UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 18, 2005

INCYTE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**0-27488**	**94-3136539**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

Experimental Station, Route 141 & Henry Clay Road, Building E336 Wilmington, DE	**19880**
(Address of principal executive offices)	(Zip Code)

(302) 498-6700
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On November 18, 2005, Incyte Corporation ("Incyte") entered into a Collaborative Research and License Agreement (the "License Agreement") with Pfizer Inc. ("Pfizer") for the development, manufacture and marketing of oral CCR2 antagonists. Under the License Agreement, Pfizer received exclusive worldwide development and commercialization rights to Incyte's portfolio of CCR2 antagonist compounds for all indications, excluding multiple sclerosis and one other undisclosed indication, for which Incyte retains exclusive worldwide rights, and certain compounds.

Concurrently with the execution of the License Agreement, Incyte and a wholly-owned subsidiary of Pfizer entered into a Note Purchase Agreement, as described under Items 2.03 and 3.02 below. The information contained in Items 2.03 and 3.02 with respect to the Note Purchase Agreement is hereby incorporated by reference.

The effectiveness of the License Agreement and the issuance of convertible subordinated notes under the Note Purchase Agreement are subject to customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

A copy of the press release dated November 21, 2005 relating to the License Agreement is attached hereto as Exhibit 99.1.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

In connection with the execution of the License Agreement discussed in Item 1.01 above, on November 18, 2005, Incyte also entered into a Note Purchase Agreement pursuant to which it agreed to sell to Pfizer's wholly- owned subsidiary, Pfizer Overseas Pharmaceuticals ("Pfizer OP") up to $20 million of convertible subordinated notes (the "Notes"). Subject to customary closing conditions, a Note with a principal amount of $10 million will be issued upon the effectiveness of the License Agreement, and an additional Note with a principal amount of $10 million will be issued, at Incyte's sole election, if Incyte files an Investigational New Drug Application in an indication retained by Incyte under the License Agreement. Incyte will not pay interest on the principal amount of the Notes and the Notes will mature and be payable in full seven years following the applicable date of issuance. Incyte may not prepay the Notes until after the third anniversary of the date of issuance, at which time Incyte may prepay the Notes without penalty.

Prior to maturity, Pfizer OP may convert all or any portion of the Notes into shares of common stock of Incyte as discussed in more detail in Item 3.02 below. Under the terms of the Note Purchase Agreement and subject to certain limitations, Incyte granted Pfizer OP demand and piggyback registration rights under the Securities Act of 1933 for the shares of Incyte common stock issued upon conversion of the Notes.

If there is an event of default under the terms of the Notes, not cured by Incyte, Pfizer OP can require Incyte immediately to pay the entire unpaid principal amount then outstanding under the Notes. Events of default include Incyte's failure to pay any portion of the principal of the Notes when due or to comply in any material respect with the terms of the Note Purchase Agreement or the License Agreement, the acceleration of an aggregate of $10 million or more in principal amount of Incyte indebtedness or the commencement of a voluntary or involuntary liquidation, reorganization or other relief with respect to Incyte or its debts under a bankruptcy, insolvency or other similar law.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES.

In connection with the License Agreement discussed in Item 1.01 above, on November 18, 2005, Incyte also entered into a Note Purchase Agreement pursuant to which it agreed to sell to Pfizer OP up to $20 million of convertible subordinated notes subject to certain conditions described in Item 2.03 above. At any time prior to maturity, Pfizer OP may convert all or any portion of outstanding Notes into shares of common stock of Incyte at a conversion price representing a premium to Incyte's common stock price immediately preceding the issuance of the applicable Note. The conversion price will be appropriately adjusted for stock splits, stock dividends or combinations.

The Notes and any shares of common stock of Incyte issued upon conversion of the Notes (the "Shares") that may be issued to Pfizer OP will be issued in reliance on the exemption from the registration provisions of the Securities Act of 1933 (the "Act") set forth in Section 4(2) promulgated thereunder relating to sales by an issuer not involving a public offering. There was no general solicitation or general advertising of the sale of the Notes or the Shares, Incyte made a reasonable inquiry to determine that the Notes and Shares were being acquired by an "accredited investor" as defined under the Act for investment and not distribution and, prior to the execution of the Note Purchase Agreement, Incyte disclosed that the Notes and the Shares have not been registered under the Act and may not be resold unless they are registered or an exemption from such registration is available. Any Notes or Shares issued pursuant to the Note Purchase Agreement will bear appropriate restrictive legends.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) **Exhibits**

99.1 Press release dated November 21, 2005.

SIGNATURE

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

Dated: November 21, 2005

INCYTE CORPORATION

By: /s/ Patricia A. Schreck
Patricia A. Schreck
Executive Vice President and
General Counsel

Exhibit 99.1

For immediate release:
November 21, 2005

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PFIZER AND INCYTE ENTER COLLABORATIVE RESEARCH AND LICENSE AGREEMENT FOR THE DEVELOPMENT AND COMMERCIALIZATION OF CCR2 ANTAGONISTS

Pfizer Gains Worldwide Development And Commercialization Rights Across A Broad Range Of Indications

Incyte May Receive Up To $803 Million In Payments And Retains Rights In Multiple Sclerosis And An Additional Undisclosed Indication

NEW YORK, NY, and WILMINGTON, DE, November 21 — Pfizer Inc, (NYSE: PFE) and Incyte Corporation (NASDAQ: INCY) announced today that the two companies have entered into a global collaborative research and license agreement for the development, manufacture and marketing of novel oral CCR2 antagonists.

Under the agreement:

- Pfizer gains exclusive worldwide development and commercialization rights to Incyte's portfolio of CCR2 antagonist compounds, the most advanced of which is currently in Phase IIa studies in rheumatoid arthritis and insulin-resistant obese patients. Pfizer's rights extend to the full scope of potential indications, with the exception of multiple sclerosis and one other undisclosed indication, where Incyte retains exclusive worldwide rights, along with certain compounds. Incyte will not have obligations to Pfizer on pre-clinical development candidates it selects for pursuit in these indications.

- Incyte will receive an upfront payment of $40 million and will be eligible to receive additional milestone payments of up to $743 million for the successful development and

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commercialization of CCR2 antagonists in multiple indications, as well as royalties on worldwide sales.

- Pfizer will purchase $20 million in convertible subordinated notes, with $10 million to be issued within 20 days after the effective date of the agreement and another $10 million to be issued after Incyte files an Investigational New Drug Application in a retained Incyte indication. The notes will bear no interest and will be convertible into Incyte common stock at a premium.

- Pfizer will also provide research funding to Incyte to support the continued expansion of the CCR2 compound portfolio.

The agreement is subject to antitrust review and approval, and other standard closing conditions.

"This transaction is a further step in our strategy to augment Pfizer's internal research and development efforts with high-potential, externally sourced product candidates and technologies," said Martin Mackay, Pfizer Senior Vice President Worldwide Research and Technology. "We are excited about Incyte's CCR2 antagonist program and its potential use in treating a range of chronic diseases with significant unmet medical need."

Paul A. Friedman, M.D., President and CEO of Incyte, stated: "Our CCR2 antagonist program has the potential to generate multiple products in a variety of major indications, and Pfizer, with its unique breadth of capabilities, is ideally positioned to maximize the value of the program to patients. The deal structure, which provides for us to retain certain compounds for our independent pursuit in two potentially high-value specialty indications, supports our efforts to build a leading drug discovery and development company. We look forward to working with Pfizer to realize the full potential of our first internally-developed program."

About CCR2 Antagonism

The chemokine receptor CCR2 has a central role in the establishment and maintenance of chronic inflammatory processes. CCR2 and its primary ligand, MCP-1, represent a critical signaling pathway for the recruitment of peripheral blood monocytes to sites of immune-mediated inflammation, where they become inflammatory macrophages. Macrophages are among the predominant cell types found at sites of chronic inflammation, and clinical observations show a close correlation between lower macrophage burden, reduced severity of disease, and improved outcomes in rheumatoid arthritis. There is a growing body of evidence that the presence of inflammatory macrophages contributes to the pathogenesis of numerous other disorders, and positive effects of blockade of the CCR2/MCP-1 axis have been shown in animal models of rheumatoid arthritis, multiple sclerosis, diabetes, atherosclerosis, neuropathic pain and inflammatory bowel disease.

About Pfizer

Pfizer Inc discovers, develops, manufactures and markets leading prescription medicines, for humans and animals, and many of the world's best-known consumer brands.

About Incyte

Incyte Corporation is a Wilmington, Delaware-based drug discovery and development company with a growing pipeline of oral compounds to treat HIV, inflammation, cancer and diabetes. The company's most advanced product candidate, dexelvucitabine, DFC (formerly Reverset) is an oral, once-a-day therapy in Phase IIb clinical development to treat patients with HIV infections. The company's lead internal compounds include INCB3284, a proprietary oral CCR2 antagonist that is in Phase II development for a number of inflammation-driven diseases, and INCB7839, a proprietary oral sheddase inhibitor that is in Phase I development as a potential

treatment for cancer. Incyte has several other early drug discovery programs underway in the areas of cancer, inflammation, diabetes and HIV.

Forward Looking Statements

PFIZER DISCLOSURE NOTICE: The information contained in this release is as of November 21, 2005. Pfizer assumes no obligation to update any forward-looking statements contained in this release as the result of new information or future events or developments.

This release contains forward-looking information about an agreement between Pfizer Inc. and Incyte Corporation and about possible product candidates that may be developed from Incyte's portfolio of compounds and the potential benefits of such product candidates. This information involves substantial risks and uncertainties including, among other things, the satisfaction of conditions to closing the agreement; the uncertainties inherent in research and development activities; decisions by regulatory authorities regarding whether and when to approve any drug applications for product candidates that may be developed from Incyte's portfolio of compounds as well as their decisions regarding labeling and other matters that could affect the commercial potential of any such product candidates; and competitive developments.

A further list and description of risks and uncertainties can be found in Pfizer's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and in its reports on Form 10-Q and Form 8-K.

INCYTE DISCLOSURE NOTICE: Except for the historical information contained herein, the matters set forth in this press release, including statements with respect to the purchase of convertible subordinated notes, the potential indications and benefits of CCR2 antagonist compounds, and the potential benefits from and payments under the agreement, are all forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the satisfaction of conditions to closing the agreement and the sale of the convertible subordinated notes, the high degree of risk associated with drug development and clinical trials, results of further research and development, the impact of competition and of technological advances, and other risks detailed from time to time in Incyte's filings with the Securities Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2005. Incyte disclaims any intent or obligation to update these forward-looking statements.

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