

INCYTE CORPORATION COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Incyte Corporation (the “Corporation”) in meeting its responsibilities with regard to oversight and determination of the compensation of our directors and executive officers, as defined in Rule 16a-1(f) and Rule 10D-1 under the Securities Exchange Act of 1934 (“Executive Officers”), review and make recommendations to the Board with respect to major compensation plans, policies and programs of the Corporation, and assist the Board in meeting its oversight responsibility with respect to human capital management.

Membership and Procedures

Membership and Appointment. The Committee shall consist of at least three members of the Board, with the exact number being determined by the Board. Members of the Committee (i) shall be appointed from time to time by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board, (ii) shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal and (iii) may be removed by the Board in its discretion. The Board shall designate one member as chairperson of the Committee. If a Committee chairperson is not designated by the Board, the members of the Committee may designate a chairperson by majority vote of the Committee membership.

Independence and Qualifications. The members of the Committee shall each meet the independence requirements under the applicable rules of The Nasdaq Stock Market (“Nasdaq”) and any requirements imposed by the applicable provisions of the federal securities laws, as determined by the Board. In addition, at least two of the members shall each qualify as a “non-employee director,” as such term is defined in Rule 16b-3 under the Securities Exchange Act of 1934, or any successor provision thereto.

Delegation. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. Any such subcommittee shall keep regular minutes of its meetings and report the actions of such subcommittee to the full Committee when required.

Authority to Retain Advisors and Resources. In the course of its duties, the Committee shall have the sole authority to retain at the Corporation’s expense any independent compensation consultant, independent legal counsel, independent leadership assessment firm or other advisor (a “Committee Advisor”) as the Committee may deem appropriate. The Committee shall have the sole authority to approve any Committee Advisor’s fees and other retention terms. Subject to such exceptions as may be set forth in applicable Nasdaq rules, prior to retaining or receiving advice from any Committee Advisor (other than in-house counsel), the Committee shall take into consideration the following factors: (1) the provision of other services to the Corporation by the person that employs the Committee Advisor (the “Employer”); (2) the amount of fees received from the Corporation by the Employer, as a percentage of the total revenue of the Employer; (3) the policies and procedures of the Employer that are designed to prevent conflicts of interest; (4)

any business or personal relationship of the Committee Advisor with a member of the Committee; (5) any stock of the Corporation owned by the Committee Advisor; and (6) any business or personal relationship of the Committee Advisor or the Employer with an Executive Officer of the Corporation. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel to attend a meeting of the Committee or to meet with any members of the Committee or a Committee Advisor, and shall have full access to all books, records, facilities and personnel of the Corporation in connection with the discharge of its responsibilities.

Evaluation and Board Reports. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board. The Committee shall make regular reports to the Board.

Meetings

The Committee shall meet with such frequency and at such intervals as it determines necessary to carry out its duties and responsibilities. Minutes of Committee meetings and actions taken without a meeting shall be kept in accordance with the Corporation's bylaws.

Duties and Responsibilities

The Committee shall:

1. review and approve the individual compensation, including salary, bonus, incentive and equity compensation, of the Chief Executive Officer and each other Executive Officer, with the Chief Executive Officer not to be present during voting or deliberations by the Committee on his or her compensation;
2. develop and monitor compensation arrangements for the Executive Officers of the Corporation, including administration of performance-based compensation plans such as the Corporation's annual Incentive Compensation Plan;
3. determine and approve, on an annual basis, the performance of the Corporation with respect to the approved corporate goals and objectives stated in the Corporation's annual Incentive Compensation Plan;
4. administer the equity incentive plans of the Corporation in accordance with the terms of such plans and to grant and issue, or recommend the grant and issuance of, awards thereunder to directors and Executive Officers of the Corporation and to other individuals not within the authority of the Non-Management Equity Award Committee;
5. review and make recommendations to the Board for changes in the Corporation's compensation plans and practices that are to be submitted to the Board;
6. establish and annually review the Corporation's policies with respect to Executive Officer and director perquisites;
7. Determine, within parameters that may be established by the disinterested

members of the full Board, the provisions of contracts for the Executive Officers of the Corporation that will govern the situation in which severance payments will be due upon change in control situations, and review and approve, for the Chief Executive Officer and each other Executive Officer, when and if appropriate, any other agreements relating to their employment;

8. evaluate the Chief Executive Officer and other members of the Executive Leadership Team of the Corporation periodically, with results communicated to the Chief Executive Officer and discussed with the full Board in an executive session;
9. review periodically the compensation of non-employee directors (both in their capacity as Board members and as committee members) as established by the Board and, if deemed advisable by the Committee, make recommendations to the Board for changes thereto;
10. oversee the management of risks related to compensation of the Corporation's Executive Officers and the Corporation's overall compensation program, including the Corporation's equity-based compensation plans and incentive compensation arrangements;
11. review with management the results of stockholder advisory votes on executive compensation and the frequency of such votes;
12. prepare any report or other disclosure required with respect to the Committee to be included in the Corporation's annual report or proxy statement by rules of the Securities and Exchange Commission;
13. approve and administer the Corporation's clawback and recoupment policies for its current and former Executive Officers;
14. review periodically with management the Corporation's strategies, initiatives and programs related to human capital management, including with respect to talent development, succession and retention;
15. determine and review periodically compliance with the Corporation's equity ownership guidelines; and
16. perform such other activities and functions related to executive compensation as may be assigned from time to time by the Board or as reasonably determined by the Committee to be consistent with its mandate (under this Charter, the Corporation's bylaws, governing law, the rules and regulations of Nasdaq, the federal securities laws and such other requirements applicable to the Corporation) or as required under the provisions of any compensation or benefit plan maintained by the Company.