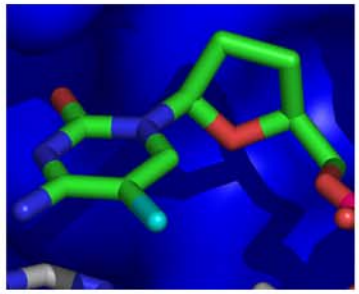
The Drive To Discover. The Experience To Deliver.


Incyte

JPMorgan Healthcare Conference

January 2005

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Safe Harbor Statement

Except for the historical information set forth herein, the matters set forth in this presentation, including without limitation statements regarding our anticipated future success in drug discovery and development, our experienced team, growing product pipeline and strong cash position, plans and expected timelines for advancing our drug candidates through preclinical and clinical trials, potential therapeutic value, including attributes and indications of our drug candidates, co-promotion and other partnering strategies and plans for our drug candidates, intentions to in-license a compound and intentions to enter into a strategic partnership, contain predictions, estimates and other forward-looking statements.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the risk that results of clinical trials may be unsuccessful or insufficient to meet applicable regulatory standards, the high degree of risk associated with drug development, the impact of competition and technological advances, the results of further scientific research, unanticipated delays, the ability of Incyte to compete against parties with greater financial or other resources, greater than expected expenses, economic factors, unanticipated or unpredictable expenses relating to litigation or strategic activities, our ability to obtain additional capital when needed, risks related to product candidates that are in-licensed, risks related to obtaining effective patent coverages for our products and other risks detailed from time to time in Incyte's reports filed with the Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

Incyte disclaims any intent or obligation to update these forward-looking statements.

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Incyte: Why Invest?

- **Exceptional team**
- Growing pipeline
- Strong cash position

Exceptional Team

- World-class medicinal chemistry
- Extensive experience in the biology of inflammation and cancer
- Proven track record in developing and registering new HIV therapies:
  - Sustiva® and Crixivan®

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Incyte: Resourced to Win

- Exceptional team
- **Growing pipeline**
- Strong cash position

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Growing Pipeline of Novel Orally-Available Compounds

Program	Indication	Discovery	Preclinical	Phase I	Phase II	Phase III
Reverset™	HIV					
CCR2 Antagonists	RA, MS ATH					
Sheddase Inhibitor	Cancer					
Discovery Programs	HIV Cancer Diabetes					

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Reverset: Impressive Phase IIa Results

Compelling Product Profile

- Potent anti-viral activity
- Well-tolerated at all doses: 50, 100 and 200 mg in both treatment-naives and treatment-experienced
- Once a day
- Potential to provide coverage against virus resistant to other NRTIs:
  - M184V: Epivir® (3TC); Emtriva® (FTC)
  - TAMS: Retrovir® (AZT); Zerit® (d4T)
  - K65R: Viread® (tenofovir)

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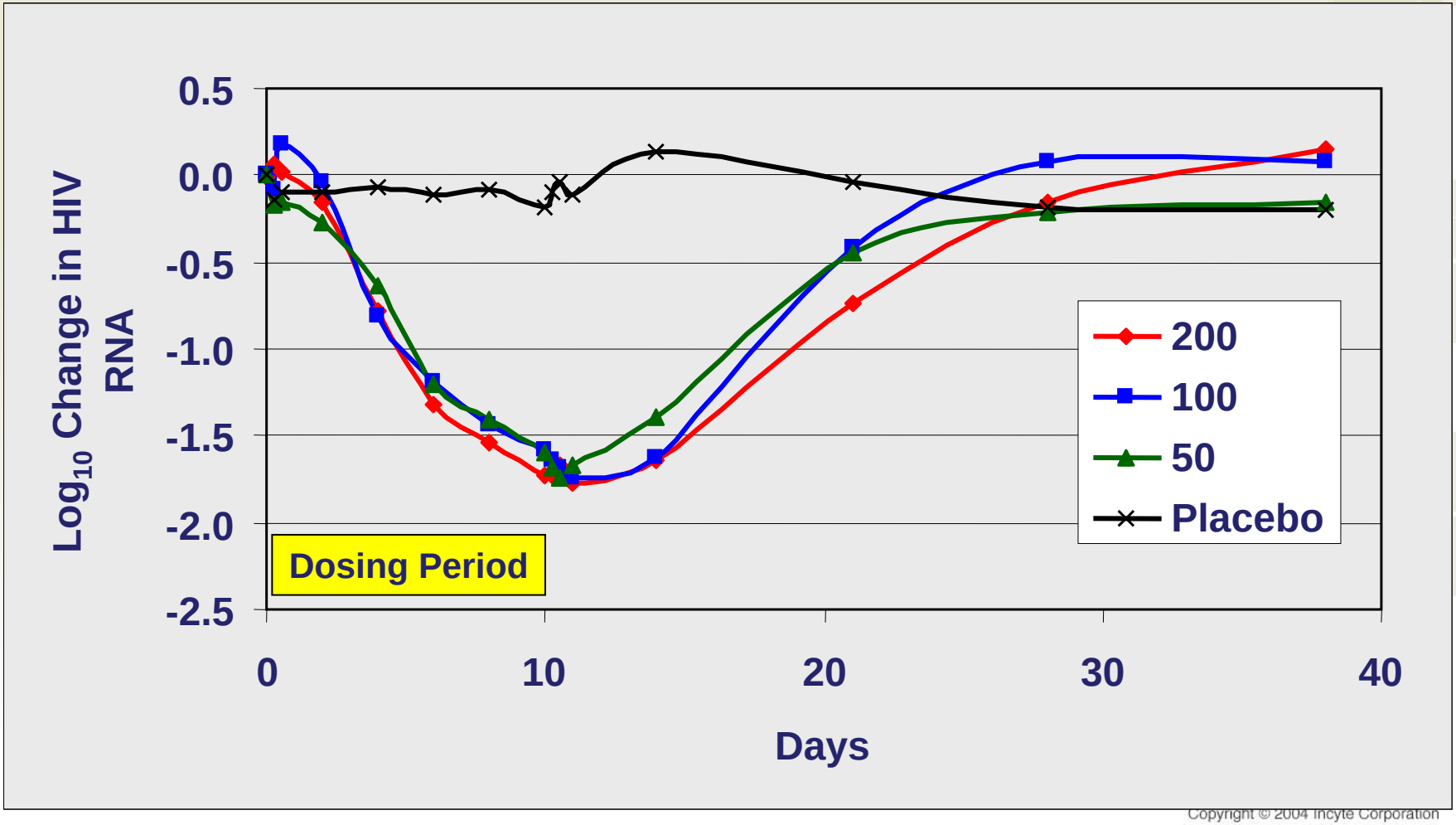
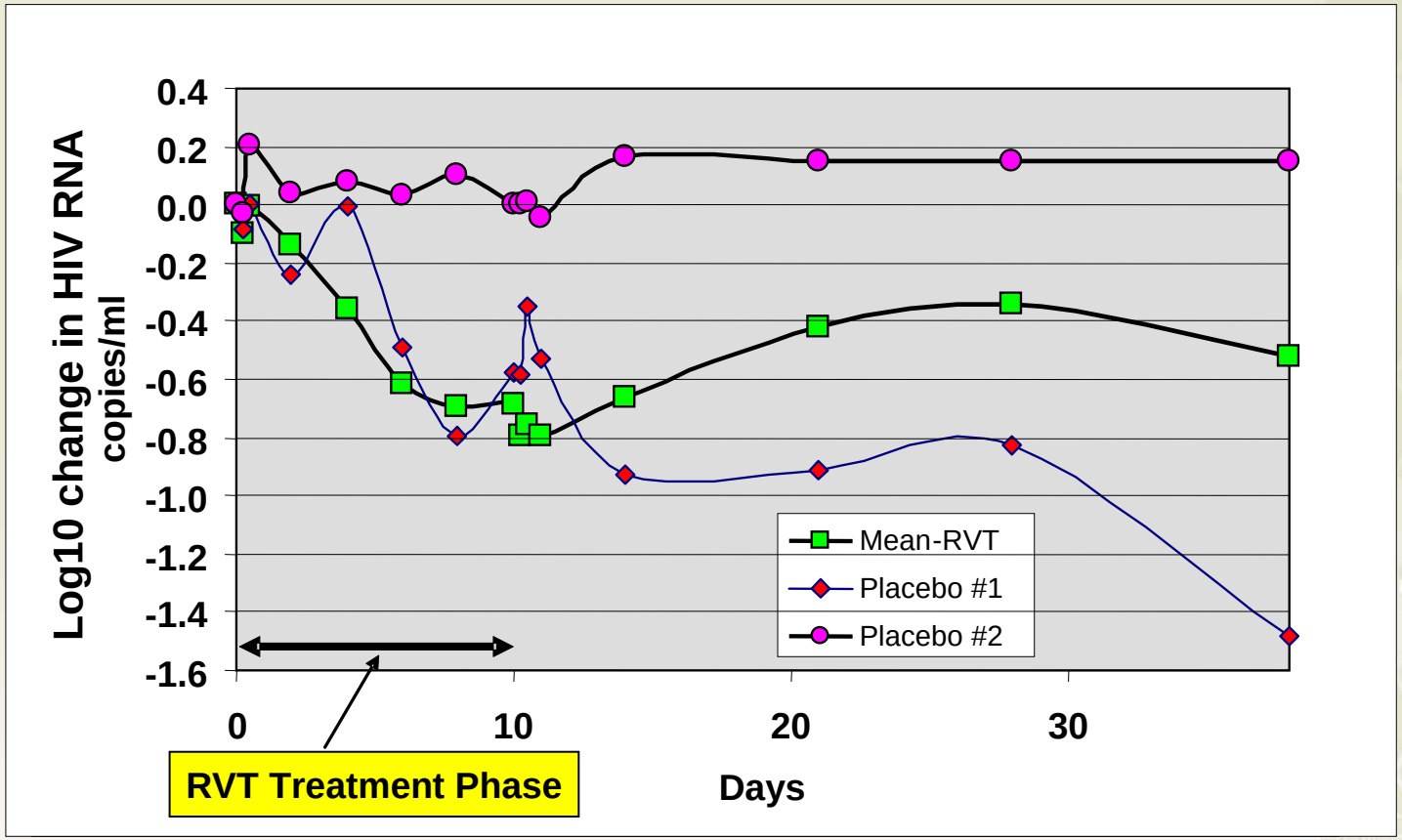
Mean Log Change in HIV RNA:
Treatment-Naïve Subjects



Potential to be Effective in Treatment-Experienced Patients

200 mg RVT or Placebo for 10 Days Added to Current Failing ART Regimen



- 4 of 8 Subjects receiving RVT achieved HIV RNA levels <400 copies/ml, 1 of 8 achieved <50 copies/ml
- RVT equally effective in failing background regimens including 3TC and/or TFV
- No treatment emergent mutations
- Response in one placebo treated subject likely due to renewed adherence to background therapy

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Key Objectives for Phase IIb Study 203

- 180 treatment-experienced patients
  - 4 arms: 50, 100, 200 mg of Reverset and placebo
- Assess activity in patients with resistance mutations who are failing current regimens
- Assess safety and tolerability over 3 to 6 months
- Select a dose for Phase III
- Confirm design for Phase III trials

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Where Reverset May Be Used

Preferred Second Regimen

Initial Regimen	Potential NRTI Resistance	Second Regimen
Sustiva®, 3TC, AZT	M184V, TAMS	PI, Viread, Reverset
Sustiva, Viread, Emtriva	K65R, M184V	PI, AZT, Reverset

First Line Therapy

Sustiva, Viread, Reverset

Sustiva, Reverset, AZT

Reverset: Development and Commercial Plans

- Complete Phase II
- End of phase II meeting with FDA
- Initiate Phase III
- Commercialize on our own or co-promote

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CCR2 Antagonists

Potential To Become a New Class of Anti-Inflammatory Therapies

Growing awareness that inflammation is involved in a wide variety of serious medical conditions

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CCR2 Antagonists

Novel Mechanism to Treat Inflammatory Diseases

- CCR2 antagonists prevent blood monocytes from entering the tissue and becoming macrophages
- Macrophages produce TNF and other pro-inflammatory mediators
- The severity of inflammation in a number of disease states correlates with the number of macrophages in tissue
- Growing body of evidence suggesting that blocking CCR2 has the potential to reduce inflammation in multiple indications:
  - rheumatoid arthritis
  - diabetes
  - multiple sclerosis
  - atherosclerosis

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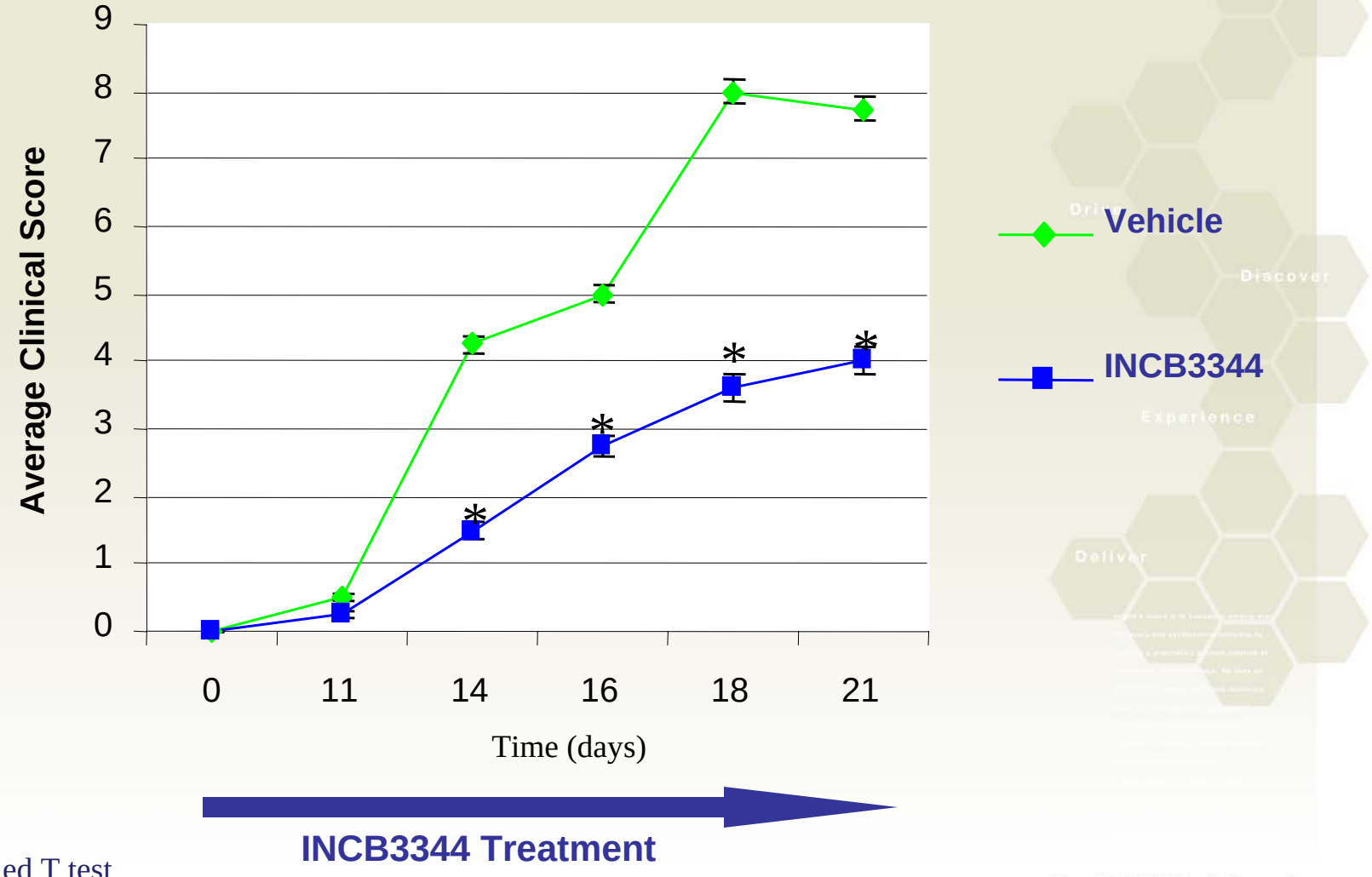
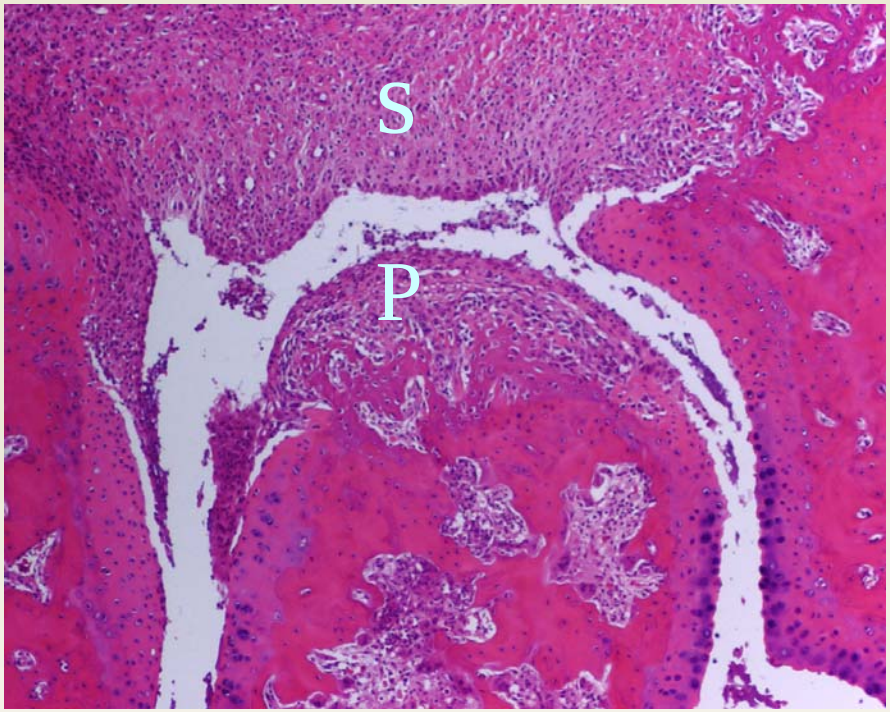
Efficacy of INCB3344 in Rat Adjuvant Arthritis

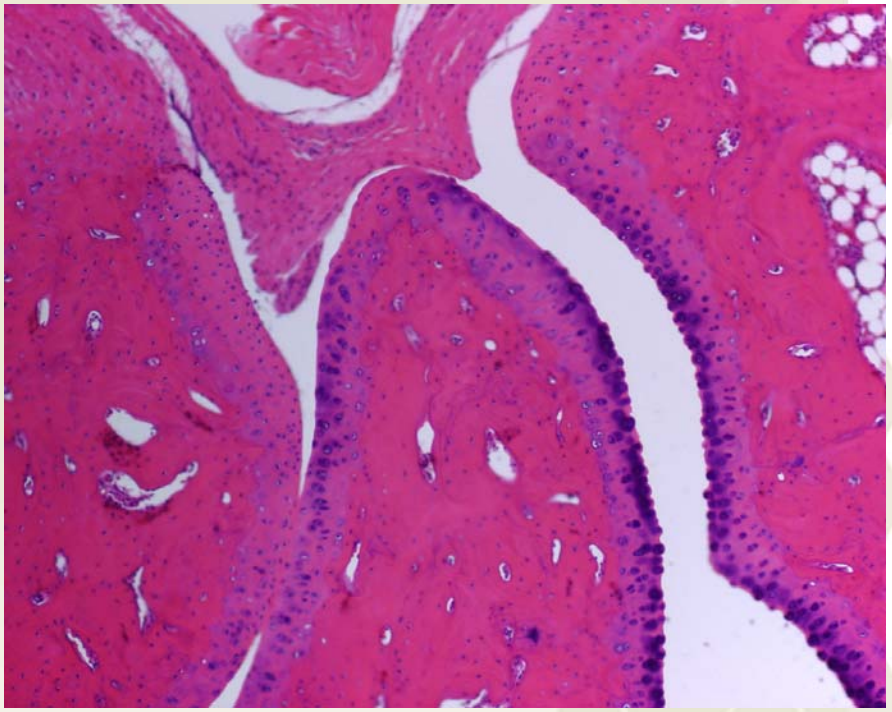


* P<.01 two-tailed T test

INCB3344 Suppresses Histological Evidence of Inflammation in Adjuvant Arthritis Model



Vehicle Control



INCB3344

Treatment with INCB3344 reduces all histological indices of joint destruction including bone resorption, pannus formation, and synovial proliferation in rat adjuvant arthritis model

S = Synovitis
P = Pannus

Role of CCR2 in Diabetes

- Inflammation is a clinically relevant component in obesity
- This component includes accumulation of macrophages in adipose tissue
- Macrophage-derived pro-inflammatory molecules have an established role in the development of insulin resistance

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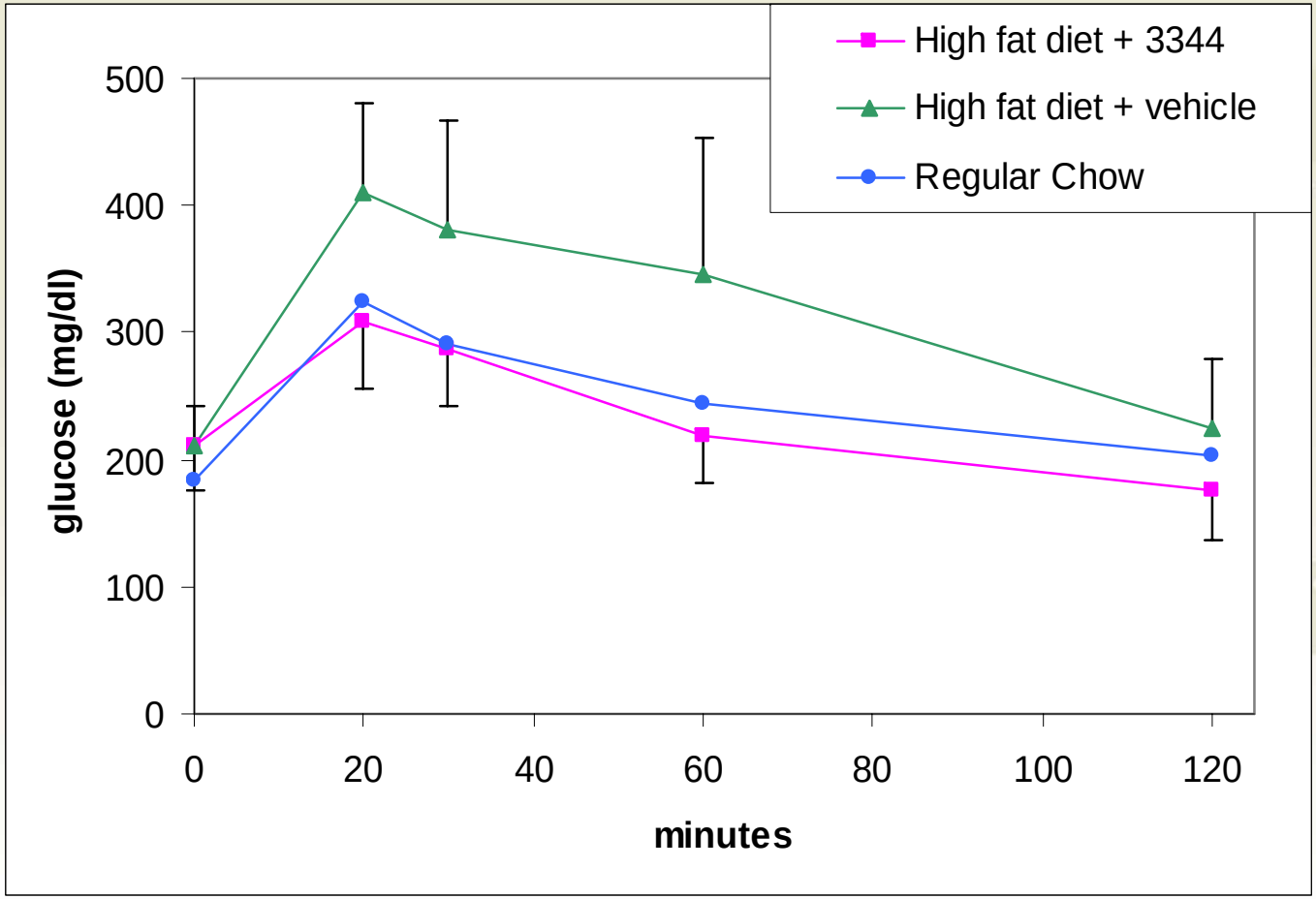
CCR2 Antagonism Improves Glucose Tolerance in Obese Mice



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INCB3284 Phase I Design
Study 3284-101

- Healthy volunteers
- Escalating single and multiple dose:
  1. Single doses up to 480 mg
     - 24 subjects – all receive drug and placebo
  2. Multiple doses up to 240 mg twice daily
     - 10 day dosing period
     - 35 received drug, 11 received placebo
- Clinical parameters:
  - Safety
  - Pharmacokinetics
  - Delayed Type Hypersensitivity (DTH)

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Phase I Results

- Safety & tolerability
  - No dose limiting toxicity
  - No significant adverse effects
  - Safety / tolerability equal to placebo
- Pharmacokinetics

  Half-life supports once or twice daily dosing

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Phase I DTH Results Were Similar to Effects Seen in Preclinical Studies

Species/Chemotaxis inhibition level	Mean Decrease	Median Decrease
Human / Placebo	21%	22%
Human / ~IC70*	42%	51%
Human / ~IC90*	54% **	69%
Mouse / ~IC90*	54%	60%
Cyno / ~IC90*	65%	65%

*** Approximate concentrations at trough**

**** Excludes one outlier**

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30 Day Phase IIa Studies

- **Study 201**
  - 1 month study in rheumatoid arthritis patients
  - Primary endpoint
    - Safety
- **Study 202**
  - 1 month study in obese Type II diabetics
  - Primary endpoints:
    - Improvement in glucose tolerance
    - Safety

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CCR2 Partnering Strategy

- Strategic partnership with a major pharmaceutical company is key to maximizing opportunity
- Key considerations:
  - Proven track record in inflammation
  - Commitment to advance multiple indications

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Sheddase Inhibitor Program

Novel Cancer Therapy

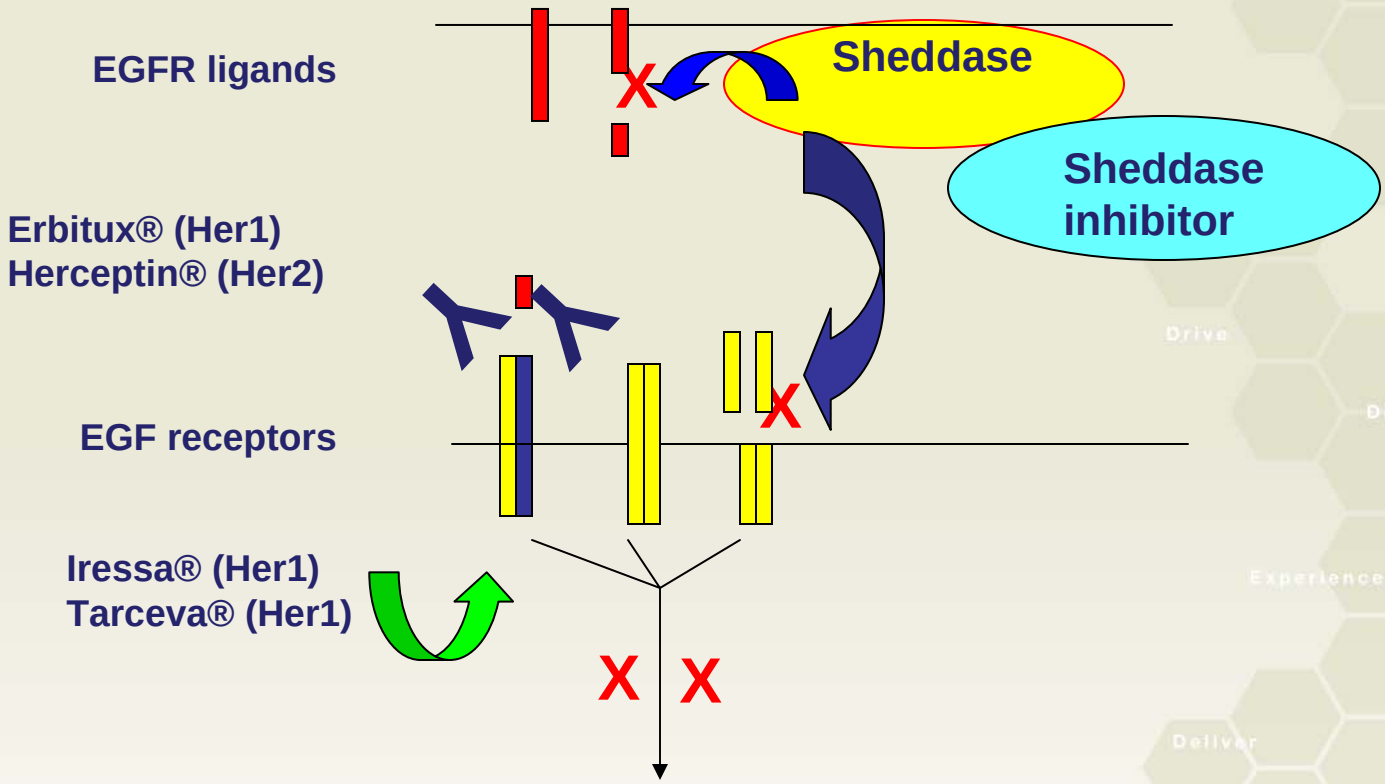
- Sheddase is a key enzyme that activates epidermal growth factor receptors (EGFR) which are over-expressed in a variety of solid tumors
- Activation of EGFR pathways lead to increased signaling, proliferation and survival of malignant cells

Epidermal Growth Factor Receptors (EGFR)

- Family of receptors and ligands
  - 4 receptors (Her-1, Her-2, Her-3, Her-4)
  - 11 ligands:

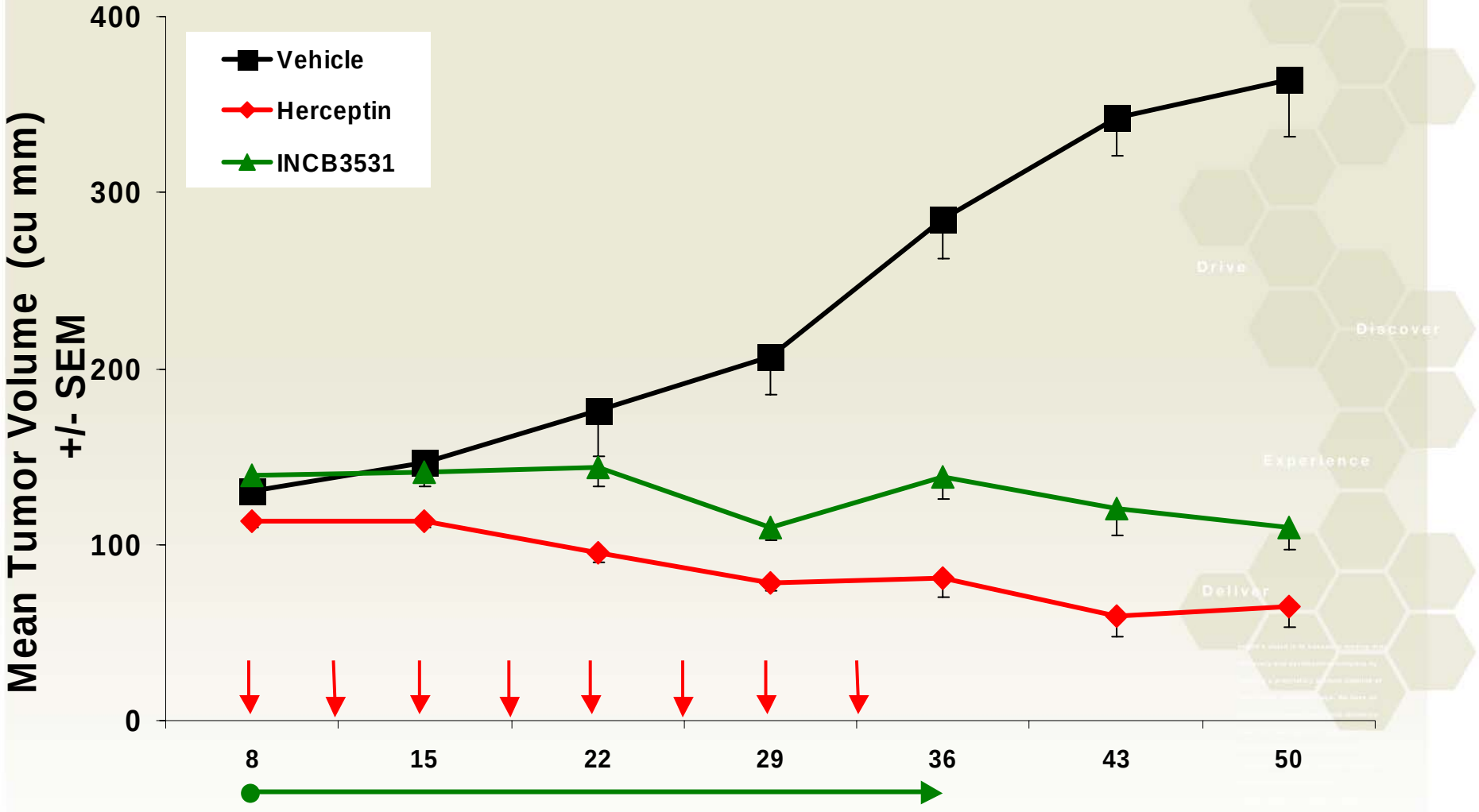
    Amphiregulin, b-cellulin, EGF, Epigen, Epiregulin HB-EGF, NRG1/Heregulin, NRG2, NRG3, NRG4, TGF-a

Key Points of Intervention in EGFR Pathway



These therapeutic approaches may be most beneficial when used in combination with each other or with cytotoxic agents

INCB3531 Inhibits Tumor Growth in an EGFR Family (Her2) Dependent Model of Human Breast Cancer



BT474-SC1-2

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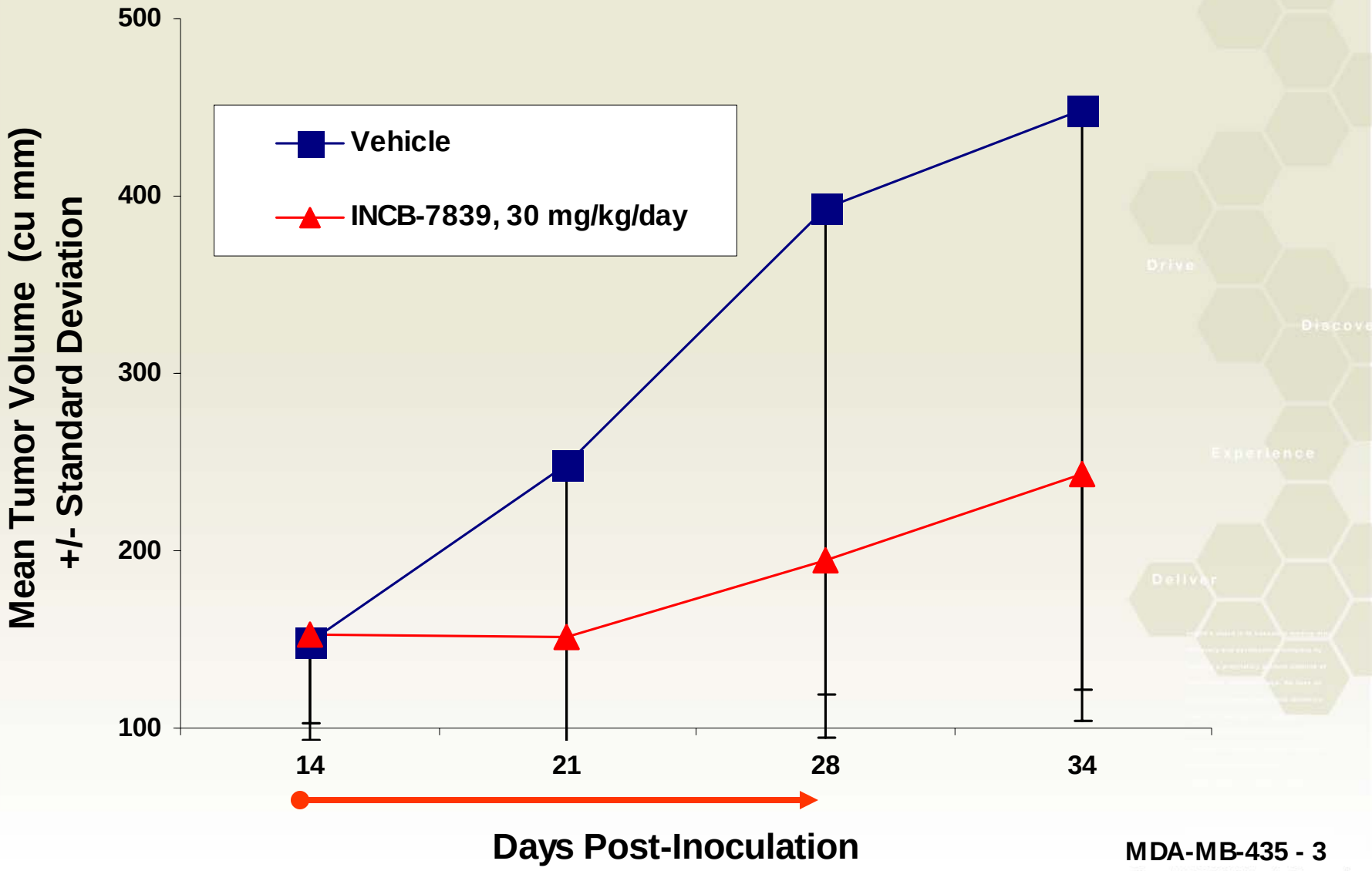
Sheddase Inhibition Synergizes with Herceptin in a Her-2 Driven Breast Cancer Xenograft Model

Treatment	Tumor Growth Delay (Days)	PR	CR
Vehicle	-	0/8	0/8
INCB3619 (30 mpk, 28 days)	27	0/8	0/8
Herceptin (3 mpk biw, 5 wks)	11	0/8	0/8
INCB3619 + Herceptin	48	1/8	2/8

(BT-474-SC1)

PR = Partial Responders (a 50% reduction in tumor size in two consecutive measurements)
CR = Complete Responders (tumor volume is < 14mm cu in two consecutive measurement)

Effect of INCB7839 in an EGFR Responsive Tumor Xenograft Model



MDA-MB-435 - 3

Sheddase Inhibition Improves Therapeutic Response to Paclitaxel in an EGFR Responsive Breast Tumor Model

Treatment	Tumor Growth Delay (Days)	PR	CR
Vehicle	-	0/8	0/8
INCB7839 (30 mpk, 14days)	9	0/8	0/8
Paclitaxel (10 mpk, biw)	10	0/8	0/8
Paclitaxel (10 mpk) + INCB7839	32	0/8	0/8
Paclitaxel (20 mpk, biw)	37	0/8	0/8
Paclitaxel (20 mpk) + INCB7839	53	7/8	1/8

(MDA-MB-435)

PR = Partial Responders (a 50% reduction in tumor size in two consecutive measurements)
CR = Complete Responders (tumor volume is < 14mm cu in two consecutive measurement)

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INCB7839
Lead Preclinical Cancer Compound

- Small molecule, orally bioavailable
- Active against all EGFR pathways
- Excellent selectivity vs. broad panel of receptors, enzymes, ion channels, including hERG
- No dose limiting toxicities observed in one month IND enabling safety study
- IND filing filed 12/28/04
- Phase I to initiate 1Q/2005

Incyte Today: Resourced to Win

- Exceptional team
- Strong product pipeline
- **Solid financial position**

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Financial Position

	9/30/04
Pro forma cash *	**$497M**
Long-term Debt	
3-1/2% subordinated convertible notes (2011)	**$250M**
5-1/2% subordinated convertible notes (2007)	**$128M**
2004 Total Cash Burn Range	**$120-130M**

* Includes $84M from the sale of 9 million shares of common stock 11/04

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2005 Objectives and Catalysts

Reverset

- Complete enrollment for Phase IIb — 1Q/2005
- Conduct end of Phase II meeting — Summer
- Present Phase IIb data — 2H/2005
- Initiate Phase III — 2H/2005

CCR2

- Results from RA Phase IIa trial — 2H/2005
- Results from diabetes Phase IIa trial — 2H/2005
- Initiate three month Phase II trials — 2H/2005

Sheddase

- Initiate Phase I — 1Q/2005
- Results from Phase I — 2H/2005
- Initiate Phase II — 2H/2005

Seek to In-license one additional compound

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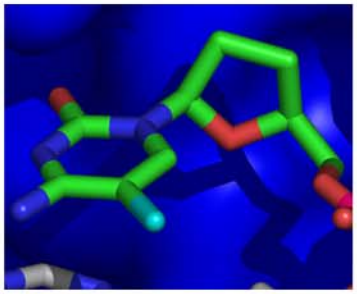


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