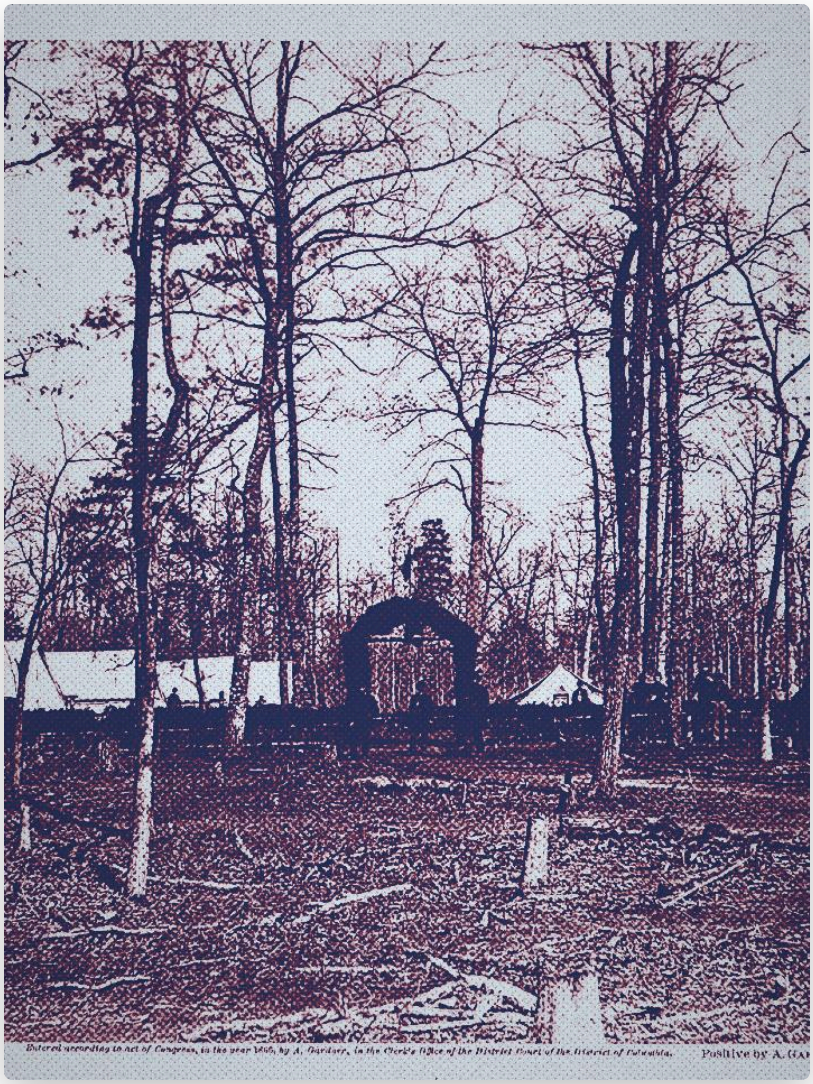
FORM S-1 · REGISTRATION STATEMENT

Neoforma.com Inc

IPO priced 2000-01-24 · $13.00 a share · NEOF



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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 15, 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NEOFORMA.COM, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	5961	77-0424252
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

3255-7 SCOTT BLVD. SANTA CLARA, CALIFORNIA 95054 (408) 654-5700 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) ROBERT J. ZOLLARS CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER 3255-7 SCOTT BLVD. SANTA CLARA, CALIFORNIA 95054 (408) 654-5700 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. [ ] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] _____ .

IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] _____ .

IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [ ] _____ .

IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, PLEASE CHECK THE FOLLOWING BOX. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, $0.001 par value per share.....	$75,000,000	$20,850

(1) ESTIMATED SOLELY FOR THE PURPOSE OF COMPUTING THE AMOUNT OF THE REGISTRATION FEE PURSUANT TO RULE 457(O) UNDER THE SECURITIES ACT OF 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER

BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED OCTOBER 15, 1999

PROSPECTUS

SHARES

[NEOFORMA.COM LOGO]

COMMON STOCK

THIS IS NEOFORMA.COM, INC.'S INITIAL PUBLIC OFFERING OF COMMON STOCK.

WE EXPECT THE PUBLIC OFFERING PRICE TO BE BETWEEN $ AND $ PER SHARE. CURRENTLY, NO PUBLIC MARKET EXISTS FOR THE SHARES. AFTER PRICING OF THE OFFERING, WE EXPECT THAT THE COMMON STOCK WILL BE QUOTED ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "NEOF."

INVESTING IN OUR COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 6 OF THIS PROSPECTUS.

	PER SHARE	TOTAL
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Neoforma.com, Inc.	$	$

THE UNDERWRITERS MAY ALSO PURCHASE UP TO AN ADDITIONAL SHARES AT THE PUBLIC OFFERING PRICE, LESS THE UNDERWRITING DISCOUNT, WITHIN 30 DAYS FROM THE DATE OF THIS PROSPECTUS TO COVER OVER-ALLOTMENTS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SHARES OF COMMON STOCK WILL BE READY FOR DELIVERY IN NEW YORK, NEW YORK ON OR ABOUT , 1999. MERRILL LYNCH & CO. BEAR, STEARNS & CO. INC. ROBERTSON STEPHENS VOLPE BROWN WHELAN & COMPANY WILLIAM BLAIR & COMPANY THE DATE OF THIS PROSPECTUS IS , 1999.

COVER ARTWORK

[TO COME.]

Table of Contents

Prospectus Summary	3
Risk Factors	6
Special Note Regarding Forward-Looking Statements and Industry Data	18
Use of Proceeds	19
Dividend Policy	19
Capitalization	20
Dilution	22
Selected Financial Data	23
Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Business	32

Management..... 47
Certain Transactions..... 58
Principal Stockholders..... 62
Description of Capital Stock..... 64
Shares Eligible for Future Sale..... 67
Underwriting..... 69
Legal Matters..... 72
Experts..... 72
Where You Can Find More Information..... 72
Index to Financial Statements..... F-1

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Except as otherwise indicated, all information in this prospectus assumes:

- the conversion of each outstanding share of preferred stock into one share of common stock upon the consummation of this offering; and - no exercise of the underwriters' over-allotment option.

Neoforma, Neoforma.com, the Neoforma.com logo, Shop, Auction and Plan are our trademarks or service marks. Each trademark or service mark of any other company appearing in this prospectus belongs to its holder.

We incorporated in California on March 4, 1996 and reincorporated in Delaware on November 4, 1998. Our address is 3255-7 Scott Boulevard, Santa Clara, California, 95054, and our telephone number is (408) 654-5700.

Prospectus Summary

This summary may not contain all of the information that may be important to you. You should carefully read the entire prospectus, including "Risk Factors" and our financial statements, before making an investment decision.

Neoforma.com, Inc.

Neoforma.com is a leading provider of business-to-business e-commerce services in the large and highly fragmented market for medical products, supplies and equipment. Our services provide an open, online marketplace where any manufacturer or distributor may list and sell medical products. By aggregating a large number of suppliers and products, our services enable physicians, hospitals and other healthcare providers to efficiently purchase a wide range of new and used medical products. To

increase the breadth and usage of our services, we have entered into strategic alliances with leading Internet, technology and healthcare-related organizations and medical products suppliers, such as Dell, General Electric Medical Systems, Healtheon, Owens & Minor, SAP and Superior Consultant.

We offer three primary services that together address the entire healthcare purchasing lifecycle. Our Shop service, introduced in late August 1999, provides a unified marketplace where purchasers can easily locate and buy new medical products, and suppliers can access new customers and markets. Our Auction service, introduced in May 1999, creates an efficient marketplace for idle assets by enabling users to list, sell and buy used, refurbished and surplus medical products. Our Plan service, introduced in July 1998, provides interactive content to healthcare facility planners to reduce the complexities of planning and outfitting healthcare facilities.

The worldwide market for new medical products, supplies and equipment is approximately $140 billion, and is growing at an estimated 6% per year. In the U.S. alone, there are over 20,000 manufacturers and distributors that supply new medical products to over 200,000 healthcare providers, including hospitals, physicians' offices and other healthcare delivery sites. In the market for used or surplus medical products, sellers typically are manufacturers and large healthcare providers located in U.S. urban centers, while buyers typically are healthcare providers located outside of the U.S. or in rural markets in the U.S. The high degree of buyer and supplier fragmentation in the market for both new and used medical products results in significant supply-chain inefficiencies.

Our online marketplace provides significant benefits to both purchasers and sellers of new and used medical products, supplies and equipment. By aggregating product information from numerous suppliers, we offer healthcare providers a central, easy-to-use location for the purchase of medical products, enabling them to significantly reduce transaction and procurement costs. By aggregating a wide range of purchasers, we enable any supplier to offer its new and used medical products on a global basis, significantly expanding its market exposure without the expense associated with building or extending traditional distribution channels.

Our objective is to become the leading online marketplace for new and used medical products. Key elements of our strategy to meet this objective include:

- Build on our position as one of the first to offer comprehensive e-commerce services to our market and increase recognition of our brand;

- Increase adoption of our online marketplace to create a network effect where the value of our marketplace significantly increases with each additional user;

- Increase functionality of our services to drive broad market adoption;

- Establish strategic alliances with leading industry participants; and - Expand internationally. 3

The Offering

Common stock offered..... shares Common stock to be outstanding after this shares offering..... Use of proceeds..... For general corporate purposes, including sales and marketing, product development and working capital. Proposed Nasdaq National Market symbol..... NEOF The number of shares of our common stock that will be outstanding after this offering is based on the actual number outstanding on September 30, 1999 and assumes the conversion into common stock of all our preferred stock outstanding on that date. The number of shares outstanding includes 12,693,663 shares of common stock issuable upon conversion of our Series E and Series E-1 preferred stock that we issued in October 1999. The number of shares outstanding excludes:

- 6,765,709 shares issuable upon the exercise of stock options outstanding as of September 30, 1999, at a weighted average exercise price of $0.18 per share;

- 421,525 shares issuable upon the exercise of warrants outstanding as of September 30, 1999, at a weighted average exercise price of $0.61 per share; and - shares available for future issuance under our stock plans as described under "Management -- Employee Benefit Plans." 4

Summary Financial Information (In Thousands, Except Per Share Amounts)

The summary financial information below should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes included elsewhere in this prospectus.

	PERIOD FROM INCEPTION (MARCH 6, 1996) TO DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	1998	SIX MONTHS ENDED JUNE 30, 1998	1999
				(UNAUDITED)	
STATEMENTS OF OPERATIONS DATA:					
Total revenue.....	$ --	$ --	$ --	$ --	$ 7
Loss from operations.....	(196)	(408)	(4,607)	(1,065)	(8,160)
Net loss.....	(54)	(416)	(4,563)	(1,061)	(8,127)
Basic and diluted net loss per share.....	(0.01)	(0.05)	(1.65)	(0.21)	(7.95)
Weighted-average shares -- basic and diluted.....	8,000	8,083	2,762	5,077	1,022
Pro forma basic and diluted loss per share.....			(0.36)		(0.32)
Weighted-average shares -- pro forma basic and diluted.....			12,848		25,696

JUNE 30, 1999 (UNAUDITED) PRO FORMA ACTUAL PRO FORMA AS ADJUSTED

BALANCE SHEET DATA:			
Cash and cash equivalents.....	$ 7,063	$77,601	$
Working capital.....	4,869	76,969	
Total assets.....	9,759	81,859	

Notes payable, less current portion	1,624	1,624
Mandatorily redeemable convertible preferred stock	15,870	--
Total stockholders' equity (deficit)	(10,955)	77,694

See Note 2 of notes to financial statements for a description of the method we used to compute our basic and diluted net loss per share.

The above table summarizes our balance sheet as of June 30, 1999:

- on an actual basis;

- on a pro forma basis to reflect the sale in October 1999 of 12,418,663 shares of our Series E and Series E-1 preferred stock for net proceeds of approximately $70.5 million, the issuance of 275,000 shares of our Series E-1 preferred stock in connection with a strategic alliance we entered into in October 1999 and the conversion of all outstanding shares of preferred stock into 39,814,961 shares of common stock; and - on a pro forma as adjusted basis to further reflect the application of the net proceeds from the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and estimated offering expenses. 5

Risk Factors

Before you invest in our common stock, you should carefully consider the risks described below, together with all of the other information included in this prospectus.

Risks Related to Our Business

Our Prospects Are Difficult to Evaluate Because Our Operating History Is Limited

We incorporated in March 1996. Prior to May 1999, our operations consisted primarily of the initial planning and development of our marketplace and the building of our operating infrastructure. We introduced our Auction service in May 1999, and we introduced our Shop service in late August 1999. Because we have only recently introduced our services, it is difficult to evaluate our business and our future prospects. For example, it is difficult to predict whether the market will accept our services and the level of revenue we can expect to derive from our services. An investor in our common stock should consider the risks and difficulties frequently encountered by early stage companies in new and rapidly evolving markets such as the online market for the purchase and sale of new and used medical products, supplies and equipment. We cannot be certain that our business strategy will be successful or that we will successfully address these risks. In addition, due to our limited operating history, we believe that period-to-period comparisons of our revenue and results of operations are not meaningful. As a result, you should not rely on our revenue or results of operations as an indication of future performance or prospects.

WE HAVE A HISTORY OF LOSSES, ANTICIPATE INCURRING LOSSES IN THE FORESEEABLE FUTURE AND MAY NEVER ACHIEVE PROFITABILITY We have experienced losses from operations in each period since our inception. As of June 30, 1999, we had an accumulated deficit of approximately $13.2 million. We have not achieved profitability and we expect to continue to incur substantial operating losses for the foreseeable future. We have generated limited revenue to date. If our revenue does not increase substantially or if our expenses increase further than we expect, we may never become profitable.

We anticipate that our operating losses will increase in the future, as we expect substantial increases in our costs and expenses in a number of areas, including:

- marketing and promotion of our company and our services, including building recognition of our brand name;

- expanding our direct field sales force;

- expanding and enhancing our operating infrastructure, including hardware and software systems and administrative personnel;

- extending the functionality of our online marketplace; and - expanding our services.

OUR OPERATING RESULTS ARE VOLATILE AND DIFFICULT TO PREDICT, AND IF WE FAIL TO MEET THE EXPECTATIONS OF INVESTORS OR SECURITIES ANALYSTS, THE MARKET PRICE OF OUR COMMON STOCK WOULD LIKELY DECLINE SIGNIFICANTLY Our revenue and operating results are likely to fluctuate significantly from quarter to quarter, due to a number of factors. These factors include:

- demand for and market acceptance of our services;

- the amount and timing of payments to our strategic partners;

- variability in the amount of equipment that we auction in a given quarter;

- changes in the fees we charge users of our services;

- the amount and timing of capital expenditures and other costs relating to the expansion of our operations;

- the loss of one or more of our strategic partners or key suppliers or purchasers;

- budgetary fluctuations of purchasers of medical products, supplies and equipment;

- the timing and number of employee hires or departures;

- technical difficulties with our online marketplace; and - changes in general economic and market conditions.

Due to all of the above factors, fluctuations in our operating results may cause us to fail to meet the expectations of investors or securities analysts. If this were to happen, the market price of our common stock would likely decline significantly.

In addition, as a result of our limited operating history, the emerging nature of our market and the evolving nature of our business model, we are unable to accurately forecast our revenue. We incur expenses based predominantly on operating plans and estimates of future revenue. Our expenses are to a large extent fixed. We may be unable to adjust our spending in a timely manner to compensate for any unexpected revenue shortfalls. Accordingly, a failure to meet our revenue projections would have an immediate and negative impact on profitability.

OUR BUSINESS MODEL IS NEW AND MAY NOT BE ACCEPTED BY PURCHASERS AND SUPPLIERS OF MEDICAL PRODUCTS We offer an online marketplace that aggregates a number of suppliers and purchasers of medical products. This business model is new and unproven and depends upon buyers and sellers in this market adopting a new way to purchase and sell medical products, supplies and equipment. Suppliers and purchasers of medical products could be reluctant to accept our new, unproven approach, which involves new technologies and may not be consistent with their existing internal organization and procurement processes. Suppliers and purchasers may prefer to use traditional methods of selling and buying medical products, such as using paper catalogs and interacting in person or by phone with representatives of manufacturers or distributors. In addition, many of the individuals responsible for purchasing medical products do not have ready access to the Internet and may be unwilling to use the Internet to purchase medical products. Even if suppliers and purchasers accept the Internet as a means of selling and buying medical products, they may not accept our online marketplace for conducting this type of business. Instead, they may choose to establish and operate their own websites to purchase or sell new and used medical products. Reluctance of suppliers and purchasers to use our services would seriously harm our business.

IF WE CANNOT QUICKLY BUILD A CRITICAL MASS OF PURCHASERS AND SUPPLIERS OF MEDICAL PRODUCTS, SUPPLIES AND EQUIPMENT, WE WILL NOT ACHIEVE A NETWORK EFFECT AND OUR BUSINESS MAY NOT SUCCEED To encourage suppliers to list their products on our online marketplace, we need to increase the number of purchasers who use our services. However, to encourage purchasers to use our marketplace, it must offer a broad range of products from a large number of suppliers. If we are unable to quickly build a critical mass of purchasers and suppliers, we will not be able to benefit from a network effect, where the value of our services to each participant significantly increases with the addition of each new participant. Our inability to achieve a network effect would reduce the overall value of our Shop and Auction services to purchasers and suppliers and, consequently, would harm our business.

IN ORDER FOR LARGE HEALTHCARE ORGANIZATIONS TO ACCEPT OUR SERVICES, WE MUST EXPAND THE BASE OF SUPPLIERS USING OUR SERVICES AND THE FUNCTIONALITY OF OUR SERVICES Currently, most of the registered users of our website are relatively small healthcare providers such as physicians offices, and these users have accounted for most of the purchases of new medical products through Shop. It is important to our success that our services be used by large healthcare organizations, such as hospitals, integrated delivery networks and members of large purchasing organizations. In order for these large organizations to accept our services, we must integrate our services with their information systems. In addition, we will need to develop customer-specific pricing capabilities before these organizations can use our services to purchase products

covered by their negotiated agreements with suppliers. Finally, we will need to significantly increase the number of suppliers using our services to address the needs of these large organizations, which typically require a wide range of medical products. Many of these large healthcare organizations have established, or may establish, websites or electronic data interchange systems designed specifically for their needs and integrated with their existing processes and technologies. If we are unable to extend our capabilities and expand our base of suppliers as described above, we may not provide an attractive alternative to these websites or systems and may not achieve market acceptance by these large organizations.

IF WE ARE UNABLE TO EXPAND THE BREADTH OF THE PRODUCTS OFFERED THROUGH OUR MARKETPLACE, THE ATTRACTIVENESS OF OUR SERVICES TO PURCHASERS WILL BE DIMINISHED The future success of our Shop service depends upon our ability to offer purchasers a wide range of medical products. The products currently listed on our Shop service are primarily oriented to the physicians' office market. Large healthcare organizations generally require a much broader range of products. To increase the breadth of the products listed on Shop, we must establish relationships with additional suppliers and expand the number and variety of products listed by existing suppliers. If we are unable to maintain and expand the breadth of medical products, supplies and equipment listed on Shop, the attractiveness of our services to purchasers will be diminished.

A number of factors could significantly reduce, or prevent us from increasing, the number of suppliers and products offered on our online marketplace, including:

- reluctance of suppliers to offer medical products in an online marketplace that potentially includes their competitors;

- exclusive or preferential arrangements signed by suppliers with our competitors;

- perceptions by suppliers that we give other suppliers preferred treatment on our online marketplace; and - consolidation among suppliers, which we believe is currently occurring.

WE DEPEND ON A LIMITED NUMBER OF KEY MANUFACTURERS AND DISTRIBUTORS TO PROVIDE MEDICAL PRODUCTS, SUPPLIES AND EQUIPMENT SOLD THROUGH OUR SHOP SERVICE, AND THE LOSS OF A KEY MANUFACTURER OR DISTRIBUTOR COULD RESULT IN A REDUCTION IN THE REVENUE WE GENERATE THROUGH THIS SERVICE We expect that a significant portion of the products sold through and revenue generated from our Shop service will come from a limited number of key manufacturers and distributors. These parties are generally not obligated to list any medical products on our Shop service. If any of these key manufacturers or distributors cease doing business with us or reduce the number of products they list on our Shop service, the revenue we generate through this service could be significantly reduced. Our supplier agreements are nonexclusive and, accordingly, these suppliers can sell their medical products, supplies and equipment to purchasers directly or through our competitors.

IF WE DO NOT TIMELY ADD PRODUCT INFORMATION TO OUR ONLINE MARKETPLACE OR IF THAT INFORMATION IS NOT ACCURATE, OUR REPUTATION MAY BE HARMED, AND WE MAY LOSE USERS OF OUR ONLINE SERVICES Currently, we are responsible for entering product

information into our database and categorizing the information for search purposes. If we do not do so in a timely manner, we will encounter difficulties in expanding our online marketplace. We currently have a backlog of products to be entered in our system. We will not derive revenue from the sale of products by these suppliers until the information is entered in our system. Timely entering of this information in our database depends upon a number of factors, including the format of the data provided to us by suppliers and our ability to accurately enter the data in our product database, any of which could delay the actual entering of the data. We use an independent company to input data provided to us by suppliers, and we rely on this company to accurately input the data. If this company fails to input data accurately, our reputation could be damaged, and we could lose users of our online services.

If suppliers do not provide us in a timely manner with accurate, complete and current information about the products they offer and promptly update this information when it changes, our database will be less useful to purchasers. We cannot guarantee that the product information available from our services will always be accurate, complete and current, or that it will comply with governmental regulations. This could expose us to liability if this incorrect information harms users of our services or result in decreased adoption and use of our online marketplace.

BECAUSE SOME OF THE PARTICIPANTS IN OUR ONLINE MARKETPLACE ARE STOCKHOLDERS OR HAVE STRATEGIC RELATIONSHIPS WITH US, WE MAY FIND IT DIFFICULT TO ATTRACT COMPETING COMPANIES WHICH COULD LIMIT THE BREADTH OF PRODUCTS OFFERED ON AND USERS OF OUR ONLINE MARKETPLACE Some suppliers participating in our online marketplace are our stockholders or have strategic relationships with us. For example, General Electric Medical Systems is entitled to sponsor rooms in our Plan service and has agreed to conduct other activities with us, and an affiliated entity has recently acquired shares of our preferred stock. See "Business -- Suppliers." These relationships may deter other suppliers, particularly those that compete directly with these participants, from participating in our online marketplace due to perceptions of bias in favor of one supplier over another. This could limit the array of products offered on our online marketplace, damage our reputation and limit our ability to maintain or increase our user base.

IF WE ARE NOT ABLE TO KEEP UP WITH RAPIDLY CHANGING TECHNOLOGY AND DEVELOP ENHANCEMENTS TO OUR SERVICES, WE MAY NOT BE ABLE TO ATTRACT OR RETAIN PURCHASERS AND SUPPLIERS OF MEDICAL PRODUCTS If we do not maintain and expand the functionality and reliability of our services, purchasers and suppliers of medical products may not use our marketplace. There are rapid technological changes taking place in the business-to-business e-commerce market. To keep up with our competitors and provide an attractive solution to purchasers and sellers of medical products, supplies and equipment, we must:

- adapt to rapidly developing technologies;

- comply with changing industry standards; and - constantly improve the functionality and reliability of our services.

In particular, we believe that we must develop the capability to integrate our online services with enterprise software systems used by many suppliers of medical products and by many large healthcare organizations, and to enable our services to support customer-specific pricing. We may incur significant expenses to develop these capabilities, and may not succeed in developing them in a timely manner. In addition, developing the capability to integrate our services with suppliers' and purchasers' enterprise software systems will require the cooperation of and collaboration with the companies that develop and market these systems. Suppliers and purchasers use a variety of different enterprise software systems provided by a number of different vendors or developed internally. This lack of uniformity increases the difficulty and cost of developing the capability to integrate with the systems of a large number of suppliers and purchasers. Failure to provide these capabilities would limit the efficiencies that our services provide, and may deter many purchasers and suppliers from using our online marketplace, particularly large healthcare organizations.

WE FACE INTENSE COMPETITION THAT COULD LIMIT OUR ABILITY TO MAINTAIN OR EXPAND THE BASE OF PURCHASERS AND SELLERS OF MEDICAL PRODUCTS USING OUR SERVICES The online market for medical products, supplies and equipment is new, rapidly evolving and intensely competitive. Our primary competition includes e-commerce providers that have established online marketplaces for medical products, supplies and equipment. We also face potential competition from a number of sources. Many companies have created websites to serve the information needs of healthcare professionals. Many of these companies are introducing e-commerce functions that may compete with our services. In addition, providers of online marketplaces and online auction services that currently focus on other industries could expand the scope of their services to include medical products. Existing suppliers of medical products may also establish online marketplaces that offer services to suppliers and purchasers, either on their own or by partnering with other companies. Moreover, live auction houses focusing on medical products may establish online auction services. See "Business -- Competition" for more information about our current and potential competitors.

Competition is likely to intensify as our market matures. As competitive conditions intensify, competitors may:

- enter into strategic or commercial relationships with larger, more established healthcare, medical products and Internet companies;

- secure services and products from suppliers on more favorable terms;

- devote greater resources to marketing and promotional campaigns;

- secure exclusive or preferential arrangements with purchasers or suppliers that limit sales through our marketplace; and - devote substantially more resources to website and systems development.

Many of our existing and potential competitors have longer operating histories in the medical products market, greater name recognition, larger customer bases and greater financial, technical and marketing resources than we do. As a result of these factors, our competitors and potential competitors may be able to respond more quickly to market forces, undertake more extensive marketing campaigns for

their brands and services and make more attractive offers to purchasers and suppliers, potential employees and strategic partners. In addition, new technologies may increase competitive pressures. We cannot be certain that we will be able to maintain or expand our user base. We may not be able to compete successfully against current and future competitors and competition could result in price reductions, reduced sales, gross margins and operating margins and loss of market share.

IF WE ARE NOT ABLE TO INCREASE RECOGNITION OF THE NEOFORMA.COM BRAND NAME, OUR ABILITY TO ATTRACT USERS TO OUR ONLINE MARKETPLACE WILL BE LIMITED We believe that recognition and positive perception of the Neoforma.com brand name in the healthcare industry are important to our success. We intend to significantly expand our advertising and publicity efforts in the near future. However, we may not achieve our desired goal of increasing the awareness of the Neoforma.com brand name. Even if recognition of our name increases, it may not lead to an increase in the number of visitors to our online marketplace or increase the number of users of our services.

IF PARTICIPATING SELLERS ON OUR SHOP AND AUCTION SERVICES DO NOT PROVIDE TIMELY AND PROFESSIONAL DELIVERY OF MEDICAL PRODUCTS, SUPPLIES AND EQUIPMENT, PURCHASERS MAY NOT CONTINUE USING OUR SERVICES We rely on suppliers to deliver the medical products, supplies and equipment sold through our Shop service to purchasers. We also often rely on sellers to deliver products sold through our Auction service. In addition, suppliers do not guarantee the availability or timely delivery of products listed on to Shop. If these sellers fail to make delivery in a professional, safe and timely manner, then our services will not meet the expectations of purchasers, and our reputation and brand will be damaged. In addition, deliveries that are non-conforming, late or are not accompanied by information required by applicable law or regulations could expose us to liability or result in decreased adoption and use of our services.

WE MAY BE SUBJECT TO LITIGATION FOR DEFECTS IN PRODUCTS SUPPLIED BY SELLERS USING OUR SERVICES, AND THIS TYPE OF LITIGATION MAY BE COSTLY AND TIME-CONSUMING TO DEFEND Because we facilitate the sale of new and used medical products by sellers using our services, we may become subject to legal proceedings regarding defects in these medical products, even though we do not take title to these products. Any claims, with or without merit, could:

- be time-consuming to defend;

- result in costly litigation; or - divert management's attention and resources.

IF WE ARE UNABLE TO ATTRACT QUALIFIED PERSONNEL OR RETAIN OUR EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL, WE MAY NOT BE ABLE TO COMPETE SUCCESSFULLY IN OUR INDUSTRY Our success depends on our ability to attract and retain qualified, experienced employees. Competition for qualified, experienced employees in both the Internet and the healthcare industry, particularly in the San Francisco Bay Area, is intense, and we may not be able to compete effectively to retain and attract employees. Should we fail to retain or attract qualified personnel, we may not be able to compete successfully in our industry, and our business would be harmed.

We believe that our success will depend on the continued services of executive officers and other key employees. Other than initial offer letters containing information regarding compensation, we currently have employment agreements with only two members of our senior management. However, these agreements do not prevent these executives from terminating their employment at any time. As a result, our employees, including these executives, serve at-will and may elect to pursue other opportunities at any time. The loss of any of our executive officers or other key employees could harm our business.

We currently do not have an Executive Vice President of Sales, as we are involved in litigation with respect to the services of Daniel A. Eckert, an individual whom we had hired to serve in that position. If we are unable to resolve this litigation in a timely fashion, or are unable to hire an adequate replacement for Mr. Eckert if we are unsuccessful in this litigation, our business could be harmed.

Other than the limited key person life insurance policies we have with our founders, Jeffrey H. Kleck and Wayne D. McVicker, we do not maintain any key person life insurance.

WE ARE INVOLVED IN LITIGATION INVOLVING OUR RECENT HIRE OF AN EXECUTIVE OFFICER AND IF WE LOSE IN THIS LITIGATION, WE MAY NOT BE ABLE TO HIRE THIS EXECUTIVE OFFICER AND WE MAY HAVE TO PAY MONEY DAMAGES On August 6, 1999, Fisher Scientific International, Inc. filed a petition in the District Court of Montgomery County, Texas, against us and Daniel A. Eckert, an individual that we had hired to serve as our Executive Vice President of Sales. Fisher alleged that Mr. Eckert, previously President of one of Fisher's divisions, Fisher HealthCare, would be in breach of a covenant not to compete if he were to work for us. Fisher also alleged that Mr. Eckert had disclosed, and in working for us would inevitably disclose, Fisher's confidential and proprietary information, and that by hiring Mr. Eckert, we were interfering with Fisher's business relations. Finally, Fisher alleged that these actions constituted unfair competition. The outcome of litigation is uncertain and cannot be predicted. If Fisher prevails in this litigation, it could prevent Mr. Eckert from joining us in any capacity, and could require that we pay money damages to Fisher. In addition, litigation can divert management's attention and resources.

MANY OF OUR EXECUTIVES AND OTHER EMPLOYEES RECENTLY JOINED OUR COMPANY, AND WE CANNOT ASSURE YOU THAT THEY WILL WORK TOGETHER EFFECTIVELY Many of our executive officers and other employees joined us only recently and have had a limited time to work together. For example, our Chief Executive Officer, Robert J. Zollars, joined Neoforma.com in July 1999, our Chief Financial Officer, Frederick J. Ruegsegger, joined Neoforma.com in July 1999, and our Executive Vice President of Products and Services, Bhagwan D. Goel, joined Neoforma.com in October 1999. We cannot assure you that they will be able to work effectively together to manage our growth and continuing operations.

WE PLAN TO EXPAND OUR SERVICES INTERNATIONALLY, AND IF WE ARE UNABLE TO DO SO, OUR GROWTH WILL BE LIMITED An important part of our business strategy is to expand our services internationally. We have limited experience with the healthcare industry outside the U.S. and with marketing our services internationally. Our entry into international markets may require significant management attention and financial resources, which may harm our ability to effectively

manage our existing business. Furthermore, entry into some international markets would require us to develop foreign language versions of our services. Accordingly, our planned international expansion may not be successful. We cannot be sure that we will be able to attract purchasers and sellers of medical products in foreign jurisdictions to our online marketplace. In addition, the market for the purchase and sale of medical products in many foreign countries is different from that in the U.S. For example, in many foreign countries, the government or a government-controlled entity is the principal purchaser of medical products. Competitors which have greater local market knowledge may exist or arise in these international markets and impede our ability to successfully expand in these markets.

WE MAY MAKE NEW ACQUISITIONS, WHICH COULD HARM OUR PROFITABILITY, PUT A STRAIN ON OUR RESOURCES, OR CAUSE DILUTION TO OUR STOCKHOLDERS We may find it necessary to make acquisitions of technologies and other companies in order to expand our business and the services we offer. For example, on August 6, 1999, we acquired General Asset Recovery, LLC, a live auction house and asset management company focused on medical products. Integrating newly acquired organizations and technologies into our company could be expensive, time consuming and may strain our resources. In addition, we may lose current users of our services if any acquired companies have relationships with competitors of our users. Consequently, we may not be successful in integrating any acquired businesses or technologies and may not achieve anticipated revenue and cost benefits. In addition, future acquisitions could result in potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could harm our business. For example, in connection with the acquisition of General Asset Recovery, we recorded approximately $9.7 million in goodwill, which will be amortized over a period of seven years.

IF WE ARE UNABLE TO MAINTAIN OUR STRATEGIC ALLIANCES OR ENTER INTO NEW ALLIANCES, WE MAY BE UNABLE TO INCREASE THE ATTRACTIVENESS OF OUR ONLINE MARKETPLACE OR PROVIDE SATISFACTORY SERVICES TO USERS OF OUR SERVICES Our business strategy includes entering into strategic alliances with leading technology and healthcare-related companies to increase users of our online marketplace, increase the number and variety of products that we offer and provide additional services and content to our users. We may not achieve our objectives through these alliances. These agreements do not, and future relationships may not, afford us any exclusive marketing or distribution rights. Many of these companies have multiple relationships and they may not regard us as significant for their business. These companies may pursue relationships with our competitors or develop or acquire services that compete with our services. In addition, in many cases these companies may terminate these relationships with little or no notice. If any existing alliance is terminated or we are unable to enter into alliances with leading technology and healthcare-related companies, we may be unable to increase the attractiveness of our online marketplace or provide satisfactory services to purchasers and suppliers of medical products.

OUR RECENT GROWTH HAS PLACED A SIGNIFICANT STRAIN ON OUR MANAGEMENT SYSTEMS AND RESOURCES, AND WE MAY EXPERIENCE A SIMILAR OR INCREASED STRAIN IN MANAGING OUR EXPECTED GROWTH IN THE FUTURE We have grown rapidly and will need to continue to grow to execute our business strategy. Our total number of employees grew from four as

of December 31, 1997, to 48 as of December 31, 1998, and to 148 as of September 30, 1999, and we anticipate further significant increases in the number of our employees. Our growth has placed significant demands on management as well as on our administrative, operational and financial resources and controls. We expect our future growth to cause similar, and perhaps increased, strain on our systems and controls. For example, our rapid growth requires that we integrate and manage a large number of new employees. In addition, we will need to substantially upgrade our information systems including our accounting system. We also will need to institute new systems such as an auction inventory tracking system. Any failure to successfully upgrade our systems and controls could result in errors in our financial or other reporting, or could result in inefficiencies in our business.

Our Systems May Not Be Able to Provide Acceptable Performance with Increased Use

To date, we have processed a limited number and variety of transactions on our website. Our systems may not accommodate increased use while providing acceptable overall performance. We must continue to expand and adapt our network infrastructure to accommodate additional users and increased transaction volumes. This expansion and adaptation will be expensive and will divert our attention from other activities.

SYSTEM FAILURE MAY CAUSE INTERRUPTION OF OUR SERVICES, WHICH COULD IMPAIR OUR REPUTATION AND THE ATTRACTIVENESS OF OUR SERVICES The performance of our server and networking hardware and software infrastructure is critical to our business and reputation and our ability to process transactions, provide high quality customer service and attract and retain users of our services. Currently, our infrastructure and systems are located at one site at Exodus Communications in Sunnyvale, California, which is an area susceptible to earthquakes. We depend on our single-site infrastructure and any disruption to this infrastructure resulting from a natural disaster or other event could result in an interruption in our service, reduce the number of transactions we are able to process and, if sustained or repeated, could impair our reputation and the attractiveness of our services.

Our systems and operations are vulnerable to damage or interruption from human error, natural disasters, power loss, telecommunications failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. We do not have a formal disaster recovery plan or alternative provider of hosting services. In addition, we do not carry sufficient business interruption insurance to compensate us for losses that could occur. Any failure on our part to expand our system or Internet infrastructure to keep up with the demands of our users, or any system failure that causes an interruption in service or a decrease in responsiveness of our online services or website, could result in fewer transactions and, if sustained or repeated, could impair our reputation and the attractiveness of our services.

IF WE ARE UNABLE TO SAFEGUARD THE SECURITY AND PRIVACY OF THE CONFIDENTIAL INFORMATION OF THE USERS OF OUR ONLINE MARKETPLACE, THESE USERS MAY DISCONTINUE USING OUR SERVICES A significant barrier to the widespread adoption of e-commerce is the secure transmission of personally identifiable information of Internet users as well as other confidential information over public networks. If any compromise or breach of security were to occur, it could harm our reputation and expose us to possible liability. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to make significant expenditures to protect against security breaches or to alleviate problems caused by any breaches.

THE SUCCESS OF OUR BUSINESS DEPENDS ON OUR ABILITY TO PROTECT OUR INTELLECTUAL PROPERTY RIGHTS We regard our intellectual property as critical to our success. If we are unable to protect our intellectual property rights, our business would be harmed. We rely on trademark, copyright and trade secret laws to protect our proprietary rights. We have applied for registration of several marks including the Neoforma.com logo. Our trademark registration applications may not be approved or granted, or, if granted, may be successfully challenged by others or invalidated through administrative process or litigation.

WE MAY BE SUBJECT TO INTELLECTUAL PROPERTY CLAIMS AND WE COULD SUBSEQUENTLY LOSE OUR INTELLECTUAL PROPERTY RIGHTS, WHICH COULD RESULT IN OUR INABILITY TO OPERATE OUR CURRENT BUSINESS We may from time to time be subject to claims of infringement of other parties' proprietary rights or claims that our own trademarks, patents or other intellectual property rights are invalid. Any claims of this type, with or without merit, could be time consuming to defend, result in costly litigation, divert management attention and resources or require us to enter into royalty or license agreements. License agreements may not be available on commercially reasonable terms, if at all.

The loss of access to any key intellectual property right could result in our inability to operate our current business.

IF WE FAIL TO LICENSE THIRD-PARTY SOFTWARE INCORPORATED IN OUR SERVICES, WE MAY NOT BE ABLE TO OPERATE OUR ONLINE MARKETPLACE We currently rely on software that we have licensed from a number of suppliers. For example, we use software that we license from NetDynamics, Inc., a subsidiary of Sun Microsystems, to provide part of our website infrastructure and we use information retrieval software that we license from SearchCafe Development Corporation to provide part of our search capabilities. These licenses may not continue to be available to us on commercially reasonable terms, or at all. In addition, the licensors may not continue to support or enhance the licensed software. In the future, we expect to license other third party technologies to enhance our services, to meet evolving user needs or to adapt to changing technology standards. Failure to license, or the loss of any licenses of, necessary technologies could impair our ability to operate our online marketplace until equivalent software is identified, licensed and integrated or developed by us. In addition, we may fail to successfully integrate licensed technology into our services, which could similarly harm development and market acceptance of our services.

Risks Related to Our Industry

THE SUCCESS OF OUR BUSINESS DEPENDS ON THE PARTICIPANTS IN THE MARKET FOR MEDICAL PRODUCTS, SUPPLIES AND EQUIPMENT ACCEPTING THE INTERNET FOR DISTRIBUTION AND PROCUREMENT Business-to-business e-commerce is currently not a significant sector of the market for medical products, supplies and equipment. The Internet may not be adopted by purchasers and suppliers in the medical products, supplies and equipment market for many reasons, including:

- reluctance by the healthcare industry to adopt the technology necessary to engage in the online purchase and sale of medical products;

- failure of the market to develop the necessary infrastructure for Internet-based communications, such as wide-spread Internet access, high-speed modems, high-speed communication lines and computer availability;

- their comfort with existing purchasing habits, such as ordering through paper-based catalogs and representatives of medical manufacturers and distributors;

- their concern with respect to security and confidentiality; and - their investment in existing purchasing and distribution methods and the costs required to switch methods.

Should healthcare providers and suppliers of medical products choose not to utilize or accept the Internet as a means of purchasing and selling medical products, our business model would not be viable.

REGULATION OF THE INTERNET IS UNSETTLED, AND FUTURE REGULATIONS COULD INHIBIT THE GROWTH OF THE INTERNET AND OTHERWISE HARM OUR BUSINESS A number of legislative and regulatory proposals under consideration by federal, state, local and foreign governmental organizations may lead to laws or regulations concerning various aspects of the Internet, such as user privacy, taxation of goods and services provided over the Internet and the pricing, content and quality of services. Legislation could dampen the growth in Internet usage and decrease or limit its acceptance as a communications and commercial medium. If enacted, these laws and regulations could limit the market for our services. In addition, existing laws could be applied to the Internet, including consumer privacy laws. Legislation or application of existing laws could expose companies involved in e-commerce to increased liability, which could limit the growth of e-commerce. Furthermore, numerous states have regulations regarding how auctions may be conducted and the liability of auctioneers in conducting these auctions. No legal determination has been made with respect to the applicability of these regulations to our online business to date and little precedent exists in this area. One or more states may attempt to impose these regulations upon us in the future.

CHANGES IN THE REGULATORY AND ECONOMIC ENVIRONMENT AND CONSOLIDATION IN THE HEALTHCARE INDUSTRY COULD HARM OUR BUSINESS The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. These factors affect the purchasing practices and operation of healthcare organizations. Changes in current healthcare

financing and reimbursement systems could require us to make unplanned enhancements of our services, or result in delays or cancellations of orders or reduce demand for our services. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state level. These programs may contain proposals to increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry providers operate. We do not know what effect any proposals would have on our business.

Many healthcare industry participants are consolidating to create integrated healthcare delivery systems with greater market power. As the healthcare industry consolidates, competition to provide services to industry participants will become more intense and the importance of establishing a relationship with each industry participant will become greater. These industry participants may try to use their market power to negotiate fee reductions of our services. If we were forced to reduce our fees, our operating results could suffer if we cannot achieve corresponding reductions in our expenses.

WE FACE YEAR 2000 RISKS ASSOCIATED WITH OUR OWN SYSTEMS AND THOSE OF PURCHASERS, SUPPLIERS AND THE INTERNET Significant uncertainty exists concerning the potential costs and effects associated with any year 2000 compliance problems. Any year 2000 compliance problems faced by us, users of our online marketplace and strategic partners could seriously harm our business. In addition, our ability to operate our business depends upon delivery of accurate, electronic information via the Internet. To the extent year 2000 issues result in the long-term inoperability of the Internet or our online marketplace, our business would be seriously harmed. For more information regarding this risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Year 2000."

Risks Related to This Offering

THE PRICE OF OUR COMMON STOCK MAY FLUCTUATE SIGNIFICANTLY, WHICH COULD LEAD TO LOSSES FOR INDIVIDUAL STOCKHOLDERS Although the initial public offering price of our common stock will be determined based on several factors, the market price after the offering will vary from the initial offering price. The market price of the common stock may fluctuate significantly in response to a number of factors, some which are beyond our control, including:

- variations in our reported operating results;

- changes in estimates of our financial performance by securities analysts;

- changes in market valuation of business-to-business e-commerce companies generally;

- announcements by us of significant contracts, acquisitions, strategic relationships, joint ventures or capital commitments;

- loss of a major participant in our online marketplace or of a strategic partner;

- departures of any of our key personnel; and - future sales of our common stock.

The trading prices of many stocks of Internet-related companies have experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These fluctuations may continue and could harm our stock price. Any negative change in the public's perception of the prospects of Internet-related companies could also depress our stock price, regardless of our results.

We Could Be Subject to Securities Class Action Litigation If Our Stock Price Is Volatile

In the past, there have been class action lawsuits filed against companies after periods of fluctuations in the market price of their securities. If we were subject to this type of litigation, it would be a strain on our personnel and financial resources, and divert management's attention from running our company and could negatively affect our public image and reputation.

OUR EXECUTIVE OFFICERS, DIRECTORS AND MAJOR STOCKHOLDERS WILL RETAIN SIGNIFICANT CONTROL OVER OUR BUSINESS AFTER THIS OFFERING After this offering, executive officers, directors and current holders of 5% or more of our outstanding common stock will, in the aggregate, own approximately % of our outstanding common stock. As a result, these stockholders will be able to influence significantly all matters requiring approval by our stockholders, including the election of directors and the approval of significant corporate transactions. This concentration of ownership may also delay, deter or prevent a change in control of our company and may make some transactions more difficult or impossible without the support of these stockholders.

WE HAVE ADOPTED ANTI-TAKEOVER DEFENSES THAT COULD DELAY OR PREVENT THE SALE OF OUR COMPANY AND DIMINISH THE VOTING RIGHTS OF THE HOLDERS OF OUR COMMON STOCK Provisions of our certificate of incorporation, bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. For a description of these provisions, see "Description of Capital Stock -- Anti-Takeover Provisions."

AN AGGREGATE OF SHARES, OR %, OF OUR OUTSTANDING STOCK, WILL BECOME ELIGIBLE FOR RESALE IN THE PUBLIC MARKET BETWEEN 180 DAYS AND ONE YEAR AFTER THIS OFFERING, AND FUTURE SALES OF THIS STOCK MAY CAUSE OUR STOCK PRICE TO DECLINE Sales of substantial amounts of our common stock in the public market after this offering could reduce the prevailing market prices for our common stock. Of the shares of common stock to be outstanding upon the closing of this offering, the shares offered in this offering will be freely tradable without restriction or further registration, other than shares purchased by our officers, directors or other affiliates within the meaning of Rule 144 under the Securities Act of 1933, which will be restricted from sale until 180 days after the date of this prospectus under the terms of agreements between these affiliates and the underwriters. An additional shares held by existing stockholders prior to this offering will be eligible for immediate sale in the public market without restriction. The remaining shares of our common stock held by existing stockholders upon the completion of this offering will become eligible for resale in the public market as follows:

NUMBER OF SHARES/PERCENT OUTSTANDING AFTER THE OFFERING DATE WHEN SHARES BECOME AVAILABLE FOR RESALE IN THE PUBLIC MARKET 180 days after the date of this prospectus under the terms of agreements between the stockholders and the underwriters or us, provided that the underwriters can waive this restriction at any time. of these shares will also be subject to sales volume restrictions under Rule 144 under the Securities Act. Upon expiration of applicable one-year holding periods under Rule 144, which will expire between and , subject to sales volume restrictions under Rule 144.

In addition, we intend to file a registration statement on Form S-8 under the Securities Act after the date of this offering to register an aggregate of shares of common stock issued or reserved for issuance under our various stock plans.

Special Note Regarding Forward-looking Statements and Industry Data

This prospectus contains forward-looking statements that relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. We cannot guarantee future results, levels of activity, performance or achievements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks outlined under "Risk Factors" and elsewhere in this prospectus.

This prospectus contains estimates of market growth related to the Internet. These estimates have been included in studies published by Forrester Research, Efficient Healthcare Consumer Response and the Health Industry Manufacturers' Association. These estimates assume that certain events, trends and activities will occur. Although we believe that these estimates are generally indicative of the matters reflected in those studies, these estimates are inherently imprecise, and we caution you to read these estimates in conjunction with the rest of the disclosure in this prospectus, particularly the "Risk Factors" section.

Use of Proceeds

The net proceeds to us from the sale of the shares of common stock offered by us will be approximately $ million, or approximately $ million if the underwriters' over-allotment option is exercised in full, based on an assumed initial public offering price of $ per share and after deducting the estimated underwriting discount and estimated offering expenses.

We intend to use the net proceeds from this offering primarily for general corporate purposes, including sales and marketing, product development and working capital. We may use a portion of the net proceeds from this offering to acquire or invest in businesses, technologies or services that are complementary to our business. However, we have no present commitments with respect to any transactions of this type. We will retain broad discretion in the allocation and use of the net proceeds of this offering. Pending these uses, we intend to invest the net proceeds in short-term, investment-grade, interest-bearing securities.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We intend to retain any future earnings to finance future growth and do not anticipate paying cash dividends for the foreseeable future. In addition, the terms of our credit facilities prohibit us from paying cash dividends on our capital stock without prior consent of the lender.

Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 1999:

- on an actual basis;

- on a pro forma basis to reflect the sale in October 1999 of 12,418,663 shares of our Series E and Series E-1 preferred stock for net proceeds of approximately $70.5 million, the issuance of 275,000 shares of our Series E-1 preferred stock in connection with a strategic alliance we entered into in October 1999 and the conversion of all outstanding shares of preferred stock into 39,814,961 shares of common stock; and - on a pro forma as adjusted basis to further reflect the application of the net proceeds from the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share and the filing of our amended and restated certificate of incorporation prior to the completion of this offering, after deducting the estimated underwriting discount and estimated offering expenses.

JUNE 30, 1999 (UNAUDITED) PRO FORMA ACTUAL PRO FORMA AS ADJUSTED (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Cash and cash equivalents	$ 7,063	$ 77,763	$
Notes payable, less current portion	1,624	1,624	
Mandatorily redeemable convertible preferred stock, $0.001 par value, 15,682,822 shares authorized, 15,261,298 issued and outstanding, actual; 15,682,822 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	15,870	--	
Valuation of warrants issued in conjunction with debt	679	--	
Stockholders' equity (deficit):			
Preferred stock, $0.001 par value; 11,860,000 shares authorized, 11,860,000 shares issued and outstanding, actual; 11,860,000 shares authorized, no shares issued and outstanding, pro forma; 5,000,000 shares authorized, no shares issued and outstanding, pro			

forma as adjusted	12	--	
Common stock, $0.001 par value; 75,000,000 shares authorized, 1,380,611 shares issued and outstanding, actual; 200,000,000 shares authorized, 41,195,572 shares issued and outstanding, pro forma; 200,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted	1	41	
Additional paid-in capital	7,043	95,664	
Valuation of warrants to purchase common stock	17	17	
Notes receivable from stockholders	(17)	(17)	
Deferred compensation	(4,851)	(4,851)	
Deficit accumulated during the development stage	(13,160)	(13,160)	
Total stockholders' equity (deficit)	(10,955)	77,694	
Total capitalization	$ 7,218	$ 79,318	$

The number of shares of common stock outstanding set forth in the table above excludes the following:

- 6,765,709 shares issuable upon the exercise of stock options outstanding as of September 30, 1999, at a weighted average exercise price of $0.18 per share;

- 421,525 shares issuable upon the exercise of warrants outstanding as of September 30, 1999, at a weighted average exercise price of $0.61 per share; and - shares available for future issuance under our stock plans as described under "Management -- Employee Benefit Plans."

The number of shares of common stock into which each share of our Series E and Series E-1 preferred stock will be converted upon completion of this offering may be adjusted under some circumstances as described in Note 13 of notes to financial statements.

Dilution

As of June 30, 1999, our pro forma net tangible book value was approximately $(10,926) million, or $(0.27) per share of common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by 41,195,572 shares of common stock outstanding after giving effect to the sale of 12,693,663 shares of our Series E and Series E-1 preferred stock in October 1999 and the conversion of all outstanding shares of preferred stock into shares of common stock upon completion of this offering.

After giving effect to the receipt of the proceeds from the sale of shares of our common stock in this offering and after deducting the estimated underwriting discount and estimated offering expenses, our pro forma net tangible book value as of June 30, 1999 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares at the initial public offering price. The following table illustrates the per share dilution:

Assumed initial public offering price per share..... $ Pro forma net tangible book value per share as of June 30, 1999..... $ Increase per share attributable to new investors..... Pro forma net tangible book value per share after this offering..... Dilution per share to new investors..... $ The following table summarizes as of June 30, 1999, on the pro forma basis described above, the number of shares of common stock purchased from us, the total

consideration paid to us and the average price per share paid by existing stockholders and by new investors purchasing shares of common stock in this offering, before deducting the estimated underwriting discount and estimated offering expenses:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders		%	$	%	$
New investors					
Total		%	$	%	

The above discussion and tables assume no exercise of any stock options or warrants outstanding as of June 30, 1999. As of June 30, 1999, there were options outstanding to purchase a total of 4,109,392 shares of common stock at a weighted average price of $0.10 per share and warrants outstanding to purchase a total of 273,814 shares of common stock with a weighted average exercise price of $1.11 per share. As of September 30, 1999, we had outstanding options to purchase 6,765,709 shares of our common stock at a weighted average exercise price of $0.18 per share and warrants to purchase 421,525 shares of our common stock at a weighted average exercise price of $1.14 per share. If any of these options or warrants are exercised, there will be further dilution to new public investors. Please see "Capitalization," "Management -- Employee Benefit Plans" and Notes 9 and 10 of notes to financial statements.

Selected Financial Data

The selected financial data as of and for the years ended December 31, 1997 and 1998 and for the period from inception (March 6, 1996) through December 31, 1996, are derived from our financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere in this prospectus. The selected financial data as of and for the six months ended June 30, 1998 and 1999 are derived from unaudited financial statements included elsewhere in this prospectus. We have prepared this unaudited information on the same basis as the audited financial statements and have included all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of our financial position and operating results for such periods. When you read this selected financial data, it is important that you also read the historical financial statements and related notes included in this prospectus, as well as the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Historical results are not necessarily indicative of future results.

See Note 2 of notes to financial statements for an explanation of the determination of the number of shares used in computing per share amounts.

	PERIOD FROM INCEPTION (MARCH 6, 1996) TO DECEMBER 31,	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,
	1996	1997	1998	1998

1999

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

STATEMENTS OF OPERATIONS DATA:						
Revenue:						
Transaction fees	$ --	$ --	$ --	$ --	$ --	$ --
Website sponsorship fees and other	--	--	--	--	7	
Total revenue	--	--	--	--	7	
Operating Expenses:						
Operations	--	--	627	190	1,319	
Product development	31	179	1,491	327	2,568	
Selling and marketing	111	153	1,409	321	2,382	
General and administrative	54	76	1,075	227	1,591	
Amortization of deferred compensation	--	--	5	--	307	
Loss from operations	(196)	(408)	(4,607)	(1,065)	(8,160)	
Other Income (Expense):						
Interest income	--	--	66	13	128	
Interest expense	--	(15)	(22)	(9)	(95)	
Other	142	7	--	--	--	
Net loss	$ (54)	$ (416)	$ (4,563)	$(1,061)	$ (8,127)	
Basic and diluted net loss per share	$(0.01)	$(0.05)	$ (1.65)	$ (0.21)	$ (7.95)	
Weighted-average shares -- basic and diluted	8,000	8,083	2,762	5,077	1,022	
Pro forma basic and diluted loss per share (unaudited)			$ (0.36)	$ (0.32)		
Weighted-average shares -- pro forma basic and diluted (unaudited)			12,848	25,696		

	DECEMBER 31,			JUNE 30,
	1996	1997	1998	1999
	(IN THOUSANDS)			(UNAUDITED)
BALANCE SHEET DATA:				
Cash and cash equivalents	$ 7	$ 32	$ 812	$ 7,063
Working capital	38	(23)	214	4,869
Total assets	51	55	1,672	9,759
Notes payable, less current portion	75	385	279	1,624
Mandatorily redeemable convertible preferred stock	--	--	3,884	15,870
Total stockholders' equity (deficit)	(34)	(390)	(3,155)	(10,955)

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with our financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors including those discussed in "Risk Factors" and elsewhere in this prospectus.

Overview

Neoforma.com is a leading provider of business-to-business e-commerce services in the large and highly fragmented market for medical products, supplies and equipment. Our marketplace aggregates suppliers of a wide range of new and used medical products and presents their offerings to the physicians, hospitals and other healthcare organizations that purchase these products. We believe that our services will streamline procurement processes and extend the reach of existing sales and distribution channels, as well as reduce transaction costs for both buyers and sellers of medical products, supplies and equipment.

We offer three primary services. Our Shop service provides a unified marketplace where purchasers can easily identify, locate and purchase new medical products and suppliers can access new customers and markets. Our Auction service creates an efficient marketplace for idle assets by enabling users to list, sell and buy used, refurbished and surplus medical products. Our Plan service provides interactive content to healthcare facility planners to reduce the complexities of planning and outfitting facilities.

We incorporated on March 4, 1996. From inception, our operating activities have related primarily to the initial planning and development of our marketplace and the building of our operating infrastructure. We first introduced the Neoforma.com website in 1997 and have since released a number of enhancements to provide new services and content. Initially, our website provided only information for healthcare professionals. We began offering e-commerce services with the introduction of Auction in May 1999 and expanded our services with the introduction of Shop in late August 1999. Since we introduced our Auction and Shop services, we have focused on expanding and enhancing our services, establishing relationships with suppliers of medical products, expanding our purchaser base, developing strategic alliances, promoting our brand name and building our operating infrastructure.

We have recognized limited revenue to date. We expect that our principal source of revenue will be transaction fees paid by the sellers of medical products that use our Shop and Auction services. We recognize transaction fees as revenue when the seller confirms a purchaser's order. For live auction services, we recognize seller transaction fees, as well as a buyer's premium, when the product is sold. We also expect to receive revenue from sponsorship fees in connection with suppliers' sponsoring of content on our Plan service, subscription fees for asset management and facilities planning services, development fees from participating sellers to digitize their product information for display on our

website and service fees for maintenance of product information and content on our website. Development fees are recognized as development services are performed. Sponsorship, subscription and service fees will be recognized ratably over the period of the service agreement.

Our operating expenses have increased significantly since our inception, and the rate of this increase has accelerated since our introduction of our Auction and Shop services. These increases are primarily due to additions to our staff as we have expanded all aspects of our operations. As a result of our expansion, we have grown from four employees as of December 31, 1997, to 48 full-time employees as of December 31, 1998 to 148 full-time employees as of September 30, 1999.

On August 6, 1999, we acquired General Asset Recovery, LLC, or GAR, a live auction house and asset management company focused on medical products. The total purchase price was approximately $9.7 million, including $1.7 million in cash, the issuance of a promissory note in the principal sum of $7.8 million, the assumption of $100,000 in liabilities and acquisition-related expenses of approximately $100,000. The promissory note is payable over five years and bears interest at 7% per annum. This acquisition was accounted for using the purchase method of accounting. As a result of this acquisition, we will record an aggregate of approximately $9.7 million in goodwill beginning in the third quarter of fiscal year 1999, which will be amortized on a straight-line basis over a seven-year period.

Since inception, we have incurred significant losses and, as of June 30, 1999, had an accumulated deficit of $13.2 million. We expect operating losses and negative cash flow to continue for the foreseeable future. We anticipate our losses will increase significantly due to substantial increases in our expenses for sales and marketing, product development, operating infrastructure, general and administrative staff and development of strategic alliances.

We have a limited operating history on which to base an evaluation of our business and prospects. You must consider our prospects in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the online market for the purchase and sale of new and used medical products, supplies and equipment. To address these risks, we must, among other things, expand the number of users of our online services, enter into new strategic alliances, increase the functionality of our services, implement and successfully execute our business and marketing strategy, respond to competitive developments and attract, retain and motivate qualified personnel. We may not be successful in addressing these risks, and our failure to do so could seriously harm our business.

Results of Operations

Due to our limited operating history, we believe that period-to-period comparisons of our results of operations are not meaningful and should not be relied upon as an indication of future performance.

Six Months Ended June 30, 1998 as Compared to Six Months Ended June 30, 1999

Revenue. Since inception, we have been in the development stage and have had only limited revenue. We derived revenue of $7,000 for the six months ended June 30, 1999 primarily from subscription fees for asset management services. We did not have any revenue for the six months ended June 30, 1998.

Operations. Operations expenses consist primarily of expenditures for the acquisition and processing of content and the operation and maintenance of our website. These expenditures include fees for independent contractors, personnel expenses for our customer support and site operations personnel, Internet access and hosting charges and depreciation of the equipment required for operating our website. Operations expenses increased from $190,000 for the six months ended June 30, 1998 to $1.3 million for the six months ended June 30, 1999. The increase was primarily due to increased expenditures for the acquisition and processing of content and enhancement of the infrastructure of our website. We expect our operations expenses to significantly increase as we expand our operating infrastructure and add content and functionality to our website.

Product Development. Product development expenses consist primarily of personnel expenses, consulting fees and depreciation of the equipment associated with the development and enhancement of our services and website. Product development expenses increased from $327,000 for the six months ended June 30, 1998 to $2.6 million for the six months ended June 30, 1999. The increase was primarily due to increased personnel expenses incurred during development of our Auction and Shop services. We believe that continued investment in product development is critical to attaining our strategic objectives and, as a result, expect product development expenses to increase significantly in future periods. We expense product development costs as they are incurred.

Selling and Marketing. Selling and marketing expenses consist primarily of salaries, commissions, advertising, payments to strategic partners, promotions and related product marketing costs. Selling and marketing expenses increased from $321,000 for the six months ended June 30, 1998 to $2.4 million for the six months ended June 30, 1999. The increase was primarily due to significant expansion of our sales and marketing efforts and the hiring of additional sales and marketing personnel. We intend to significantly increase our selling and marketing expenses as we expand our sales force and invest in new marketing campaigns. In addition, we expect to make significant payments to strategic partners which will further increase our selling and marketing expenses in the periods in which these payments are made. See "-- Liquidity and Capital Resources."

General and Administrative. General and administrative expenses consist of expenses for executive and administrative personnel, facilities, professional services, travel and other general corporate activities, and the depreciation and amortization of office furniture and leasehold improvements. This category will also include goodwill amortization related to corporate acquisitions. General and administrative expenses increased from $227,000 for the six months ended June 30, 1998 to $1.6 million for the six months ended June 30, 1999. The increase was primarily due to increased personnel,

professional service fees and facility expenses necessary to support our growth. We expect general and administrative expenses to increase as we continue to expand our staff and incur additional costs to support the growth of our business and the costs of being a public company. We further expect our general and administrative expenses to increase due to the amortization of goodwill associated with the GAR acquisition and the integration of GAR with our business.

Amortization of Deferred Compensation. Deferred compensation represents the aggregate difference, at the date of grant, between the exercise price of stock options and the estimated fair value for accounting purposes of the underlying stock. Deferred compensation is amortized over the vesting period of the underlying options, generally four years, based on an accelerated vesting method consistent with Financial Accounting Standards Board Interpretation No. 28. In connection with the grant of stock options to employees during fiscal 1998 and for the six months ended June 30, 1999, we recorded deferred compensation of $3.5 million. For the six months ended June 30, 1999, we recognized amortization of deferred compensation of $307,000.

For the three months ended September 30, 1999, we recorded additional deferred compensation of approximately $40.9 million and will amortize approximately $4.4 million for the same period. At September 30, 1999, the remaining deferred compensation of approximately $39.7 million will be amortized as follows: $5.8 million in the last quarter of fiscal 1999, $18.1 million during fiscal 2000, $9.5 million during fiscal 2001, $4.8 million during fiscal 2002 and $1.5 million during fiscal 2003. The amortization expense relates to options awarded to employees in all operating expense categories. The amount of deferred compensation has not been separately allocated to these categories. The amount of deferred compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

During the year ended December 31, 1998 and the six months ended June 30, 1999, we recorded stock-based compensation of $52,000 and $1.6 million related to equity instruments issued to non-employees as determined based upon the fair value at the date of issuance.

Other Income (Expense). Other income (expense) consists of interest and other income and expense. Interest income for the six months ended June 30, 1999 was $128,000 compared to $13,000 for the six months ended June 30, 1998. The increase in interest income was due to an increase in our average net cash and cash equivalents balance as a result of our issuance of preferred stock in February 1999. Interest expense increased from $9,000 for the six months ended June 30, 1998 to $95,000 for the six months ended June 30, 1999, primarily as a result of the amortization of the fair value of a warrant issued in connection with a loan received during the period, together with an increase in debt.

PERIOD FROM INCEPTION TO DECEMBER 31, 1996, AS COMPARED TO YEAR ENDED DECEMBER 31, 1997 AS COMPARED TO YEAR ENDED DECEMBER 31, 1998 Revenue. We had no revenue for the period from inception to December 31, 1998.

Operations. We had no operations expenses in 1996 and 1997. We began operating and maintaining our website and acquiring and processing content in 1998, and as a result, incurred operations expenses of $627,000.

Product Development. Product development expenses increased from $31,000 in 1996 to $179,000 in 1997 to $1.5 million in 1998. The increase in 1998 was primarily due to increased personnel expenses as we developed features and added functionality to our website.

Selling and Marketing. Selling and marketing expenses increased from $111,000 in 1996 to $153,000 in 1997 to $1.4 million in 1998. The increase in 1998 was primarily due to the significant expansion of our sales and marketing efforts and the hiring of additional sales and marketing personnel.

General and Administrative. General and administrative expenses increased from $54,000 in 1996 to $76,000 in 1997 to $1.1 million in 1998. The increase in 1998 was primarily due to expenses related to increased personnel, professional service fees and facility expenses associated with our growth.

Amortization of Deferred Compensation. Amortization of deferred compensation for the fiscal year ended December 31, 1998 was $5,000. No amortization of deferred compensation was expensed for fiscal years 1997 or 1996.

Other Income (Expense). Interest income increased from none in 1996 and 1997 to $66,000 in 1998. The increase in interest income was due to an increase in cash and cash equivalents that resulted from our issuance of preferred stock during 1998. Interest expense increased from none in 1996 to $15,000 in 1997 to $22,000 in 1998. Other income was $142,000 in 1996, $7,000 in 1997 and none in 1998. Other income was primarily related to fees received from projects unrelated to our current business model.

Income Taxes. As of December 31, 1998, we had federal and state net operating loss carryforwards of approximately $4.5 million which will be available to reduce future taxable income. The federal net operating loss carryforwards expire beginning in 2013 through 2018. A valuation allowance has been recorded for the entire deferred tax asset as a result of uncertainties regarding the realization of the asset due to our lack of earnings history. Federal and state tax laws impose significant restrictions on the amount of the net operating loss carryfowards that we may utilize in a given year. See Note 11 of notes to financial statements.

Liquidity and Capital Resources

We have funded our operations since inception primarily through the private placement of equity securities, through which we have raised net proceeds of $17.4 million through June 30, 1999. We have also financed our operations through an equipment loan and lease financing and bank and other borrowings. As of June 30, 1999, we had outstanding bank and other borrowings of $2.6 million. As of June 30, 1999, we had approximately $7.1 million of cash and cash equivalents. Since June 30, 1999, we have raised additional net proceeds of $70.5 million from our October 1999 sale of approximately 12,693,663 shares of our Series E and Series E-1 preferred stock, which includes the issuance of 275,000 shares of our Series E-1 preferred stock in connection with a strategic alliance we entered into in October 1999.

In June 1998, we entered into a $750,000 secured credit facility with Silicon Valley Bank. This facility included a $225,000 term loan due December 1999 and an equipment loan facility providing for up to $525,000 of equipment loans. In July 1999, we converted the $433,000 of outstanding equipment loans into a term loan due July 2000. Our term loans from Silicon Valley Bank bear interest at the lender's prime rate (8.25% as of September 30, 1999). This facility is secured by substantially all of our assets other than equipment. In consideration for this credit facility, we granted Silicon Valley Bank a warrant to purchase 45,000 shares of our Series C preferred stock at an exercise price of $0.77 per share. In consideration for the conversion of our equipment loan to a term loan and the release of its security interest in equipment, we granted Silicon Valley Bank a warrant to purchase 10,000 shares of our Series D preferred stock at an exercise price of $1.18 per share.

In May 1999, Comdisco provided us with a $2.0 million subordinated loan to provide working capital. We agreed to pay Comdisco principal and interest at a rate of 12.5% per annum in 36 equal monthly installments, commencing July 1999. This loan is secured by all of our assets. In connection with this loan, we issued Comdisco a warrant to purchase 228,813 shares of our Series D preferred stock at $1.18 per share. As of September 30, 1999, the outstanding balance on the note was approximately $1.9 million.

In July 1999, Comdisco provided us with a $2.5 million loan and lease facility to finance computer hardware and software equipment. Amounts borrowed to purchase hardware bear interest at 9% per annum and are payable in 48 monthly installments consisting of interest only payments for the first nine months and principal and interest payments for the remaining 39 months, with a balloon payment of the remaining principal payable at maturity. Amounts borrowed to purchase software bear interest at 8% per annum and are payable in 30 monthly installments consisting of interest only payments for the first four months and principal and interest payments for the remaining 26 months, with a balloon payment of the remaining principal payable at maturity. As of September 30, 1999, we had outstanding approximately $1.3 million in hardware loans due September 2003 and approximately $254,000 in software loans due March 2002. This facility is secured by the computer equipment purchased with the loans. In connection with this facility, we issued Comdisco a warrant to purchase 137,711 shares of our Series D preferred stock at $1.18 per share.

In August 1999, as a result of the GAR acquisition, we issued a promissory note in the principal amount of $7.8 million payable monthly over five years bearing interest at a rate of 7% per annum. As of September 30, 1999, the outstanding balance on the note was $7.6 million.

In May 1999, we entered into an agreement with ECRI, a non-profit health services research agency focusing on healthcare technology. The agreement provides us with content from ECRI's database of information about medical products and manufacturers and a license to use elements of its classification system. In addition, the agreement provides for joint marketing activities and collaboration in the development of Plan's database of product and vendor information. This agreement requires us to make revenue sharing payments to ECRI during the three-year term of the agreement and for two years following expiration or termination of the agreement with respect to

revenue derived from our Plan service. During the second and third years of the term of the agreement, we are required to pay to ECRI a nonrefundable fee equal to $600,000 per year, which shall be credited against any revenue sharing payments payable to ECRI.

In October 1999 we entered into an agreement with Superior Consultant Company, Inc., a wholly owned subsidiary of Superior Consultant Holdings Corporation, providing for collaboration between us and Superior. Superior is a supplier of Digital Business Transformation(TM) services to large healthcare organizations, including Internet-related services, systems integration, outsourcing and consulting, which enable Superior clients to utilize digital technologies and process innovations to improve their businesses. Under the agreement, we have agreed to market Superior's services to our users, and Superior has agreed to introduce our services to appropriate clients, based on their interests, and to incorporate our services into its Digital Business Transformation(TM) offerings. The agreement also provides for joint marketing activities. In consideration, we have agreed to make payments to Superior in an aggregate amount of up to approximately $2.0 million, as well as a percentage of specified Neoforma.com e-commerce transaction revenue and other payments. We have also agreed to utilize Superior's services on a preferred basis for systems integration, development, infrastructure, process improvement and consulting assistance, totaling at least $1.5 million of services from Superior, at a discount from Superior's standard fees. Our agreement with Superior expires in October 2002. See "Certain Transactions -- Commercial Transactions" for more information regarding this agreement and our relationship with Superior.

In October 1999, we entered into an agreement with Dell Marketing, L.P. pursuant to which we agreed to develop complementary marketing programs with Dell and establish hyperlinks between our respective internet websites. We agreed to use Dell as our exclusive supplier of desktops, portables, workstations, servers and storage devices unless such products did not meet our reasonable technical requirements. We also agreed to purchase at least $5.0 million of Dell products and $100,000 of data center consulting services. See "Certain Transaction -- Commercial Transactions" for more information regarding this agreement and our relationship with Dell.

Net cash used in operating activities was $87,000 for the period from inception through December 31, 1996, $322,000 for the year ended December 31, 1997 and $4.0 million for the year ended December 31, 1998. Net cash used in operating activities for the six months ended June 30, 1999 was $6.7 million. Net cash used in operating activities from inception through June 30, 1999 related primarily to funding net operating losses and increases in prepaid expenses, which were partially offset by increases in accrued expenses and accounts payable.

Net cash used in investing activities was $1,000 for the period from inception through December 31, 1996, $13,000 for the year ended December 31, 1997 and $825,000 for the year ended December 31, 1998. Net cash used in investing activities for the six months ended June 30, 1999 was $1.3 million. Net cash used in investing activities for the six months ended June 30, 1999 related primarily to the purchase of equipment to operate our website.

Net cash provided by financing activities was $95,000 for the period from inception through December 31, 1996, $360,000 for the year ended December 31, 1997 and $5.6 million for the year ended December 31, 1998. For the six months ended June 30, 1999, net cash provided by financing activities was $14.2 million. Net cash provided from financing activities for the period from inception to June 30, 1999 related primarily to preferred stock issuances of approximately $17.1 million.

We currently anticipate that the net proceeds of this offering, together with our available funds, will be sufficient to meet our anticipated needs for working capital and capital expenditures through the next 12 months. Our future long-term capital needs will depend significantly on the rate of growth of our business, the timing of expanded service offerings and the success of these services once they are launched. Any projections of future long-term cash needs and cash flows are subject to substantial uncertainty. If the net proceeds of this offering, together with our available funds and cash generated from operations, are insufficient to satisfy our long-term liquidity requirements, we may seek to sell additional equity or debt securities, obtain a line of credit or curtail expansion of our services. If we issue additional securities to raise funds, those securities may have rights, preferences or privileges senior to those of the rights of our common stock and our stockholders may experience dilution. We cannot be certain that additional financing will be available to us on favorable terms when required, or at all.

Year 2000

Many existing computer programs use only two digits to identify a year. These programs were designed and developed without addressing the impact of the upcoming change in the century. If not corrected, many computer software applications could fail or create erroneous results by, at or beyond the year 2000.

We use software, computer technology and other services internally developed and provided by third-party vendors that may fail due to the year 2000 phenomenon. We depend on a third party to host our servers, telecommunications vendors to maintain our network and other third-party carriers to deliver orders to customers. Because we are a comparatively new enterprise, the majority of software and hardware we use to manage our business has all been recently purchased or developed by us. While this does not completely protect us against year 2000 exposure, we believe our exposure is limited because the technology we use to manage our business is not based upon legacy hardware and software systems.

State of Readiness. We are in the process of reviewing the year 2000 compliance of both internally developed and third-party systems. Internally developed systems include the software used to provide our website's search, customer interaction, transaction-processing and monitoring capabilities. Our third-party systems include software and hardware, and computer technology, back-up, hosting, accounting, database and security systems. We are working with vendors of these third-party systems to obtain assurances that their software, hardware or services are year 2000 compliant. To ensure that both our internally developed and third-party systems are year 2000 compliant, we continually assess, analyze and, where necessary, correct potential non-compliance issues. We expect to complete this assessment process during the fourth quarter of 1999.

Based on our assessment to date and our planned activities, we believe that our internally developed and third-party systems will be year 2000 compliant. The failure of our software and computer systems, or those of our third-party suppliers, to be year 2000 compliant, would seriously harm our business.

The year 2000 readiness of the general system necessary to support our operations is difficult to assess. For instance, we depend on the integrity and stability of the Internet to provide our services. We also depend on the year 2000 compliance of the computer systems used by consumers. Thus, the system necessary to support our operations consists of a network of computers and telecommunications systems located throughout the world and operated by numerous unrelated entities and individuals, none of which has the ability to control or manage the potential year 2000 issues that may impact the entire system. Our ability to assess the reliability of this system is limited and relies on generally available news reports, surveys and industry data. Based on these sources, we believe most entities and individuals that rely significantly on the Internet are reviewing and attempting to remediate issues relating to year 2000 compliance, but it is not possible to predict whether these efforts will be successful in reducing or eliminating the potential negative impact of year 2000 issues. The failure of our software and computer systems and those of our third-party suppliers to be year 2000 complaint would seriously harm our business.

Cost. As of September 30, 1999, we had incurred immaterial costs in connection with identifying, evaluating and addressing year 2000 compliance issues. We anticipate that any future costs will not exceed $500,000. Most of these expenses are expected to relate to operating costs associated with time spent by our employees in the evaluation process. There may be some charges related to remediation if any issues are identified during our assessment process. If these expenses are higher than anticipated, our business could suffer.

Risks. We cannot assure you that we will achieve full year 2000 compliance before the end of 1999. A failure of our computer systems or the failure of purchasers or suppliers of medical products to effectively upgrade their software and systems for transition to the year 2000 could seriously harm our business.

In addition, we cannot be certain that governmental agencies, utility companies, Internet access companies, third-party service providers and others outside of our control will be year 2000 compliant. The failure by these entities to be year 2000 compliant could result in a systemic failure beyond our control, such as a prolonged Internet, telecommunications or electrical failure, that could prevent us from delivering our services to our customers, decrease the use of the Internet or prevent users from accessing our website, any of which could seriously harm our business.

Contingency Plan. At this time, we are developing a contingency plan to address situations that may result if we or our vendors are unable to achieve year 2000 compliance. The cost of developing and implementing such a plan, if necessary, could be material. Any failure of our material systems, our vendors' material systems or the Internet to be year 2000 compliant could have material adverse

consequences for us. Such consequences could include difficulties in operating our website effectively, taking product orders, making product deliveries or conducting other fundamental parts of our business.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, which we will be required to adopt for the year ending December 31, 2000. This statement establishes a new model for accounting for derivatives and hedging activities. SFAS No. 133 establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. Because we currently hold no derivative financial instruments and do not currently engage in hedging activities, adoption of SFAS No. 133 is expected to have no material impact on our financial condition or results of operations.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) No. 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. SOP No. 98-1 requires entities to capitalize some of the costs related to internal-use software once the applicable criteria have been met. SOP No. 98-1 is effective for our 1999 financial statements. The adoption of SOP No. 98-1 did not have a material impact on our June 30, 1999 financial statements.

In April 1998, the AICPA issued SOP 98-5, Reporting for the Costs of Start-Up Activities. SOP No. 98-5 requires that all start-up costs related to new operations to be expensed as incurred. In addition, all start-up costs that were capitalized in the past must be written off when SOP No. 98-5 is adopted. SOP No. 98-5 is effective for our 1999 financial statements. The adoption of SOP No. 98-5 did not have a material impact on our June 30, 1999 financial statements.

Business

Neoforma.com is a leading provider of business-to-business e-commerce services in the large and highly fragmented market for medical products, supplies and equipment. Our services enable users to efficiently and cost-effectively buy and sell new and used medical products in an open, online marketplace. Our marketplace aggregates suppliers of a wide range of medical products and presents their offerings to the physicians, hospitals and other healthcare organizations that purchase these products. We believe that our services provide supply chain efficiencies for both suppliers and purchasers of medical products and extend the reach of existing sales and distribution channels.

Neoforma.com offers three primary services that together address the entire healthcare purchasing lifecycle, from planning through procurement to liquidation. Our Shop service provides a unified marketplace where purchasers can easily locate and buy new medical products, and suppliers can access new customers and markets. Our Auction service creates an efficient marketplace for idle assets by

enabling users to list, sell and buy used, refurbished and surplus medical products. Our Plan service provides interactive content to healthcare facility planners to reduce the complexities of planning and outfitting facilities.

Industry Background

Growth of the Internet and Business-to-business Electronic Commerce

The Internet is rapidly changing the competitive landscape of many industries, creating significant opportunities for companies to expand and improve their businesses. Companies have increasingly begun to use the Internet to create business-to-business networks to streamline complex processes, purchase and sell goods and exchange information among fragmented groups of customers, manufacturers and distributors. Forrester Research has estimated that business-to-business e-commerce in the U.S. will increase from $109 billion in 1999 to $1.3 trillion in 2003.

Business-to-business e-commerce enables purchasers and sellers in fragmented markets to reduce supply chain inefficiencies. Sellers are able to cost-effectively access global markets, streamline their sales, marketing and distribution operations, reduce their time to market and efficiently distribute updated product information. Buyers can improve their purchasing process and easily access current product information and a broad range of products and services. Because a growing number of businesses are establishing their own e-commerce websites, it is difficult for any individual business to attract a significant number of online customers. As a result, companies are increasingly realizing the value of a global online marketplace that aggregates purchasers and sellers.

Medical Products, Supplies and Equipment Market

Market for New Products The market for new medical products, supplies and equipment totaled an estimated $140 billion worldwide in 1998, including approximately $60 billion in the U.S. This market is growing at a rate of 6% per year worldwide and 7% per year in the U.S. This market is comprised of a wide range of products, including consumable supplies such as syringes and gloves, reusable medical products such as surgical instruments, and sophisticated diagnostic equipment such as magnetic resonance imaging systems.

The traditional supply chain for new medical products is highly fragmented and inefficient. In the U.S. alone, products are supplied by over 20,000 manufacturers and distributors, ranging from small companies offering single products to Fortune 500 corporations with comprehensive offerings. These suppliers serve a diverse group of buyers, including hospitals, physician practices and clinics. The U.S. market includes approximately 6,000 hospitals, 175,000 physicians' offices and thousands of non-hospital healthcare delivery sites such as outpatient care facilities, nursing homes and ambulatory surgery centers. These organizations may purchase medical products directly or through centralized

buying organizations such as group purchasing organizations, or GPOs, and integrated delivery networks of care providers, or IDNs. Buyers within each of these organizations may purchase products from thousands of suppliers. The high degree of buyer and supplier fragmentation results in significant inefficiencies at each step of the procurement process.

In the U.S., healthcare providers are under increasing pressure to reduce costs because of increased competition, as well as the ongoing tightening of reimbursement policies by private payors and the government. According to Efficient Healthcare Consumer Response, an independent study commissioned by a number of industry participants, the supply-chain costs of distributing medical products total approximately $23 billion per year, of which an estimated $11 billion could be eliminated by more efficient sharing of information, management of orders and movement of products. As a result, healthcare providers are increasingly seeking new ways to make their supply chain more efficient.

Market for Used and Surplus Products Healthcare providers must continuously upgrade their medical equipment in order to remain competitive and keep up with advances in medical technology. Without an efficient, global market for the sale of replaced equipment, these organizations are left with idle equipment for either storage or disposal. Manufacturers taking trade-ins of existing equipment in connection with sales of new products also generate significant used equipment inventory. For both healthcare providers and manufacturers, an inability to efficiently dispose of idle assets increases their operational costs and ties up capital that could be used for more productive purposes.

We believe that a significant opportunity to connect buyers and sellers exists in the market for used, refurbished and surplus medical products, supplies and equipment. We believe that this market, which is currently served primarily by local auction houses, equipment brokers and refurbishers, is significantly under-served and highly inefficient. While much of the demand for used equipment comes from healthcare providers located outside of the U.S. or in rural markets in the U.S., much of the supply comes from healthcare providers in urban centers in the U.S. or from manufacturers. As a result, traditionally it has been difficult for buyers and sellers to locate one another.

Limitations of Traditional Approaches to Buying and Selling Medical Products

Healthcare Providers

Purchasing decisions in physicians' offices and other small healthcare facilities are generally made by nurses, office managers or administrative staff. Purchasing activities include searching through paper catalogs, placing and tracking orders via telephone or fax machines and receiving frequent, time-consuming visits from numerous medical supply representatives. This approach makes it difficult and time-consuming for buyers to identify, compare and purchase specific items. Moreover, these inefficiencies can lead to clinical delays and purchases that are based on convenience instead of best practices or cost.

Large healthcare organizations manage their buying activity through a centralized purchasing group as well as at the departmental level. Pricing is either negotiated or based on long term contracts, depending on the institution's buying power, membership in an IDN or GPO affiliations. The purchasing process involves evaluating products, negotiating price and delivery, ensuring compliance with purchasing contracts and placing and tracking orders through a variety of paper and electronic means. Outdated product and price information, lack of compliance with negotiated contracts and the significant effort required to manage a multitude of suppliers and orders can result in errors and inefficiencies.

Manufacturers and Distributors Manufacturers and distributors have limited resources to support the growing challenge of marketing and selling to the increasingly complex worldwide healthcare market. Many organizations lack the necessary infrastructure to establish a worldwide sales and marketing presence. In addition, the high cost of printing and distributing paper catalogs limits the ability of suppliers to cost-effectively provide timely updates of important catalog product and pricing information. Although many suppliers offer online versions of their catalogs, this does not address the primary cause of inefficiency for buyers -- the inability to quickly and easily find products and consolidate orders from different suppliers through a single source.

Market Opportunity

We believe that a significant opportunity exists for a business-to-business e-commerce solution that creates an open and efficient marketplace for purchasers and sellers of both new and used medical products, supplies and equipment. A unified online marketplace can offer several important advantages:

- Purchasers and sellers of new and used medical products can have global access to each other, creating new levels of efficiency in the supply chain;

- Industry, product and pricing information can be centralized, updated and organized for simplified access; and - The time and costs involved with traditional paper, telephone and fax purchasing methods can be significantly reduced.

The Neoforma.com Solution

Neoforma.com is a leading provider of business-to-business e-commerce solutions for purchasers and suppliers of medical products, supplies and equipment. Our services address the traditional limitations of the medical products supply chain by enabling our users to efficiently and cost-effectively buy and sell new and used medical products in an open, online marketplace. Shop, Auction and Plan together address the entire healthcare purchasing lifecycle, from planning through procurement to liquidation.

We believe that our services provide a number of benefits that will attract a growing number of purchasers and suppliers of new and used medical products to our marketplace. As more purchasers realize these benefits and use our services, we believe that they will attract more suppliers to our

marketplace. As more suppliers offer products and content through our marketplace, we believe that more buyers will be encouraged to use our services, resulting in a network effect, where the value of our services to each participant increases significantly with the addition of each new participant.

Benefits to Healthcare Providers:

- Convenient, Unified Marketplace. We provide healthcare providers a central, easy-to-use location to identify and purchase a wide range of medical products from many suppliers. This reduces the time required to contact multiple distributors and suppliers using traditional paper or telephone approaches, or single-supplier Internet-based or electronic data interchange solutions.

- Reduced Processing Costs. Our services streamline the purchasing process, allowing healthcare providers to reduce their procurement costs and benefit from centralized purchasing, tracking and record-keeping.

- Improved Access to Current Information. We provide online access to current product information, which is a significant improvement over paper-based catalogs that are often outdated. Our easy-to-use search capabilities enable healthcare providers to quickly locate products and obtain current information from multiple suppliers. Additionally, we provide previously unavailable information regarding used, refurbished and surplus medical products.

- Efficient Marketplace for Idle Assets. Our Auction service provides an efficient marketplace for the purchase and sale of used and surplus medical products, allowing healthcare providers to maximize the value of their idle assets.

Benefits to Manufacturers and Distributors:

- Access to New Customers and Markets. Our Shop and Auction services allow sellers to offer new and used products globally, extending their reach to new customers and markets. Our Plan service provides a new way for suppliers to feature their products being used in a best practices environment.

- Participation in an Open Marketplace. We believe that by providing an open marketplace where any supplier can list and sell its products, we increase the attractiveness of our marketplace to a large number of suppliers. By providing purchasers with access to products from a wide range of suppliers, we can attract more purchasers to our marketplace, further increasing the value of our services to suppliers.

- Increased Efficiencies and Reduced Transaction Costs. Because our services streamline and extend their distribution channels, suppliers can reduce their selling and marketing costs and time to market. For example, suppliers can reduce their costs of printing and distributing paper catalogs and taking individual orders by fax or by telephone. In addition, our services eliminate the costs and expenditures required for suppliers to establish and maintain their own e-commerce sites.

- Efficiency in Distributing New Information. Our marketplace allows suppliers to efficiently reach customers and distribute product information, reducing the delays associated with printed catalog distribution. We enable suppliers to quickly and easily update product, pricing and other information on our website to address changes in their product line and respond to market requirements.

Strategy

Our objective is to become the leading online marketplace for new and used medical products, supplies and equipment. Our goal is to provide comprehensive services that together address the entire healthcare purchasing lifecycle, from planning through procurement to liquidation. Key elements of our strategy include:

Build on First Mover Advantage and Increase Brand Recognition. We believe that our position as one of the first companies to offer comprehensive business-to-business e-commerce services for new and used medical products, supplies and equipment provides us with a first mover advantage that can enable us to attract a critical mass of suppliers and purchasers. To increase the number of purchasers and sellers that use our services, we intend to aggressively promote the Neoforma.com brand by advertising, participating in industry events and trade shows and conducting targeted promotions and public relations.

Increase Adoption of Our Online Marketplace to Create Network Effect. We intend to continue to add suppliers and purchasers to become the most comprehensive online marketplace for medical products, supplies and equipment. By adding suppliers and broadening the range of products available in our marketplace, we create additional value for purchasers. By attracting more purchasers to our marketplace, we create additional value for suppliers. As a result, we believe that we can create a network effect, where the value of our services to each participant increases significantly with the addition of each new participant.

Increase Functionality to Drive Broad Market Adoption. We plan to expand the functionality of our services, increasing their value to both current and future purchasers and suppliers. For example, we intend to develop new information reporting and order management features as well as the capability to integrate our services with the information systems used by many suppliers and purchasers. In addition, we intend to develop the functionality to allow suppliers to provide customer-specific pricing. We believe that these enhancements will allow our services to become more closely integrated into the supply chain processes of distributors and group purchasing organizations and will be particularly important to large purchasers of medical products.

Establish Strategic Alliances With Leading Industry Participants. We intend to continue to enter into alliances with leading Internet, technology and healthcare-related organizations to increase usage of our services, broaden the scope of our content, extend our technology and gain additional marketing resources. Our current strategic partners include Cisco, Dell, Healtheon, SAP and Superior Consultant.

In addition, we have strategic relationships with key suppliers, such as General Electric Medical Systems and Owens & Minor. We plan to strengthen and broaden these relationships and enter into new strategic alliances and key supplier relationships.

Expand Internationally. We believe that the capabilities of the Internet and the fragmented nature of many international markets for new and used medical products provide a significant opportunity for the creation of a global marketplace. We intend to capitalize on this opportunity by developing country-specific web pages for selected international markets and actively marketing and promoting our services. We believe that our registered user base already includes users located in over 100 countries.

Neoforma Services

We offer three primary services -- Shop, Auction, and Plan -- that together address the entire healthcare purchasing lifecycle, from planning through procurement to liquidation. We also offer a wide range of content to healthcare practitioners and purchasers to enable them to make more informed purchasing decisions.

Shop

Our Shop service, released in late August 1999, provides a unified marketplace where purchasers can easily identify, locate and purchase new medical products, and suppliers can access new customers and markets. Shop currently has over 60,000 different stockkeeping units, or SKUs, available for purchase under agreements with 65 manufacturers and distributors. Our agreements with distributors provide listings of products from an additional 140 manufacturers. We have agreements with approximately 40 additional manufacturers and distributors that will provide us with access to an estimated 55,000 additional SKUs, which we are currently adding to Shop. The products currently available through Shop range from disposable gloves to surgical instruments and diagnostic equipment. We believe that these products represent a significant portion of the products commonly used in physicians' offices, our initial target market.

Shop provides detailed descriptions, photographic images and vendors' shipping and billing policies for listed products, and we are currently adding pricing information for these products. Listings are displayed in a consistent format and organized by standard classification schemes to facilitate the selection of products. Shop's search capabilities further assist purchasers in locating and selecting products from multiple suppliers. Moreover, we also provide suppliers the ability to directly update their product information on our website to include revised pricing, new product introductions or additional information.

Purchasers can use Shop to order products at listed prices or to obtain price quotes from the supplier. Shop accelerates the process of negotiating and completing transactions between purchasers and sellers. Our system automatically notifies the supplier via an email when the purchaser places an order

through Shop. When the supplier responds to or updates the order in any fashion, our system automatically notifies the buyer. This process is aided by our customer service organization, which answers questions about our system as necessary.

We do not take ownership or possession of the products sold through Shop. Suppliers are responsible for providing product availability and delivery information through our website. They are also responsible for shipping, delivery, and returns. Suppliers can choose to accept payment by open accounts with the purchasers, payment upon delivery, letter of credit, or credit card. The purchaser is required to provide payment information to the supplier through our website when placing the order, and the supplier is responsible for payment processing and collection. We derive our revenue from Shop from transaction fees charged to suppliers for confirmed orders, and fees to digitize their product information for display on our website and for maintenance of product information and content on our website.

Shop product information is provided to us by suppliers in a variety of electronic formats or in paper form, and is internally reviewed and categorized by our medical editors. We use an independent firm to convert this information into a consistent electronic format that conforms to our classification systems. We believe that our ability to process large volumes of product information allows us to rapidly increase our product database and provides significant flexibility to suppliers in loading and updating information.

We plan to extend Shop's functionality by introducing new information reporting and order management features, allowing users to track their use of our services and helping them better ensure compliance with their procurement procedures and policies. We also intend to enable Shop to electronically transmit information directly to the order management and purchasing systems used by many large suppliers and medical product purchasers. In addition, we intend to develop customer-specific pricing capabilities, allowing our services to better integrate with the processes of distributors and large purchasing organizations. We believe these enhancements will be particularly important to large purchasing organizations, such as hospitals, IDNs and members of GPOs, that are focused on achieving new efficiencies and frequently rely on pre-negotiated pricing. Our future success relies on our ability to address the needs of large healthcare providers by successfully developing and introducing these capabilities in a timely manner. See "Risk Factors -- In order for large healthcare organizations to accept our services, we must expand the base of suppliers using our services and the functionality of our services."

Auction

Our Auction service, introduced in May 1999, enables users to list, sell and buy used, refurbished and surplus medical products. Our Auction service includes both online listings of used and surplus products for bids through our website, as well as live auctions through GAR. Our online auction service aggregates medical products from sellers in otherwise isolated local markets. On September 30, 1999, Auction offered online listings of 1,528 items from 85 sellers.

When a buyer submits a bid for a listed product, the seller is automatically notified via an email from our website that a buyer has placed a bid for one of its products. The seller can then access our website to obtain information about the bid, including the identity of the buyer, the amount of the bid and the period of time that the buyer has indicated that it will keep its bid open. The seller can accept the bid it finds most attractive. The buyer is automatically notified via an email if a seller has accepted its bid. The payment alternatives and shipping, delivery and return obligations are substantially identical to those for Shop described above.

We also provide a service that allows sellers to specify that their products initially be offered to their other departments and facilities and subsequently to the public. In addition, the seller may choose to offer unsold products for charitable donation. We have entered into agreements with several IDNs and a number of other healthcare providers to allow them to use this asset management service.

We augmented our Auction service through our August 1999 acquisition of General Asset Recovery, a live auction house and asset management company focused on medical products. The combination of Auction's online services and GAR's live services allows us to provide a complete solution for managing used and surplus healthcare equipment. We work with sellers to determine the best method, whether online listings or live auctions, for selling their used, refurbished or surplus products.

We derive revenue from our Auction service primarily from commissions and asset management fees paid by sellers. In addition, in our live auctions, the purchaser also typically pays a fee, commonly referred to as a buyer's premium, equal to a percentage of the purchase price.

We plan to expand the functionality of our Auction service to automatically identify the winning bidder at the end of a selected time period and notify the seller and winning bidder of the transaction. In addition, we plan to make available on our Auction service photographs and more detailed information regarding products that will be offered in future live auctions. Further, we intend to enable sellers to list their products on Auction in lots, which will help them to efficiently sell large quantities of the same products.

Plan

Our Plan service, introduced in July 1998, provides interactive content to healthcare facility planners to reduce the complexities of planning and outfitting facilities. Plan offers interactive photographic images of actual rooms and suites from medical facilities that we believe represent industry best practices. This service allows facilities and equipment planners to conduct virtual tours of these facilities, providing rich information for considering room plans and equipment purchases. Visitors can zoom in to see room details, including equipment placement, and can navigate to view different parts of the room in these 360 degree panoramic images. Plan currently displays more than 1,000 rooms from the University of Chicago's Center for Advanced Medicine and we intend to add rooms from other advanced medical facilities. Site visitors can browse a list of departments or can search to find specific rooms. Plan also provides links from rooms to associated categories of products that are available for purchase through Shop. We have recently begun offering suppliers the ability, for a fee, to sponsor rooms on Plan that feature one or more of their products. The supplier can then use these rooms as part of their own marketing campaigns.

We intend to introduce an enhanced version of our Plan service in November 1999, designed to more closely integrate Plan with Shop and Auction, to inform users when products in the room are available on Shop or Auction and allow them to immediately access information about that product to order it through Shop or place a bid on Auction. Finally, we plan to add new fee-based services to Plan, such as subscription-based access to more detailed content and data and the ability to download blueprints for a fee.

Resources

In addition to our three principal services, since July 1998, we have provided healthcare professionals with information resources to assist them in making informed and efficient purchasing decisions. Healthcare professionals can receive personalized news, review online product and vendor information and obtain information from other websites. In addition, users can access online continuing medical education courses and research regulatory and shipping requirements that may affect the price or delivery of their purchases. In September 1999, we significantly expanded the amount of information that we provide, and organized this information into a separate Resources section of our website to facilitate its use.

Suppliers

Shop. As of September 30, 1999, we had agreements with 65 manufacturers and distributors to list their products on Shop. On September 30, 1999, the following suppliers had products listed directly on Shop:

Distributors Manufacturers

Alimed	Accurate Surgical
Independence Medical	ARO Surgical Instruments
Maintenance Warehouse	Critikon
Medline	General Electric Medical Systems
Optimal Wholesale Medical	Hospital Associates
Owens & Minor	Howard Instruments
PSS World Medical	Protocol Systems
Sammons Preston	Sparta Surgical
Ves International	

Our agreements with distributors provide listings of products from an additional 140 manufacturers, including 3M, Beckman Coulter, Becton Dickinson, C.R. Bard and Smith & Nephew. We have agreements with approximately 40 additional suppliers that provide access to a large number of additional products which we plan to add to Shop.

Auction. On Auction, suppliers include hospitals and healthcare organizations liquidating used equipment, manufacturers and distributors selling surplus products and finance companies selling leased equipment at the end of the lease term. Our acquisition of GAR provides us with the opportunity to offer our online services to its existing supplier base. We have entered into agreements with a number of Auction suppliers for whom we provide asset management and auction services,

including manufacturers such as General Electric Medical Systems and Stryker and large healthcare organizations such as Banner Health System, Saint Barnabas Health Care System and Voluntary Hospitals of America.

Strategic Supplier Relationships. We work with a number of key suppliers, including Owens & Minor and General Electric Medical Systems, or GEMS. Owens & Minor is a leading distributor of medical products, and we are working with Owens & Minor to list a wide range of products aimed at traditional physician's offices for sale through Shop.

Under our October 1999 agreement with General Electric Medical Systems, GEMS has agreed to list products on Shop. GEMS also has the option to sponsor rooms on Plan on mutually agreed upon terms, and in the event that it sponsors any rooms, GEMS has agreed to promote Plan to its customers. In addition, GEMS is a customer of GAR, and has agreed to use Auction to sell a specified number of items of equipment. This agreement expires in December 2000, subject to automatic renewal unless either party elects to terminate. In connection with this agreement, we issued approximately 275,000 shares of our preferred stock to GE Capital Equity Investments, an affiliate of GEMS, in October 1999. GE Capital Equity Investments, Inc., also purchased 1,760,563 additional shares of preferred stock in our October 1999 financing.

Purchasers

Purchasers currently using Shop include physician offices, multi-specialty groups, clinics and other healthcare providers. Buyers for large organizations, such as hospitals, IDNs and GPOs that purchase a large volume of products under negotiated contracts with suppliers, currently use Shop primarily to purchase products for which they do not have existing supplier contracts. We plan to add customer-specific pricing capabilities in order to enable these organizations to use Shop for their purchases of products for which they have contracts.

Our Auction services have been used by a wide range of healthcare providers to purchase used, refurbished and surplus medical products. We believe that a large percentage of the products that are sold through our Auction services are purchased for use outside the U.S. or in rural communities in the U.S.

If we are not able to quickly build a critical mass of purchasers who use our services, and increase the use of our services by large healthcare providers, our ability to expand our business would be seriously harmed.

Strategic Alliances

We enter into alliances with leading Internet, technology and healthcare-related organizations and medical products suppliers to increase usage of our services, broaden the scope of our content, extend the functionality of our technology and build additional marketing resources. We have entered into strategic alliances in the following areas.

Healthcare-Focused Websites. Many healthcare professionals use specific healthcare-focused websites to obtain a variety of information. We believe that, by entering into relationships with companies that operate these websites, we can attract their visitors to use our services. We have developed strategic alliances with Healtheon Corporation and MD On-Line to provide us with increased market visibility and site traffic. We are an e-commerce provider of medical supplies and equipment for Healtheon's registered users, which include physicians and hospital and clinical administrators. Healtheon's registered users can purchase medical products, supplies and equipment in a co-branded environment on Neoforma.com without the need to register on our site. We also provide e-commerce services for MD On-Line, an Internet-based content provider for the physician market. Our agreements with Healtheon and MD On-Line require us to pay these companies specified percentages of our revenue generated by their users. These agreements each expire in 2000, subject to automatic renewals for additional one-year periods unless either party elects to terminate.

Computer Hardware Providers. We believe that alliances with computer hardware providers will help us build recognition of our brand. We have established relationships with Dell Marketing, an affiliate of Dell Computer, and Cisco Systems. We have entered into an agreement with Dell to develop and undertake complementary marketing programs and to link our websites. See "Certain Transactions -- Commercial Agreements" for more information about our agreement with Dell. Cisco uses our services as a means of demonstrating its equipment to healthcare providers. As a result, we gain increased exposure of our services to large healthcare organizations.

Information Technology Partners. We believe that by integrating our services with existing information systems used by many purchasers and sellers of medical products, we will further streamline their medical products supply chains. We have entered into an agreement with Superior Consultant, a supplier of Digital Business Transformation(TM) services to large healthcare organizations, including Internet-related services, systems integration, outsourcing and consulting, which enable Superior clients to utilize digital technologies and process innovations to improve their businesses. Under the agreement, we have agreed to market Superior's services to our users, and Superior has agreed to introduce our services to appropriate clients, based on their interests, and to incorporate our services into its Digital Business Transformation(TM) offerings. The agreement also provides for joint marketing activities. See "Certain Transactions -- Commercial Agreements" for more information about our agreement with Superior Consultant.

We are collaborating with SAP, a leading provider of enterprise software, to integrate our services with SAP's R/3 enterprise software products. This integration is intended to further automate the procurement process by allowing transactions to be communicated directly to these systems. In addition, we are integrating our services with MySAP.com, SAP's Internet business service.

Content Providers. We believe that as we increase the breadth and depth of our content for our online marketplace, we will be able to attract and retain more users. Since content is often expensive and time-consuming to develop, we enter into relationships with other companies to provide content for our marketplace. ECRI, a leading non-profit health services research agency focusing on healthcare technology, provides us with detailed information about medical products and technology and facility

planning. NewsReal has created a specialized healthcare headlines service to provide our users with personalized healthcare business news from over 60 different sources. Reuters provides us with its standard healthcare business news feed. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" for a description of our agreement with ECRI.

Medical Product Suppliers. We believe that by establishing relationships with key suppliers of medical products, we increase the depth and breadth of the products listed on our online marketplace, and benefit from their marketing resources. We have entered into agreements with Owens & Minor and General Electric Medical Systems. See "Suppliers -- Strategic Supplier Relationships" for more information about our strategic supplier relationships.

Technology

In order to establish a secure and reliable marketplace for suppliers and purchasers of new and used medical products, our underlying infrastructure is built on an open, multi-tier, distributed architecture using well-established applications and hardware from leading technology companies such as Sun Microsystems, Netscape and Oracle. Our infrastructure enables us to continuously enhance the features and functionality of our services to meet the evolving needs of our users.

Infrastructure

Open Architecture. Our open architecture supports integration with our users' many existing legacy systems. The ability to integrate these diverse systems has enabled us to aggregate a wide range of purchasers and suppliers in our marketplace. Our architecture is based on industry standards such as Java, enabling us to rapidly introduce new features and functionality.

Scalability, Performance and Availability. Our highly modular, distributed architecture is designed to enable us to readily add capacity as the number of users and transactions increase on our system. We have fully redundant hardware systems, which when combined with our distributed architecture, enables us to provide our services on an uninterrupted basis, even in the event of partial system failure. By locating our data center at an Exodus Communications hosted facility, we are able to easily and rapidly expand our network bandwidth and maintain the physical security of our systems.

Secure e-Commerce Marketplace. Our platform contains a variety of features to ensure the secure transmission of business information among multiple trading partners and to protect against communication failures. We use SSL, or secure sockets layer, an Internet security technology, at appropriate points in the transaction flow to protect user information during transactions. User information is encrypted to provide a high degree of security. Our employees do not have access to user information, except as necessary to perform customer service functions. The system authenticates users through standard secure login and password technologies.

Functionality

Our systems are designed to capture the real-world processes and workflows used by purchasers and suppliers using our services. We have incorporated these processes into an easy-to-use, intuitive online marketplace that can be accessed with standard web browsers, without requiring any special software.

To support our online marketplace, we have developed customized search technologies to meet the requirements of purchasers of medical products, supplies and equipment. In order to enable users to quickly navigate to individual products, we have incorporated industry standard classifications, which support the purchasing process by grouping items that are similar and by mapping to other industry standard classification systems. Our search function allows users to continually refine and hone their searches to help them to quickly and efficiently locate a particular item. Additionally, we use three-dimensional visualization technologies which enhance suppliers' ability to display and feature their medical products, supplies and equipment.

Although to date we have not experienced unscheduled system interruptions of our online marketplace, outages may occur from time to time as system usage increases. The volume of traffic on our website and the number of transactions being conducted by users has been increasing and will require us to expand and upgrade our technology, transaction processing systems and network infrastructure and add new engineering personnel. We may be unable to accurately project the rate or timing of increases, if any, in the use of our services or timely expand and upgrade our systems and infrastructure to accommodate such increases in a timely manner. Any failure to expand or upgrade our systems to keep pace with the growth in demand for capacity could cause the website to become unstable and possibly cease to operate for periods of time. Unscheduled downtime could harm our business.

Sales, Marketing and Support

We sell our services through our direct field sales force and our internal telemarketing staff. Our direct field sales force focuses on purchasers in physician offices, clinics, hospitals and large healthcare organizations. Our direct field sales force has significant experience in the sale of medical products, equipment and information technology systems. Our telemarketing programs are directed primarily at suppliers of medical products, supplies and equipment. We plan to augment our internal sales resources by working with the sales forces of our strategic partners.

Our marketing programs include traditional and Internet-based marketing initiatives to increase awareness of the Neoforma.com brand and attract new purchasers and suppliers to our services. These programs include a variety of public relations initiatives, such as participation in industry conferences and trade shows, and ongoing relationships with healthcare, Internet and technology reporters and industry analysts. We also promote our services through advertising in healthcare industry trade journals and business publications. In addition, we conduct web-based marketing activities to attract new users to our online marketplace.

Our relationships with Internet healthcare companies such as Healtheon and MD On-Line, suppliers such as General Electric Medical Systems and Owens & Minor, technology companies such as Cisco, Dell and SAP, and professional services providers such as Superior Consultant provide us with additional marketing resources. These companies conduct a number of activities designed to strengthen awareness of our brand and our services.

Our worldwide sales and marketing group consisted of 41 full-time employees as of September 30, 1999. We intend to expand our sales and marketing group and to establish additional sales offices. Competition for sales and marketing personnel is intense, and we may not be able to attract, assimilate or retain additional qualified personnel in the future.

We believe that we can strengthen our relationships with purchasers and suppliers by providing good account management, customer support and service. Our customer service group provides ongoing support to customers, including site assistance, product searches, basic product questions and order processing questions.

Product Development

We intend to continue to expand and enhance the functionality of our services. We are currently focusing our product development resources on integrating our services with other information systems used by suppliers and purchasers of healthcare products. In addition, we are developing the capability to allow suppliers to provide customer-specific pricing through Shop, and providing increased functionality to our online Auction service. Our future success, and in particular, our ability to fully address the needs of large healthcare providers, depends on our ability to successfully develop and introduce these capabilities in a timely manner. There are a number of risks and challenges involved in the development of new features and technologies. See "Risk Factors -- If we are not able to keep up with rapidly changing technology and develop enhancements to our services, we may not be able to attract or retain purchasers and suppliers of medical products."

Our product development organization includes our product strategy group and our engineering group. The product strategy group is responsible for translating user needs into specifications and prototypes for new functions and services. Our engineering group is responsible for developing the technology that implements these initiatives, and maintaining and improving the technology, infrastructure and databases that we use to provide our services. As of September 30, 1999, our product development organization included 45 full-time employees. Our quality assurance group works with our product development organization throughout the development cycle to ensure that the new features and functions of our website meet our standards. In addition, we have a five person group that focuses on emerging technologies and market opportunities. In cases requiring specialized expertise, we have augmented the resources of our product development organization with independent contractors.

Our product development expenses were $179,000 in 1997, $1.5 million in 1998 and $2.6 million in the first six months of 1999. To date, substantially all software development costs related to our services have been expensed as incurred. We believe that significant investments in product

development will be required to remain competitive.

Proprietary Rights and Licensing

Our success and ability to compete depend on our ability to develop and maintain the proprietary aspects of our technology. We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect the proprietary aspects of our technology. We seek to protect our source code for our software, documentation and other written materials under trade secret and copyright laws. Finally, we seek to avoid disclosure of our intellectual property by restricting access to our source code and by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements with us.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of the proprietary rights of others. Any resulting litigation could result in substantial costs and diversion of resources and could seriously harm our business.

Our success and ability to compete also depend on our ability to operate without infringing upon the proprietary rights of others. In the event of a successful claim of infringement against us and our failure or inability to license the infringed technology, our business would be seriously harmed.

Competition

The online market for medical products, supplies and equipment is new, rapidly evolving and intensely competitive. Our primary competition includes e-commerce providers that have established online marketplaces for medical products, supplies and equipment. These competitors include companies such as Medibuy, Promedix and Cimtek Medical. Medibuy provides an auction site for the sale of used, refurbished and surplus products, and has announced plans to introduce e-commerce services for new products. Cimtek Medical and Promedix have websites for the sale of new products. Promedix has recently entered into an agreement to be acquired by Chemdex, a leading provider of e-commerce solutions to the life sciences industry.

We also face potential competition from a number of sources. Many companies have created websites to serve the information needs of healthcare professionals, providing medical information, discussion groups, bulletin boards and directories. Many of these companies are introducing e-commerce functions that may compete with our services. In addition, providers of online marketplaces and online auction services that currently focus on other industries could expand the scope of their services to include medical products. Existing suppliers of medical products may also establish online marketplaces that offer services to suppliers and purchasers, either on their own or by partnering with other companies. Moreover, live auction houses focusing on medical products may establish online auction services. New companies may also be formed that compete with us.

We believe that companies in our market compete to provide services to suppliers based on:

- brand recognition; - number of purchasers using their services, and the volume of their purchases; - level of bias, or perceived bias, towards particular suppliers; - compatibility with suppliers' existing distribution methods; - the amount of the fees charged to suppliers; - ease of use and convenience; - ability to integrate their services with suppliers' existing systems and software; and - quality and reliability of their services.

In addition, we believe that companies in our market compete to provide services to purchasers based on:

- brand recognition; - breadth, depth and quality of product offerings; - ease of use and convenience; - ability to integrate their services with purchasers' existing systems and software;

- quality and reliability of their services; and - customer service.

Competition is likely to intensify as our market matures. As competitive conditions intensify, competitors may:

- enter into strategic or commercial relationships with larger, more established healthcare, medical products and Internet companies; - secure services and products from suppliers on more favorable terms; - devote greater resources to marketing and promotional campaigns; - secure exclusive arrangements with buyers that impede our sales; and - devote substantially more resources to website and systems development.

Our current and potential competitors' services may achieve greater market acceptance than ours. Our existing and potential competitors may have longer operating histories in the medical products market, greater name recognition, larger customer bases or greater financial, technical and marketing resources than we do. As a result of these factors, our competitors and potential competitors may be able to respond more quickly to market forces, undertake more extensive marketing campaigns for their brands and services and make more attractive offers to purchasers and suppliers, potential employees and strategic partners. In addition, new technologies may increase competitive pressures. We cannot be certain that we will be able to expand our purchaser and supplier base, or retain our current purchasers and suppliers. We may not be able to compete successfully against current and future competitors and competition could seriously harm our revenue, gross margins and market share.

Employees

As of September 30, 1999, we had 148 full-time employees, including 45 in product development, 45 in sales, marketing and customer service, nine in business development, 29 in operations, and 20 in general and administrative functions. Our future success will depend in part on our ability to attract, train, retain, integrate and motivate highly qualified sales, technical and management personnel, for whom competition is intense. Our employees are not represented by any collective bargaining unit, and we have never experienced a work stoppage. We believe our relations with our employees are good. We also use independent contractors to support our services. We use a firm based in India to digitize and

format product information for our Shop service. We plan to use a third party specializing in Internet support to respond to our most common customer service requests. We also use independent contractors for specific product development services requiring specialized expertise.

Facilities

Our executive, administrative and operating offices are located in approximately 33,378 square feet of leased office space located in Santa Clara, California under leases expiring in April 2004 and September 2006. We also maintain 19,765 square feet of office space and approximately 22,000 square feet of warehouse space for GAR in the metropolitan areas of Chicago, Illinois. We are currently negotiating the terms of a lease for a second warehouse in the Chicago, Illinois metropolitan area to provide an additional 120,000 square feet of space to store consigned items until they are sold in auctions.

Legal Proceedings

On August 6, 1999, Fisher Scientific International, Inc. filed a petition in the District Court of Montgomery County, Texas, against Neoforma and Daniel A. Eckert, an individual that we had hired to serve as our Executive Vice President of Sales. Fisher alleged that Mr. Eckert, previously President of one of Fisher's divisions, Fisher HealthCare, would be in breach of a covenant not to compete if he were to work for us. Fisher also alleged that Mr. Eckert had disclosed, and in working for us would inevitably disclose, Fisher's confidential and proprietary information, and that by hiring Mr. Eckert, we were interfering with Fisher's business relations. Finally, Fisher alleged that these actions constituted unfair competition.

On September 9, 1999, the court granted a temporary injunction until trial prohibiting Mr. Eckert from working for us and prohibiting us from interfering with Fisher Healthcare's business through the use of any of Fisher's confidential and proprietary information, among other things. In granting the injunction, the court determined, among other things, that Mr. Eckert's covenant not to compete might bar him from working for us.

On September 27, 1999, we filed suit against Fisher in the Superior Court of Santa Clara County, California for misappropriation of trade secrets. On September 28, 1999, the court granted a temporary restraining order against Fisher prohibiting Fisher from acquiring, using or disclosing a document that we consider a trade secret and believe that Fisher has misappropriated.

We intend to vigorously defend this litigation, and have filed a notice of appeal relating to the court's issuance of the temporary injunction. However, the outcome of complex litigation is uncertain and cannot be predicted. If Fisher prevails in this litigation, it would prevent Mr. Eckert from joining us in any capacity, and could require that we pay money damages to Fisher.

Management

Executive Officers, Directors and Key Employees

The following table sets forth information regarding our executive officers, directors and other key employees as of October 12, 1999:

Name Age Position

EXECUTIVE OFFICERS AND DIRECTORS:		
Robert J. Zollars	42	Chairman, President and Chief Executive Officer
Jeffrey H. Kleck	38	Co-founder, Company Evangelist
Wayne D. McVicker	39	Co-founder, Senior Vice President of Research and Development and Director
Frederick J. Ruegsegger	44	Chief Financial Officer
Bhagwan D. Goel	35	Executive Vice President of Products and Services
Robert Flury	49	Senior Vice President of Business Development
Erik Tivin	34	Vice President of Auction Services and President of Neoforma GAR, Inc.
David Douglass	47	Director
Terence Garnett	42	Director
Madhavan Rangaswami	44	Director
Richard D. Helppie	43	Director
Andrew J. Filipowski	49	Director
OTHER EMPLOYEES:		
Leigh D. Orlov	43	Vice President of Sales
John F. Duddy	41	Vice President of Marketing

Robert J. Zollars has served as our Chairman, President and Chief Executive Officer since July 1999. From January 1997 to July 1999, he served as Executive Vice President and Group President of Cardinal Health, Inc., a healthcare products and services company, where he was responsible for four of its wholly-owned subsidiaries: Pyxis Corporation, Owen Healthcare, Inc., Medicine Shoppe International and Cardinal Information Corporation. From January 1992 to December 1996, he served as President of Hospital Supply, Scientific Products and U.S. Distribution of Baxter Healthcare Corporation, which in October of 1996 was spun off as Allegiance Corporation, a healthcare products and service company. Mr. Zollars holds an M.B.A. in finance from John F. Kennedy University and a B.S. in marketing from Arizona State University.

Jeffrey H. Kleck has served as our Company Evangelist since July 1999, and co-founded Neoforma.com in April 1996. Dr. Kleck served as our Chief Executive Officer from March 1996 to July 1999 and as one of our directors from April 1996 to October 1999. Dr. Kleck was a senior engineer from June 1991 to February 1997 and Marketing Product Manager from February 1997 to February 1998 at Varian Associates, Inc., a manufacturer of medical radiology equipment. He is a visiting scientist at Los Alamos Laboratory. Dr. Kleck holds a Ph.D. in biomedical physics from, and is a member of the faculty of the School of Medicine at, the University of California, Los Angeles. He holds an M.S. in engineering management from Stanford University and M.S. and B.S. degrees in nuclear engineering from Texas A&M University.

Wayne D. McVicker has served as our Senior Vice President of Research and Development since October 1999 and as a director since April 1996. Mr. McVicker co-founded Neoforma.com in April 1996, and served as our President from April 1996 to February 1999 and as our Vice President of Strategy from February 1999 to October 1999. From September 1987 to February 1997, Mr. McVicker worked at Varian Associates, Inc., as manager of its architectural planning department. In addition, Mr. McVicker is a licensed architect.

Frederick J. Ruegsegger has served as our Chief Financial Officer since July 1999. From December 1996 to July 1999, Mr. Ruegsgegger worked at Axys Pharmaceuticals, Inc., a biopharmaceutical company, most recently as Senior Vice President of Finance and Corporate Development and Chief Financial Officer. From July 1993 to December 1996, Mr. Ruegsegger was President, Chief Executive Officer and a director of EyeSys Technologies Inc., an eye care diagnostic equipment and software company. Mr. Ruegsegger holds a Master of Management from J. L. Kellogg Graduate School of Management, Northwestern University, and a B.S. in economics from the University of Illinois.

Bhagwan D. Goel has served as our Executive Vice President of Products and Services since October 1999. From October 1998 to September 1999, Mr. Goel was Senior Vice President and General Manager, Commerce at InfoSeek Corporation, a provider of Internet services and software. From October 1996 to September 1998, Mr. Goel was Vice President of Products and Services at Internet Shopping Network Inc., an online retailer. From November 1993 to October 1995, Mr. Goel was Vice President of Product Development at Worldview Systems Corporation, a provider of online travel information. From October 1989 to October 1995, Mr. Goel worked at Knowledgeset Corporation, a software company that provides electronic retrieval systems, most recently as Director of Product Development. Mr. Goel holds an M.S. in electrical engineering from the University of Toledo and a B.S. in electrical engineering from the Indian Institute of Technology, New Delhi.

Robert Flury has served as our Senior Vice President of Business Development since February 1999. From December 1997 to January 1999, Mr. Flury was Vice President and General Manager of the healthcare business unit at PeopleSoft Inc., an enterprise software company. From February 1997 to December 1997, Mr. Flury was a senior vice president at Visix Software Inc., a software company. From October 1994 to February 1997, Mr. Flury was a Senior Vice President of the middleware line of business at Software AG, an enterprise software company. Mr. Flury is a C.P.A. and holds an M.B.A. and a B.B.A. in accounting from Georgia State University.

Erik Tivin has served as our Vice President of Auction Services and President of Neoforma GAR, Inc. since August 1999. From July 1998 to August 1999, Mr. Tivin served as owner and President of General Asset Recovery, LLC., a live auction house, which was acquired by Neoforma.com. From January 1990 to July 1998, he served as President of General Industrial Tool, a wholesale industrial equipment company.

David Douglass has served as one of our directors since February 1999. Since February 1990, Mr. Douglass has served as a General Partner at Delphi Ventures L.P., a venture capital firm. Mr. Douglass holds an M.B.A. from Stanford University and a B.A. in political science from Amherst College.

Terence Garnett has served as one of our directors since April 1998. Since April 1995, Mr. Garnett has served as a Venture Partner at Venrock Associates, a venture capital firm. From August 1994 to April 1995, he was an independent consultant. Mr. Garnett holds an M.B.A. from Stanford University and a B.S. in computer science from the University of California, Berkeley.

Madhavan Rangaswami has served as one of our directors since April 1998. Since February 1997, Mr. Rangaswami has served as a Managing Director at Sand Hill Group LLC, a consulting and private investment company. From March 1995 to June 1996, Mr. Rangaswami served as Vice President of Worldwide Marketing at the Baan Company N.V., an enterprise software company. From February 1992 to February 1995, he served as Vice President of Marketing at Avalon Software Inc., a software company. Mr. Rangaswami holds an M.B.A. from Kent State University, and degrees in law and accounting from the University of Madras.

Richard D. Helppie has served as one of our directors since October 1999. Since August 1996, he has served as Chairman of the board of directors and Chief Executive Officer of Superior Consultant Holdings Corporation, a consulting firm comprised of two subsidiaries founded by Mr. Helppie, Superior Consultant Company, Inc. and UNITIVE Corporation. He has served as Chairman of the board of directors and Chief Executive Officer of Superior Consultant Company, a healthcare management and information systems consulting firm, since 1984 and as Chief Executive Officer of UNITIVE Corporation, a information technology consulting firm, since 1993. He has also served as President of Clearwater Aviation Company, Inc. since 1993. In addition, Mr. Helppie is a director of drkoop.com, Inc.

Andrew J. Filipowski has served as one of our directors since October 1999. He is the President, Chief Executive Officer and Chairman of the Board of divine interVentures, inc., a venture investment firm that he co-founded in May 1999. He is also Chairman of the Board of PLATINUM Venture Partners, Inc., a venture investment firm that he founded in February 1992. Mr. Filipowski founded PLATINUM technology, inc. in April 1987 and served as its President, Chief Executive Officer and Chairman of the Board until it was acquired by Computer Associates in June 1999. PLATINUM technology, inc. was a software company that produced, acquired and distributed system software tools. Mr. Filipowski serves on the board of directors of Blue Rhino Corporation, Bluestone Software, Inc., eShare Technologies, Inc., Platinum Entertainment, Inc., and System Software Associates, Inc.

Leigh D. Orlov has served as our Vice President of Sales since September 1999. He joined Neoforma.com as a Director of Sales in May 1999. Mr. Orlov worked at PeopleSoft Inc. as Vice President of Sales from January 1999 to May 1999 and as Regions Sales Manager from June 1994 to January 1999.

John F. Duddy has served as our Vice President of Marketing since February 1999. From June 1998 to February 1999, Mr. Duddy was Vice President of Sales and Marketing at Metrika Inc., a medical device company. From April 1996 to June 1998, Mr. Duddy was director of sales and marketing at SmithKline Diagnostics, Inc., a medical instruments company. From February 1993 to April 1996, Mr. Duddy held

sales management positions at Hybritech, a life sciences and diagnostic company and a subsidiary of Beckman Coulter. Mr. Duddy holds a B.S. in business administration from the University of Southern California.

Board Composition

Our amended and restated bylaws provide for a board of directors consisting of seven members. Our amended and restated certificate of incorporation and bylaws, each of which will become effective following the completion of this offering, provide that our board of directors will be divided into three classes, each serving staggered three-years terms: Class I, whose term will expire at the annual meeting of stockholders to be held in 2000; Class II, whose term will expire at the annual meeting of stockholders to be held in 2001; and Class III, whose term will expire at the annual meeting of stockholders to be held in 2002. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their terms. Messrs. Douglass, McVicker and Rangaswami have been designated as Class I directors; Messrs. Filipowski and Garnett have been designated as Class II directors; and Messrs. Helppie and Zollars have been designated as Class III directors.

Board Committees

The audit committee consists of Messrs. Filipowski, Garnett and Rangaswami. The audit committee:

- reviews our financial statements and accounting practices;

- makes recommendations to the board of directors regarding the selection of independent accountants; and - reviews the results and scope of the audit and other services provided by our independent accountants.

The compensation committee consists of Messrs. Douglass, Filipowski and Helppie. The compensation committee:

- reviews and recommends to the board of directors the compensation and benefits of all of our officers, directors and consultants; and - reviews general policy relating to compensation and benefits.

Compensation Committee Interlocks and Insider Participation

The compensation committee of our board of directors is currently comprised of Messrs. Douglass, Filipowski and Helppie. None of these individuals has at any time been one of our officers or employees. For a description of the transactions between Neoforma.com and members of the compensation committee and entities affiliated with the compensation committee members, see "Certain Transactions." Robert J. Zollars, our President and Chief Executive Officer, is a member of the board of directors of divine interVentures, inc., of which Mr. Filipowski is President, Chief Executive Officer and Chairman of the board of directors.

Employment Contracts and Change of Control Arrangements

Mr. Zollars. In July 1999, we entered into an at-will employment agreement with Robert J. Zollars for him to serve as our Chairman, President and Chief Executive Officer. Under this agreement, Mr. Zollars receives a salary equal to $500,000 for the first year of the agreement, which can be increased by us in subsequent years. Mr. Zollars is also entitled to a $250,000 bonus if he continues to be employed by us on December 31, 1999. Beginning in 2000 and for each following year while he is employed by us, Mr. Zollars is eligible to receive a bonus payment of at least $500,000 for that fiscal year, based upon whether we achieve revenue and profitability targets and/or other organizational milestones to be specified by our board of directors.

Upon entering into this employment agreement, Mr. Zollars received an option to purchase 1,637,160 shares of our common stock and an option to purchase 3,602,315 shares of our common stock, each at an exercise price of $0.10 per share. Both options were immediately exercisable and Mr. Zollars exercised these options in full in July 1999. As of September 30, 1999, all of the shares purchased under the option for 3,602,315 shares were subject to a repurchase right that lapses at a rate of 900,578 shares after his first year of employment and 75,048 shares per month thereafter. If we are acquired or if a change in control of Neoforma.com occurs, the then unvested portion of his option will become vested.

Mr. Zollars is eligible to receive from us a moving assistance loan of $2.5 million, which will be forgiven in equal monthly installments on the last day of each month from the date of closing on his new home through June 30, 2003. Mr. Zollars also has the right to be reimbursed by us up to $300,000 for any loss on the sale of his previous home. We are obligated to reimburse Mr. Zollars for an additional $338,000 plus additional moving expenses incurred in connection with his joining us.

If Mr. Zollars' employment is terminated other than for disability or cause, or if Mr. Zollars resigns for good reason, he will be entitled to receive an amount equal to his annual salary, bonus and benefits. In addition, our right to repurchase all outstanding stock held by Mr. Zollars will lapse and the forgiveness of the home loan will be treated as if he had been employed by us for 12 additional months after the termination of employment. Good reason includes a reduction in his duties or responsibilities or a reduction in his salary, bonus or other benefits.

Mr. Tivin. In August 1999, we entered into an employment agreement with Erik Tivin for him to serve as our Vice President of Auction Services and President of Neoforma GAR, Inc. This agreement expires on December 31, 2001. Under this agreement, Mr. Tivin receives a salary equal to $100,000 per year. Mr. Tivin is also eligible to receive a bonus payment of at least $50,000 per year that he is still employed by us, based upon our financial performance. Upon entering into this employment agreement, Mr. Tivin received an option to purchase 550,000 shares of our common stock at $0.10 per share. This option is immediately exercisable. As of September 30, 1999, 33,333 of the shares underlying the option had vested and none had been exercised. The shares underlying the option vest at a rate of 33,333 shares per month for the first 12 months of his employment and at a rate of 4,167 shares per month during each of months 13 through 47, with the balance of the remaining options

vesting in month 48, so long as he is employed by us. In addition, in the event of a change of control of Neoforma.com and termination of Mr. Tivin's employment, 50% of the then unvested portion of Mr. Tivin's option shall immediately vest.

Mr. Ruegsegger. In June 1999, we entered into an offer letter with Frederick J. Ruegsegger for him to serve as our Chief Financial Officer. Under this offer letter, Mr. Ruegsegger receives a salary equal to $200,000 per year. Mr. Ruegsegger is eligible to receive a bonus of up to $12,500 each quarter, based upon performance milestones to be specified by our president and assessed by our board of directors. Mr. Ruegsegger is also entitled to repayment of the outstanding amount of a $25,000 relocation loan. Upon entering into employment with us, Mr. Ruegsegger received an option to purchase 604,555 shares of our common stock at $0.50 per share. This option is immediately exercisable and Mr. Ruegsegger has exercised the option in full. As of September 30, 1999, all of the shares underlying the option were subject to a right of repurchase. The shares underlying the option vest over four years, with one fourth of the shares vesting at the end of the first year of employment with us and an additional one forty-eighth vesting each month thereafter, for so long as he is employed by us. If Mr. Ruegsegger's employment is terminated other than for cause, he will be entitled to receive an amount equal to three months of his salary. In addition, in the event of a change of control of Neoforma.com and termination of Mr. Ruegsegger's employment, 50% of the then unvested portion of Mr. Ruegsegger's option shall immediately vest.

Mr. Goel. In September 1999, we entered into an offer letter with Bhagwan D. Goel for him to serve as our Executive Vice President of Products and Services. Under this offer letter, Mr. Goel receives a salary equal to $225,000 per year. Mr. Goel received a $50,000 bonus when he commenced his employment with us and is entitled to receive a bonus of $50,000 after one year of employment. Upon entering into employment with us, Mr. Goel received an option to purchase 595,000 shares of our common stock at $3.00 per share. This option is immediately exercisable. As of September 30, 1999, this option had not yet been granted. The shares underlying the option vest in equal monthly installments over four years, for so long as he is employed by us. If Mr. Goel's employment is terminated other than for cause, he will be entitled to receive an amount equal to 12 months of his salary. In addition, in the event of a change of control of Neoforma.com and termination of Mr. Goel's employment, 50% of the then unvested portion of Mr. Goel's option shall immediately vest.

Mr. Flury. In December 1998, we entered into an offer letter with Robert Flury for him to serve as our Vice President of Enterprise Sales. Under this offer letter, Mr. Flury receives a salary equal to $175,000 per year. Mr. Flury is entitled to receive a bonus of $25,000 each quarter during his first year with us, and thereafter is eligible to earn a bonus of up to $25,000 each quarter, based upon performance milestones to be specified by our president and assessed by our board of directors. Upon entering into employment with us, Mr. Flury received an option to purchase 609,392 shares at $0.10 per share. This option is immediately exercisable. As of September 30, 1999, none of the shares underlying the option had vested and none had been exercised. The shares underlying the option vest over four years, with one fourth of the shares vesting at the end of the first year of employment with us and an additional one forty-eighth vesting each month thereafter, for so long as he is employed by us. If Mr. Flury's employment is terminated other than for cause, he will be entitled to receive an amount equal to three

months of his salary. In addition, in the event of a change of control of Neoforma.com and termination of Mr. Flury's employment, 50% of the then unvested portion of Mr. Flury's option shall immediately vest.

Director Compensation

Our directors do not receive cash compensation for their services as directors but are reimbursed for their reasonable and necessary expenses for attending board and board committee meetings.

Each eligible director who is not our employee and who is or becomes a member of our board will be automatically granted an option to purchase shares of common stock under our 1999 Equity Incentive Plan, unless that director has previously received an option grant. Immediately following each annual meeting of stockholders, each eligible director will automatically be granted an option to purchase shares of common stock under our 1999 Equity Incentive Plan, provided that the director is a member of the board on that date and has served continuously as a member of the board for a period of at least one year since the date of the director's initial grant. All options will have an exercise price equal to the fair market value of our common stock on the date of grant. The options will have 10-year terms and will terminate three months following the date the director ceases to be one of our directors or consultants or 12 months after any termination due to death or disability. Options granted under the plan will generally vest over four years. Any unvested shares subject to these options will become immediately vested and exercisable upon a transaction which results in a change in our control.

Executive Compensation

The following table shows all compensation awarded to, earned by or paid for services rendered to us in all capacities during 1998 by our then chief executive officer and our other current or former executive officers who earned at least $100,000 in 1998.

Summary Compensation Table

	ANNUAL COMPENSATION		LONG TERM COMPENSATION
NAME AND PRINCIPAL POSITION	SALARY	BONUS	SECURITIES UNDERLYING OPTIONS
Jeffrey H. Kleck..... Co-founder, Company Evangelist(1)	$ 91,929	$ --	--
Wayne D. McVicker..... Co-founder, Senior Vice President of Research and Development and a director(2)	122,150	--	--
Stephen A. Pieraldi..... Vice President of Business Development(3)	104,421	--	175,000

(1) Mr. Kleck was our Chief Executive Officer and a director in 1998. (2) Mr. McVicker was our President in 1998. (3) Mr. Pieraldi was our Vice President of Sales in 1998.

The executive officers listed below joined us after 1998 and are not included in the tables relating to summary compensation and option grants in 1998.

Robert J. Zollars, our Chairman, President and Chief Executive Officer, joined us in July 1999. Mr. Zollars is compensated at an annual rate of $500,000. He will receive a bonus of $250,000 if he continues to be employed by us on December 31, 1999. Mr. Zollars received an option to purchase 1,637,160 shares of our common stock and an option to purchase 3,602,315 shares of our common stock, each at $0.10 per share. Both options were immediately exercisable and Mr. Zollars exercised these options in full in July 1999. As of September 30, 1999, all of the shares underlying the option for 3,602,315 shares were subject to a repurchase right that lapses at a rate of 900,578 after his first year of employment and 75,048 shares per month thereafter.

Frederick J. Ruegsegger, our Chief Financial Officer, joined us in July 1999. Mr. Ruegsegger is compensated at an annual rate of $200,000. He is eligible to receive a bonus of up to $12,500 each quarter. Mr. Ruegsegger was also granted an option to purchase 604,555 shares of our common stock at $0.50 per share. This option is immediately exercisable and Mr. Ruegsegger has exercised the option in full. As of September 30, 1999, all of the shares underlying the option were subject to a repurchase right that lapses at a rate of 151,138 shares after his first year of employment and 12,594 shares per month thereafter.

Bhagwan D. Goel, our Executive Vice President of Products and Services, joined us in October 1999. Mr. Goel is compensated at an annual rate of $225,000. He received a $50,000 bonus upon joining us. Mr. Goel was also granted an option to purchase 595,000 shares of our common stock at $3.00 per share. This option is immediately exercisable. The shares underlying the option will vest at a rate of 12,395 shares per month.

Robert Flury, our Senior Vice President of Business Development, joined us in February 1999. Mr. Flury is compensated at an annual rate of $175,000. He is entitled to receive a bonus of $25,000 each quarter. Mr. Flury was also granted an option to purchase 609,392 shares of our common stock at $0.10 per share. This option is immediately exercisable. As of September 30, 1999, the option had not yet been exercised. The shares underlying the option will vest at a rate of 152,348 shares after his first year of employment and 12,695 shares per month thereafter.

For more information regarding the terms of employment agreements and offer letters with our executive officers, see "-- Employment Contracts and Change of Control Arrangements."

Option Grants in Last Fiscal Year

The following table sets forth each grant of stock options during the fiscal year ended December 31, 1998 to each of the executive officers named in the Summary Compensation Table above. We granted the option listed below at an exercise price equal to the fair market value of our common stock, as determined by our board of directors on the date of grant. The option becomes exercisable as to 25% of

the underlying shares upon the first anniversary of the date of grant and an additional 2.083% per month thereafter. The option expires on the earlier of 10 years from the date of grant or three months after termination of employment.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENTAGE OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 1998(1)	EXERCISE PRICE PER SHARE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)	
					5%	10%
Jeffrey H. Kleck.....	--	--	--	--	--	--
Wayne D. McVicker.....	--	--	--	--	--	--
Stephen A. Pieraldi.....	175,000	12.2%	$0.05	05/26/2008	$11,756	$36,640

(1) Based on an aggregate of 1,457,700 shares underlying the options granted to our employees during fiscal 1998.

(2) Potential realizable values are computed by (a) multiplying the number of shares of common stock subject to a given option by the deemed fair market value of the underlying common stock at December 31, 1999, (b) compounding the aggregate stock value derived from the foregoing calculation at an annual rate of 5% or 10% over the 10 year term of the option, and (c) subtracting from that result the aggregate option exercise price. The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent our estimates or projections of future common stock prices.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth the number of shares of common stock acquired and the value realized upon exercise of stock options during 1998 and the number of shares of common stock subject to exercisable and unexercisable stock options held as of December 31, 1998 by each of the executive officers named in the Summary Compensation Table. Value at fiscal year end is the difference between the exercise price and the deemed fair market value of the underlying common stock at December 31, 1998.

	NUMBER OF SHARES	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END		VALUE OF IN-THE-MONEY OPTIONS AT FISCAL YEAR	

END

NAME	ACQUIRED ON EXERCISE	VALUE REALIZED	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Jeffrey H. Kleck.....	--	--	--	--	--	--
Wayne D. McVicker.....	--	--	--	--	--	--
Stephen A. Pieraldi.....	--	--	--	175,000	--	$8,750

Employee Benefit Plans

1997 Stock Plan

Our 1997 Stock Plan was adopted by our board of directors in January 1997. As of September 30, 1999, there were outstanding options to purchase a total of 5,128,549 shares of common stock under this plan, and 2,659,309 shares remained available for future grants. This plan will terminate immediately prior to this offering, and no further options will be granted. However, the termination of this plan will not affect any outstanding options, which will remain outstanding until they are exercised, terminate or expire.

1999 Equity Incentive Plan Our 1999 Equity Incentive Plan will become effective on the date of this prospectus and will serve as the successor to our 1997 Stock Plan. We have reserved shares of common stock for issuance under this plan. The number of shares reserved for issuance under this plan will be increased to include:

- any shares reserved under our 1997 Stock Plan not issued or subject to outstanding grants on the date of this prospectus;

- any shares issued under our 1997 Stock Plan that are repurchased by us at the original purchase price; and - any shares issuable upon exercise of options granted under our 1997 Stock Plan that expire or become unexercisable without having been exercised in full.

The number of shares reserved under this plan will be increased automatically on January 1 of each year by an amount equal to % of our total outstanding shares as of the immediately preceding December 31. Our board of directors or compensation committee may reduce the amount of the increase in any particular year. The following shares will be available for grant and issuance under our 1999 Equity Incentive Plan:

- shares issuable upon exercise of an option granted under this plan that is terminated or cancelled before the option is exercised;

- shares issued upon exercise of an option granted under this plan that are subsequently repurchased by us at the original purchase price;

- shares subject to awards granted under this plan that are subsequently forfeited or repurchased by us at the original issue price; and - shares subject to stock bonuses granted under this plan that otherwise terminate without shares being issued.

Our 1999 Equity Incentive Plan will terminate in 2009, unless earlier terminated in accordance with the terms of the plan. Our 1999 Equity Incentive Plan authorizes the award of options, restricted stock awards and stock bonuses. No person will be eligible to receive more than shares in any calendar year under this plan (in the case of new employees). This plan is administered by the compensation committee of our board of directors, which currently consists of Messrs. Douglass, Filipowski and Helppie, all of whom are outside directors, as defined under applicable federal tax laws. The committee has the authority to interpret this plan and any agreement made under the plan, grant awards and make all other determinations for the administration of this plan. Also, our outside directors are entitled to receive automatic annual grants of options to purchase shares of our common stock, as described under "-- Director Compensation." Our 1999 Equity Incentive Plan provides for the grant of both incentive stock options that qualify under Section 422 of the Internal Revenue Code, and nonqualified stock options. Incentive stock options may be granted only to employees. Nonqualified stock options, and all other awards other than incentive stock options, may be granted to employees, officers, directors, consultants, independent contractors and advisors of Neoforma.com or subsidiary of Neoforma.com. However, consultants, independent contractors and advisors are only eligible to receive awards if they render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of incentive stock options must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of incentive stock options granted to 10% stockholders must be at least equal to 110% of that value. The exercise price of nonqualified stock options must be at least equal to 85% of the fair market value of the our common stock on the date of grant. The maximum term of options granted under our 1999 Equity Incentive Plan is 10 years. Except as provided under the 1999 Equity Incentive Plan, awards granted under the plan may not be transferred in any manner other than by will or by the laws of descent and distribution. The compensation committee may allow exceptions to this restriction with respect to awards that are not incentive stock options. Options granted under our 1999 Equity Incentive Plan generally expire three months after the termination of the optionee's service. Except for options granted to outside directors, in the event of a change in control of Neoforma.com, if the successor does not assume outstanding options, they will expire upon conditions determined by the compensation committee. Alternatively, the compensation committee may accelerate the vesting of awards upon a change in control.

1999 Employee Stock Purchase Plan Our 1999 Employee Stock Purchase Plan will become effective on the first day on which price quotations are available for our common stock on the Nasdaq National Market. We have initially reserved shares of common stock for issuance under this plan. The number of shares reserved for issuance under our 1999 Employee Stock Purchase Plan will be increased automatically on January 1 of each year by an amount equal to % of our total outstanding shares as of the immediately preceding December 31. Our board of directors or compensation committee may reduce the amount of the increase in any particular year. Our compensation committee will administer

our 1999 Employee Stock Purchase Plan. Employees generally will be eligible to participate in our 1999 Employee Stock Purchase Plan if they are employed by Neoforma.com, or any subsidiaries that Neoforma.com designates, for more than 20 hours per week and more than five months in a calendar year. Employees are not eligible to participate in our 1999 Employee Stock Purchase Plan if they are 5% stockholders, or would become 5% stockholders as a result of their participation in this plan. Under our 1999 Employee Stock Purchase Plan, eligible employees may acquire shares of our common stock through payroll deductions. Eligible employees may select a rate of payroll deduction between % and % of their cash compensation and are subject to maximum purchase limitations. Participation in this plan will end automatically upon termination of employment for any reason. A participant will not be able to purchase shares having a fair market value of more than $, determined as of the first day of the applicable offering period, for each calendar year in which the employee participates in this plan. Each offering period under this plan will be for two years and will consist of four six-month purchase periods. The first offering period is expected to begin on the first business day on which price quotations for our common stock are available on the Nasdaq National Market. The first purchase period may be more or less than six months long. Offering periods thereafter will begin on and . The purchase price for common stock purchased under this plan will be 85% of the lesser of the fair market value of our common stock on the first day of the applicable offering period or the last day of each purchase period. The compensation committee will have the power to change the duration of offering periods. Our 1999 Employee Stock Purchase Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. This plan will terminate in 2009, unless it is terminated earlier pursuant to its terms.

401(k) Plan.

We sponsor a defined contribution plan intended to qualify under Section 401 of the Internal Revenue Code. Participants may make pre-tax contributions to the plan of up to 15% of their eligible earnings, subject to a statutorily prescribed annual limit. Participants are fully vested in their contributions and the investment earnings. We do not make matching contributions to the 401(k) plan. Contributions by the participants to the 401(k) plan, and the income earned on these contributions, are generally not taxable to the participants until withdrawn. Contributions are held in trust as required by law. Individual participants may direct the trustee to invest their accounts in authorized investment alternatives.

Indemnification of Directors and Executive Officers and Limitation of Liability

Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of a director for monetary damages resulting from breach of his fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

- under section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or - for any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws provide that:

- we are required to indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation law, subject to limited exceptions;

- the rights conferred in the amended and restated bylaws are not exclusive; and - we are required to advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions.

In addition to the indemnification required by our amended and restated certificate of incorporation and bylaws, before the completion of this offering, we intend to enter into indemnity agreements with each of our current directors and officers. These agreements provide for the indemnification of our officers and directors for all expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. We also intend to obtain directors' and officers' insurance to cover our directors, officers and some of our employees for certain liabilities, including public securities matters. We believe that these indemnification provisions and agreements and this insurance are necessary to attract and retain qualified directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and other stockholders. Furthermore, the value of a stockholder's investment may decline to the extent we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification from us is sought, nor are we aware of any threatened litigation that may result in claims for indemnification by us.

Certain Transactions

Other than compensation agreements and other arrangements, which are described in "Management," and the transactions described below, since we incorporated in March 1996, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

- in which the amount involved exceeded or will exceed $60,000, and - in which any director, executive officer, holder of more than 5% of our common stock or any member of their immediate family had or will have a direct or indirect material interest.

The agreements described below are included as exhibits to the registration statement of which this prospectus forms a part.

Transactions with Promoter

In May 1996, in connection with our formation and initial financing, Jeffrey H. Kleck, our co-founder and Company Evangelist, purchased four million shares of our common stock at $0.00375 per share in exchange for $10,000 in cash and specified intellectual property and Wayne D. McVicker, our co-founder and Senior Vice President of Research and Development and a director, purchased four million shares of our common stock at $0.00375 per share in exchange for $10,000 in cash and specified intellectual property. Messrs. Kleck and McVicker each hold more than 5% of our common stock.

Stock Financings/stock Exchanges

Series A preferred stock exchange In April 1998, we issued 9,000,000 shares of our Series A preferred stock in exchange for 9,000,000 shares of previously issued common stock. The holders of the Series A preferred stock included, among others:

- Wayne D. McVicker -- 4,000,000 shares; and - Jeffrey H. Kleck -- 4,000,000 shares.

Series B preferred stock financing In April 1998, we sold 2,860,000 shares of our Series B preferred stock for approximately $0.50 per share. The purchasers of the Series B preferred stock included, among others:

- Terence J. and Katrina A. Garnett, Trustees of the Garnett Family Trust UDT 4/2/97 -- 500,000 shares; and - Madhavan Rangaswami -- 200,000 shares.

Terence J. Garnett is one of our directors. Mr. Garnett also holds, personally or through trusts of which he is a trustee, more than 5% of our common stock.

Madhavan Rangaswami is one of our directors.

Series C preferred stock financing In June 1998, we sold 5,064,937 shares of our Series C preferred stock for approximately $0.77 per share. The purchasers of the Series C preferred stock included, among others:

- Terence J. and Katrina A. Garnett, Trustees of the Garnett Family Trust UDT 4/2/97 -- 754,870 shares;

- Venrock Associates -- 1,467,073 shares;

- Venrock Associates II, L.P. -- 1,944,724 shares; and - Madhavan Rangaswami -- 351,732 shares.

Terence J. Garnett, one of our directors, is a Venture Partner of the general partner of Venrock Associates and Venrock Associates II, L.P. These entities, in the aggregate, hold more than 5% of our common stock.

Series D preferred stock financing In February 1999, we sold 10,196,361 shares of our Series D preferred stock for approximately $1.18 per share. The purchasers of the Series D preferred stock included, among others:

- Delphi BioInvestments IV, L.P. -- 59,915 shares;

- Delphi Ventures IV, L.P. -- 2,906,187 shares;

- Terence J. Garnett -- 50,848 shares;

- Terence J. and Katrina A. Garnett, Trustees of the Garnett Family Trust UDT 4/2/97 -- 423,728 shares;

- Venrock Associates -- 694,915 shares; and - Venrock Associates II, L.P. -- 1,000,000 shares.

David Douglass, one of our directors, is a General Partner of Delphi Ventures, L.P.

Series E and Series E-1 preferred stock financing In October 1999, we sold an aggregate of 12,693,663 shares of our Series E and Series E-1 preferred stock for approximately $5.68 per share and issued an additional 275,000 shares of Series E-1 preferred stock in connection with entering into a strategic alliance in October 1999. The purchasers of the Series E and Series E-1 preferred stock included, among others:

- Dell USA L.P. -- 4,401,408 shares;

- Venrock Associates -- 133,033 shares;

- Venrock Associates II, L.P. -- 191,438 shares;

- Venrock Entrepreneurs Fund -- 17,077 shares;

- Superior Consultant Company -- 880,282 shares;

- divine interVentures, inc. -- 1,056,338 shares; and - Terence J. and Katrina A. Garnett, Trustees of the Garnett Family Trust UDT 4/2/97 -- 10,563 shares.

Dell USA L.P. holds more than 5% of our common stock.

Richard D. Helppie, one of our directors, is Chairman of the Board and Chief Executive Officer of Superior Consultant Holdings Corporation.

Andrew J. Filipowski, one of our directors, is the President, Chief Executive Officer and Chairman of the Board of divine interVentures, inc.

Appointment of Board Members. Messrs. McVicker, Garnett, Douglass, Helppie and Filipowski were appointed to our board of directors pursuant to rights held by our preferred stockholders. These rights terminate upon the closing of this offering.

Investor Rights Agreement. In October 1999, we entered into a Second Amended and Restated Investor Rights Agreement with some of our stockholders, including some of our officers and directors, or their affiliated entities, under which they have registration rights with respect to their stock. See

"Description of Capital Stock -- Registration Rights."

Consulting Agreements

In April 1998, we entered into a consulting agreement with Sand Hill Group LLC. Madhavan Rangaswami, one of our directors, is a member of Sand Hill Group LLC. Sand Hill Group LLC provides 16 hours per month of services to us through the end of 1999 in exchange for our sale of 250,000 shares of our common stock to each of Mr. Rangaswami and another member of Sand Hill Group LLC and our reimbursement of Sand Hill's out-of-pocket expenses. We retained a right to repurchase these shares, which right lapses ratably over six quarters after the issuance of the shares.

In July 1999, we entered into a consulting agreement with Mr. Rangaswami. Under the agreement, Mr. Rangaswami agreed to provide us with consulting services for a period of three months in exchange for an option to purchase 95,325 shares of our common stock at an exercise price of $0.10, which vested at the end of the three month period.

Loans

On July 10, 1999, we made a loan to Robert J. Zollars in connection with his exercise of a stock option granted to him under the terms of his employment agreement. The loan is evidenced by a promissory note in the principal amount of $162,078.84, with interest compounded quarterly on the unpaid balance at a rate of 5.70% per year.

On July 10, 1999, we made a loan to Robert J. Zollars in connection with his exercise of a stock option granted to him under the terms of his employment agreement. The loan is evidenced by a promissory note in the principal amount of $356,629.19, with interest compounded quarterly on the unpaid balance at a rate of 5.70% per year.

On September 7, 1999, we made a loan to Frederick J. Ruegsegger, in connection with his exercise of a stock option granted to him under the terms of his offer letter. The loan is evidenced by a promissory note in the principal amount of $301,672.95, with interest compounded quarterly on the unpaid balance at a rate of 5.85% per year.

On October 4, 1999, we made a loan to Bhagwan D. Goel in connection with his exercise of a stock option granted to him under the terms of his offer letter. The loan is evidenced by a promissory note in the principal amount of $1,484,505.00, with interest compounded quarterly on the unpaid balance at a rate of 5.89% per year.

On various dates from March 1997 through December 1997, Wayne D. McVicker made loans to us in an aggregate amount of $190,000. In April 1998, we issued a convertible note for $197,047.80 to Mr. McVicker in consideration of his agreement to cancel the outstanding promissory notes representing these loans. The convertible note paid interest at a rate of 8% per year. This note has been paid in full.

On various dates from September 1996 through November 1997, Jeffrey H. Kleck made loans to us in an aggregate amount of $195,000. In April 1998, we issued a convertible note for $206,670.95 to Dr. Kleck in consideration of his agreement to cancel the promissory notes representing these loans. The convertible note paid interest at a rate of 8% per year. The convertible note was converted into 60,000 shares of Series B preferred stock at a price per share of $0.50 and the remaining balance was paid in full.

In August 1999, we issued a promissory note to Erik Tivin in the amount of $7.8 million as partial payment of the purchase price of our acquisition of GAR. The note is payable over a five year period.

Commercial Transactions

In connection with our October 1999 sale of Series E preferred stock, Richard D. Helppie, the Chairman and Chief Executive Officer of Superior Consultant Holdings Corporation, joined our board of directors. In addition, in October 1999 we entered into an agreement with Superior Consultant Company, Inc., a wholly owned subsidiary of Superior Consultant Holdings Corporation, providing for collaboration between us and Superior. Superior is a supplier of Digital Business Transformation(TM) services to large healthcare organizations, including Internet-related services, systems integration, outsourcing and consulting, which enable Superior clients to utilize digital technologies and process innovations to improve their businesses. Under the agreement, we have agreed to market Superior's services to our users, and Superior has agreed to introduce our services to appropriate clients, based on their interests, and to incorporate our services into its Digital Business Transformation(TM) offerings. The agreement also provides for joint marketing activities. In consideration, we have agreed to make payments to Superior in an aggregate amount of up to approximately $2.0 million, as well as a percentage of specified Neoforma.com e-commerce transaction revenue and other payments. We have also agreed to utilize Superior's services on a preferred basis for systems integration, development, infrastructure, process improvement and consulting assistance, totaling at least $1.5 million of services from Superior, at a discount from Superior's standard fees. Our agreement with Superior expires in October 2002.

In October 1999, we entered into an agreement with Dell Marketing, L.P., an affiliate of Dell Computer, under which we agreed to develop complementary marketing programs with Dell and to establish links between our respective internet websites. We agreed to use Dell as our exclusive supplier of desktops, portables, workstations, servers and storage devices unless its products did not meet our reasonable technical requirements. We also agreed to purchase at least $5.0 million of Dell products and $100,000 of data center consulting services. Our agreement with Dell expires in 2001, subject to renewal for additional one-year periods. In addition, Dell purchased approximately 4.4 million shares of our preferred stock in October 1999.

Principal Stockholders

The following table sets forth certain information with respect to beneficial ownership of our common stock as of September 30, 1999 and as adjusted to reflect the sale of the common stock in this offering by:

- each stockholder known by us to be the beneficial owner of more than 5% of our common stock;

- each of our directors;

- each executive officer listed in the Summary Compensation Table; and - all executive officers and directors as a group.

The percentage of outstanding shares beneficially owned before this offering in the following table is based on 48,841,241 shares of common stock outstanding as of September 30, 1999, assuming conversion of all outstanding shares of preferred stock into common stock, and also including 12,693,663 shares of common stock issuable upon conversion of our Series E and Series E-1 preferred stock that we issued in October 1999. The percentage of outstanding shares beneficially owned after this offering in the following table is based on shares of common stock outstanding after the completion of this offering.

Under the rules of the Securities and Exchange Commission, beneficial ownership includes voting or investment power with respect to securities and includes the shares issuable under stock options or warrants that are exercisable within 60 days of September 30, 1999. Shares issuable under stock options or warrants are deemed outstanding for computing the percentage held by the person holding options but are not outstanding for computing the percentage of any other person. Unless otherwise indicated, the address for each listed stockholder is: c/o Neoforma.com, Inc., 3255-7 Scott Boulevard, Santa Clara, California 95054. To our knowledge, except as indicated in the footnotes to this table and under applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

		PERCENTAGE OF OUTSTANDING SHARES BENEFICIALLY OWNED	
NAME OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED	BEFORE OFFERING	AFTER OFFERING
EXECUTIVE OFFICERS AND DIRECTORS			
Robert J. Zollars(1)	5,239,475	10.7%	
Jeffrey H. Kleck	4,000,000	8.2%	
Wayne D. McVicker	4,000,000	8.2%	
Stephen J. Pieraldi(2)	175,000	*	
David Douglass(3)	3,066,102	6.3%	
Terence J. Garnett(4)	7,688,269	15.7%	
Madhavan Rangaswami(5)	997,057	2.0%	
Richard D. Helppie(6)	880,282	1.8%	
Andrew J. Filipowski(7)	1,056,338	2.2%	
All 12 executive officers and directors as a group(8)	27,632,077	56.5%	
OTHER 5% STOCKHOLDERS			
Dell USA L.P.(9)	4,401,408	9.0%	
Delphi Ventures(3)(10)	3,066,102	6.3%	
Venrock Associates(11)	5,448,260	11.2%	

* Represents beneficial ownership of less than 1%.

(1) Includes 3,452,219 shares of common stock subject to a repurchase right that lapses at a rate of 75,048 shares per month.

(2) Represents 175,000 of common stock shares issuable under an option held by Mr. Pieraldi that is presently exercisable in full. 102,083 of these shares are subject to a repurchase right that lapses at a rate of 3,645 shares per month.

(3) Includes 100,000 shares of common stock held of record by Mr. Douglass, 58,333 of which are subject to repurchase rights that lapse over time. Also includes 59,915 and 2,906,187 shares of common stock held of record by Delphi BioInvestments IV, L.P. and Delphi Ventures IV, L.P. Mr. Douglass, one of our directors, is a General Partner at Delphi Ventures, the general partner of Delphi BioInvestments IV, L.P. and Delphi Ventures IV, L.P. Mr. Douglass disclaims beneficial ownership of the shares held by Delphi.

(4) Includes 550,848 shares of common stock held by Terence J. Garnett and 1,689,161 shares of common stock held by Terence J. and Katrina A. Garnett, Trustees of the Garnett Family Trust UDT 4/2/97. Also includes 52,778 shares of common stock that are subject to a repurchase right that lapses over time. This number further includes 2,295,021, 3,136,162 and 17,077 shares of common stock held by Venrock Associates, Venrock Associates II, L.P. and Venrock Entrepreneurs Fund. Mr. Garnett, one of our directors, is a Venture Partner at Venrock Associates, the general partner of Venrock Associates, L.P., Venrock Associates II, L.P. and Venrock Entrepreneurs Fund. Mr. Garnett disclaims beneficial ownership of the shares held by Venrock.

(5) Includes 52,778 shares of common stock that are subject to a repurchase right that lapses over time.

(6) Represents 880,282 shares of common stock held by Superior Consultant Holdings Corporation. Mr. Helppie, one of our directors, is the Chairman, Chief Executive Officer and President of Superior. Mr. Helppie disclaims beneficial ownership of the shares held by Superior.

(7) Represents 1,056,338 shares of common stock held by divine interVentures, Inc. Mr. Filipowski, one of our directors, is President, Chief Executive Officer and Chairman of the Board of divine interVentures, Inc. Mr. Filipowski disclaims beneficial ownership of the shares held by divine interVentures, Inc.

(8) Includes 99,999 shares of common stock issuable under options held by directors and executive officers that are presently exercisable within 60 days of September 30, 1999. Also includes 4,056,774 outstanding shares that are subject to repurchase rights that lapse over time. Does not include 595,000 shares of our common stock issued to Bhagwan D. Goel after September 30, 1999. These shares are subject to a repurchase right that lapses over time.

(9) The address of Dell USA L.P. Corporation is One Dell Way, Round Rock, TX 78682.

(10) The address of Delphi Ventures is 3000 Sand Hill Road, Bldg. 1 #135, Menlo Park, CA 94025.

(11) Includes 2,295,021, 3,136,162 and 17,077 shares of common stock held by Venrock Associates, Venrock Associates II, L.P. and Venrock Entrepreneurs Fund. Venrock Associates is the general partner of each of these funds. The address of Venrock Associates is 2494 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

Description of Capital Stock

Immediately following the closing of this offering, our authorized capital stock will consist of 200 million shares of common stock, $0.001 par value per share, and five million shares of preferred stock, $0.001 par value per share. As of September 30, 1999, assuming the conversion of all outstanding preferred stock into common stock upon the closing of this offering and including the 12,693,663 shares of common stock issuable upon conversion of the Series E and Series E-1 preferred stock that we issued in October 1999, there were outstanding 48,841,241 shares of common stock held of record by approximately 80 stockholders, options to purchase 6,765,709 shares of our common stock and warrants to purchase 421,525 shares of our common stock. The number of shares of common stock into which each share of our Series E and Series E-1 preferred stock will be converted upon completion of this offering may be adjusted under some circumstances as described in Note 13 of notes to financial statements.

Common Stock

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of common stock are entitled to receive dividends out of assets legally available at the times and in the amounts as our board of directors may determine.

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Cumulative voting for the election of directors is not provided for in our amended and restated certificate of incorporation. As a result, commencing at our first annual meeting of stockholders, the holders of a majority of the shares voted can elect all of the directors then standing for election.

Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably with holders of any participating preferred stock in all assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock. Each outstanding share of common stock is, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, each outstanding share of preferred stock will be converted into shares of common stock. See Notes 7 and 8 of notes to financial statements for a description of our outstanding preferred stock.

Following this offering, our board of directors will be authorized, subject to limitations prescribed by Delaware law, without stockholder approval, to issue up to five million shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. The board of directors can also increase or decrease the number of shares of any series, but not below the number of shares of such series then outstanding, without any further vote or action by the stockholders. The board of directors may authorize the issuance of preferred stock with voting, conversion or other rights that are superior to the rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of Neoforma.com and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. We have no current plan to issue any shares of preferred stock after the offering.

Warrants

As of September 30, 1999, we had issued warrants to purchase an aggregate of 421,525 shares of our common stock at a weighted average exercise price of $1.14. These warrants will remain outstanding after the completion of this offering and will represent warrants to purchase shares of our common stock. These warrants have expiration dates from 2003 to 2009. See Note 9 of notes to financial statements.

Registration Rights

As a result of an investors' rights agreement between Neoforma.com and some of our stockholders, the holders of approximately 39,814,961 shares of common stock are entitled to rights with respect to the registration of these shares under the Securities Act, as described below.

Demand Registration Rights. At any time beginning six months after the completion of this offering, the holders of at least 75% of the shares of common stock issuable upon conversion of our preferred stock can request that we register all or a portion of their shares. We will only be required to file two registration statements in response to their demand registration rights. We may postpone the filing of a registration statement for up to 90 days once in a 12 month period if we determine that the filing would be seriously detrimental to us or our stockholders.

Piggyback Registration Rights. If we register any securities for public sale, the holders of the shares of common stock issuable upon conversion of our preferred stock will have the right to include their shares in the registration statement. However, this right does not apply to a registration relating to any of our employee benefit plans or a corporate reorganization. The managing underwriter of any underwritten offering will have the right to limit the number of shares registered by these holders to 15% of the total shares covered by the registration statement due to marketing reasons.

Form S-3 Registration Rights. The holders of the shares of common stock issuable upon conversion of our preferred stock can request that we register their shares if we are eligible to file a registration statement on Form S-3 and if the aggregate price of the shares offered to the public is at least $1.0 million. The holders may only require us to file three registration statements on Form S-3 per calendar year.

We will pay all expenses incurred in connection with the registrations described above, except for underwriters' and brokers' discounts and commissions, which will be paid by the selling stockholders.

The registration rights will expire with respect to a particular stockholder if it can sell all of its shares in a three month period under Rule 144 of the Securities Act. In any event, the registration rights described above will expire five years after this offering is completed.

Holders of these registration rights have waived the exercise of these registration rights for 180 days following the date of this prospectus.

Anti-takeover Provisions

The provisions of Delaware law, our amended and restated certificate of incorporation and bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

Delaware Law

We will be subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents some Delaware corporations from engaging, under some circumstances, in a business combination, which includes a merger or sale of more than 10% of the corporation's assets with any interested stockholder, or a stockholder who owns 15% or more of the corporation's outstanding voting stock, as well as affiliates and associates of stockholder, for three years following the date that stockholder became an interested stockholder unless:

- the transaction is approved by the board of directors prior to the date the interested stockholder attained that status;

- upon consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or - on or subsequent to such date the business

combination is approved by the board and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

A Delaware corporation may opt out of this provision with an express provision in its original certificate of incorporation or an express provision in its certificate or incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. However, we have not opted out of this provision. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Charter and Bylaw Provisions Our amended and restated certificate of incorporation and bylaws provide that:

- following the completion of this offering, no action shall be taken by stockholders except at an annual or special meeting of the stockholders called in accordance with our bylaws and that stockholders may not act by written consent;

- following the completion of this offering, the approval of two-thirds of the stockholders shall be required to adopt, amend or repeal our bylaws;

- stockholders may not call special meetings of the stockholders or fill vacancies on the board;

- following the completion of this offering, our board of directors will be divided into three classes, each serving staggered three-year terms, which means that only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms, and directors may only be removed for cause; and - we will indemnify officers and directors against losses that they may incur in investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures.

These provisions of our certificate of incorporation and bylaws may have the effect of delaying, deferring or discouraging another person from acquiring control of our company.

Transfer Agent and Registrar

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    The transfer agent and registrar for our common stock is           . Its
address is           and its telephone number is           .
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Listing

We have applied to list our common stock on The Nasdaq National Market under the trading symbol "NEOF."

Shares Eligible for Future Sale

Before this offering, there has been no public market for our common stock. A significant public market for our common stock may not develop or be sustained after this offering. Future sales of substantial amounts of our common stock in the public market, or the possibility of these sales occurring, could adversely affect prevailing market prices for our common stock or our future ability to raise capital through an offering of equity securities.

Upon completion of this offering, we will have shares of common stock outstanding, assuming no exercise of options and warrants outstanding as of September 30, 1999, and the conversion of all outstanding shares of preferred stock. Of these shares, the shares sold in this offering (if the underwriters' over-allotment option is exercised in full) will be freely tradable in the public market without restriction or registration under the Securities Act, unless the shares are held by our "affiliates", as that term is defined in Rule 144 under the Securities Act.

The remaining shares of common stock outstanding upon completion of this offering will be "restricted securities" as defined in Rule 144. We issued and sold these restricted securities in private transactions in reliance on exemptions from registration under the Securities Act. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, as summarized below.

Under the terms of "lock-up" agreements, all the executive officers, directors and stockholders of Neoforma.com, who collectively hold an aggregate of of these restricted securities, have agreed not to offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any of these shares for a period of 180 days from the date of this prospectus, subject to limited exceptions. However, Merrill Lynch, Pierce, Fenner & Smith Incorporated may, in its sole discretion, at any time without notice, release all or any portion of the shares subject to lock-up agreements.

Taking into account the lock-up agreements, and assuming Merrill Lynch, Pierce, Fenner & Smith Incorporated does not release stockholders from these agreements, the following shares will be eligible for sale in the public market at the following times:

- on the date of this prospectus, the shares sold in the offering will be immediately available for sale in the public market;

- 180 days after the date of this prospectus, approximately shares will be eligible for sale, of which will be subject to volume, manner of sale and other limitations under Rule 144; and

- of the remaining shares, will be eligible for sale under Rule 701 upon the expiration of our repurchase right with respect to those shares, and will be eligible for sale under Rule 144 upon the expiration of various one-year holding periods.

Following the expiration of the lock-up period, shares issued upon exercise of options we granted prior to the date of this prospectus will also be available for sale in the public market pursuant to Rule 701 under the Securities Act. Rule 701 permits resales of these shares beginning 90 days after the date of

this prospectus. In general, under Rule 144, after expiration of the lock-up period, a person who has beneficially owned restricted securities for at least one year would be entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of our common stock, or - the average weekly trading volume of our common stock during the four calendar weeks preceding the sale.

Sales under Rule 144 are also subject to manner of sale and notice requirements and the availability of current public information about us. Under Rule 144(k), a person who has not been our affiliate at any time during the three months before a sale and who has beneficially owned the shares proposed to be sold for at least two years can sell these shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

After the effective date of this offering, we intend to file a registration statement on Form S-8 to register approximately shares of common stock outstanding or reserved for issuance under our various stock plans. The registration statement will become effective automatically upon filing. Shares issued under the foregoing employee benefit plans, after the filing of a registration statement on Form S-8, may be sold in the open market, subject, in the case of some holders, to the Rule 144 limitations applicable to affiliates, the lock-up agreements and our repurchase rights held by us.

In addition, following this offering, the holders of 39,591,518 shares of outstanding common stock will, under some circumstances, have right to require us to register their shares for future sale. See "Description of Capital Stock -- Registration Rights."

Underwriting

We intend to offer our common stock through a number of underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Bear, Stearns & Co., Inc., BancBoston Robertson Stephens Inc., Volpe Brown Whelan & Company, LLC and William Blair & Company, L.L.C. are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from us, the number of shares of common stock set forth opposite its name below.

NUMBER OF SHARES UNDERWRITERS --------- Merrill Lynch, Pierce, Fenner & Smith Incorporated..... Bear, Stearns & Co., Inc. ..... BancBoston Robertson Stephens Inc. ..... Volpe Brown Whelan & Company, LLC..... William Blair & Company, L.L.C.....

Total.....

In the purchase agreement, the several underwriters have agreed, subject to the terms and conditions set forth in that agreement, to purchase all of the shares of our common stock being sold pursuant to the agreement if any of the shares of common stock being sold pursuant to the agreement are

purchased. In the event of a default by an underwriter, the purchase agreement provides that, in some circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against some liabilities, including some liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The shares of common stock are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of various legal matters by counsel for the underwriters and other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares of our common stock to the public at the initial public offering price set forth on the cover page of this prospectus, and to dealers at such price less a concession not in excess of $ per share of common stock. The underwriters may allow, and such dealers may re-allow, a discount not in excess of $ per share of common stock to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the per share and total public offering price, underwriting discount to be paid by us to the underwriters and the proceeds before expenses to us. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment options.

Per Share Without Option with Option

Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to Neoforma.com	$	$	$

The expenses of this offering, exclusive of the underwriting discount, are estimated at $ and are payable by us.

Over-allotment Option

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of an additional shares of our common stock at the public offering price set forth on the cover of this prospectus, less the underwriting discount. The underwriters may exercise this option solely to cover over-allotments, if any, made on the sale of our common stock offered hereby. To the extent that the underwriters exercise this option, each underwriter will be obligated to purchase a number of additional shares of our common stock proportionate to such underwriter's initial amount reflected in the foregoing table.

Reserved Shares

At our request, the underwriters have reserved for sale, at the initial public offering price, up to of the shares offered hereby to be sold to individuals and entities designated by us. The number of shares of common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares which are not orally confirmed for purchase within one day of the pricing of the offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We, and our executive officers and directors and existing stockholders have agreed, with certain exceptions, without the prior written consent of Merrill Lynch on behalf of the underwriters for a period of 180 days after the date of this prospectus, not to directly or indirectly:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of or transfer any shares of our common stock or securities convertible into or exchangeable or exercisable for or repayable with our common stock, whether now owned or later acquired by the person executing the agreement or with respect to which the person executing the agreement later acquires the power of disposition, or file any registration statement under the Securities Act of 1933 relating to any shares of our common stock, or - enter into an swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of our common stock whether any such swap or transaction is to be settled by delivery of our common stock or other securities, in cash or otherwise;

provided that we may at any time and from time to time grant options to purchase shares of our common stock under our existing stock plans and issue shares of our common stock upon the exercise of outstanding options.

Quotation on the Nasdaq National Market

We expect our common stock to be approved for quotation on the Nasdaq National Market, subject to official notice of issuance, under the symbol "NEOF."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives of the underwriters. The factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, are the valuation multiples of publicly traded companies that the representatives believe to be comparable to us, some of our financial information, the history of, and the prospects for, our company and the industry in which we compete, and an assessment of our management, its past and present operations, the prospects for, and timing of, our future revenue and the present state of our development, and the above factors in relation to market values and various valuation measures of

other companies engaged in activities similar to ours. There can be no assurance that an active trading market will develop for our common stock or that our common stock will trade in the public market subsequent to the offering at or above the initial public offering price.

The underwriters do not expect sales of our common stock to be made to any accounts over which they exercise discretionary authority to exceed 5% of the number of shares being offered hereby.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of our common stock is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters and some selling group members to bid for and purchase our common stock. As an exception to these rules, the representatives are permitted to engage in transactions that stabilize the price of our common stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of our common stock.

If the underwriters create a short position in our common stock in connection with the offering, i.e., if they sell more shares of our common stock than are set forth on the cover page of this prospectus, the representatives may reduce that short position by purchasing our common stock in the open market. The representatives may also elect to reduce any short position by exercising all or part of the over-allotment options described above.

The representatives may also impose a penalty bid on underwriters and selling group members. This means that if the representatives purchase shares of our common stock in the open market to reduce the underwriters' short position or to stabilize the price of our common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of our common stock to the extent that it discourages resales of our common stock.

Neither our company nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in such transaction or that such transactions, once commenced, will not be discontinued without notice.

Legal Matters

Fenwick & West LLP, Palo Alto, California, will pass upon the validity of the issuance of the shares of common stock offered by this prospectus for Neoforma.com. Shearman & Sterling, Menlo Park, California, will pass upon specified legal matters in connection with this offering for the underwriters.

An entity affiliated with Fenwick & West LLP holds 35,212 shares of our common stock.

Experts

The financial statements of Neoforma.com, Inc. from inception (March 6, 1996) to December 31, 1998 and of General Asset Recovery, LLC for the years ended December 31, 1997 and 1998 included in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

Where You Can Find More Information

We have filed with the Securities and Exchange Commission, a registration statement on Form S-1 under the Securities Act with respect to the common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Neoforma.com and our common stock, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document referred to are not necessarily complete; we refer you to the copy of each contract or document filed as an exhibit to the registration statement. Each such statement is qualified in all respects by reference to that exhibit. Upon completion of the offering, we will be subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and will file reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information, as well as the registration statement, exhibits and schedules, may be inspected, without charge, or copied, at prescribed rates, at the public reference facility maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the Commission maintains an Internet site that contains reports, proxy and information statements, and other information, regarding issuers that file electronically with the Commission. The address of the Commission's site is http://www.sec.gov.

Neoforma.com, Inc.

Index to Financial Statements

Page

NEOFORMA.COM, INC. FINANCIAL STATEMENTS Report of Independent Public Accountants..... F-2 Balance Sheets..... F-3 Statements of Operations..... F-4 Statements of Changes in Stockholders' Equity (Deficit)... F-5 Statements of Cash Flows..... F-6 Notes to Financial Statements..... F-7 UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION Overview..... F-24 Unaudited Pro Forma Condensed Combined Statements of Operations..... F-25 Notes to the Unaudited Pro Forma Condensed Combined Financial Information..... F-28 GENERAL ASSET RECOVERY, LLC Report of Independent Public Accountants..... F-29 Balance Sheets..... F-30 Statements of Operations..... F-31 Statements of Members' Equity (Deficit)..... F-32 Statements of Cash Flows..... F-33 Notes to Financial Statements..... F-34

Report of Independent Public Accountants

To the Board of Directors of Neoforma.com, Inc.:

We have audited the accompanying balance sheets of Neoforma.com, Inc. (a Delaware corporation in the development stage) as of December 31, 1998 and 1997, and the related statements of operations, changes in stockholders' deficit and cash flows for the three years in the period ended December 31, 1998 and for the period from inception (March 6, 1996) to December 31, 1998. 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 in accordance with generally accepted auditing standards. 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neoforma.com, Inc. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the three years in the period ended December 31, 1998 and for the

period from inception (March 6, 1996) to December 31, 1998 in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP San Jose, California October 8, 1999 (except with respect to the matters discussed in Note 13, as to which the date is October 14, 1999)

Neoforma.com, Inc. (A Development Stage Company)

Balance Sheets (In Thousands, Except Per Share Amounts)

DECEMBER 31,		JUNE 30,	PRO FORMA STOCKHOLDERS' EQUITY AT JUNE 30,
1997	1998	1999	1999 (NOTE 7)
		(UNAUDITED)	

ASSETS CURRENT ASSETS: Cash and cash equivalents..... $ 32 $ 812 $ 7,063 Prepaid expenses and other current assets..... 5 45 124 Deferred debt costs, current portion..... -- 11 223 Total current assets..... 37 868 7,410 PROPERTY AND EQUIPMENT, net..... 12 741 1,777 OTHER ASSETS..... 6 63 145 DEFERRED DEBT COSTS, less current portion..... -- -- 427 Total assets..... $ 55 $ 1,672 $ 9,759 LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) CURRENT LIABILITIES: Notes payable, current portion..... $ -- $ 139 $ 991 Accounts payable..... 22 285 1,311 Accrued payroll..... 13 141 149 Other accrued liabilities..... 25 89 90 Total current liabilities..... 60 654 2,541 NOTES PAYABLE, less current portion..... 385 279 1,624 COMMITMENTS (Note 6) MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK: Series C -- Authorized -- 5,110 shares at June 30, 1999 Issued and outstanding: none at December 31, 1997; 5,065 shares at December 31, 1998 and June 30, 1999 (none pro forma); par value -- $0.001; liquidation preference -- $3,900..... -- 3,884 3,884 $ -- Series D -- Authorized -- 10,573 shares at June 30, 1999 Issued and outstanding; none at December 31, 1997 and December 31, 1998; 10,196 shares at June 30, 1999 (none pro forma); par value $0.001; liquidation preference -- $12,032..... -- -- 11,986 -- Warrants to purchase Series C..... -- 10 10 -- Warrants to purchase Series D..... -- -- 669 -- STOCKHOLDERS' EQUITY (DEFICIT): Series A -- convertible preferred stock; Authorized -- 9,000 shares at June 30, 1999 Issued and outstanding -- none at December 31, 1997; 9,000 shares at December 31, 1998 and June 30, 1999 (none pro forma); par value -- $0.001; liquidation preference -- $2,250..... -- 9 9 -- Series B -- convertible preferred stock; Authorized -- 2,860 shares at June 30, 1999 Issued and outstanding -- none at December 31, 1997; 2,860 shares at December 31, 1998 and June 30, 1999 (none pro forma); par value -- $0.001; liquidation preference -- $1,430..... -- 3 3 -- Common stock, $0.001 par value: Authorized -- 75,000 shares at June 30, 1999 Issued and outstanding -- 8,200 shares at December 31, 1997; 1,216 shares at December 31, 1998 and 1,381 shares at June 30, 1999 and 28,502 shares pro

forma..... 8 1 1 29 Warrants to purchase common stock..... -- 7 17 -- Additional paid-in capital..... 72 1,915 7,043 23,593 Notes receivable from stockholders..... -- (10) (17) (17) Deferred compensation..... -- (47) (4,851) (4,851) Deficit accumulated during the development stage..... (470) (5,033) (13,160) (13,160) Total stockholders' equity (deficit)..... (390) (3,155) (10,955) $ 5,594 Total liabilities and stockholders' equity (deficit) $ 55 $ 1,672 $ 9,759 The accompanying notes are an integral part of these balance sheets.

Neoforma.com, Inc. (A Development Stage Company)

Statements of Operations (In Thousands, Except Per Share Amounts)

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,		FROM INCEPTION (MARCH 6, 1996) THROUGH	
	1996	1997	1998	1998	1999	DECEMBER 31, 1998	JUNE 30, 1999
				(UNAUDITED)			(UNAUDITED)
REVENUE:							
Transaction fees	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Website sponsorship fees and other	--	--	--	--	7	--	7
Total revenue	--	--	--	--	7	--	7
OPERATING EXPENSES:							
Operations	--	--	627	190	1,319	627	1,946
Product development	31	179	1,491	327	2,568	1,701	4,269
Selling and marketing	111	153	1,409	321	2,382	1,673	4,055
General and administrative	54	76	1,075	227	1,591	1,205	2,796
Amortization of deferred compensation	--	--	5	--	307	5	312
Total operating expenses	196	408	4,607	1,065	8,167	5,211	13,378
Loss from operations	(196)	(408)	(4,607)	(1,065)	(8,160)	(5,211)	(13,371)
OTHER INCOME (EXPENSE):							
Interest income	--	--	66	13	128	66	194
Interest expense	--	(15)	(22)	(9)	(95)	(37)	(132)
Other	142	7	--	--	--	149	

Net loss	$ (54)	$ (416)	$(4,563)	$(1,061)	$(8,127)	$(5,033) $(13,160)
NET LOSS PER SHARE:						
Basic and diluted	$(0.01)	$(0.05)	$ (1.65)	$ (0.21)	$ (7.95)	
Weighted-average shares -- basic and diluted	8,000	8,083	2,762	5,077	1,022	
PRO FORMA NET LOSS PER SHARE (unaudited):						
Basic and diluted			$ (0.36)		$ (0.32)	
Weighted-average shares -- basic and diluted			12,848		25,696	

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

Neoforma.com, Inc. (A Development Stage Company)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT) FOR THE PERIOD FROM INCEPTION (MARCH 6, 1996) THROUGH JUNE 30, 1999 (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	PREFERRED STOCK								
	SERIES A		SERIES B		COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	NOTES RECEIVABLE FROM STOCKHOLDERS
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	WARRANTS		
BALANCE, March 6, 1996 (inception)	--	$--	--	$--	--	$--	$ --	$ --	$ --
Common stock issued for cash of $20 and intellectual property valued at $10 at $0.00375 per share in March 1996	--	--	--	--	8,000	8	--	22	--
Net loss	--	--	--	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1996	--	--	--	--	8,000	8	--	22	--
Common stock issued for cash at $0.25 per share in May 1997	--	--	--	--	100	--	--	25	--
Common stock issued for cash at $0.25 per share in October 1997	--	--	--	--	100	--	--	25	--
Net loss	--	--	--	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1997	--	--	--	--	8,200	8	--	72	--
Common stock issued for cash at $0.25 per share in February 1998	--	--	--	--	800	1	--	199	--
Common stock issued in exchange for consulting services valued at $0.25 per share in March 1998	--	--	--	--	500	--	--	125	--
Conversion of founders stock to preferred stock at $0.00375 per share in April 1998	8,000	8	--	--	(8,000)	(8)	--	--	--
Conversion of common stock to preferred stock at $0.25 per share in April 1998	1,000	1	--	--	(1,000)	(1)	--	--	--
Preferred stock issued for cash at $0.50 per share in April and May 1998, net of issuance costs	--	--	2,520	3	--	--	--	1,252	--
Conversion of notes payable to Series B preferred stock at $0.50 per share in May 1998	--	--	340	--	--	--	--	170	--
Common stock issued for cash as a result of options exercised at $0.05 per share in May 1998	--	--	--	--	516	1	--	25	--
Common stock issued for cash as a result of options exercised at $0.10 per share in November 1998	--	--	--	--	200	--	--	20	(10)
Issuance of warrants to purchase common stock in November 1998	--	--	--	--	--	--	7	--	--
Deferred compensation	--	--	--	--	--	--	--	52	--
Amortization of deferred compensation	--	--	--	--	--	--	--	--	--
Net loss	--	--	--	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1998	9,000	9	2,860	3	1,216	1	7	1,915	(10)
UNAUDITED: Repayment of note receivable from shareholder									

-- -- -- -- -- -- -- -- 10 Common stock issued as a result of options exercised at $0.10 per share, February 1999..... -- -- -- -- 39 -- -- 4 (4) Issuance of warrants to purchase common stock in February 1999..... -- -- -- -- -- -- 10 -- -- Common stock issued as a result of options exercised at $0.10 per share, April 1999..... -- -- -- -- 30 -- -- 3 (3) Common stock issued as a result of options exercised at $0.10 per share, June 1999..... -- -- -- -- 96 -- -- 10 (10) Deferred compensation..... -- -- -- -- -- -- -- 5,111 -- Amortization of deferred compensation..... -- -- -- -- -- -- -- -- Net loss..... -- -- -- -- -- -- -- -- BALANCE, JUNE 30, 1999 (unaudited)..... 9,000 $ 9 2,860 $ 3 1,381 $ 1 $ 17 $ 7,043 $(17)

DEFERRED COMPENSATION	DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	TOTAL STOCKHOLDERS' DEFICIT
BALANCE, March 6, 1996 (inception).....	$ --	$ -- Common stock issued for cash of $20 and intellectual property valued at $10 at $0.00375 per share in March 1996..... -- -- 30 Net loss..... -- (54) (54) BALANCE, DECEMBER 31, 1996..... -- (54) (24) Common stock issued for cash at $0.25 per share in May 1997.... -- -- 25 Common stock issued for cash at $0.25 per share in October 1997..... -- -- 25 Net loss..... -- (416) (416) BALANCE, DECEMBER 31, 1997..... -- (470) (390) Common stock issued for cash at $0.25 per share in February 1998..... -- -- 200 Common stock issued in exchange for consulting services valued at $0.25 per share in March 1998..... -- -- 125 Conversion of founders stock to preferred stock at $0.00375 per share in April 1998..... -- -- -- Conversion of common stock to preferred stock at $0.25 per share in April 1998..... -- -- -- Preferred stock issued for cash at $0.50 per share in April and May 1998, net of issuance costs..... -- -- 1,255 Conversion of notes payable to Series B preferred stock at $0.50 per share in May 1998.... -- -- 170 Common stock issued for cash as a result of options exercised at $0.05 per share in May 1998.... -- -- 26 Common stock issued for cash as a result of options exercised at $0.10 per share in November 1998..... -- -- 10 Issuance of warrants to purchase common stock in November 1998..... -- -- 7 Deferred compensation..... (52) -- -- Amortization of deferred compensation..... 5 -- 5 Net loss..... -- (4,563) (4,563) BALANCE, DECEMBER 31, 1998..... (47) (5,033) (3,155) UNAUDITED: Repayment of note receivable from shareholder..... -- -- 10 Common stock issued as a result of options exercised at $0.10 per share, February 1999..... -- -- -- Issuance of warrants to purchase common stock in February 1999..... -- -- 10 Common stock issued as a result of options exercised at $0.10 per share, April 1999..... -- -- -- Common stock issued as a result of options exercised at $0.10 per share, June 1999..... -- -- -- Deferred compensation..... (5,111) -- -- Amortization of deferred compensation..... 307 -- 307 Net loss..... -- (8,127) (8,127) BALANCE, JUNE 30, 1999 (unaudited)..... $ (4,851) $(13,160) $(10,955) The accompanying notes are an integral part of these financial statements.

Neoforma.com, Inc. (A Development Stage Company)

Statements of Cash Flows (In Thousands)

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,		FROM INCEPTION (MARCH 6, 1996) THROUGH
	1996	1997	1998	1998	1999	DECEMBER 31, 1998	JUNE 30, 1999
				(UNAUDITED)			(UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net loss	$(54)	$(416)	$(4,563)	$(1,061)	$(8,127)	$(5,033)	$(13,160)
Adjustments to reconcile net loss to net cash used in operating activities:							
Common stock issued in connection with consulting services	--	--	125	125	--	125	125
Amortization of deferred compensation	--	--	5	--	307	5	312
Amortization of deferred debt costs	--	--	6	--	41	6	47
Depreciation and amortization	1	1	96	10	235	98	332
Changes in assets and liabilities:							
Prepaid expenses and other assets	(44)	43	(97)	(5)	(164)	(98)	(249)
Accounts payable	10	12	263	143	1,026	285	1,311
Accrued liabilities and accrued payroll	--	38	192	6	10	230	231
Net cash used in operating activities	(87)	(322)	(3,973)	(782)	(6,672)	(4,382)	(11,051)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of property and equipment	(1)	(13)	(825)	(300)	(1,270)	(839)	(2,109)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from the issuance of notes payable	75	358	418	--	2,197	851	3,047
Repayments of notes payable	--	(48)	(215)	(215)	--	(263)	(263)
Proceeds from the issuance of Series B preferred stock, net of issuance costs	--	--	1,255	1,255	--	1,255	1,255
Proceeds from the issuance of Series C mandatorily redeemable convertible preferred stock, net of issuance costs	--	--	3,884	3,884	--	3,884	3,884
Proceeds from the issuance of Series D mandatorily redeemable convertible preferred stock, net of issuance costs	--	--	--	--	11,986	--	11,986
Proceeds from the issuance of common stock	20	50	236	226	10	306	316

Net cash provided by financing activities.....	95	360	5,578	5,150	14,193	6,033	20,225					
Net increase in cash and cash equivalents.....	7	25	780	4,068	6,251	812	7,063					
CASH AND CASH EQUIVALENTS, beginning of period.....	--	7	32	32	812	--	--					
CASH AND CASH EQUIVALENTS, end of period.....	$ 7	$ 32	$ 812	$ 4,100	$ 7,063	$ 812	$ 7,063					
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:												
Intellectual property acquired from founders in exchange for common stock.....	$ 10	$ --	$ --	$ --	$ --	$ 10	$ 10					
Cash paid during the period for interest.....	$ --	$ --	$ 14	$ 9	$ 49	$ 14	$ 63					
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:												
Conversion of common stock into Series A preferred stock.....	$ --	$ --	$ 280	$ 280	$ --	$ 280	$ 280					
Conversion of notes payable into Series B preferred stock.....	$ --	$ --	$ 170	$ 170	$ --	$ 170	$ 170					
Issuance of warrants to purchase common stock.....	$ --	$ --	$ 7	$ --	$ 10	$ 7	$ 17					
Issuance of warrants to purchase Series C mandatorily redeemable convertible preferred stock.....	$ --	$ --	$ 10	$ --	$ --	$ 10	$ 10					
Issuance of warrants to purchase Series D mandatorily redeemable convertible preferred stock.....	$ --	$ --	$ --	$ --	$ 1,046	$ --	$ 1,046					

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

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements

1. Organization and Development Stage Risks:

Neoforma, Inc. (the "Company"), was incorporated on March 4, 1996 in the state of California for the purpose of providing business-to-business e-commerce services for the medical products, supplies and equipment marketplace. On November 4, 1998, the Company re-incorporated in the state of Delaware. On September 14, 1999, the Company changed its name to Neoforma.com, Inc. All information for the year ended December 31, 1996 represents the period from inception (March 6, 1996) to December 31, 1996.

From inception, the Company has been primarily engaged in organizational activities, including designing and developing its website, recruiting personnel, establishing office facilities, raising capital and developing a marketing plan. The Company began revenue generation activities in 1999 but no significant revenue has been generated as of June 30, 1999. Accordingly, the Company is classified as a

development stage company. Successful completion of the Company's development program and, ultimately, the attainment of profitable operations is dependent upon future events, including obtaining adequate financing to fulfill its development activities, increasing its customer base, implementing and successfully executing its business and marketing strategy and hiring and retaining quality personnel. Negative developments in any of these conditions could have a material adverse effect on the Company's business, financial condition and results of operations.

2. Summary of Significant Accounting Policies:

Unaudited Interim Financial Data

The interim financial statements for the six months ended June 30, 1998 and 1999, and the period from inception (March 6, 1996) to June 30, 1999, are unaudited and have been prepared on the same basis as the audited financial statements. In the opinion of management, such unaudited financial information includes all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial information set forth therein, in accordance with generally accepted accounting principles. Operating results for the six months ended June 30, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company expects to derive revenue from several sources. These include: (i) transaction fees paid by sellers of medical products on the Company's website, (ii) development fees from participating sellers to digitize the seller's product information for display on the Company's website, (iii) service fees for maintenance of product information and content on the site, (iv) fees for

sponsorship of certain content and (v) subscription fees for asset management and facilities planning services.

Transaction fees are recognized at the time the buyer's order is confirmed by the seller. Development fees are recognized as development services are performed. Sponsorship, subscription and maintenance fees are recognized ratably over the period of the service agreement.

Concentration of Credit Risk

Financial instruments that may subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is on deposit with one financial institution. Cash investments include high quality short-term money market instruments through a high credit quality financial institution.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents consist of cash in banks, investments in money market accounts and treasury bills and are stated at cost which approximates fair market value.

Property and Equipment

Property and equipment are stated at cost, and are depreciated on a straight-line basis over two to four years. Leasehold improvements are amortized, using the straight-line method, over the shorter of the lease term or the useful lives of the improvements. Repairs and maintenance costs are expensed as incurred.

Impairment of Long-lived Assets

The Company evaluates the recoverability of long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets.

Product Development Costs

Product development costs include expenses incurred by the Company to develop and enhance the Company's website. Product development costs are expensed as incurred.

Stock Based Compensation Plan

In October 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock-Based Compensation," which became effective for the Company's 1996 fiscal year. SFAS No. 123 allows companies which have stock-based compensation arrangements with

employees to adopt a new fair-value basis of accounting for stock options and other equity instruments or to continue to apply the existing accounting rules under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," but with additional financial statement disclosure (see Note 10). The Company has elected to account for stock-based compensation expense under APB No. 25 and make the required pro forma disclosures for compensation expense (see Note 10).

Comprehensive Income

Effective January 1, 1998 the Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting comprehensive income and its components in financial statements. Comprehensive income, as defined, includes all changes in equity (net assets) during a period from non-owner sources. Through June 30, 1999 the Company has not had any transactions that are required to be reported in comprehensive income.

Segment Information

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company identifies its operating segments based on business activities, management responsibility and geographical location. During the years ended December 31, 1996, 1997 and 1998, the Company operated in a single business segment providing content to healthcare professionals in the medical products, supplies and equipment industry, primarily in the United States. Through June 30, 1999, foreign operations have not been significant in either revenue or investment in long-lived assets.

Basic and Diluted Net Loss Per Share and Pro Forma Basic and Diluted Net Loss Per Share

Basic net loss per share on a historical basis is computed using the weighted-average number of shares of common stock outstanding. Diluted net loss per common share was the same as basic net loss per share for all periods presented since the effect of any potentially dilutive security is excluded as they are anti-dilutive because of the Company's net losses. The total number of shares excluded from the diluted loss per share calculation relating to these securities was approximately none, 225,000, 12.0 million, 4.8 million and 28.2 million shares for the years ended December 31, 1996, 1997 and 1998 and for the six months ended June 30, 1998 and 1999, respectively.

Pursuant to the Securities and Exchange Commission Staff Accounting Bulletin No. 98, convertible preferred stock and common stock issued or granted for nominal consideration prior to the anticipated effective date of the initial public offering must be included in the calculation of basic and diluted net loss per common share as if they had been outstanding for all periods presented. To date, the Company has not had any issuance or grants for nominal consideration.

Pro forma basic and diluted net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding for the period (excluding shares subject to repurchase) plus the weighted-average number of common shares resulting from the automatic conversion of outstanding shares of convertible preferred stock, which will occur upon the closing of the planned initial public offering.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

The following table presents the calculation of basic and diluted and pro forma basic and diluted net loss per share (in thousands, except per share amounts):

	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
				(UNAUDITED)	
Net loss	$ (54)	$ (416)	$ (4,563)	$ (1,061)	$ (8,127)
Basic and diluted: Weighted-average shares of common stock outstanding	8,000	8,083	2,977	5,179	1,259
Less: Weighted-average shares of common stock subject to repurchase	--	--	(215)	(102)	(237)
Weighted-average shares used in computing basic and diluted net loss per share	8,000	8,083	2,762	5,077	1,022
Basic and diluted net loss per common share	$ (0.01)	$ (0.05)	$ (1.65)	$ (0.21)	$ (7.95)
Pro forma: Net loss			$ (4,563)		$ (8,127)
Shares used above			2,762		1,022
Pro forma adjustment to reflect weighted-average effect of assumed					

conversion of convertible preferred stock (unaudited)..... 10,086 24,674 Weighted-average shares used in computing pro forma basic and diluted net loss per share (unaudited)..... 12,848 25,696 Pro forma basic and diluted net loss per share (unaudited)..... $ (0.36) $ (0.32)

Recent Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") No. 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal use." SOP No. 98-1 requires entities to capitalize certain costs related to internal-use software once certain criteria has been met. Neoforma.com adopted SOP No. 98-1 in fiscal 1999. The adoption of SOP No. 98-1 did not have a material impact on the Company's financial position or results of operations.

In April 1998, the AICPA issued SOP No. 98-5, "Reporting on the Costs of Start-Up Activities." SOP No. 98-5 requires that all start-up costs related to new operations must be expensed as incurred. In addition, all start-up costs that were previously capitalized must be written off when SOP No. 98-5 is adopted. Neoforma.com adopted SOP No. 98-5 in fiscal 1999. The adoption of SOP No. 98-5 did not have a material impact on the Company's financial position or results of operations.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 will be effective for Neoforma.com on January 1, 2000. SFAS No. 133 requires certain accounting and reporting standards for derivative financial instruments and hedging activities. Because the Company does not currently hold any derivative instruments and does not engage in hedging activities, management does not believe that the adoption of SFAS No. 133 will have a material impact on the Company's financial position or results of operations.

3. Acquisition:

In August 1999, the Company acquired General Asset Recovery, LLC ("GAR"), a live auction house and asset management company focused on medical products. The acquisition will be accounted for using the purchase method of accounting and accordingly, the purchase price will be allocated to the tangible and intangible assets acquired and liabilities assumed on the basis of their respective fair values on the acquisition date.

The total purchase price of approximately $9.7 million consisted of $1.7 million in cash, a note payable of $7.8 million, the assumption of $100,000 of liabilities and acquisition-related expenses of approximately $100,000. In the initial allocation of the purchase price, $25,000 was allocated to

tangible assets and $9,675,000 was allocated to intangible assets. The intangible assets will be amortized over an estimated life of seven years. The note payable is due over a five-year period and bears interest at 7% per annum.

4. Property and Equipment:

As of December 31, 1997 and 1998, property and equipment consisted of the following (in thousands):

	1997	1998
Computers and test equipment	$ 10	$580
Software	4	78
Furniture and fixtures	--	140
Leasehold improvements	--	41
	14	839
Less: Accumulated depreciation and amortization	(2)	(98)
Property and equipment, net	$ 12	$741

5. Loans and Notes Payable:

In 1996 and 1997, certain stockholders exchanged cash for notes payable. The interest rate for the notes was 5.6%. These notes were convertible into Series B preferred stock. As of December 31, 1998, $170,000 of the $385,000 notes payable were converted and the remainder was paid in full.

In June 1998, the Company entered into a $750,000 secured credit facility with a bank. This facility included a $225,000 term loan due December 1999 and an equipment loan facility providing for up to $525,000 of equipment loans. At June 30, 1999, there were borrowings of approximately $225,000 and $433,000 under the term loan and equipment loan, respectively. In July 1999, the

Company converted $433,000 of outstanding equipment loans into a term loan due June 2000 which bears interest at the lender's prime rate (8.25% as of September 30, 1999). This facility is secured by substantially all of the Company's assets other than equipment. In consideration for this credit facility, the Company granted the bank a warrant to purchase 45,000 shares of Series C preferred stock at an exercise price of $0.77 per share. In July 1999, in consideration for the conversion of the equipment loan to a term loan and the release of the security interest in equipment, the Company granted the bank a warrant to purchase 10,000 shares of Series D preferred stock at an exercise price of $1.18 per share (Note 9).

In May 1999, the Company entered into a subordinated loan agreement (loan agreement) with a lender under which it can borrow up to $2.0 million. The loan agreement bears interest at 12.5% and expires in July 2002. At June 30, 1999 there were borrowings of approximately $2.0 million outstanding under the loan agreement. The loan agreement is collateralized by all of the assets of the Company. In addition, a warrant to purchase 228,813 shares of preferred Series D stock at an exercise price of $1.18 per share was issued in conjunction with the loan agreement (Note 9).

In July 1999, the Company entered into a $2.5 million loan/lease facility with a lender to finance computer hardware and software equipment. Hardware amounts bear interest at 9% per annum and are payable in 48 monthly installments consisting of interest-only payments for the first nine months and principal and interest payments for the remaining 39 months, with a balloon payment of the remaining principal payable at maturity. Software amounts bear interest at 8% per annum and are payable in 30 monthly installments consisting of interest-only for the first four months and principal and interest-for the remaining 26 months, with a balloon payment of the remaining principal payable at maturity. This facility is secured by the computer equipment purchased. In connection with this facility, the Company issued the lender a warrant to purchase 137,711 shares of our Series D preferred stock at $1.18 per share (Note 9).

Future maturities of principal on the loans and notes payable as of December 31, 1998 are as follows (in thousands):

1999	$139
2000	139
2001	140
	$418

6. Commitments

The Company leases its office facilities under an operating lease. Rent expense for the years ended December 31, 1996, 1997 and 1998 was approximately $22,000, $40,000, and $304,000, respectively.

Future minimum obligations under the non-cancelable operating lease at December 31, 1998 are as follows (in thousands):

1999	$ 331
2000	344
2001	357
2002	370
2003	252
	$1,654

In May 1999, the Company entered into an agreement with a non-profit health services research organization (the "organization"), which allows the Company to use content from the organization's database of information about medical products and manufacturers and obtain a license to use elements of its classification system. Additionally, the agreement provides for joint marketing activities and collaboration in the creation of a database of product and vendor information. This agreement requires the Company to make revenue sharing payments to the organization during the three-year term of the agreement and for two years following expiration or termination of the agreement with respect to revenue derived from the Company's Plan service. During the second and third years, the Company is required to pay a nonrefundable fee of $600,000 per year, in equal monthly installments, which shall be credited against any revenue sharing profits payable.

7. Stockholders' Equity

Unaudited Pro Forma Stockholders' Equity

In October 1999, the Company's board of directors authorized the filing of a registration statement with the Securities and Exchange Commission to register shares of its common stock in connection with the proposed initial public offering ("IPO"). If the IPO is consummated under the terms presently anticipated, all of the currently outstanding shares of preferred stock and the mandatorily redeemable convertible preferred stock will be converted into shares of common stock upon the closing of the IPO. The effect of this conversion has been reflected as unaudited pro forma stockholders' equity in the accompanying balance sheet as of June 30, 1999.

Common Stock

As of December 31, 1998, the Company has reserved the following shares of common stock for future issuance as follows (in thousands):

Conversion of Series A outstanding preferred stock.....	9,000
Conversion of Series B outstanding preferred stock.....	2,860
Conversion of Series C outstanding redeemable preferred stock.....	5,065
1997 Stock Option Plan.....	1,284
Conversion of warrants/consultant's options outstanding.....	62
	18,271

During the year ended December 31, 1998, the Company amended an agreement to issue approximately 26,000 shares of common stock in exchange for services rendered. As of December 31,

1998 approximately 17,000 of the shares were due but had not been issued. In February 1999, approximately 13,000 of the shares were issued. Approximately 9,000 additional shares of common stock were due under the terms of the same agreement for the period ended June 30, 1999. As of June 30, 1999, such shares had not been issued; however, the related expense associated with the issued shares is included in the accompanying statements of operations.

Preferred Stock

Preferred stock consists of 9,000,000 shares designated as Series A preferred stock ("Series A") and 2,860,000 shares designated as Series B preferred stock ("Series B"). The Series A preferred stock was issued in exchange for 9,000,000 shares of previously issued common stock. The Series B preferred stock was issued for cash at $0.50 per share.

The rights and preferences of the outstanding Series A and Series B are as follows:

Dividends

The holders of Series A and Series B are entitled to receive non-cumulative dividends at $0.02 and $0.04 per share, respectively, or, if greater, an amount equal to that paid on any other outstanding shares of the Company, except that the shares of a given series of preferred stock shall not receive any greater dividend as a result of the Company's payment of a dividend on any such series of preferred stock. Such dividends shall be payable only when, as, and if declared by the board of directors. No dividends shall be payable on any common stock until dividends to Series A and Series B have been paid or declared by the board of directors. As of June 30, 1999, no dividends had been declared.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A and Series B are entitled to receive (along with the liquidation preference available to Series C and Series D stockholders -- see Note 8), in preference to holders of common stock, the amount of $0.25 and $0.50 per share, respectively, plus all declared but unpaid dividends. Such amounts will be adjusted for any stock splits, stock dividends and recapitalizations. If such assets of the Company are not available to sufficiently satisfy the full preferential amount of all series of preferred stock then the entire assets and funds of the Company shall be distributed among the holders of all series of the preferred stock in accordance with the aggregate preference payment to which they are entitled. After the payment or the setting aside of the payment set forth above, the remaining assets of the corporation shall be

distributed on a pro-rata basis to the holders of the preferred stock, on an as-converted basis, and the holders of common stock until the holders of the Series A, B, C and D have received an additional $0.25, $0.50, $0.77 and $1.18 per share, respectively. After the distributions to the holders of preferred stock and redeemable preferred stock have been made, the remaining assets of the corporation available for distribution to shareholders shall be distributed pro rata among the holders of common stock.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

Voting Rights

The holders of the Series A and Series B are entitled to a number of votes equal to the number of shares of common stock into which such preferred stock is convertible.

Conversion

Each share of Series A and Series B is convertible into one share of common stock at the option of the holder at any time after the date of issuance of such shares, and automatically converts at the consummation of the Company's sale of common stock in an underwritten public offering which results in net cash proceeds to the Company of at least $60,000,000 and an offering price to the public of at least $7.00 per share. The conversion rate is subject to adjustment for dilution, including, but not limited to, stock splits, stock dividends and stock combinations.

8. Mandatorily Redeemable Preferred Stock:

In August 1998, the Company completed an offering of 5,064,937 shares of Series C mandatorily redeemable preferred stock ("Series C") at $0.77 per share. Total proceeds of the offering amounted to approximately $3.9 million.

In February 1999, the Company completed an offering of 10,196,361 shares of Series D mandatorily redeemable preferred stock ("Series D") at $1.18 per share. Total proceeds of the offering amounted to approximately $12.0 million.

The rights and preferences of the outstanding Series C and Series D are as follows:

Dividends

The holders of Series C and Series D are entitled to receive non-cumulative dividends at $0.062 and $0.0944 per share, respectively, or, if greater, an amount equal to that paid on any other outstanding shares of the Company, except that the shares of a given series of preferred stock shall not receive any greater dividend as a result of the Company's payment of a dividend on any such series of preferred stock. Such dividends shall be payable only when, as, and if declared by the board of directors. As of June 30, 1999, no dividends had been declared.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, holders of Series C and Series D are entitled to receive (along with the liquidation preference available and Series A and Series B stockholders -- See Note 7) in preference to holders of common stock, the amount of $0.77 and $1.18 per share, respectively, plus all declared but unpaid dividends. Such amounts will be adjusted for any stock splits, stock dividends and recapitalizations. If such assets of the Company are not available to sufficiently satisfy the full preferential amount of all series of preferred stock, then the entire assets and funds of the Company shall be distributed among the holders of all series of preferred stock in accordance with the aggregate preference payment to which they are entitled. After the payment or the setting aside of the payment set forth above, the remaining assets of the corporation shall be distributed on a pro-rata basis to the holders of the preferred stock, on an

as-converted basis, and the holders of common stock until the holders of the Series A and B and Series C and Series D have received an additional $0.25, $0.50, $0.77 and $1.18 per share, respectively. After the distributions to the holders of preferred stock and redeemable preferred stock have been made, the remaining assets of the corporation available for distribution to shareholders shall be distributed pro rata among the holders of common stock.

Voting Rights

The holders of the Series C and Series D are entitled to the number of votes equal to the number of shares of common stock into which such redeemable preferred stock is convertible.

Conversion

Each share of Series C and Series D is convertible into one share of common stock at the option of the holder at any time after the date of issuance of such shares, and automatically converts at the consummation of the Company's sale of common stock in an underwritten public offering which results in net cash proceeds to the Company of at least $60,000,000 and an offering price to the public of at least $7.00 per share. The conversion rate is subject to adjustment for dilution, including, but not limited to, stock splits, stock dividends and stock combinations.

Mandatory Redemption

Upon the affirmative vote of the holders of the majority of the Series C and Series D, the Company can be required to redeem all shares of Series C and Series D outstanding as of the date of such demand, which date shall hereinafter be referred to as the "Redemption Date." The Redemption Price of the Series C and Series D will be $0.77 and $1.18 per share, respectively, subject to adjustment for dilution. The stockholders cannot require redemption prior to seven years after the issuance of the Series C and Series D.

Beginning with the first year anniversary of the Redemption Date, the Company shall be required to redeem annually no more than that number of shares of Series C and Series D equal to 25% of the Series C and Series D outstanding as of the Redemption Date. From and after the Redemption Date, all rights of the shares designated for redemption shall cease with respect to such shares. If the funds of the Company legally available for redemption of Series C and Series D on any Redemption Date are insufficient to redeem the total number of shares of the Series C and Series D to be redeemed on such date, those funds which are legally available will be used to redeem the maximum number of such shares on a pro rata basis among the holders of Series C and Series D based on each holder's share of the total redemption price. At any time thereafter when additional funds of the Company are legally available for the redemption of the shares of the Series C and Series D, such funds will immediately be set aside for the redemption of the balance of the shares which the Company was obligated to redeem on any Redemption Date but which it has not redeemed.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

9. Warrants:

In June 1998, the Company issued a warrant to purchase 45,000 shares of Series C at an exercise price of $0.77 per share in conjunction with a loan agreement. The fair value of the warrant at the date of issuance was determined to be approximately $10,000 and was estimated using the Black-Scholes

model with the following assumptions: risk-free rate of 5.6%; expected life of one year; and expected volatility of 70%. This amount is being recognized as additional interest expense over the expected life of the loan agreement.

In February 1999, the Company issued warrants in exchange for certain consulting services to purchase 25,974 shares of the Company's common stock at exercise price of $0.10 per share. The deemed fair value of the warrants issued was approximately $11,000.

In May 1999, the Company issued a warrant to purchase 228,813 shares of Series D at $1.18 per share in connection with a loan agreement. The warrant is exercisable immediately and expires the later of May 12, 2006 or three years from the effective date of an initial public offering. The fair value of the warrant at the date of issuance was determined to be approximately $640,000 and was estimated using the Black-Scholes model with the following assumptions: risk-free interest rate of 5.0%; expected life of one year; and expected volatility of 70%. This amount will be recognized as additional interest expense over the expected life of the loan agreement.

As of June 30, 1999, none of the warrants mentioned above had been exercised.

In July 1999, the Company issued a warrant to purchase 10,000 shares of Series D at an exercise price of $1.18 per share in conjunction with a loan agreement. The fair value of the warrant at the date of issuance was determined to be approximately $40,000 and was estimated using the Black-Scholes model with the following assumptions: risk-free rate of 5.3%; expected life of one year; and expected volatility of 70%. This amount will be recognized as additional interest expense over the expected life of the loan agreement.

In July 1999, the Company issued a warrant to purchase 137,711 shares of Series D at $1.18 per share in connection with an equipment lease line. The warrant is exercisable immediately and expires the later of July 7, 2006 or three years from the effective date of an initial public offering. The fair value of the warrant at the date of issuance was determined to be approximately $559,000 and was estimated using the Black-Scholes model with the following assumptions: risk-free interest rate of 5.3%; expected life of one year; and expected volatility of 70%. This amount will be recognized as additional interest expense over the expected life of the lease line.

In October 1999, the Company issued to a retained executive search firm a warrant to purchase 436,623 shares of the Company's common stock at an exercise price of $0.10 per share. The warrant is exercisable immediately and expires on September 9, 2009. The fair value of the warrant was determined to be approximately $2.4 million and was estimated using the Black-Scholes model with the following assumptions: risk-free interest rate of 5.5%; expected life of four months; and expected volatility of 70%.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

10. Stock Options

1997 Stock Plan

The Company, under the 1997 Stock Plan (the "Plan"), reserved approximately 14.7 million shares of common stock. The stock is reserved for employees, directors, and consultants. The term of each option will be stated in the option agreement, not to exceed 10 years after the grant date. If the optionee owns stock representing more than 10% of the voting power, the term of the option will not exceed 5 years after the grant date.

Option pricing will not be less than 85% of the fair market value per share on the date of the grant. If the optionee owns stock representing more than 10% of the voting power, the option price will not be less than 110% of the fair market value per share on the date of the grant. If the stock option is an incentive stock option, then the price for the stock cannot be less than 100% of the fair market value per share on the date of the grant.

Any option granted shall be exercisable at such times and under such conditions as determined by the board of directors. However, for most options, 25% of the shares subject to the option will vest 12 months after the vesting commencement date, and 1/48 of the shares will vest each month thereafter. Options under the Plan are exercisable immediately, subject to repurchase rights held by the Company, which lapse over the vesting period as determined.

The Company's right of repurchase will lapse at a rate determined by the board of directors. However, for most options, the Company's right to repurchase will lapse at a rate of 25% of the shares after the first 12 months and 1/48 of the shares, per month, after the vesting commencement date.

Activity under the Plan is as follows (in thousands, except per share amounts):

		OUTSTANDING OPTIONS	
	SHARES AVAILABLE FOR GRANT	NUMBER	WEIGHTED-AVERAGE EXERCISE PRICE
BALANCE, JANUARY 24, 1997	1,000		
Granted	(300)	300	$0.05
BALANCE, DECEMBER 31, 1997	700	300	$0.05
Authorized	1,000		
Granted	(1,458)	1,458	$0.08
Exercised	--	(716)	$0.06
Canceled	30	(30)	$0.10
BALANCE, DECEMBER 31, 1998	272	1,012	$0.09
Authorized (unaudited)	12,656		
Granted (unaudited)	(3,896)	3,896	$0.10
Exercised (unaudited)	--	(165)	$0.10

Canceled (unaudited)	633	(633)	$0.10
BALANCE, JUNE 30, 1999 (unaudited)	9,665	4,110	$0.10

The Company accounts for the Plan under the provisions of APB No. 25. Had compensation expense for the stock option plans been determined consistent with SFAS No. 123, net losses would have increased to the following pro forma amounts (in thousands, except per share amounts):

	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30, 1999 (UNAUDITED)
	1997	1998	
Net loss as reported	$(416)	$(4,563)	$(8,127)
Net loss pro forma	(424)	(4,597)	(9,544)
Net loss per share as reported	(0.05)	(1.65)	(7.95)
Net loss per share pro forma	(0.05)	(1.66)	(9.34)

The weighted-average fair value of options granted during the years ended December 31, 1997 and 1998 and the six months ended June 30, 1999 was $0.03, $0.09 and $3.08, respectively. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model using the following assumptions: risk-free interest rates ranging from 4.64 to 6.12 percent; expected dividend yields of zero percent for all four periods; an average expected life of four years; and expected volatility of 0.001% for all periods except the six months ended June 30, 1999, for which a volatility factor of 70% was used.

The following table summarizes the stock options outstanding and exercisable as of June 30, 1999 (unaudited) (shares in thousands):

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	NUMBER	WEIGHTED-AVERAGE REMAINING YEARS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED-AVERAGE EXERCISE PRICE
$0.05	265	8.6	$0.05	152	$0.05
$0.10	3,845	9.7	$0.10	136	$0.10
	4,110	9.6	$0.10	288	$0.07

At June 30, 1999, 383,000 shares previously issued under the Plan were subject to repurchase at a weighted-average exercise price of $0.07.

Deferred Compensation

In connection with the grant of certain stock options to employees during fiscal 1998 and for the six months ended June 30, 1999, the Company recorded deferred compensation of approximately $3.5 million, representing the difference between the estimated fair value of the common stock for accounting purposes and the option exercise price of these options at the date of grant. Such amount is presented as a reduction of stockholders' equity and amortized over the vesting period and the applicable options in a manner consistent with FASB Interpretation No. 28. The Company recorded amortization of deferred compensation of $307,000 during the six months ended June 30, 1999. For

the three months ended September 30, 1999 the Company recorded additional deferred compensation of approximately $40.9 million and will amortize approximately $4.4 million for the same period. At September 30, 1999, the remaining deferred compensation of approximately $39.7 million will be amortized as follows: $5.8 million in the last quarter of fiscal 1999, $18.1 million during fiscal 2000, $9.5 million during fiscal 2001, $4.8 million during fiscal 2002 and $1.5 million during fiscal 2003. The amortization expense relates to options awarded to employees in all operating expense categories. The amount of deferred compensation has not been separately allocated to these categories. The amount of deferred compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

During the year ended December 31, 1998 and the six months ended June 30, 1998 and 1999, the Company recorded stock-based compensation of $52,000, $9,000 and $1.6 million, respectively, related to equity instruments issued to non-employees as determined based upon the fair value at the date of issuance.

11. Income Taxes:

Effective January 1, 1998, the Company accounts for income taxes pursuant to the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS 109 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined using the current applicable enacted tax rate and provisions of the enacted tax law.

Due to the Company's loss position, there was no provision for income taxes for the year ended December 31, 1998 and six months ended June 30, 1999.

At inception, the Company elected S-Corporation status. As of January 1, 1998, the Company elected C-Corporation status for Federal and state purposes. As a result, the Company is not entitled to any tax benefits associated with the period prior to C-Corporation election.

At June 30, 1999, the Company had cumulative net operating loss carryforwards of approximately $8.7 million for Federal and state income tax purposes expiring in the years ended 2018 and 2006, respectively.

At June 30, 1999, the Company had cumulative research and development credit carryforwards of approximately $116,000 and $107,000 for Federal and state income tax purposes, respectively. These credits are subject to expiration through various periods through 2018.

The Tax Reform Act of 1986 contains provisions which may limit the net operating loss and credit carryfowards to be used in any given year upon the occurrence of certain events, including a significant change in ownership.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

The estimated tax effects of significant temporary differences and carryforwards that give rise to deferred income tax assets as of December 31, 1998 and for the six months ended June 30, 1999 are as follows (in thousands):

	YEAR ENDED DECEMBER 31, 1998	SIX MONTHS ENDED JUNE 30, 1999 (UNAUDITED)
Temporary differences	$ 943	$ 2,442
Net operating loss carryforwards	1,845	3,582
Research and development tax carryforwards	102	223
	2,890	6,247
Valuation allowance	(2,890)	(6,247)
	$ --	$ --

Due to uncertainty surrounding the realization of the deferred tax attributes in future years, the Company has recorded a valuation allowance against its net deferred tax assets.

The provision for income taxes at the Company's effective tax rate differed from the benefit from income taxes at the statutory rate due mainly to the increase in valuation allowance and no benefit of the operating losses was recognized.

The provision for income taxes differs from the expected tax benefit amount computed by applying the statutory federal income tax rate of 35% to loss before taxes is as follows:

	YEAR	SIX MONTHS

	ENDED DECEMBER 31, 1998	ENDED JUNE 30, 1999 (UNAUDITED)
Federal statutory rate	35.0%	35.0%
State taxes, net of federal benefit	5.8	5.8
Change in valuation allowance	(40.8)	(40.8)
	0.0%	0.0%

12. Related Party Transactions

During 1996 and 1997, the Company borrowed a total of $433,000 from certain shareholders and officers. During 1997, $48,000 of the loans from these individuals was repaid in cash. At December 31, 1997, $385,000 of the loans from these individuals is included in notes payable. During 1998, $170,000 of the notes payable were converted to 340,000 shares of Series B and the remaining $215,000 was repaid in cash.

Neoforma.com, Inc. (A Development Stage Company)

Notes to Financial Statements (Continued)

13. Subsequent Events (Unaudited)

Series E

In October 1999, the Company completed an offering of 12,693,663 shares of Series E mandatorily redeemable preferred stock ("Series E") and Series E-1 mandatorily redeemable preferred stock ("Series E-1") at $5.68 per share, of which 275,000 shares were issued to a manufacturer of medical equipment in connection with a marketing and commercial alliance agreement between the manufacturer and the Company. Total proceeds of the offering amounted to approximately $70.5 million. Series E-1 is identical in all respects to Series E, except as specifically noted.

Each share of Series E and Series E-1 is convertible into one share of common stock at the option of the holder at any time after the date of issuance of such shares, and automatically converts at the consummation of the Company's sale of common stock in an underwritten public offering which results in net cash proceeds to the Company of at least $60,000,000 and, if the closing of the IPO occurs prior to December 31, 2000, an offering price to the public of at least $7.00 per share. The conversion rate is subject to adjustment for dilution, as well as for stock splits, stock dividends and stock combinations.

The Series E and E-1 will be subject to the following adjustment:

If the offering price to the public of the Company's common stock in the IPO is at least $7.00 per share but less than $10.00 per share, each share of Series E and Series E-1 will convert into the number of shares of common stock determined by (1) dividing the offering price to the public by $10.00 and multiplying the quotient obtained by the conversion price of the Series E-1 then in effect (the "Conversion Price") and (2) dividing $5.68 by the Conversion Price.

The Series E-1 Preferred Stock will be subject to the following additional adjustments:

(1) If the Company achieves $11.75 million or more of combined revenue from its "Shop" and "Plan" operations for fiscal year 2000, as set forth in the financial plan provided to the Investors by the Company (the "Financial Plan"), then each share of Series E-1 Preferred will be converted into 0.7143 shares of Common Stock; and (2) If the Company achieves $5 million or less of combined revenue from its "Shop" and "Plan" operations for fiscal year 2000, as set forth in the Financial Plan, and a holder of E-1 shares is in compliance with the terms of its commercial agreement with the Company, then each share of Series E-1 Preferred will be converted into 1.6667 shares of Common Stock.

Commitments

In October 1999, the Company entered into a three-year agreement with a consulting firm (the "Consultant"), which is a stockholder as a result of the Series E financing, in which the Consultant agreed to introduce the Company's services to appropriate clients, based on their interests, and to incorporate the Company's services into certain of its service offerings. The agreement also provides for joint marketing activities. In consideration, the Company has agreed to make payments to the Consultant in an aggregate amount of up to approximately $2.0 million, as well as a percentage of specified Neoforma.com e-commerce transaction revenue and other payments. The Company has also

agreed to utilize the Consultant's services on a preferred basis for systems integration, development, infrastructure, process improvement and consulting assistance, totaling at least $1.5 million of services from the Consultant, at a discount from the Consultant's standard fees.

In October 1999, the Company entered into an agreement with a hardware vendor, which is a stockholder as a result of the Series E financing, pursuant to which the Company agreed to develop complementary marketing programs with the vendor and establish hyperlinks between their respective internet websites. The Company agreed to use the vendor as its exclusive supplier of certain hardware products and agreed to purchase at least $5,000,000 of the vendor's products and $100,000 of consulting services on a mutually agreed upon schedule.

Neoforma.com, Inc. and General Asset Recovery, Llc

Unaudited Pro Forma Condensed Combined Financial Information

On August 6, 1999, Neoforma.com, Inc. ("Neoforma.com") completed the acquisition of General Asset Recovery, LLC ("GAR"). The acquisition of GAR has been accounted for as a purchase. Accordingly, the results of operations of GAR have been included in the consolidated statement of operations of Neoforma.com commencing on the date of acquisition.

The accompanying pro forma condensed combined statements of operations of Neoforma.com for the twelve months ended December 31, 1998 and for the six months ended June 30, 1999 assume that the acquisition took place as of the beginning of each of these periods and combine GAR's statements of operations for the twelve months ended December 31, 1998 and for the six months ended June 30, 1999, respectively, with Neoforma.com's statements of operations for the twelve months ended December 31, 1998 and for the six months ended June 30, 1999, respectively. The pro forma condensed combined balance sheet as of June 30, 1999 assumes that the acquisition took place as of June 30, 1999 and combines Neoforma.com's June 30, 1999 balance sheet with GAR's July 31, 1999 balance sheet.

The unaudited pro forma condensed combined information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have actually occurred if the acquisition had been consummated as of the date indicated, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are based on the information available at the time of the printing of this prospectus.

The historical financial statements of Neoforma.com and GAR are included elsewhere in this prospectus and the unaudited pro forma condensed combined information presented herein should be read in conjunction with those financial statements and related notes.

Neoforma.com, Inc. and Gar (A Development Stage Company)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31, 1998			
	NEOFORMA.COM	GAR	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
REVENUE	$ --	$2,986	$ (1,472)(B)	$ 1,514
COST OF SALES	--	1,273	(754)(B)	519
	--	1,713	(718)	995
OPERATING EXPENSES:				
Operations	627	--	--	627
Product development	1,491	--	--	1,491

Selling and marketing	1,409	345	(91)(B)	1,663
General and administrative	1,075	1,756	(607)(B)	2,224
Amortization of goodwill	--	--	1,386(A)	1,386
Amortization of deferred compensation	5	--	--	5
Total costs and expenses	4,607	2,101	688	7,396
Income (loss) from operations	(4,607)	(388)	(1,406)	(6,401)
OTHER INCOME (EXPENSE), net	44	100	(132)(B)	12
Net loss	$(4,563)	$ (288)	$ (1,538)	$ (6,389)
NET LOSS PER SHARE:				
Basic and diluted	$ (1.65)			$ (2.31)
Weighted average shares -- basic and diluted	2,762			2,762

Neoforma.com, Inc. and Gar (A Development Stage Company)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SIX MONTHS ENDED JUNE 30, 1999			
	NEOFORMA.COM	GAR	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
REVENUE	$ 7	$ 1,676	$(554)(B)	$ 1,129
COST OF SALES	--	886	(262)(B)	624
	7	790	(292)	505
OPERATING EXPENSES:				
Operations	1,319	--	--	1,319
Product development	2,568	--	--	2,568
Selling and marketing	2,382	363	(168)(B)	2,577
General and administrative	1,591	700	(58)(B)	2,233
Amortization of goodwill	--	--	693(A)	693
Amortization of deferred compensation	307	--	--	307
Total operating expenses	8,167	1,063	467	9697
Income (loss) from operations	(8,160)	(273)	(759)	(9,192)
OTHER INCOME (EXPENSES), net	33	(11)	--	22
Net loss	$(8,127)	$ (284)	$(759)	$(9,170)
NET LOSS PER SHARE:				
Basic and diluted	$ (7.95)			$ (8.97)
Weighted-average shares -- basic and diluted	1,022			1,022

Neoforma.com, Inc. and Gar (A Development Stage Company)

Unaudited Pro Forma Condensed Combined Balance Sheets (In Thousands)

NEOFORMA.COM	GAR		
JUNE 30, 1999	JULY 31, 1999	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED

Assets

CURRENT ASSETS:				
Cash and cash equivalents	$ 7,063	$ 5	$(1,700)(C)	$ 5,368
Accounts receivable	--	71	(46)(D)	25
Prepaid expenses and other current assets	124	2	--	126
Deferred debt costs, current portion	223	--	--	223
Total current assets	7,410	78	(1,746)	5,742
PROPERTY AND EQUIPMENT, net	1,777	107	(107)(D)	1,777
OTHER ASSETS	145	13	(13)(D)	145
DEFERRED DEBT COSTS, less current portion	427	--	--	427
GOODWILL	--	--	9,675(E)	9,675
Total assets	$ 9,759	$198	$ 7,809	$ 17,766

Liabilities and Stockholders' Equity (Deficit)

CURRENT LIABILITIES:				
Notes payable, current portion	$ 991	$481	$ (481)(C) 2,196(C)	$ 3,187
Accounts payable	1,311	147	(47)(C)	1,411
Accrued liabilities	239	--	107(C)	346
Total current liabilities	2,541	628	1,775	4,944
NOTES PAYABLE, less current portion	1,624	--	5,604(C)	7,228
SERIES C AND D MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED STOCK	15,870	--	--	15,870
SERIES C AND D WARRANTS	679	--	--	679
STOCKHOLDERS EQUITY (DEFICIT)	(10,955)	(430)	430	(10,955)
Total liabilities and stockholders' equity (deficit)	$ 9,759	$198	$ 7,809	$ 17,766

Notes to the Unaudited Pro Forma Condensed Combined Financial Information

The total purchase price of the GAR acquisition has been allocated to acquired assets and liabilities based on estimates of their fair values. The excess of the purchase price over the fair value of the tangible net assets acquired has been allocated to goodwill.

The adjustments to the unaudited pro forma condensed combined statements of operations for the year ended December 31, 1998 and for the six months ended June 30, 1999, assume the acquisition occurred as of January 1, 1998 and January 1, 1999, respectively, and are as follows:

(A) To reflect the amortization of approximately $9.7 million of estimated goodwill resulting from the acquisition. The goodwill will be amortized over seven years.

(B) To remove the results of GAR's industrial products operations which were sold back to one of the members of GAR for nominal consideration.

The adjustments to the unaudited pro forma condensed combined balance sheet as of June 30, 1999 assumes that the acquisition occurred as of June 30, 1999 and are as follows:

(C) To reflect the purchase price paid as follows: cash paid of $1.7 million, issuance of notes payable of $7.8 million, the assumption of $100,000 of liabilities, and acquisition-related expenses of approximately $100,000. Liabilities in excess of $100,000 were not assumed and are thus deducted from outstanding liabilities to reduce them to $100,000.

(D) To adjust asset values to fair value at the acquisition date.

(E) To reflect goodwill of approximately $9.7 million resulting from the acquisition of GAR.

Report of Independent Public Accountants

To the Members of General Asset Recovery, LLC:

We have audited the accompanying balance sheets of GENERAL ASSET RECOVERY, LLC (an Illinois limited liability company) as of December 31, 1997 and 1998, and the related statements of operations, members' equity (deficit) and cash flows for the years then ended. 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 in accordance with generally accepted auditing standards. 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of General Asset Recovery, LLC as of December 31, 1997 and 1998, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Arthur Andersen Llp

Chicago, Illinois October 1, 1999

General Asset Recovery, Llc

Balance Sheets

Assets

	DECEMBER 31,		JUNE 30,
	1997	1998	1999 (UNAUDITED)
CURRENT ASSETS:			
Cash	$ 29,712	$ 24,805	$ 88,146
Accounts receivable	78,523	49,288	718,314
Prepaid expenses	--	2,587	--
Total current assets	108,235	76,680	806,460
PROPERTY AND EQUIPMENT, NET	30,479	60,188	83,665
OTHER ASSETS:			
Employee advances	--	--	26,674
Deposits	17,310	21,223	21,223
Total assets	$ 156,024	$158,091	$ 938,022
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Line of credit	$ 374,540	$147,500	$ 125,000
Accounts payable	68,749	67,445	1,208,885
Accrued expenses	164,156	36,771	38,695
Total current liabilities	607,445	251,716	1,372,580
COMMITMENTS AND CONTINGENCIES (NOTE 7)			
MEMBERS' EQUITY (DEFICIT):			
Total members' equity (deficit)	(451,421)	(93,625)	(434,558)
Total liabilities and members' equity (deficit)	$ 156,024	$158,091	$ 938,022

The accompanying notes are an integral part of these balance sheets.

General Asset Recovery, Llc

Statements of Operations

	YEARS ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1997	1998	1998	1999 (UNAUDITED)
REVENUE	$2,404,654	$2,986,099	$1,667,908	$1,675,852
COST OF SALES	1,349,462	1,273,333	696,072	885,714
	1,055,192	1,712,766	971,836	790,138
OPERATING EXPENSES:				
Selling and marketing	296,885	344,365	239,806	363,053
General and administrative	1,059,130	1,756,355	720,551	700,140
Total operating expenses	1,356,015	2,100,170	960,357	1,063,193
Operating income (loss)	(300,823)	(387,954)	11,479	(273,055)
OTHER INCOME (EXPENSE):				
Other income	2,357	13,425	13,425	--

Rental income	210,047	134,150	57,172	--
Interest expense	(35,326)	(47,768)	(6,073)	(11,287)
Total other income (expense)	177,078	99,807	64,524	(11,287)
Net income (loss)	$ (123,745)	$ (288,147)	$ 76,003	$ (284,342)

The accompanying notes are an integral part of these statements.

General Asset Recovery, Llc

STATEMENTS OF MEMBERS' EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998 AND THE SIX MONTHS ENDED JUNE 30, 1999 TOTAL MEMBERS' EQUITY (DEFICIT)

BALANCE, December 31, 1996	$(218,525)
Net loss	(123,745)
Member distributions	(109,151)
BALANCE, December 31, 1997	(451,421)
Net loss	(288,147)
Member distributions	(37,612)
Member contributed capital	683,555
BALANCE, December 31, 1998	(93,625)
Net loss	(284,342)
Member distributions	(56,591)
BALANCE, June 30, 1999 (unaudited)	$(434,558)

The accompanying notes are an integral part of these statements.

General Asset Recovery, Llc

Statements of Cash Flows

	YEARS ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1997	1998	1998	1999
			(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income(loss)	$(123,745)	$(288,147)	$ 76,003	$ (284,342)
Adjustments to reconcile net income(loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	2,458	27,814	3,294	11,560
Changes in operating assets and liabilities				
Accounts receivable	123,380	29,235	46,645	(669,026)
Prepaid expenses	--	(2,587)		2,587
Other assets	--	(3,913)	(19,175)	(26,674)
Accounts payable	35,914	(1,304)	26,318	1,141,440
Accrued expenses	118,671	(127,385)	(163,156)	1,924
Net cash provided by (used in) operating activities	156,678	(366,287)	(30,071)	177,469
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment, net	(32,937)	(57,523)	(148)	(35,037)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Contributed capital	--	683,555	--	--

Dividends	(109,151)	(37,612)	(16,500)	(56,591)
Net borrowings (repayments) under line-of-credit agreement	(10,460)	(227,040)	17,007	(22,500)
Net cash provided by (used in) financing activities	(119,611)	418,903	507	(79,091)
Net increase (decrease) in cash and cash equivalents	4,130	(4,907)	(29,712)	63,341
CASH AND CASH EQUIVALENTS, beginning of year	25,582	29,712	29,712	24,805
CASH AND CASH EQUIVALENTS, end of year	$ 29,712	$ 24,805	$ --	$ 88,146
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid for interest	$ 35,326	$ 32,767	$ 11,287	$ 21,074
Cash paid for taxes	$ --	$ --	$ --	$ --
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:				
Assumption of debt by majority member	$ --	$ 683,555	$ --	$ --

The accompanying notes are an integral part of these statements.

General Asset Recovery, Llc

Notes to Financial Statements

1. Description of Business

General Asset Recovery, LLC (the "Company") is in the business of conducting live auctions and appraisals of medical equipment.

2. Significant Accounting Policies

The principal accounting policies of the Company are as follows:

Revenue Recognition

Auction revenue is recognized when the equipment is sold which is represented by an auction commission received from the buyer and seller. Auction commissions represent a percentage of the final price at auction sales. Buyers pay an additional percentage of the final price as a buyer's premium. The Company does not provide any guarantee with respect to the authenticity of property offered for sale at auction. Each item is sold on an "as-is" basis with guarantee only of title.

Upon completion of a final appraisal or inventory report, the Company recognizes appraisal and inventory revenue. Typically a final payment is due upon delivery of the report.

Management's 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company may extend trade credit in connection with its auction sales which are held throughout the United States. The Company evaluates each customer's creditworthiness on a case-by-case basis; generally, the customers who receive trade credit are professional dealers who have regularly purchased property at the Company's auctions or whose reputation within the industry is known and respected by the Company.

In situations where trade credit is extended, the purchaser does not take possession of the property before payment is made by the purchaser to the Company, and the Company is liable to the consignor for the net sales proceeds (final auction price less commission to the Company). The Company pays the consignor generally not later than the 10th day after the sale, and when trade credit is extended, the Company assumes all risk of loss associated with the trade credit, and the responsibility of collection of the trade credit amount from the purchaser. Losses to date under these situations have not been material.

Inventory

The majority of the warehouse inventory is on consignment from the seller. For purchased inventory, the Company periodically reviews the age and turnover of its inventory to determine whether any inventory has become obsolete or has declined in value and incurs a charge to operations for known and anticipated inventory obsolescence. Inventories are stated at the lower of cost or market. Cost is determined by specific identification.

Property and Equipment

Property and equipment are stated at cost. Depreciation is recognized using both accelerated and straight-line methods. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in results of operations for the period. The cost of repairs and maintenance is charged to operations as incurred.

3. Receivables

Receivables represent advance payments, or loans, to the consignor prior to the auction sale, collateralized by the items received and held by the Company for the auction sale and the proceeds from such sale. Such advances generally are not outstanding for more than one month from the date of the note.

4. Property and Equipment, Net

As of December 31, 1998, property and equipment consisted of the following:

	AMOUNT	ESTIMATED USEFUL LIFE
Computer equipment	$11,074	5 - 7 years
Furniture and fixtures	79,387	5 - 7 years
Less accumulated depreciation	(30,273)	
Net property and equipment	$60,188	

Depreciation expense for the years ended December 31, 1997 and 1998 was approximately $3,000 and $28,000, respectively.

5. Leases

The Company conducts its business on premises leased under leases that expire through the year 2004. Future minimum lease payments under noncancellable leases in effect at December 31, 1998, are set forth below:

1999	$ 83,309
2000	50,198
2001	45,060
2002	45,828
2003	46,786

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2004.....................................................     7,826
  Total future minimum lease payments.....................  $279,007
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Rent expense was approximately $97,000 and $111,000 for the years ended December 31, 1997 and 1998, respectively.

6. Line of Credit

As of December 31, 1998, the Company had a line of credit agreement with a bank that allowed for maximum borrowings of $400,000. Interest was at the bank's prime rate plus 0.5%. Borrowings

were collateralized by all assets of the Company. At December 31, 1998, borrowings outstanding on the line of credit were $147,500 with a final payment due July 30, 1999. The Company paid off and terminated the entire line of credit on July 30, 1999.

7. Commitments and Contingencies

From time to time, the Company is subject to occasional lawsuits, investigations and claims arising out of the normal conduct of business. Management does not believe the outcome of any pending claims will have a material adverse effect on the Company's financial position or results of operations.

8. Agreements

In March 1997, the Company entered into an agreement with a hospital to sell the hospital's surplus assets. The hospital engaged the Company to be its exclusive agent for a five-year period for the purpose of selling the surplus assets. In the event that an item does not sell within thirty days of the possession by the Company, the Company will return such items to the hospital. The gross sales, less a fee to the Company, are required to be disbursed to the hospital within five days of the end of the month of the sale.

In December 1998, the Company entered into a one-year services agreement with a hospital organization to market and promote the Company's services to members and affiliates of the hospital organization. The Company is required to pay a marketing fee equal to a percentage of the total net proceeds, as defined, received from the current month's sale of the assets. During 1999, various auction agreements have been signed with hospitals in the organization. The agreements appoint the Company as the exclusive independent agent for periods up to three years for the purpose of selling the assets privately or at public auction. The Company must move the assets, catalog the assets, advertise the

auction by publication and mailing of circulars and auction the assets for cash, "as is" and "where is", among other obligations. The net proceeds are required to be paid within 10 days of the auction sale. The Company receives a percentage of the net proceeds as a commission.

In June 1999, a hospital appointed the Company as its exclusive agent for the purposes of selling auction assets. The Company receives a percentage of the net proceeds, less expenses and any buyers premium as a commission. The Company must, among other obligations, advertise the auction sale by publication and mailing of circulars, sell the assets for cash, keep accurate records of the auction sale and provide the records to the hospital within ten days of the sale and provide adequate personnel to supervise the removal of the assets sold.

9. Income Taxes

The Company has elected to include its income and expenses with those of its members for federal income tax purposes. Accordingly, the statements of operations for the years ended December 31, 1997 and 1998 do not include a provision for federal income taxes.

10. Subsequent Event

In August 1999, Neoforma.com, Inc. acquired the Company. The acquisition will be accounted for using the purchase method of accounting on Neoforma.com, Inc.'s financial statements.

Through and including , 1999 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

[Neoforma.com Logo]

Common Stock

Prospectus

Merrill Lynch & Co.

BEAR, STEARNS & CO. INC. ROBERTSON STEPHENS VOLPE BROWN WHELAN & COMPANY WILLIAM BLAIR & COMPANY , 1999

Part Ii

Information Not Required in Prospectus

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses to be paid by Neoforma.com in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the SEC registration fee, the NASD filing fee and the Nasdaq National Market filing fee.

SEC registration fee	$ 20,850
NASD filing fee	8,000
Nasdaq National Market initial filing fee	5,000
Printing and engraving	*
Legal fees and expenses of the Registrant	*
Accounting fees and expenses	*
Directors and officers liability insurance	*
Blue sky fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be filed by amendment

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act of 1933.

As permitted by the Delaware General Corporation Law, the Registrant's amended and restated certificate of incorporation includes a provision that eliminates the personal liability of its directors for monetary damages for breach of fiduciary duty as a directory, except for liability:

- for any breach of the director's duty of loyalty to the Registrant or its stockholders;

- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

- under Section 174 of the Delaware General Corporation Law regarding unlawful dividends and stock purchases; or - for any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's amended and restated bylaws provide that:

- the Registrant is required to indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions;

- the Registrant is required to advance expenses, as incurred, to its directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to certain very limited exceptions; and - the rights conferred in the bylaws are not exclusive.

In addition, the Registrant intends to enter into indemnity agreements with each of our current directors and officers. These agreements provide for the indemnification of officers and directors for all expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were agents of the Registrant.

The Registrant intends to obtain directors' and officers' insurance to cover its directors, officers and some of its employees for certain liabilities, including public securities matters.

The Underwriting Agreement filed as Exhibit 1.01 to this Registration Statement provides for indemnification by the underwriters of the Registrant and its directors and officers for certain liabilities under the Securities Act of 1933, or otherwise.

Reference is made to the following documents filed as exhibits to the Registration Statement regarding relevant indemnification provisions described above and elsewhere herein.

Exhibit Document Number

Underwriting Agreement	1.01
Registrant's Amended and Restated Certificate of Incorporation	3.02
Registrant's Amended and Restated Bylaws	3.04
Form of Indemnity Agreement	10.01

Item 15. Recent Sales of Unregistered Securities.

In the three years prior to the effective date of this Registration Statement, we have issued and sold the following unregistered securities:

(1) In May 1996, the Registrant sold 8,000,000 shares of Common Stock to two founders of the Registrant for $0.00375 per share.

(2) In April 1998, the Registrant issued 9,000,000 shares of our Series A preferred stock in exchange for 9,000,000 shares of previously issued common stock.

(3) In April 1998, the Registrant sold 2,860,000 shares of our Series B preferred stock for approximately $0.50 per share.

(4) In June 1998, the Registrant sold 5,064,937 shares of our Series C Preferred Stock for approximately $0.77 per share.

(5) In February 1999, the Registrant sold 10,196,361 shares of our Series D Preferred Stock for approximately $1.18 per share.

(6) In October 1999, the Registrant sold 12,693,663 shares of our Series E and Series E-1 preferred stock for approximately $5.68 per share.

(7) As of September 30, 1999, the Registrant had issued an aggregate of 12,660,161 shares of Common Stock pursuant to exercises of stock options and stock purchase rights granted under the Registrant's 1997 Stock Plan at prices ranging from $0.05 to $0.50 per share.

(8) In October 1999, the Registrant issued a warrant to purchase 436,623 shares of Common Stock at a price of $0.10 per share to an executive search firm in connection with recruitment services.

(9) In June 1998, the Registrant issued a warrant to purchase 45,000 shares of Series C Preferred Stock at a price of $0.77 per share to Silicon Valley Bank in connection with a financing transaction.

(10) In May 1999, the Registrant issued a warrant to purchase 228,814 shares of Series D Preferred Stock at a price of $1.18 per share to Comdisco, Inc. in connection with a financing transaction.

(11) In July 1999, the Registrant issued a warrant to purchase 10,000 shares of Series D Preferred Stock at a price of $1.18 per share to Silicon Valley Bank in connection with a financing transaction.

(12) In July 1999, the Registrant issued a warrant to purchase 137,711 shares of Series D Preferred Stock at a price of $1.18 per share to Comdisco, Inc. in connection with a financing transaction.

All sales of common stock made pursuant to the exercise of stock options were made in reliance on Rule 701 of the Securities Act or on Section 4(2) of the Securities Act.

All other sales were made in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. These sales were made without general solicitation or advertising. Each purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment and represented to the Registrant that the shares were being acquired for investment.

Item 16. Exhibits and Financial Statement Schedules.

(a) The following exhibits are filed herewith:

Number Exhibit Title

1.01*	Form of Underwriting Agreement.
2.01	Securities Purchase Agreement By and Among Neoforma GAR, Inc. and Neoforma, Inc. and General Asset Recovery, LLC, Erik Tivin and Fred Tivin dated as of July 16, 1999.
3.01	Amended and Restated Certificate of Incorporation of the Registrant, as amended through October 12, 1999.
3.02*	Form of Amended and Restated Certificate of Incorporation of the Registrant to be effective upon the closing of the offering made pursuant to this Registration Statement.
3.03	Bylaws of the Registrant, as amended through June 29, 1999.
3.04*	Amended and Restated Bylaws of the Registrant to be effective upon the closing of the offering made pursuant to this Registration Statement.
4.01*	Form of Specimen Certificate for Registrant's common stock.
4.02*	Second Amended and Restated Investors' Rights Agreement.
4.03*	Warrant to Purchase Common Stock of Registrant issued to Heidrick & Struggles.
4.04	QuickStart Warrant to Purchase Series C Preferred Stock of Registrant dated June 25, 1998 issued to Silicon Valley Bank, as amended on March 5, 1999.
4.05	Warrant Agreement to Purchase Series D Preferred Stock of Registrant dated as of May 12, 1999 issued to Comdisco, Inc.
4.06	QuickStart Warrant to Purchase Series D Preferred Stock of Registrant dated July 20, 1999 issued to Silicon Valley Bank.
4.07	Warrant to Purchase Series D Preferred Stock of Registrant dated as of July 7, 1999 issued to Comdisco, Inc.

Number Exhibit Title

5.01* Opinion of Fenwick & West LLP regarding legality of the securities being registered. 10.01 Form of Indemnity Agreement between the Registrant and its directors and officers. 10.02 1997 Stock Plan, as amended. 10.03 Form of 1999 Equity Incentive Plan. 10.04 Form of 1999 Employee Stock Purchase Plan. 10.05* Development and License Agreement dated May 14, 1999 between ECRI and the Registrant. 10.06* Distribution and Services Agreement dated October 1, 1999 between Superior Consultant Company, Inc. and the Registrant. 10.07* Strategic Alliance Agreement dated October 11,

1999 between Dell Marketing L.P. and the Registrant. 10.08 Consulting Agreement dated July 1, 1999 between Madhavan Rangaswami and the Registrant. 10.09* Employment Agreement dated July 1, 1999 between Robert J. Zollars and the Registrant. 10.10 Employment Agreement dated August 1999 between Erik Tivin and the Registrant. 10.11 Offer Letter dated September 17, 1999 with Bhagwan D. Goel. 10.12 Offer Letter dated December 19, 1998 with Robert Flury, as amended on January 5, 1999. 10.13 Offer Letter dated June 29, 1999 with Frederick Ruegsegger. 10.14 Consulting Agreement dated August 1999 between Fred Tivin and the Registrant. 10.15 Promissory Note for $7,800,000 dated August 1999 payable to Erik Tivin. 10.16 Quickstart Loan and Security Agreement dated June 25, 1998 between Silicon Valley Bank and the Registrant, as amended on July 20, 1999. 10.17* Subordinated Loan and Security Agreement dated May 12, 1999 between Comdisco, Inc. and the Registrant. 10.18 Subordinated Promissory Note for $2,000,000 dated May 27, 1999 payable to Comdisco, Inc. 10.19 Loan and Security Agreement dated as of July 7, 1999 between Comdisco, Inc. and the Registrant. 10.20 Hardware Secured Promissory Note for $1,032,001.98 dated September 3, 1999 payable to Comdisco, Inc. 10.21 Softcost Secured Promissory Note for $240,363.61 dated September 3, 1999 payable to Comdisco, Inc. 10.22 Lease Agreement dated July 30, 1998 between the Registrant and John Arrillaga, Trustee, or his Successor Trustee, UTA dated 7/20/77 (John Arrillaga Survivor's Trust) as amended, and Richard T. Peery, Trustee, or his Successor Trustee, UTA dated 7/20/77 (Richard T. Peery Separate Property Trust) as amended. 10.23 Amendment No. 1 dated March 1, 1999 to Lease Agreement dated July 30, 1998 between the Registrant and John Arrillaga, Trustee, or his Successor Trustee, UTA dated 7/20/77 (John Arrillaga Survivor's Trust) as amended, and Richard T. Peery, Trustee, or his Successor Trustee, UTA dated 7/20/77 (Richard T. Peery Separate Property Trust) as amended. 10.24 Lease Agreement dated March 1, 1999 between the Registrant and John Arrillaga, Trustee, or his Successor Trustee, UTA dated 7/20/77 (John Arrillaga Survivor's Trust) as amended, and Richard T. Peery, Trustee, or his Successor Trustee, UTA dated 7/20/77 (Richard T. Peery Separate Property Trust) as amended.

Number Exhibit Title

10.25	Lease Agreement dated August 16, 1999 between the Registrant and John Arrillaga, Trustee, or his Successor Trustee, UTA dated 7/20/77 (John Arrillaga Survivor's Trust) as amended, and Richard T. Peery, Trustee, or his Successor Trustee, UTA dated 7/20/77 (Richard T. Peery Separate Property Trust) as amended.
21.01	Subsidiary of the Registrant.
23.01*	Consent of Fenwick & West LLP (included in Exhibit 5.01).
23.02	Consent of Arthur Andersen LLP independent public accountants.
24.01	Power of Attorney (included on signature page).
27.01	Financial Data Schedule.

* To be supplied by amendment.

Other financial statement schedules are omitted because the information called for is not required or is shown either in the financial statements or the notes thereto.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 14 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Clara, State of California, on the 15th day of October, 1999.

Neoforma.com, Inc.

By: /s/ ROBERT J. ZOLLARS ROBERT J. ZOLLARS Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Robert J. Zollars and Frederick J. Ruegsegger, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post- effective amendments) to this Registration Statement, and to sign any registration statement for the same offering covered by the Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

Name Title Date

/s/ ROBERT J. ZOLLARS - ---------- ROBERT J. ZOLLARS	President, Chief Executive Officer, Chairman of the Board and Director	October 15, 1999

/s/ FREDERICK J. RUEGSEGGER Chief Financial Officer October 15, 1999 FREDERICK J. RUEGSEGGER /s/ DAVID DOUGLASS Director October 15, 1999 DAVID DOUGLASS /s/ TERENCE GARNETT Director October 15, 1999 TERENCE GARNETT

Name Title Date

/s/ RICHARD D. HELPPIE Director October 15, 1999 RICHARD D. HELPPIE /s/ WAYNE D. MCVICKER Director October 15, 1999 WAYNE D. MCVICKER /s/ ANDREW J. FILIPOWSKI Director October 15, 1999 ANDREW J. FILIPOWSKI /s/ MADHAVAN RANGASWAMI Director October 15, 1999 MADHAVAN RANGASWAMI

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