte Genomics, Inc. Originally Granted Under The Proteome, Inc. 1998 Employee, Director, And Consultant Stock Option Plan, (Form S-3 No. 333-36318) pertaining to the 5.5% Convertible Subordinated Notes Due 2007 and Shares of Common Stock Issuable Upon Conversion of the Notes, and (Form S-3 No. 333-55826) pertaining to 1,248,522 Shares of Common Stock and the related Prospectuses of our report dated January 25, 2002, with respect to the consolidated financial statements and schedule of Incyte Genomics, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2001.

/S/ ERNST & YOUNG LLP

Palo Alto, California
March 26, 2002

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-76236, 33-93668, 33-76344, 33-93666, 333-13449, 333-31413, 333-63069, 333-67598, 333-83291, 333-47178, 333-31409, 333-47180, 333-67596, 333-46639, 333-67691 and 333-54496) and Form S-3 (No. 333-55826) of Incyte Genomics, Inc. of our report dated January 14, 2002, except as to Paragraph 2 of Note 8 which is as of January 31, 2002, relating to the financial statements of diaDexus Inc., which appears in this Form 10-K.

PRICEWATERHOUSECOOPERS LLP

San Jose, California
April 1, 2002