

**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): **March 10, 2009**

INCYTE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-27488
(Commission File Number)

94-3136539
(I.R.S. Employer
Identification No.)

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

19880
(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Item 5.02 Departure of Directors Or Certain Officers; Election Of Directors; Appointment Of Certain Officers; Compensatory Arrangements Of Certain Officers.

(e)

2009 Annual Incentive Compensation Plan

On March 10, 2009, the Board of Directors of the Company (the "Board") approved, on the recommendation of the Compensation Committee of the Board, corporate objectives for 2009 relating to a cash bonus plan for the 2009 fiscal year. The Company's 2009 Annual Incentive Compensation Plan is a discretionary cash incentive award plan designed to align incentive awards for each participant's individual performance with the Company's corporate objectives. Eligibility to participate in the plan and actual award amounts are not guaranteed and are determined, in the case of the Company's executive officers, at the discretion of the Compensation Committee of the Board. Each of the Company's executive officers other than the President and Chief Executive Officer ("CEO") has a funding target under the plan of 50% of his or her annual base salary for the 2009 fiscal year, with the potential for actual awards under the plan to either exceed or be less than the funding target depending upon corporate performance, as well as the executive officer's performance of certain individual goals that are predetermined by the CEO. The CEO has a funding target under the plan of 75% of his annual base salary, with the actual incentive award depending upon corporate performance.

Corporate performance objectives for 2009 are based on achievement of drug discovery objectives, representing 10% of the overall objectives, drug development objectives, representing 47.5% of the overall objectives, commercial objectives, representing 7.5% of the overall objectives, finance objectives, representing 10% of the overall objectives, and business development objectives, representing 25% of the overall objectives. Threshold, target and outperform achievement levels were defined for each corporate objective and, depending on the achievement of those performance levels, payouts ranging from 0% to 150% may be made, with bonus opportunities enabling payouts of up to an additional 25%.

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: March 12, 2009

INCYTE CORPORATION

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