Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 0-27488

INCYTE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**94-3136539**
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
Experimental Station, Route 141 & Henry Clay Road, Building E336, Wilmington, DE 19880	**(302) 498-6700**
(Address of principal executives offices)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of exchange on which registered**
Common Stock, $.001 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. Yes o No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer ☒	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

The aggregate market value of Common Stock held by non-affiliates (based on the closing sale price on The NASDAQ Global Market on June 30, 2009) was approximately $279.6 million.

As of February 26, 2010 there were 120,578,115 shares of Common Stock, $.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10 (as to directors and Section 16(a) Beneficial Ownership Reporting Compliance), 11, 12, 13 and 14 of Part III incorporate by reference information from the registrant's proxy statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the registrant's 2010 Annual Meeting of Stockholders to be held on May 18, 2010.

Table of Contents

Item 1. ***Business***

This report contains forward-looking statements that involve risks and uncertainties. These statements relate to future periods, future events or our future operating or financial plans or performance. These statements can often be identified by the use of forward-looking terminology such as "expects," "believes," "intends," "anticipates," "estimates," "plans," "may," or "will," or the negative of these terms, and other similar expressions. These forward-looking statements include statements as to:

- *the discovery, development, formulation, manufacturing and commercialization of our compounds and our product candidates;*
- *focus on our drug discovery and development efforts;*
- *conducting clinical trials internally, with collaborators, or with clinical research organizations;*
- *our collaboration and strategic relationship strategy; anticipated benefits and disadvantages of entering into collaboration agreements;*
- *our licensing, investment and commercialization strategies;*
- *the regulatory approval process, including determinations to seek U.S. Food and Drug Administration and other international health authorities approval for, and plans to commercialize, our products in the United States and abroad;*
- *the safety, effectiveness and potential benefits and indications of our product candidates and other compounds under development; potential uses for our product candidates and our other compounds;*
- *the timing and size of our clinical trials; the compounds expected to enter clinical trials; timing of clinical trial results;*
- *our ability to manage expansion of our drug discovery and development operations;*
- *future required expertise relating to clinical trials, manufacturing, sales and marketing;*
- *obtaining and terminating licenses to products, compounds or technology, or other intellectual property rights;*
- *the receipt from or payments pursuant to collaboration or license agreements resulting from milestones or royalties; the decrease in revenues from our information product-related activities;*
- *plans to develop and commercialize products on our own;*
- *plans to use third party manufacturers;*
- *expected expenses and expenditure levels; expected uses of cash; expected revenues and sources of revenues;*
- *expected losses; fluctuation of losses;*
- *our profitability; the adequacy of our capital resources to continue operations;*
- *the need to raise additional capital;*
- *the costs associated with resolving matters in litigation;*
- *our expectations regarding competition;*
- *our investments, including anticipated expenditures, losses and expenses;*
- *our patent prosecution and maintenance efforts; and*
- *our indebtedness, and debt service obligations.*

These forward-looking statements reflect our current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from those projected and include, but are not limited to:

- *our ability to discover, develop, formulate, manufacture and commercialize a drug candidate or product;*
- *the risk of unanticipated delays in research and development efforts;*
- *the risk that previous preclinical testing or clinical trial results are not necessarily indicative of future clinical trial results;*
- *risks relating to the conduct of our clinical trials;*
- *changing regulatory requirements;*
- *the risk of adverse safety findings;*
- *the risk that results of our clinical trials do not support submission of a marketing approval application for our product candidates;*
- *the risk of significant delays or costs in obtaining regulatory approvals;*
- *risks relating to our reliance on third party manufacturers, collaborators, and clinical research organizations;*
- *risks relating to the development of new products and their use by us and our current and potential collaborators;*
- *risks relating to our inability to control the development of out-licensed drug compounds or drug candidates;*
- *risks relating to our collaborators' ability to develop and commercialize product candidates;*
- *costs associated with prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights;*
- *our ability to maintain or obtain adequate product liability and other insurance coverage;*
- *the risk that our product candidates may not obtain or maintain regulatory approval;*
- *the impact of technological advances and competition;*
- *the ability to compete against third parties with greater resources than ours;*
- *risks relating to changes in pricing and reimbursements in the markets in which we may compete;*
- *competition to develop and commercialize similar drug products;*
- *our ability to obtain patent protection and freedom to operate for our discoveries and to continue to be effective in expanding our patent coverage;*
- *the impact of changing laws on our patent portfolio;*
- *developments in and expenses relating to litigation;*
- *our ability to in-license potential drug compounds or drug candidates or other technology;*
- *our substantial leverage and limitations on our ability to incur additional indebtedness and incur liens on our assets imposed by our debt obligations;*
- *our ability to obtain additional capital when needed;*
- *fluctuations in net cash used by investing activities;*

- *our history of operating losses; and*

- *the risks set forth under "Risk Factors."*

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by federal securities laws, we undertake no obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

In this report all references to "Incyte," "we," "us," "our" or the "Company" mean Incyte Corporation and our subsidiaries, except where it is made clear that the term means only the parent company.

Incyte is our registered trademark. We also refer to trademarks of other corporations and organizations in this Annual Report on Form 10-K.

Overview

Incyte is a drug discovery and development company focused on developing proprietary small molecule drugs to treat serious unmet medical needs. We have a broad pipeline with programs focused primarily in the areas of oncology and inflammation. We focus our efforts on clinical programs that we believe have the greatest likelihood of creating near-and long-term value and on compounds that we believe a company of our size can effectively develop and commercialize on its own, or that we can further develop and commercialize through strategic relationships.

Our highest priority programs involve our janus kinase (JAK) inhibitors, which include oral INCB18424 for hematologic and oncology indications and oral INCB28050 for chronic inflammatory and autoimmune diseases. Oral INCB18424 is in Phase III development as a treatment for myelofibrosis, the most advanced of the myeloproliferative neoplasms, and Phase II development for two of the other myeloproliferative neoplasms, polycythemia vera and essential thrombocythemia. We recently established a collaboration for this program with Novartis International Pharmaceutical Ltd. Novartis received exclusive development and commercialization rights outside of the United States to INCB18424 for hematologic and oncology indications, including all hematological malignancies, solid tumors and myeloproliferative diseases. We retained exclusive development and commercialization rights to INCB18424 in the United States and in certain other indications.

Oral INCB28050 is in Phase II development for rheumatoid arthritis. We recently established a collaboration for this program with Eli Lilly and Company. Lilly received exclusive worldwide development and commercialization rights to INCB28050. We retained a co-development and co-promotion option. We believe these strategic relationships increase the likelihood of the successful development and commercialization of these compounds.

Our pipeline includes the following compounds:

Target/Drug Compound	Indication	Development Status
JAK1/2		
INCB18424(1)	Myelofibrosis	Phase III
INCB18424(1)	Polycythemia Vera/Essential Thrombocythemia	Phase II
INCB18424(1)	Other Hematologic Tumors	Phase I/II
INCB18424(2)	Psoriasis	Phase IIb
INCB28050(3)	Rheumatoid Arthritis	Phase II
c-MET		
INCB28060(4)	Solid Cancers	Phase I
Sheddase		
INCB7839	Breast Cancer	Phase II
IDO		
INCB24360	Oncology	IND Cleared
HSD1		
INCB13739	Type 2 Diabetes	Phase IIb

(1) We licensed rights outside the United States to Novartis and retained U.S. rights
(2) This compound is a topical formulation; all others are an oral formulation
(3) We licensed worldwide rights to Lilly and retained a co-development and co-promotion options
(4) We licensed worldwide rights to Novartis and retained a co-development and co-promotion options

Clinical Pipeline

Our pipeline includes compounds in various stages of development, primarily in the areas of oncology and inflammation.

JAK Program for Myeloproliferative Neoplasms, Other Hematologic Malignancies and Cancers, and Inflammation

The JAK family is composed of four tyrosine kinases—JAK1, JAK2, JAK3 and Tyk2—that are involved in signaling triggered by a number of cytokines and growth factors. JAKs are central to a number of biologic processes, including the formation and development of blood cells and the regulation of immune functions. Excessive signaling through the JAK pathways is believed to play a critical role in a number of disease states, including myeloproliferative neoplasms and other malignancies and cancers, and inflammatory conditions such as rheumatoid arthritis and psoriasis. Myeloproliferative neoplasms are a closely related group of blood diseases that lead to the overproduction of blood cells and/or to the production of blood cells that do not function properly. These diseases include myelofibrosis, polycythemia vera and essential thrombocythemia.

We have discovered multiple potent, selective and orally bioavailable JAK inhibitors that are selective for JAK1 and JAK2 from several distinct chemical scaffolds. Our lead JAK inhibitor for hematologic and oncology indications, INCB18424, is in Phase III development for myelofibrosis and Phase II development for polycythemia vera and essential thrombocythemia. It is also in Phase II development as a topical treatment for psoriasis. Our lead JAK inhibitor for inflammation, INCB28050, is currently in Phase II development as an oral treatment for rheumatoid arthritis.

Myelofibrosis. In July 2009, we obtained a Special Protocol Assessment from the U.S. Food and Drug Administration, or FDA, for the Phase III registration trial for INCB18424 for myelofibrosis. This Phase III trial is a double-blind, placebo-controlled trial, and is expected to include over 90 clinical sites in the United States, Canada and Australia and approximately 240 patients with primary myelofibrosis, post-polycythemia vera myelofibrosis, and post-essential thrombocythemia myelofibrosis. We began screening and enrolling patients for this Phase III trial in September 2009.

In the Phase II trial for myelofibrosis, INCB18424 provided marked and durable reductions in enlarged spleens, a condition known as splenomegaly that affects the majority of these patients. Patients in this trial treated with INCB18424 also showed clinically meaningful improvements in the symptoms of myelofibrosis, including reductions in fatigue, night sweats, pruritus, abdominal discomfort, poor appetite and cachexia. These data served as the basis for the clinical design of the Phase III program.

The primary endpoint in this Phase III trial is the proportion of patients achieving at least 35% reduction in spleen volume, as measured by magnetic resonance imaging, or MRI, at 24 weeks. In the ongoing Phase II trial over 50% of these treated patients receiving 15 mg and 25 mg twice-daily doses achieved at least a 50% reduction in palpable spleen length. In our Phase II trial we also measured spleen volume by MRI in a subset of patients, and established that half of these patients treated with INCB18424 achieved at least a 33% reduction in spleen volume compared to baseline after six months.

Under our collaboration with Novartis we have a second Phase III trial for INCB18424 in Europe which began enrolling patients in June 2009. This trial is designed based on scientific advice from the European Medicines Agency, or EMA, and is fully enrolled, with over 200 patients with primary myelofibrosis, post-polycythemia vera myelofibrosis, and post-essential thrombocythemia myelofibrosis at approximately 65 clinical sites in 10 countries. The trial is an open-label study designed to evaluate the efficacy, safety and tolerability of INCB18424 as compared to the best-available therapy. The primary efficacy endpoint in the European Phase III trial is also the proportion of patients achieving at least 35% reduction in spleen volume from baseline at 48 weeks.

We have received orphan drug status from the FDA for INCB18424 as a treatment for myelofibrosis and orphan medicinal product designation from the EMA for INCB18424 for the treatment of chronic idiopathic myelofibrosis and also for the treatment of myelofibrosis secondary to polycythemia vera or essential thrombocythemia.

Polycythemia Vera and Essential Thrombocythemia. In 2008, we began a dose-ranging Phase II trial in advanced polycythemia vera and essential thrombocythemia for patients who were either refractory or intolerant to hydroxyurea to evaluate INCB18424 in these patients. This Phase II trial included over 70 patients at six clinical sites in the United States and Europe. Results presented in December 2009 showed that treatment with INCB18424 provided significant clinical benefits in patients with advanced polycythemia vera and essential thrombocythemia, including normalization of blood counts, normalization of hematocrit without the need for phlebotomy, rapid and durable reductions in enlarged spleens as well as rapid and durable reductions in symptoms, particularly pruritus. We intend to discuss with the FDA regulatory requirements for approval of INCB18424 first in polycythemia vera.

Rheumatoid Arthritis. We have a second JAK1/JAK2 inhibitor, INCB28050, which is our lead compound for inflammation and is now subject to our collaboration with Lilly. INCB28050 is currently being evaluated in a six-month double-blind placebo-controlled dose-ranging Phase II trial involving over

120 patients with active rheumatoid arthritis who have had inadequate response to currently available disease modifying therapies. Three-month results for efficacy and safety from this study are expected in the first half of 2010 and six-month results are expected in the second half of 2010. Based on these results, we expect to decide if we want to exercise our option to co-develop INCB28050 with Lilly in this indication.

Psoriasis. In September 2008, we announced results from a completed 28-day Phase IIa dose-escalation trial with topical INCB18424, involving 28 patients with mild-to-moderate psoriasis along with preliminary top-line results from an ongoing 28-day sub-total inunction trial. These results showed that topical INCB18424 in mild-to-moderate psoriasis patients was well tolerated at all doses tested and significantly improved overall total lesion score (thickness, erythema, and scaling). In addition to the safety and efficacy results, transcriptional profiling data from the sub-total inunction trial indicated that topical INCB18424 inhibits two key pathways, Th1 and Th17, which play important roles in the pathogenesis of psoriasis. We recently completed a three-month multiple-dose Phase IIb trial involving approximately 200 psoriasis patients with mild-to-moderate disease, in which treatment with INCB18424 met the primary and secondary endpoints and was well tolerated at all doses. We intend to present full results from this Phase IIb trial at the 2010 Society for Investigative Dermatology Annual Meeting in May. We may progress topical INCB18424 for psoriasis on our own, or we may seek a collaborator for this indication.

c-MET for Solid Tumors

c-MET is a clinically validated receptor kinase cancer target and abnormal c-MET activation in cancer correlates with poor prognosis. Dysregulation of the c-MET pathway triggers tumor growth, formation of new blood vessels that supply the tumor with nutrients, and causes cancer to spread to other organs. Dysregulation of the c-MET pathway is seen in many types of cancers including kidney, liver, stomach, breast, and brain.

Several small molecule c-MET kinase inhibitors have demonstrated clinical efficacy in a number of cancers; however, these molecules have limited potency and are relatively non-selective, which could lead to off-target toxicities. We believe our lead c-MET inhibitor, INCB28060, has the requisite properties to overcome these limitations, including greater selectivity, improved potency and more effective inhibition of c-MET. Novartis received worldwide exclusive development and commercialization rights to INCB28060 and certain back-up compounds in all indications. Under our collaboration with Novartis, we initiated a Phase I clinical trial in early 2010 that is expected to include approximately 50 patients with solid tumors.

Sheddase Inhibitor Program for Solid Tumors

We have identified novel, potent, and orally available small-molecule inhibitors of sheddase. Sheddase is an enzyme that is believed to activate all four epidermal growth factor receptors that play a key role in the growth and survival of multiple tumor types, including breast, colorectal, and non-small lung cancers. INCB7839, our lead sheddase compound, is in an ongoing Phase II clinical trial designed to determine its effectiveness when used in combination with trastuzumab (Herceptin). In December 2009, we announced results from this ongoing Phase II clinical trial for INCB7839, involving 46 patients with HER2 positive metastatic breast cancer. The results suggest that, when compared to a historical control study of trastuzumab as monotherapy, INCB7839 in combination with trastuzumab may provide improvements in time to progression and response rate in a subset of patients with HER2 positive metastatic breast cancer known as p95HER2 positive patients. These improved outcomes were achieved despite the presence of more advanced disease in the study population as compared to the historical control in published data. If results from the ongoing clinical development program for INCB7839 continue to support use of INCB7839 in this subset of patients, we intend to meet with the FDA to determine if a Phase III program in p95HER2 positive breast cancer patients could serve as the basis of regulatory approval.

IDO for Solid Tumors

The enzyme, indoleamine 2, 3-dioxygenase, IDO, is a key regulator of the mechanisms that are responsible for allowing tumors to escape from a patient's immune surveillance. IDO expression by tumor cells, or by antigen presenting cells such as macrophages and dendritic cells in tumors, creates an environment in which tumor specific cytotoxic T lymphocytes are rendered functionally inactive or are no longer able to attack a patient's cancer cells. By inhibiting IDO, it is proposed that this "brake" on the anti-tumor immune response is removed, allowing anti-tumor specific cytotoxic T cells, generated in a patient spontaneously in response to the tumor, or through a therapy designed to stimulate the immune response, to have greater anti-tumor efficacy.

We believe our compound, INCB24360, represents a novel, potent, and selective inhibitor of the enzyme IDO. It is efficacious in multiple mouse models of cancer and has been well-tolerated in preclinical safety studies. An Investigational New Drug application (IND) has been cleared and we intend to initiate a Phase I/II clinical trial in patients with solid tumors in the second half of 2010.

11ßHSD1 Program for Type 2 Diabetes and Related Disorders

We have developed a broad chemically diverse series of novel proprietary oral inhibitors of 11ßHSD1, an enzyme that converts the biologically-inactive steroid cortisone into the potent biologically-active hormone cortisol. Cortisol acts as a functional antagonist of insulin action in multiple tissue types, including the liver, adipose, skeletal muscle, and pancreas. Inhibition of 11ßHSD1 offers the potential to reduce insulin resistance and restore glycemic control in type 2 diabetes, and may also offer potential benefits in allied conditions such as dyslipidemia, atherosclerosis, and coronary heart disease.

In June 2009, we presented clinical results from a three-month placebo-controlled, dose-ranging Phase IIb trial involving approximately 300 patients with type 2 diabetes which demonstrated that treatment with once-daily doses of INCB13739 significantly improved glycemic control, as measured by hemoglobin A1c, insulin sensitivity and total-cholesterol levels. Because diabetes is outside of our core focus in oncology and inflammation, we are seeking a collaborator for this program.

Discovery

We have a number of early discovery programs at various stages of preclinical testing. We do not typically disclose these programs and/or targets until we have successfully completed preclinical toxicology tests with the lead clinical candidate.

License Agreements

Novartis

In November 2009, we entered into a Collaboration and License Agreement with Novartis. Under the terms of the agreement, Novartis received exclusive development and commercialization rights outside of the United States to INCB18424 and certain back-up compounds for hematologic and oncology indications, including all hematological malignancies, solid tumors and myeloproliferative diseases. We retained exclusive development and commercialization rights to INCB18424 in the United States and in certain other indications. Novartis also received worldwide exclusive development and commercialization rights to our c-MET inhibitor compound INCB28060 and certain back-up compounds in all indications. We retained options to co-develop and to co-promote INCB28060 in the United States.

We received an upfront payment of $150 million in December 2009 plus an immediate $60 million milestone payment in January 2010 earned for the start of the Phase III study for INCB18424 in Europe. We may be eligible to receive future additional payments if defined development and commercialization milestones are achieved and could receive tiered, double digit royalties on future INCB18424 sales outside of the United States. Each company is responsible for costs relating to the development and

commercialization of the JAK inhibitor compound in its respective territories, with costs of collaborative studies shared equally. Novartis is responsible for all costs relating to the development and commercialization of the c-MET inhibitor compound after the initial Phase I clinical trial.

The Novartis agreement will continue on a program-by-program basis until Novartis has no royalty payment obligations with respect to such program or, if earlier, the termination of the agreement or any program in accordance with the terms of the agreement. The agreement may be terminated in its entirety or on a program-by-program basis by Novartis for convenience. The agreement may also be terminated by either party under certain other circumstances, including material breach.

Lilly

In December 2009, we entered into a License, Development and Commercialization Agreement with Lilly. Under the terms of the Lilly agreement, Lilly received exclusive worldwide development and commercialization rights to INCB28050 and certain back-up compounds for inflammatory and autoimmune diseases. We received an initial payment of $90 million, and we may be eligible to receive future additional payments based on the achievement of defined development, regulatory and commercialization milestones and could receive tiered, double-digit royalty payments on future global sales with rates ranging up to 20% if the product is successfully commercialized.

We retained options to co-develop our JAK1/JAK2 inhibitors with Lilly on a compound-by-compound and indication-by-indication basis. Lilly will be responsible for all costs relating to the development and commercialization of the compounds unless we elect to co-develop any compounds or indications. If we elect to co-develop any compounds and/or indications, we would be responsible for funding 30% of the associated future global development costs from the initiation of a Phase IIb trial. We would receive an incremental royalty rate increase across all tiers resulting in effective royalty rates ranging up to the high twenties on potential future global sales for compounds and/or indications that we elect to co-develop. We also retained an option to co-promote products in the United States. The Lilly agreement will continue until Lilly no longer has any royalty payment obligations or, if earlier, the termination of the agreement in accordance with its terms. The agreement may be terminated by Lilly for convenience, and may also be terminated under certain other circumstances, including material breach.

Pfizer

In January 2006, we entered into a Collaborative Research and License Agreement with Pfizer Inc. for the pursuit of our CCR2 antagonist program. Pfizer gained worldwide development and commercialization rights to our portfolio of CCR2 antagonist compounds. Pfizer's rights extend to the full scope of potential indications, with the exception of multiple sclerosis and autoimmune nephritides, where we retained worldwide rights, along with certain compounds. We do not have obligations to Pfizer on pre-clinical development candidates we select for pursuit in these indications. The agreement will terminate upon the expiration of the last to expire of patent rights licensed under the agreement. Prior to such expiration, either party can terminate the agreement for the uncured material breach of the agreement by the other party or for the insolvency of the other party. In addition, Pfizer may terminate the agreement at any time upon 90 days' notice. We received an upfront nonrefundable, non-creditable payment of $40 million in January 2006 and are eligible to receive additional future development and milestone payments.

Incyte's Approach to Drug Discovery and Development

Our productivity in drug discovery and development is primarily a result of our core competency in medicinal chemistry which is tightly integrated with and supported by an experienced team of biologists with expertise in multiple therapeutic areas. As a number of our compounds have progressed into clinical development, we have also built a clinical development and regulatory team. This team utilizes clinical research organizations (CROs), expert scientific advisory boards, and leading consultants and suppliers in

relevant drug development areas in an effort to conduct our clinical trials efficiently and effectively, while maintaining strategic control of the design and management of our programs.

To succeed in our objective to create a pipeline of novel, orally available drugs that address serious unmet medical needs, we have established a broad range of discovery capabilities in-house, including target validation, high-throughput screening, medicinal chemistry, computational chemistry, and pharmacological and ADME (absorption, distribution, metabolism and excretion) assessment. We augment these capabilities through collaborations with academic and contract laboratory resources with relevant expertise.

We select drug targets with strong preclinical or clinical validation in areas where we have the potential to generate either first-in-class molecules or compounds that are highly differentiated from existing treatments.

Our chemistry and biology efforts are highly integrated and are characterized by the rapid generation of relevant data on a broad and diverse range of compounds for each therapeutic target we pursue. This process allows our scientists to better understand the potency and selectivity of the compounds, how they are likely to be absorbed and eliminated in the body, and to assess the potential safety profile of the compounds. We believe that this approach, along with stringent criteria for the selection of clinical candidates, allows us to select appropriate candidates for clinical development and assess key characteristics required for success.

Given our chemistry-driven discovery process, our pipeline has grown to encompass multiple therapeutic areas, primarily in the areas of oncology and inflammation. We conduct a limited number of discovery programs in parallel at any one time. This focus allows us to allocate resources to our selected programs at a level that we believe is competitive with much larger pharmaceutical companies. We believe this level of resource allocation, applied to the discovery process outlined above, has been a critical competitive advantage in advancing our product pipeline.

Additionally, in all of our programs we strive to generate a broad range of proprietary compounds which we believe enhances the overall probability of success for our programs and creates the potential for multiple products.

Once our compounds reach clinical development, our objective, whenever possible, is to rapidly progress the lead candidate into a proof-of-concept Phase II clinical trial to quickly assess the therapeutic potential of the clinical candidate itself and its underlying mechanism. This information is then used to evaluate the commercial potential of the compound, the most appropriate indication or indications to pursue, and whether to pursue any development on our own or seek a strategic relationship for the compound.

Incyte's Development Teams

Our development teams are responsible for ensuring that our clinical candidates are expeditiously progressed from preclinical development and IND-enabling studies into human testing. To keep pace with the growth in our clinical pipeline, we have added new members to the development teams by internal transfers and by recruiting new employees with expertise in drug development including clinical trial design, statistics, regulatory affairs, and project management. We have also built core internal process chemistry and formulation teams using this same strategy. Rather than build extensive infrastructure, we work with external CROs with expertise in managing clinical trials, process chemistry, product formulation, and the manufacture of clinical trial supplies to support our drug development efforts.

Commercial Strategy

Our strategy is to develop and commercialize our compounds on our own in selected markets when we believe a company of our size can successfully compete, such as in myelofibrosis, other myeloproliferative

neoplasms, other oncology indications and certain inflammatory conditions. Our oral JAK inhibitor, INCB18424, entered Phase III testing in the second half of 2009 for myelofibrosis and, if these results are positive, we intend to file a New Drug Application with the FDA to secure regulatory approval of the compound in the United States. We are starting to build the marketing, medical and operational infrastructure to support commercialization of INCB18424 in myelofibrosis in the United States. In 2009, the marketing team focused the majority of its efforts on conducting quantitative and qualitative market research among physicians and patients, initiating brand development work, and progressing development of the generic and trade names.

For rights outside the United States to INCB18424 as well as for pipeline compounds that are outside of our core expertise or would require expensive clinical studies, we have established or are seeking to establish collaborations or strategic relationships to support development and commercialization. We established a collaboration with Novartis in 2009 for rights in certain indications outside of the United States to our JAK oncology program with INCB18424 and specified backups, as well as worldwide rights to our c-MET inhibitor compound INCB28060. We also established a collaboration with Lilly in 2009 for our JAK inflammation and autoimmune program with INCB28050 and specified back-ups, and with Pfizer in 2005 to advance our CCR2 antagonist program. We believe the key benefits to entering into strategic relationships include the potential to receive upfront payments and future milestones and royalties in exchange for certain rights to our compounds, as well as the potential to expedite the development and commercialization of certain of our compounds.

Patents and Other Intellectual Property

We regard the protection of patents and other enforceable intellectual property rights that we own or license as critical to our business and competitive position. Accordingly, we rely on patent, trade secret and copyright law, as well as nondisclosure and other contractual arrangements, to protect our intellectual property. We have established a patent portfolio of owned or in-licensed patents and patent applications that cover aspects of all our drug candidates, as well as other patents and patent applications that relate to full-length genes and genomics-related technologies obtained as a result of our past high-throughput gene sequencing efforts. The patents and patent applications relating to our drug candidates generally include claims directed to the drug candidates, methods of using the drug candidates, formulations of the drug candidates, and methods of manufacturing the drug candidates. Our policy is to pursue patent applications on inventions and discoveries we believe that are commercially important to the development and growth of our business.

Patents extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends on the type of patent, the scope of its coverage and the availability of legal remedies in the country.

We have a number of established patent license agreements relating to our gene patent portfolio and our genomics-related technology patent portfolio. We are presently receiving royalties and other payments under certain of our gene and genomics-related patent license agreements. Under our gene patent license agreements, we may in the future receive royalties and other payments if our licensees are successful in their efforts to discover drugs and diagnostics under these license agreements.

We may seek to license rights relating to technologies in connection with our drug discovery and development programs. Under these licenses, we may be required to pay up-front fees, license fees, milestone payments and royalties on sales of future products.

Although we believe our rights under patents and patent applications provide a competitive advantage, the patent positions of pharmaceutical and biotechnology companies are highly uncertain and involve complex legal and factual questions. We may not be able to develop patentable products or processes, and may not be able to obtain patents in the United States or elsewhere from pending

applications. Even if patent claims are allowed, the claims may not issue, or in the event of issuance, may not be valid or enforceable or may not be sufficient to protect the technology owned by or licensed to us or provide us with a competitive advantage. Any patent or other intellectual property rights that we own or obtain may be circumvented, challenged or invalidated by our competitors. Others may have patents that relate to our business or technology and that may prevent us from marketing our product candidates unless we are able to obtain a license to those patents. In addition, litigation or other proceedings may be necessary to defend against claims of infringement, to enforce patents, to protect our other intellectual property rights, to determine the scope and validity of the proprietary rights of third parties or to defend ourselves in patent or other intellectual property right suits brought by third parties. We could incur substantial costs in such litigation or other proceedings. An adverse outcome in any such litigation or proceeding could subject us to significant liability.

With respect to proprietary information that is not patentable, and for inventions for which patents are difficult to enforce, we rely on trade secret protection and confidentiality agreements to protect our interests. While we require all employees, consultants and potential business partners to enter into confidentiality agreements, we may not be able to adequately protect our trade secrets or other proprietary information. Others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets.

Competition

Our drug discovery and development activities face, and will continue to face, intense competition from organizations such as pharmaceutical and biotechnology companies, as well as academic and research institutions and government agencies. Our major competitors include fully integrated pharmaceutical companies that have extensive drug discovery efforts and are developing novel small molecule pharmaceuticals. We face significant competition from organizations that are pursuing pharmaceuticals that are competitive with our potential products.

Many companies and institutions, either alone or together with their collaborative partners, have substantially greater financial resources and larger research and development staffs than we do. In addition, many competitors, either alone or together with their collaborative partners, have significantly greater experience than we do in:

- drug discovery;
- developing products;
- undertaking preclinical testing and clinical trials;
- obtaining FDA and other regulatory approvals of products; and
- manufacturing, marketing, distributing and selling products.

Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA and other regulatory approval or commercializing products before we do. If we commence commercial product sales, we will be competing against companies with greater manufacturing, marketing, distributing and selling capabilities, areas in which we have limited or no experience.

In addition, any drug candidate that we successfully develop may compete with existing therapies that have long histories of safe and effective use. Competition may also arise from:

- other drug development technologies and methods of preventing or reducing the incidence of disease;
- new small molecules; or
- other classes of therapeutic agents.

Developments by others may render our drug candidates obsolete or noncompetitive. We face and will continue to face intense competition from other companies for collaborative arrangements with pharmaceutical and biotechnology companies, for establishing relationships with academic and research institutions and for licenses to proprietary technology. These competitors, either alone or with their collaborative partners, may succeed in developing products that are more effective than ours.

Our ability to compete successfully will depend, in part, on our ability to:

- develop proprietary products;
- develop and maintain products that reach the market first, are technologically superior to and/or are of lower cost than other products in the market;
- attract and retain scientific and product development personnel;
- obtain patent or other proprietary protection for our products and technologies;
- obtain required regulatory approvals; and
- manufacture, market, distribute and sell any products that we develop.

In a number of countries, including in particular, developing countries, government officials and other groups have suggested that pharmaceutical companies should make drugs available at a low cost. In some cases, governmental authorities have indicated that where pharmaceutical companies do not do so, their patents might not be enforceable to prevent generic competition. Some major pharmaceutical companies have greatly reduced prices for their drugs in certain developing countries. If certain countries do not permit enforcement of any of our patents, sales of our products in those countries, and in other countries by importation from low-price countries, could be reduced by generic competition or by parallel importation of our product. Alternatively, governments in those countries could require that we grant compulsory licenses to allow competitors to manufacture and sell their own versions of our products in those countries, thereby reducing our product sales, or we could respond to governmental concerns by reducing prices for our products. In all of these situations, our results of operations could be adversely affected.

Government Regulation

Our related ongoing research and development activities and any manufacturing and marketing of our potential small molecule products to treat medical conditions are subject to extensive regulation by numerous governmental authorities in the United States and other countries. Before marketing in the United States, any drug developed by us must undergo rigorous preclinical testing and clinical trials and an extensive regulatory clearance process implemented by the FDA under the United States Food, Drug and Cosmetic Act. The FDA regulates, among other things, the development, testing, manufacture, safety, efficacy, record-keeping, labeling, storage, approval, advertising, promotion, sale and distribution of these products. None of our drug candidates has, to date, been submitted for approval for sale in the United States or any foreign market. The regulatory review and approval process, which includes preclinical testing and clinical trials of each drug candidate, is lengthy, expensive and uncertain. Securing FDA approval requires the submission of extensive preclinical and clinical data and supporting information to the FDA for each indication to establish a drug candidate's safety and efficacy. The approval process takes many years, requires the expenditure of substantial resources, involves post-marketing surveillance and may involve ongoing requirements for post-marketing studies. Before commencing clinical investigations of a drug candidate in humans, we must submit an IND, which must by reviewed by FDA.

The steps required before a drug may be marketed in the United States include:

- preclinical laboratory tests, animal studies and formulation studies;

- submission to the FDA of an IND for human clinical testing, which must become effective before human clinical trials may commence;
- adequate and well-controlled clinical trials in three phases, as described below, to establish the safety and efficacy of the drug for each indication;
- submission of a new drug application (NDA) to the FDA for review;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with current good manufacturing practices; and
- FDA approval of the NDA.

Similar requirements exist within many foreign agencies as well. The time required to satisfy FDA requirements or similar requirements of foreign regulatory agencies may vary substantially based on the type, complexity and novelty of the product or the targeted disease.

Preclinical testing includes laboratory evaluation of product pharmacology, drug metabolism, and toxicity which includes animal studies, as well as product chemistry and formulation development. The results of the preclinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time, the FDA raises concerns or questions about issues such as the conduct of the clinical trials as outlined in the IND. In the latter case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. We cannot be sure that submission of an IND will result in the FDA allowing clinical trials to commence.

Clinical trials involve the administration of the investigational drug or the marketed drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol must be submitted to the FDA as part of the IND and each trial must be reviewed and approved by an independent ethics committee or institutional review board (IRB) before it can begin.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Phase I usually involves the initial introduction of the investigational drug into healthy volunteers to evaluate its safety, dosage tolerance, absorption, metabolism, distribution and excretion, and, if possible, to gain an early indication of its effectiveness.

Phase II usually involves clinical trials in a limited patient population to evaluate dosage tolerance and optimal dosage, identify possible adverse effects and safety risks, and evaluate and gain preliminary evidence of the efficacy of the drug for specific indications.

Phase III clinical trials usually further evaluate clinical efficacy and safety by testing the drug in its final form in an expanded patient population, providing statistical evidence of efficacy and safety, and providing an adequate basis for physician labeling. We cannot guarantee that Phase I, Phase II or Phase III testing will be completed successfully within any specified period of time, if at all. Furthermore, we or the FDA may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk.

As a separate amendment to an IND, a clinical trial sponsor may submit a request for a special protocol assessment (SPA) from the FDA. Under the SPA procedure, a sponsor may seek the FDA's agreement on the design and size of a clinical trial intended to form the primary basis of an effectiveness claim. If the FDA agrees in writing, its agreement may not be changed after the trial begins, except in limited circumstances, such as when a substantial scientific issue essential to determining the safety and effectiveness of a product candidate is identified after a Phase III clinical trial is commenced and agreement is obtained with the FDA. If the outcome of the trial is successful, the sponsor will ordinarily be

able to rely on it as the primary basis for approval with respect to effectiveness. The FDA, however, may make an approval decision based on a number of factors, including the degree of clinical benefit, and the FDA is not obligated to approve an NDA as a result of an SPA, even if the clinical outcome is positive.

Even after initial FDA approval has been obtained, further studies, including post-approval trials, may be required to provide additional data and will be required to gain approval for the sale of a product as a treatment for clinical indications other than those for which the product was initially tested and approved. Also, the FDA will require post-approval reporting to monitor the side effects of the drug. Results of post-approval programs may limit or expand the indications for which the drug product may be marketed. Further, if there are any requests for modifications to the initial FDA approval for the drug, including changes in indication, manufacturing process, labeling or manufacturing facilities, a supplemental NDA may be required to be submitted to the FDA.

Clinical trials must meet requirements for IRB/ethics committee oversight, informed consent and good clinical practices. In the United States, clinical trials must be conducted under FDA oversight. Before receiving FDA approval to market a product, we must demonstrate that the product is safe and effective for the patient population that will be treated. If regulatory approval of a product is granted, this approval will be limited to those disease states and conditions for which the product is safe and effective, as demonstrated through clinical trials. Marketing or promoting a drug for an unapproved indication is prohibited. Furthermore, approval may entail ongoing requirements for post-marketing studies. Even if this regulatory approval is obtained, a marketed product, its manufacturer and its manufacturing facilities are subject to continual review and periodic inspections by the FDA. Discovery of previously unknown problems with a product, manufacturer or facility may result in restrictions on this product, manufacturer or facility, including costly recalls or withdrawal of the product from the market.

The length of time and related costs necessary to complete clinical trials varies significantly and may be difficult to predict. Clinical results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. Additional factors that can cause delay or termination of our clinical trials, or cause the costs of these clinical trials to increase, include:

- slow patient enrollment due to the nature of the protocol, the proximity of patients to clinical sites, the eligibility criteria for the study, competition with clinical trials for other drug candidates or other factors;
- inadequately trained or insufficient personnel at the study site to assist in overseeing and monitoring clinical trials;
- delays in approvals from a study site's IRB;
- longer than anticipated treatment time required to demonstrate effectiveness or determine the appropriate product dose;
- lack of sufficient supplies of the drug candidate for use in clinical trials;
- adverse medical events or side effects in treated patients; and
- lack of effectiveness of the drug candidate being tested.

Any drug is likely to produce some toxicities or undesirable side effects in animals and in humans when administered at sufficiently high doses and/or for sufficiently long periods of time. Unacceptable toxicities or side effects may occur at any dose level, and at any time in the course of animal studies designed to identify unacceptable effects of a drug candidate, known as toxicological studies, or in clinical trials of our potential products. The appearance of any unacceptable toxicity or side effect could cause us or regulatory authorities to interrupt, limit, delay or abort the development of any of our drug candidates, and could ultimately prevent their marketing approval by the FDA or foreign regulatory authorities for any or all targeted indications.

The FDA's fast track program is intended to facilitate the development and expedite the review of drug candidates intended for the treatment of serious or life-threatening diseases and that demonstrate the potential to address unmet medical needs for these conditions. Under this program, the FDA can, for example, review portions of an NDA for a fast track product before the entire application is complete, thus potentially beginning the review process at an earlier time.

We cannot guarantee that the FDA will grant any of our requests for fast track designation, that any fast track designation would affect the time of review or that the FDA will approve the NDA submitted for any of our drug candidates, whether or not fast track designation is granted. Additionally, FDA approval of a fast track product can include restrictions on the product's use or distribution (such as permitting use only for specified medical conditions or limiting distribution to physicians or facilities with special training or experience). Approval of fast track products can be conditioned on additional clinical trials after approval.

FDA procedures also provide for priority review of NDAs submitted for drugs that, compared to currently marketed products, offer a significant improvement in the treatment, diagnosis or prevention of a disease. The FDA seeks to review NDAs that are granted priority status more quickly than NDAs given standard review status. The FDA's stated policy is to act on 90% of priority NDAs within six months of receipt. Although the FDA historically has not met these goals, the agency has made significant improvements in the timeliness of the review process.

We and any of our contract manufacturers are also required to comply with applicable FDA current good manufacturing practice regulations. Good manufacturing practices include requirements relating to quality control and quality assurance as well as to corresponding maintenance of records and documentation. Manufacturing facilities are subject to inspection by the applicable regulatory authorities. These facilities, whether our own or our contract manufacturers, must be approved before we can use them in commercial manufacturing of our related products. We or our contract manufacturers may not be able to comply with applicable good manufacturing practices and FDA or other regulatory requirements. If we or our contract manufacturers fail to comply, we or our contract manufacturers may be subject to legal or regulatory action, such as suspension of manufacturing, seizure of product, or voluntary recall of product. Furthermore, continued compliance with applicable good manufacturing practices will require continual expenditure of time, money and effort on the part of us or our contract manufacturers in the areas of production and quality control and record keeping and reporting, in order to ensure full compliance.

Outside the United States, our ability to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. The requirements governing the conduct of clinical trials, marketing authorization, pricing and reimbursement vary widely from country to country. At present, foreign marketing authorizations are applied for at a national level, although within the European Union, or EU, centralized registration procedures are available to companies wishing to market a product in more than one EU member state. If the regulatory authority is satisfied that adequate evidence of safety, quality and efficacy has been presented, a marketing authorization may be granted. This foreign regulatory approval process involves all of the risks associated with FDA approval discussed above and may also include additional risks.

The Orphan Drug Act provides incentives to manufacturers to develop and market drugs for rare diseases and conditions affecting fewer than 200,000 persons in the United States at the time of application for orphan drug designation. The first developer to receive FDA marketing approval for an orphan drug is entitled to a seven year exclusive marketing period in the United States for that product. However, a drug that the FDA considers to be clinically superior to, or different from, another approved orphan drug, even though for the same indication, may also obtain approval in the United States during the seven year exclusive marketing period. We believe that the commercial success of any orphan drug product that we may commercialize depends more significantly on the associated safety and efficacy profile and on the price relative to competitive or alternative treatments and other marketing characteristics of the product

than on the exclusivity afforded by the Orphan Drug Act. Additionally, these products may be protected by patents and other means.

Legislation similar to the Orphan Drug Act has been enacted in other countries outside of the United States, including the EU. The orphan legislation in the EU is available for therapies addressing conditions that affect five or fewer out of 10,000 persons. The market exclusivity period is for ten years, although that period can be reduced to six years if, at the end of the fifth year, available evidence establishes that the product does not justify maintenance of market exclusivity.

Transition into Small-Molecule Drug Discovery and Development

In February 2004, we made the decision to discontinue further development of our information products line, close our Palo Alto headquarters and focus solely on the discovery and development of novel drugs. We no longer have any activities in the information products area. However, we retain certain existing licenses and licensing activities related to the intellectual property portfolio generated prior to the transition.

Research and Development

Since our inception, we have made substantial investments in research and technology development. During 2009, 2008 and 2007, we incurred research and development expenses of $119.4 million, $146.4 million and $104.9 million, respectively.

Human Resources

As of December 31, 2009, we had 221 employees, including 177 in research and development and 44 in operations support, finance and administrative positions. Of these employees, 84 employees have advanced technical degrees including 9 MDs and 72 Ph.Ds. None of our employees are covered by collective bargaining agreements, and management considers relations with our employees to be good.

Available Information

We were incorporated in Delaware in 1991 and our website is located at *www.incyte.com*. We make available free of charge on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Item 1A. ***Risk Factors***

RISKS RELATING TO OUR BUSINESS

We are building our drug discovery, development and commercialization operations and we may be unsuccessful in our efforts.

We are building our drug discovery, development and commercialization operations. Our ability to discover, develop and commercialize pharmaceutical products will depend on our ability to:

- hire and retain key scientific employees;
- identify high quality therapeutic targets;
- identify potential drug candidates;
- develop products internally or license drug candidates from others;
- identify and enroll suitable human subjects, either in the United States or abroad, for our clinical trials;
- complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to our products;
- obtain and maintain necessary regulatory approvals for our products, both in the United States and abroad;
- enter into arrangements with third parties to provide services or to manufacture our products on our behalf;
- deploy sales and marketing resources effectively or enter into arrangements with third parties to provide these functions;
- obtain appropriate coverage and reimbursement levels for the cost of our products from governmental authorities, private health insurers and other third party payors
- lease facilities at reasonable rates to support our growth; and
- enter into arrangements with third parties to license and commercialize our products.

We have limited experience with the activities listed above and may not be successful in discovering, developing, or commercializing drug products.

Our efforts to discover and develop potential drug candidates may not lead to the discovery, development, commercialization or marketing of drug products.

None of our drug candidates has, to date, been submitted for approval for sale in the United States or any foreign market. Discovery and development of potential drug candidates are expensive and time-consuming, and we do not know if our efforts will lead to discovery of any drug candidates that can be successfully developed and marketed. If our efforts do not lead to the discovery of a suitable drug candidate, we may be unable to grow our clinical pipeline or we may be unable to enter into agreements with collaborators who are willing to develop our drug candidates. Of the compounds that we identify as potential drug products or that we in-license from other companies, only a few, if any, are likely to lead to successful drug development programs. For example, in 2006, we discontinued the development of DFC, which was at the time our most advanced drug candidate and was in Phase IIb clinical trials. Prior to discontinuation of the DFC program, we expended a significant amount of effort and money on that program. We have also licensed to other parties certain rights to our JAK and c-MET inhibitor compounds and our portfolio of CCR2 antagonist compounds. We have no or limited control over the further clinical development of these compounds.

The success of our drug discovery and development efforts may depend on our ability to find suitable collaborators to fully exploit our capabilities. If we are unable to establish collaborations or if these future collaborations are unsuccessful in the development and commercialization of our compounds, our research, development and commercialization efforts may be unsuccessful, which could adversely affect our results of operations and financial condition.

An important element of our business strategy is to enter into collaborative or license arrangements with other parties, such as our collaborations with Novartis and Lilly for our JAK inhibitors, under which we license our drug candidates to those parties for development and commercialization. We are evaluating strategic relationships with respect to several of our other programs and may enter into an agreement with respect to one or more of these programs in the future. However, these arrangements and negotiations are complex and time consuming and there can be no assurance that we will reach agreement with a collaborator or licensee with respect to any of these programs.

Because collaboration and license arrangements are complex to negotiate, we may not be successful in our attempts to establish these arrangements. Also, we may not have drug compounds that are desirable to other parties, or we may be unwilling to license a drug compound because the party interested in it is a competitor. The terms of any such arrangements that we establish may not be favorable to us. Alternatively, potential collaborators may decide against entering into an agreement with us because of our financial, regulatory or intellectual property position or for scientific, commercial or other reasons. If we are not able to establish collaborative or license arrangements, we may not be able to develop and commercialize a drug product, which would adversely affect our business and our revenues.

In order for any of these collaboration or license arrangements to be successful, we must first identify potential collaborators or licensees whose capabilities complement and integrate well with ours. We may rely on these arrangements for not only financial resources, but also for expertise or economies of scale that we expect to need in the future relating to clinical trials, manufacturing, sales and marketing, and for licenses to technology rights. However, it is likely that we will not be able to control the amount and timing of resources that our collaborators or licensees devote to our programs or potential products. If our collaborators or licensees prove difficult to work with, are less skilled than we originally expected, do not devote adequate resources to the program, or do not agree with our approach to development or manufacturing of the potential product, the relationship will not be successful. If a business combination involving a collaborator or licensees and a third party were to occur, the effect could be to diminish, terminate or cause delays in development of a potential product.

We depend on our collaboration and license arrangements for the development and commercialization of our licensed compounds and product candidates. Conflicts may arise between our collaborators and licensees and us, which may adversely affect our business.

We have entered into collaboration and license arrangements to support development and commercialization of certain of our product candidates. We have entered into a collaboration with Novartis for rights in certain indications outside of the United States to our JAK oncology program with INCB18424 and specified backups, as well as worldwide rights to our c-MET inhibitor compound INCB28060. We have entered into a collaboration with Lilly for worldwide rights to our JAK inflammation and autoimmune program with INCB28050 and specified back-ups, and with Pfizer for worldwide rights to our portfolio of CCR2 antagonist compounds.

Although our collaborators and licensees are primarily responsible for the development and commercialization of the compounds and product candidates we have licensed to them, we cannot control the amount and timing of resources they may devote to the development of these compounds. If our collaborators and licensees do not devote adequate resources to the program, or choose not to pursue the development of our compounds and product candidates, our business could be adversely affected.

Conflicts may arise with our collaborators and licensees if they pursue alternative technologies or develop alternative products either on their own or in collaboration with others as a means for developing treatments for the diseases that we have targeted. Competing products and product opportunities may lead our collaborators and licensees to withdraw their support for our product candidates. Any failure of our collaborators and licensees to perform their obligations under our agreements with them could negatively impact the development of our compounds and product candidates, lead to our loss of potential revenues from product sales and milestones and delay our achievement, if any, of profitability. Additionally, conflicts may arise if there is a dispute about the achievement and payment of a milestone amount or the ownership of intellectual property that is developed during the course of a collaborative relationship.

Our existing collaborative and license agreements can be terminated by our collaborators and licensees for convenience, among other circumstances. If any of our collaborators or licensees terminates its agreement with us, or terminates its rights with respect to certain indications or compounds, we may not be able to find a new collaborator for them, and our business could be adversely affected. Should an agreement be terminated before we have realized the benefits of the collaboration or license, our reputation could be harmed, we may not obtain revenues that we anticipated receiving, and our business could be adversely affected.

Although we obtained a special protocol assessment for our JAK inhibitor for myelofibrosis, a special protocol assessment does not guarantee any particular outcome from regulatory review, including any regulatory approval.

We have obtained a special protocol assessment, or SPA, for the registration trial for our JAK inhibitor for the treatment of myelofibrosis in the United States. The SPA process allows for Food and Drug Administration, or FDA, evaluation of a clinical trial protocol intended to form the primary basis of an efficacy claim in support of a new drug application, or NDA, and provides a product sponsor with an agreement confirming that the design and size of the trial will be appropriate to form the primary basis of an efficacy claim for an NDA if the trial is performed according to the SPA. An SPA is not a guarantee of approval, and we cannot be certain that the design of, or data collected from, the trial will be adequate to demonstrate safety and efficacy, or otherwise be sufficient to support regulatory approval. There can be no assurance that the terms of an SPA will ultimately be binding on the FDA, and the FDA is not obligated to approve an NDA, if any, even if the clinical outcome is positive. The FDA retains significant latitude and discretion in interpreting the terms of an SPA and the data and results from a clinical trial, and can require trial design changes if issues arise essential to determining safety or efficacy. In addition, data may subsequently become available that causes the FDA to reconsider the previously agreed upon scope of review and the FDA may have subsequent safety or efficacy concerns that override an SPA, and we can give no assurance that as clinical trials proceed or as part of an NDA review process, if any, the FDA will determine that a previously approved SPA is still valid.

Additionally, an SPA may be changed only with written agreement of the FDA, and any further changes we may propose to the protocol will remain subject to the FDA's approval. The FDA may not agree to any such amendment and, even if they agree, they may request other amendments to the trial design that could require additional cost and time, as well as increase the degree of difficulty in reaching clinical endpoints. As a result, even with an SPA, we cannot be certain that the trial results will be found to be adequate to support an efficacy claim and product approval.

We depend heavily on the success of our most advanced product candidates. We might not be able to commercialize any of our drug candidates successfully, and we may spend significant time and money attempting to do so.

We have invested significant resources in the development of our most advanced product candidates. We have one drug candidate, INCB18424, in Phase III clinical trials. We have a number of drug candidates in Phase I and Phase II clinical trials. Our ability to generate product revenues will depend on the

successful development and eventual commercialization of our most advanced product candidates. We, or our collaborators or licensees, may decide to discontinue development of any or all of our drug candidates at any time for commercial, scientific or other reasons. We discontinued development of DFC in April 2006 for safety reasons. In March 2008, we announced that we would not advance our lead CCR5 antagonist into Phase IIb trials and that we were seeking to out-license this program. If a product is developed, but is not marketed, we may have spent significant amounts of time and money on it, which would adversely affect our operating results and financial condition. Even if a drug candidate that we develop receives regulatory approval, we may decide not to commercialize it if we determine that commercialization of that product would require more money and time than we are willing to invest. For example, drugs that receive approval are subject to post-regulatory surveillance and may have to be withdrawn from the market if previously unknown side effects occur. At this point, the regulatory agencies may require additional clinical trials or testing. Once a drug is marketed, if it causes side effects, the drug product may be recalled or may be subject to reformulation, additional studies, changes in labeling, warnings to the public and negative publicity. As a result, we may not continue to commercialize a product even though it has obtained regulatory approval. Further, we may decide not to continue to commercialize a product if the market does not accept the product because it is too expensive or because third parties such as insurance companies or Medicare have not approved it for substantial reimbursement. In addition, we may decide not to continue to commercialize a product if another product comes on the market that is as effective but has fewer side effects. There is also a risk that competitors may develop similar or superior products or have proprietary rights that preclude us from ultimately marketing our products.

If we do not develop effective sales and marketing capabilities or establish third-party relationships for the commercialization of our drug candidates, we will not be able to successfully commercialize any drug candidates that obtain regulatory approval, and we may incur significant additional costs or difficulties in doing so.

We do not have experience selling or marketing drug products or with respect to pricing and obtaining adequate third-party reimbursement for drugs. We will need to either develop sales and marketing capabilities or enter into arrangements with third parties to sell and market our drug candidates, if they are approved for sale by regulatory authorities. Under our collaboration and license agreement with Novartis, we have retained commercialization rights to INCB18424 in the United States. In anticipation of the regulatory approval of INCB18424 for myelofibrosis, we have started to build the sales and marketing and operational infrastructure to support commercialization. This will require substantial efforts and significant management and financial resources. We will need such an infrastructure to market any of our drug candidates for which we have retained commercialization rights, if they receive regulatory approval. We will need to devote significant effort and investment, in particular, to recruiting individuals with experience in the sales and marketing of pharmaceutical products. Competition for personnel with these skills is very high, and we will be competing with companies that are currently marketing successful drugs. We may not be able to successfully develop our own sales and marketing capabilities for INCB18424 in the United States in order to support an effective launch of INCB18424 if it is approved for sale. If we do not obtain regulatory approval for INCB18424 for myelofibrosis, we will have incurred significant expenses to build this commercialization infrastructure.

We have granted commercialization rights to other pharmaceutical companies with respect to certain of our drug candidates in specific geographic locations, and intend to seek other collaborative or licensing arrangements with respect to other of our drug candidates. To the extent that our collaborators have commercial rights to our drug candidates, any revenues we receive from any approved drugs will depend primarily on the sales and marketing efforts of others. We do not know whether we will be able to enter into additional third-party sales and marketing arrangements with respect to any of our other drug candidates on acceptable terms, if at all, or whether we will be able to leverage the sales and marketing capabilities we intend to build for INCB18424 for myelofibrosis in order to market and sell any other drug candidate if it is approved for sale.

If we fail to enter into additional licensing agreements or if these arrangements are unsuccessful, our business and operations might be adversely affected.

In addition to establishing collaborative or license arrangements under which other parties license our drug candidates for development and commercialization, we may explore opportunities to develop our clinical pipeline by in-licensing drug compounds that fit within our expertise and research and development capabilities. We may be unable to enter into any additional in-licensing agreements because suitable product candidates that are within our expertise may not be available to us on terms that are acceptable to us or because competitors with greater resources seek to in-license the same product candidates. Product candidates that we would like to develop may not be available to us because they are controlled by competitors who are unwilling to license the rights to the drug compound or candidate to us. In addition, we may enter into license agreements that are unsuccessful and our business and operations might be adversely affected by the termination of a drug candidate and termination and winding down of the related license agreement. We may also need to license drug delivery or other technology in order to continue to develop our drug candidate pipeline. If we are unable to enter into additional agreements to license drug candidates, drug delivery technology or other technology or if these arrangements are unsuccessful, our research and development efforts could be adversely affected.

Any drug products that we bring to the market, even if they receive marketing approval, may not gain market acceptance by physicians, patients, healthcare payors and others in the medical community.

Even if we are successful in gaining regulatory approval of our products, we may not generate significant product revenues and we may not become profitable if these drug products do not achieve an adequate level of acceptance. Physicians will not recommend our drug products until clinical data or other factors demonstrate the safety and efficacy of our drug products as compared to other alternative treatments. Even if the clinical safety and efficacy of our drug products is established, physicians may elect not to prescribe these drug products for a variety of reasons including the reimbursement policies of government and other third-party payors and the effectiveness of our competitors in marketing their products.

Market acceptance of our drug products, if approved for commercial sale, will depend on a number of factors, including:

- the willingness and ability of patients and the healthcare community to use our products;
- the ability to manufacture our drug products in sufficient quantities with acceptable quality and to offer our drug products for sale at competitive prices;
- the perception of patients and the healthcare community, including third-party payors, regarding the safety, efficacy and benefits of our drug products compared to those of competing products or therapies;
- the label and promotional claims allowed by the FDA;
- the pricing and reimbursement of our drug products relative to existing treatments; and
- marketing and distribution support for our drug products.

We have limited expertise with and capacity to conduct preclinical testing and clinical trials, and our resulting dependence on other parties could result in delays in and additional costs for our drug development efforts.

We have limited experience with clinical trials, formulation, manufacturing and commercialization of drug products. We also have limited internal resources and capacity to perform preclinical testing and clinical trials. As part of our development strategy, we intend to hire clinical research organizations, or CROs, to perform preclinical testing and clinical trials for drug candidates. If the CROs that we hire to

perform our preclinical testing and clinical trials or our collaborators or licensees do not meet deadlines, do not follow proper procedures, or a conflict arises between us and our CROs, our preclinical testing and clinical trials may take longer than expected, may be delayed or may be terminated. If we were forced to find a replacement entity to perform any of our preclinical testing or clinical trials, we may not be able to find a suitable entity on favorable terms, or at all. Even if we were able to find another company to perform a preclinical test or clinical trial, the delay in the test or trial may result in significant additional expenditures. Events such as these may result in delays in our obtaining regulatory approval for our drug candidates or our ability to commercialize our products and could result in increased expenditures that would adversely affect our operating results.

In addition, for some of our drug candidates, we have contracted with collaborators to advance those candidates through later-stage, more expensive clinical trials, rather than invest our own resources to perform these clinical trials. Under the terms of our agreements with these collaborators, we have no or limited control over the conduct of these clinical trials, and in any event we are subject to the risks associated with depending on collaborators to develop these drug candidates.

If we are unable to obtain regulatory approval to develop and market products in the United States and foreign jurisdictions, we will not be permitted to manufacture or commercialize products resulting from our research.

In order to manufacture and commercialize drug products in the United States, our drug candidates will have to obtain regulatory approval from the Food and Drug Administration, or the FDA. Satisfaction of regulatory requirements typically takes many years. To obtain regulatory approval, we must first show that our drug products are safe and effective for target indications through preclinical testing (animal testing) and clinical trials (human testing). Preclinical testing and clinical development are long, expensive and uncertain processes, and we do not know whether the FDA will allow us to undertake clinical trials of any potential drug products in addition to our compounds currently in clinical trials.

Completion of clinical trials may take several years and failure may occur at any stage of testing. The length of time required varies substantially according to the type, complexity, novelty and intended use of the product candidate. Interim results of a preclinical test or clinical trial do not necessarily predict final results, and acceptable results in early clinical trials may not be repeated in later clinical trials. For example, a drug candidate that is successful at the preclinical level may cause harmful or dangerous side effects when tested at the clinical level. Our rate of commencement and completion of clinical trials may be delayed by many factors, including:

- the high degree of risk associated with drug development;
- our inability to formulate or manufacture sufficient quantities of materials for use in clinical trials;
- variability in the number and types of patients available for each study;
- difficulty in maintaining contact with patients after treatment, resulting in incomplete data;
- unforeseen safety issues or side effects;
- poor or unanticipated effectiveness of drug candidates during the clinical trials; or
- government or regulatory delays.

Data obtained from clinical trials are susceptible to varying interpretation, which may delay, limit or prevent regulatory approval. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in advanced clinical trials, even after achieving promising results in earlier clinical trials. In addition, regulatory authorities may refuse or delay approval as a result of other factors, such as changes in regulatory policy during the period of product development

and regulatory agency review. For example, the FDA has in the past required and could in the future require that we conduct additional trials of any of our product candidates, which would result in delays.

Due, in part, to the early stage of our drug candidate research and development process, we cannot predict whether regulatory approval will be obtained for any product we develop. None of our drug candidates has, to date, been submitted for approval for sale in the United States of any foreign market. We have licensed to Novartis rights to INCB18424 in certain indications outside of the United States and worldwide rights to c-MET and licensed to Lilly worldwide rights to INCB28050. We have also licensed to Pfizer our portfolio of CCR2 antagonist compounds. We have no or limited control over the further clinical development of any compounds we licensed to these collaborators. Compounds developed by us, alone or with other parties, may not prove to be safe and effective in clinical trials and may not meet all of the applicable regulatory requirements needed to receive marketing approval. If regulatory approval of a product is granted, this approval will be limited to those disease states and conditions for which the product is demonstrated through clinical trials to be safe and effective. Failure to obtain regulatory approval would delay or prevent us from commercializing products.

Outside the United States, our ability to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. This foreign regulatory approval process typically includes all of the risks associated with the FDA approval process described above and may also include additional risks. The requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from country to country and may require us to perform additional testing and expend additional resources. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other countries or by the FDA.

We face significant competition for our drug discovery and development efforts, and if we do not compete effectively, our commercial opportunities will be reduced or eliminated.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. Our drug discovery and development efforts may target diseases and conditions that are already subject to existing therapies or that are being developed by our competitors, many of which have substantially greater resources, larger research and development staffs and facilities, more experience in completing preclinical testing and clinical trials, and formulation, marketing and manufacturing capabilities. As a result of these resources, our competitors may develop drug products that render our products obsolete or noncompetitive by developing more effective drugs or by developing their products more efficiently. Our ability to develop competitive products would be limited if our competitors succeeded in obtaining regulatory approvals for drug candidates more rapidly than we were able to or in obtaining patent protection or other intellectual property rights that limited our drug development efforts. Any drugs resulting from our research and development efforts, or from our joint efforts with collaborators or licensees, might not be able to compete successfully with our competitors' existing and future products, or obtain regulatory approval in the United States or elsewhere.

Our reliance on other parties to manufacture our drug candidates could result in a short supply of the drugs, delays in clinical trials or drug development, increased costs, and withdrawal or denial of a regulatory authority's approval.

We do not currently operate manufacturing facilities for clinical or commercial production of our drug candidates. We currently rely on third parties for the manufacture of both the active pharmaceutical ingredient, or API, and finished drug product of our drug candidates for clinical trials. In addition, we expect to continue to rely on third parties for the manufacture of commercial supplies of API and finished drug product for any drugs that we successfully develop. For most of our drug candidates, including our lead drug candidate INCB18424, we rely on one third party to manufacture the API, another to make finished drug product and a third to package and label the finished product. The FDA requires that the

API and finished product for each of our drug products be manufactured according to its current Good Manufacturing Practices, or cGMP, regulations and regulatory authorities in other countries have similar requirements. There are only a limited number of manufacturers that comply with these requirements. If the third parties that manufacture our drug candidates are not compliant with the applicable regulatory requirements, the FDA or a foreign regulatory authority may require us to halt ongoing clinical trials or not approve our application to market our drug products. Failure to comply with cGMP and the applicable regulatory requirements of other countries in the manufacture of our products could result in the FDA or foreign regulatory authority halting our clinical trials, withdrawing or denying regulatory approval of our drug product, enforcing product recalls or other enforcement actions, which could have a material adverse effect on our business.

We may not be able to obtain sufficient quantities of our drug candidates or any drug products we may develop if our designated manufacturers do not have the capacity or capability to manufacture our products according to our schedule and specifications. In addition, we may not be able to arrange for our drug candidates or any drug products that we may develop to be manufactured by one of these parties on reasonable terms, if at all. Also, raw materials that may be required to manufacture any products we develop may only be available from a limited number of suppliers. Generally, we have only a single source that is qualified to supply the API and finished product of our drug candidates. If any of these single source suppliers were to become unable or unwilling to supply us with API or finished product that complies with applicable regulatory requirements, we could incur significant delays in our clinical trials or interruption of commercial supply which could have a material adverse effect on our business. We are currently seeking to qualify a second source of supply for the API for our lead drug candidate, INCB18424, however, there is no assurance that we will be able to identify and qualify a second source of supply for INCB18424 or any of our other drug candidates or drug products on a timely basis. If we have promised delivery of a new product and are unable to meet the delivery requirement due to manufacturing difficulties, our development programs would be delayed, and we may have to expend additional sums in order to ensure that manufacturing capacity is available when we need it even if we do not use all of the manufacturing capacity. This expense would adversely affect our operating results.

Manufacturers of pharmaceutical products often encounter difficulties in production, especially in scaling up initial production. These problems include difficulties with production costs and yields, quality control and assurance and shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations.

In order to obtain approval of our products, including INCB18424, by the FDA and foreign regulatory agencies, we need to complete testing on both the API and on the finished product in the packaging we propose for commercial sales. This includes testing of stability, identification of impurities and testing of other product specifications by validated test methods. In addition, we will be required to consistently produce the API in commercial quantities and of specified quality on a repeated basis and document our ability to do so. This requirement is referred to as process validation. With respect to INCB18424, although we have manufactured the product at commercial scale, we have started, but not yet completed, this process validation requirement. If the required testing or process validation is delayed or produces unfavorable results, we may not obtain approval to launch the product or product launch may be delayed.

We may not be able to adequately manage and oversee the manufacturers we choose, they may not perform as agreed or they may terminate their agreements with us. Foreign manufacturing approval processes typically include all of the risks associated with the FDA approval process for manufacturing and may also include additional risks.

Health care reform measures could impact the pricing and profitability of pharmaceuticals, and adversely affect the commercial viability of our product candidates. Our ability to generate revenues will be diminished if we are unable to obtain acceptable prices or an adequate level of reimbursement from payors of health care costs.

The continuing efforts of government and insurance companies, health maintenance organizations (HMOs) and other payors of health care costs to contain or reduce costs of health care may affect our future revenues and profitability, and the future revenues and profitability of our potential customers, suppliers, collaborators and licensees and the availability of capital. For example, in certain foreign markets, pricing or profitability of prescription pharmaceuticals is subject to government control. In the United States, given recent federal and state government initiatives directed at lowering the total cost of health care, the U.S. Congress and state legislatures will likely continue to focus on health care reform, the cost of prescription pharmaceuticals and on the reform of the Medicare and Medicaid systems. While we cannot predict whether any such legislative or regulatory proposals will be adopted, the announcement or adoption of reform measures could adversely impact the pricing of health care products and services and the amount of reimbursement available from governmental agencies or other third party payors, which could reduce the price that we or any of our collaborators or licensees receive for any products in the future.

Our ability to commercialize our products successfully will depend in part on the extent to which appropriate reimbursement levels for the cost of our products and related treatment are obtained by governmental authorities, private health insurers and other organizations, such as HMOs. Third-party payors are increasingly challenging the prices charged for medical products and services. Also, the trend toward managed health care in the United States and the concurrent growth of organizations such as HMOs, which could control or significantly influence the purchase of health care services and products, as well as legislative proposals to reform health care or reduce government insurance programs, may all result in lower prices for or rejection of our products. Our products may not be considered cost-effective, and coverage and reimbursement may not be available or sufficient to allow us to sell our products on a profitable basis. The cost containment measures that health care payors and providers are instituting and the effect of any health care reform could materially and adversely affect our business strategy, operations and financial results.

As our drug discovery and development operations are conducted at our headquarters in Wilmington, Delaware, the loss of access to this facility would negatively impact our business.

Our facility in Wilmington, Delaware is our headquarters and is also where we conduct all of our drug discovery operations and research and development activities. Our lease contains provisions that provide for its early termination upon the occurrence of certain events of default or upon a change of control. Further, our headquarters facility is located in a large research and development complex that may be temporarily or permanently shutdown if certain environmental or other hazardous conditions were to occur within the complex. In addition, actions of activists opposed to aspects of pharmaceutical research may disrupt our experiments or our ability to access or use our facilities. The loss of access to or use of our Wilmington, Delaware, facility, either on a temporary or permanent basis, or early termination of our lease would result in an interruption of our business and, consequently, would adversely affect the advancement of our drug discovery and development programs and our overall business.

We depend on key employees in a competitive market for skilled personnel, and the loss of the services of any of our key employees or our inability to attract and retain additional personnel would affect our ability to expand our drug discovery and development programs and achieve our objectives.

We are highly dependent on the principal members of our management, operations and scientific staff. We experience intense competition for qualified personnel. Our future success also depends in part on the continued service of our executive management team, key scientific and management personnel and our ability to recruit, train and retain essential personnel for our drug discovery and development programs, including those who will be responsible for overseeing our preclinical testing and clinical trials, for the establishment of collaborations with other companies and for our marketing, medical, and operational infrastructure to support commercialization marketing efforts. If we lose the services of any of these people or if we are unable to recruit sufficient qualified personnel, our research and product development goals, including the identification and establishment of key collaborations, operations and marketing efforts could be delayed or curtailed. We do not maintain "key person" insurance on any of our employees.

If we fail to manage our growth effectively, our ability to develop and commercialize products could suffer.

We expect that if our clinical drug candidates continue to progress in development, we continue to build our development, medical and marketing organizations and our drug discovery efforts continue to generate drug candidates, we will require significant additional investment in personnel, management and resources. Our ability to commercialize our drug candidates and to achieve our research and development objectives depends on our ability to respond effectively to these demands and expand our internal organization, systems and controls to accommodate additional anticipated growth. If we are unable to manage our growth effectively, our business could be harmed and our ability to execute our business strategy could suffer.

If product liability lawsuits are brought against us, we could face substantial liabilities and may be required to limit commercialization of our products and our results of operations could be harmed.

The clinical trials and marketing of medical products that are intended for human use entails an inherent risk of product liability. If any product that we or any of our collaborators or licensees develops causes or is alleged to cause injury or is found to be unsuitable during clinical trials, manufacturing or sale, we may be held liable. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities, including substantial damages to be paid to the plaintiffs and legal costs, or we may be required to limit commercialization of our products. Our product liability insurance policy that provides coverage for liabilities arising from our clinical trials may not fully cover our potential liabilities. In addition, we may determine that we should increase our coverage upon the undertaking of new clinical trials, and this insurance may be prohibitively expensive to us or our collaborators or licensees and may not fully cover our potential liabilities. Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of pharmaceutical products we develop, alone or with our collaborators. Additionally, any product liability lawsuit could cause injury to our reputation, recall of products, participants to withdraw from clinical trials, and potential collaborators or licensees to seek other partners, any of which could impact our results of operations.

Because our activities involve the use of hazardous materials, we may be subject to claims relating to improper handling, storage or disposal of these materials that could be time consuming and costly.

We are subject to various environmental, health and safety laws and regulations governing, among other things, the use, handling, storage and disposal of regulated substances and the health and safety of our employees. Our research and development processes involve the controlled use of hazardous and radioactive materials and biological waste resulting in the production of hazardous waste products. We cannot completely eliminate the risk of accidental contamination or discharge and any resultant injury

from these materials. If any injury or contamination results from our use or the use by our collaborators or licensees of these materials, we may be sued and our liability may exceed our insurance coverage and our total assets. Further, we may be required to indemnify our collaborators or licensees against all damages and other liabilities arising out of our development activities or products produced in connection with these collaborations or licenses. Compliance with the applicable environmental and workplace laws and regulations is expensive. Future changes to environmental, health, workplace and safety laws could cause us to incur additional expense or may restrict our operations or impair our research, development and production efforts.

RISKS RELATING TO OUR FINANCIAL RESULTS

We expect to incur losses in the future and we may not achieve or maintain profitability in the future.

We had net losses from inception in 1991 through 1996 and in 1999 through 2009. Because of those losses, we had an accumulated deficit of $1.4 billion as of December 31, 2009. We will continue to spend significant amounts on our efforts to discover and develop drugs. As a result, we expect to continue to incur losses in 2010 and in future periods as well.

We anticipate that our drug discovery and development efforts and related expenditures will increase as we focus on the studies, including preclinical tests and clinical trials prior to seeking regulatory approval, that are required before we can sell a drug product.

The development of drug products will require us to spend significant funds on research, development, testing, obtaining regulatory approvals, manufacturing and marketing. To date, we do not have any drug products that have generated revenues and we cannot assure you that we will generate revenues from the drug candidates that we license or develop for several years, if ever. We cannot be certain whether or when we will achieve profitability because of the significant uncertainties relating to our ability to generate commercially successful drug products. Even if we were successful in obtaining regulatory approvals for manufacturing and commercializing a drug candidate, we expect that we will continue to incur losses if our drug products do not generate significant revenues. If we achieve profitability, we may not be able to sustain or increase profitability.

We will need additional capital in the future. The capital markets may not permit us to raise additional capital at the time that we require it, which could result in limitations on our research and development or commercialization efforts or the loss of certain of our rights in our technologies or drug candidates.

Our future funding requirements will depend on many factors and we anticipate that we will need to raise additional capital to fund our business plan and research and development efforts going-forward and to repay our indebtedness.

Additional factors that may affect our future funding requirements include:

- any changes in the breadth of our research and development programs;
- the results of research and development, preclinical testing and clinical trials conducted by us or our future collaborators or licensees, if any;
- the acquisition of technologies, if any;
- our ability to maintain and establish new corporate relationships and research collaborations;
- competing technological and market developments;
- the amount of revenues generated from our business activities, if any;
- the time and costs involved in filing, prosecuting, defending and enforcing patent and intellectual property claims;
- the receipt of contingent licensing or milestone fees or royalties on product sales from our current or future collaborative and license arrangements, if established; and

- the timing of regulatory approvals, if any.

If we require additional capital at a time when investment in companies such as ours, or in the marketplace generally, is limited due to the then prevailing market or other conditions, we may have to scale back our operations, eliminate one or more of our research or development programs, or attempt to obtain funds by entering into an agreement with a collaborator or licensee that would result in terms that are not favorable to us or relinquishing our rights in certain of our proprietary technologies or drug candidates. If we are unable to raise funds at the time that we desire or at any time thereafter on acceptable terms, we may not be able to continue to develop our potential drug products. The sale of equity or additional convertible debt securities in the future may be dilutive to our stockholders, and debt financing arrangements may require us to pledge certain assets or enter into covenants that could restrict our operations or our ability to incur further indebtedness.

We have a large amount of debt and our debt service obligations may prevent us from taking actions that we would otherwise consider to be in our best interests.

As of December 31, 2009, the aggregate principal amount of our total consolidated debt was $594.6 million and our stockholders' deficit was $102.4 million. Our substantial leverage could have significant negative consequences for our future operations, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional financing for working capital, capital and research and development expenditures, and general corporate purposes;
- requiring the dedication of a substantial portion of our expected cash flow or our existing cash to service our indebtedness, thereby reducing the amount of our cash available for other purposes, including working capital, capital expenditures and research and development expenditures;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; or
- placing us at a possible competitive disadvantage compared to less leveraged competitors and competitors that have better access to capital resources;

Historically, we have had negative cash flow from operations. We likely will not generate sufficient cash flow from our operations in the future to enable us to meet our anticipated fixed charges, including our obligations with respect to our outstanding convertible senior notes. As of December 31, 2009, $20.0 million aggregate principal amount of the non-interest bearing convertible subordinated notes held by Pfizer was outstanding, of which $10.0 million is due in 2013 and $10.0 million is due in 2014. As of December 31, 2009, $400.0 million aggregate principal amount of our 4.75% convertible senior notes due 2015 was outstanding and due in October 2015. Annual interest payments for our 4.75% convertible senior notes through 2015, assuming that none of these notes are converted, redeemed, repurchased or exchanged, are $19.0 million. Funds sufficient to pay the first six scheduled semi-annual interest payments on our 4.75% convertible senior notes are held in an escrow account as security for these interest payments. If we are unable to generate cash from our operations or raise additional cash through financings sufficient to meet the remaining obligations under our 4.75% convertible senior notes or under our notes held by Pfizer, we will need to use existing cash or liquidate marketable securities in order to fund these obligations, which may delay or curtail our research, development and commercialization programs.

The indenture governing our 4.75% convertible senior notes includes limitations on our ability to incur additional indebtedness, issue certain preferred stock, and incur liens on our assets, including on intellectual property concerning our JAK inhibitor program. These limitations could interfere with our ability to raise additional capital in the future or engage in activities that may be in our long-term best interest.

Our marketable securities are subject to certain risks that could adversely affect our overall financial position.

We invest our cash in accordance with an established internal policy and customarily in instruments and money market funds which historically have been highly liquid and carried relatively low risk. However, with recent credit market conditions, similar types of investments and money market funds have experienced losses in value or liquidity issues which differ from their historical pattern. Should a portion of our cash or marketable securities lose value or have their liquidity impaired, it could adversely affect our overall financial position by imperiling our ability to fund our operations and forcing us to seek additional financing sooner than we would otherwise. Such financing, if available, may not be available on commercially attractive terms.

Our current revenues are derived from collaborations and from licensing our intellectual property. If we are unable to achieve milestones, develop products or renew or enter into new collaborations, our revenues may decrease, and future milestone and royalty payments from our gene and genomics-related intellectual property may not contribute significantly to revenues for several years, and may never result in revenues.

We derived all of our revenues for the year ended December 31, 2009 from licensing our intellectual property to others and collaborations. Future revenues from research and development collaborations depend upon continuation of the collaborations, the achievement of milestones and royalties we earn from any future products developed from our research. If we are unable to successfully achieve milestones or our collaborators fail to develop successful products, we will not earn the future revenues contemplated under our collaborative agreements. Part of our prior strategy was to license to our database customers and to other pharmaceutical and biotechnology companies our know-how and patent rights associated with the information we have generated in the creation of our proprietary databases, for use in the discovery and development of potential pharmaceutical, diagnostic or other products. Any potential product that is the subject of such a license will require several years of further development, clinical trials and regulatory approval before commercialization, all of which is beyond our control, and possibly beyond the control of our licensee. These licensees may not develop the potential product if they do not devote the necessary resources or decide that they do not want to expend the resources to do the clinical trials necessary to obtain the necessary regulatory approvals. Therefore, milestone or royalty payments from these licenses may not contribute to our revenues for several years, if at all. We have decided to discontinue some of our gene and genomics-related patent prosecution and maintenance, and may in the future decide to discontinue additional gene and genomics-related patent prosecution and maintenance, which could limit our ability to receive license-based revenues from our gene and genomics-related patent portfolio.

RISKS RELATING TO INTELLECTUAL PROPERTY AND LEGAL MATTERS

If we are subject to arbitration, litigation and infringement claims, they could be costly and disrupt our drug discovery and development efforts.

The technology that we use to make and develop our drug products, the technology that we incorporate in our products, and the products we are developing may be subject to claims that they infringe the patents or proprietary rights of others. The success of our drug discovery and development efforts will also depend on our ability to develop new compounds, drugs and technologies without infringing or misappropriating the proprietary rights of others. We are aware of patents and patent applications filed in certain countries claiming intellectual property relating to some of our drug discovery targets and product candidates. While the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs are uncertain, if any of these patents are asserted against us or if we choose to license any of these patents, our ability to commercialize our products could be harmed or the potential return to us from any product that may be successfully commercialized could be diminished.

From time to time we have received, and we may in the future receive, notices from third parties offering licenses to technology or alleging patent, trademark, or copyright infringement, claims regarding

trade secrets or other contract claims. Receipt of these notices could result in significant costs as a result of the diversion of the attention of management from our drug discovery and development efforts. Parties sending these notices may have brought and in the future may bring litigation against us or seek arbitration relating to contract claims.

We may be involved in future lawsuits or other legal proceedings alleging patent infringement or other intellectual property rights or contract violations. In addition, litigation or other legal proceedings may be necessary to:

- assert claims of infringement;
- enforce our patents or trademarks;
- protect our trade secrets or know-how; or
- determine the enforceability, scope and validity of the proprietary rights of others.

We may be unsuccessful in defending or pursuing these lawsuits, claims or other legal proceedings. Regardless of the outcome, litigation or other legal proceedings can be very costly and can divert management's efforts. For example, we settled patent litigation with Invitrogen Corporation in 2006. We incurred significant expenses related to this litigation and, as part of the settlement, paid Invitrogen $3.4 million. An adverse determination may subject us to significant liabilities or require us or our collaborators or licensees to seek licenses to other parties' patents or proprietary rights. We or our collaborators or licensees may also be restricted or prevented from manufacturing or selling a drug or other product that we or they develop. Further, we or our future collaborators or licensees may not be able to obtain any necessary licenses on acceptable terms, if at all. If we are unable to develop non-infringing technology or license technology on a timely basis or on reasonable terms, our business could be harmed.

We may be unable to adequately protect or enforce our proprietary information, which may result in its unauthorized use, a loss of revenue under a collaboration agreement or loss of sales to generic versions of our products or otherwise reduce our ability to compete in developing and commercializing products.

Our business and competitive position depends in significant part upon our ability to protect our proprietary technology, including any drug products that we create. Despite our efforts to protect this information, unauthorized parties may attempt to obtain and use information that we regard as proprietary. For example, one of our collaborators may disclose proprietary information pertaining to our drug discovery efforts. In addition, while we have filed numerous patent applications with respect to our product candidates in the United States and in foreign countries, our patent applications may fail to result in issued patents. In addition, because patent applications can take several years to issue as patents, there may be pending patent applications of others that may later issue as patents that cover some aspect of our drug candidates. Our existing patents and any future patents we may obtain may not be broad enough to protect our products or all of the potential uses of our products, or otherwise prevent others from developing competing products or technologies. In addition, our patents may be challenged and invalidated or may fail to provide us with any competitive advantages if, for example, others were first to invent or first to file a patent application for the technologies and products covered by our patents.

Additionally, when we do not control the prosecution, maintenance and enforcement of certain important intellectual property, such as a drug compound in-licensed to us or subject to a collaboration with a third party, the protection of the intellectual property rights may not be in our hands. If we do not control the intellectual property rights in-licensed to us with respect to a compound and the entity that controls the intellectual property rights does not adequately protect those rights, our rights may be impaired, which may impact our ability to develop, market and commercialize the in-licensed compound.

Our means of protecting our proprietary rights may not be adequate, and our competitors may:

- independently develop substantially equivalent proprietary information, products and techniques;
- otherwise gain access to our proprietary information; or

- design around patents issued to us or our other intellectual property.

We pursue a policy of having our employees, consultants and advisors execute proprietary information and invention agreements when they begin working for us. However, these agreements may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. If we fail to maintain trade secret and patent protection, our potential, future revenues may be decreased.

If the effective term of our patents is decreased due to changes in the United States patent laws or if we need to refile some of our patent applications, the value of our patent portfolio and the revenues we derive from it may be decreased.

The value of our patents depends in part on their duration. A shorter period of patent protection could lessen the value of our rights under any patents that we obtain and may decrease the revenues we derive from our patents. The United States patent laws were amended in 1995 to change the term of patent protection from 17 years from patent issuance to 20 years from the earliest effective filing date of the application. Because the time from filing to issuance of biotechnology applications may be more than three years depending on the subject matter, a 20-year patent term from the filing date may result in substantially shorter patent protection. Also, we may need to refile some of our applications filed before 1995 that claim large numbers of genes or other additional subject matter and, in these situations, the patent term will be measured from the date of the earliest priority application. This would shorten our period of patent exclusivity and may decrease the revenues that we might derive from the patents.

International patent protection is particularly uncertain and costly, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources.

Biotechnology and pharmaceutical patent law outside the United States is even more uncertain and costly than in the United States and is currently undergoing review and revision in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as United States laws. For example, certain countries do not grant patent claims that are directed to the treatment of humans. We may participate in opposition proceedings to determine the validity of our foreign patents or our competitors' foreign patents, which could result in substantial costs and diversion of our efforts.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties***

Our corporate headquarters is in Wilmington, Delaware, which is where our drug discovery and development operations are also located. These facilities are leased to us until June 2013. We believe that these facilities are adequate to meet our business requirements for the near-term and that additional space will be available on commercially reasonable terms, if required. In addition to this lease, we had lease agreements as of December 31, 2009 for facilities that were closed as a part of the restructurings of our genomic information business in Palo Alto, California. As of December 31, 2009, we had multiple sublease and lease agreements covering approximately 263,000 square feet which expire between December 2010 and June 2013. Of the approximately 263,000 square feet leased, approximately 126,000 square feet of this space is currently subleased to others.

Item 3. ***Legal Proceedings***

We are not currently a party to any material legal proceedings. We may from time to time become involved in various legal proceedings arising in the ordinary course of business.

Item 4. ***(Removed and Reserved).***

Executive Officers of the Registrant

Our executive officers are as follows:

Paul A. Friedman, M.D., age 67, joined Incyte as the Chief Executive Officer and a Director in November 2001. Dr. Friedman also serves as our President. From 1998 until October 2001, Dr. Friedman served as President of DuPont Pharmaceuticals Research Laboratories, a wholly owned subsidiary of DuPont Pharmaceuticals Company (formerly The DuPont Merck Pharmaceutical Company), from 1994 to 1998 he served as President of Research and Development of The DuPont Merck Pharmaceutical Company, and from 1991 to 1994 he served as Senior Vice President at Merck Research Laboratories. Prior to his work at Merck and DuPont, Dr. Friedman was an Associate Professor of Medicine and Pharmacology at Harvard Medical School. Dr. Friedman is a Diplomate of the American Board of Internal Medicine and a Member of the American Society of Clinical Investigation. He received his A.B. in Biology from Princeton University and his M.D. from Harvard Medical School.

Patricia S. Andrews, age 51, joined Incyte as Executive Vice President and Chief Commercial Officer in October 2008. From 1991 to October 2008, Ms. Andrews was employed by Pfizer in various roles of increasing responsibility in Corporate Strategic Planning and Worldwide Pharmaceutical Operations. Ms. Andrews was most recently Vice President, General Manager of the U.S. Oncology business unit and Vice President, Specialty Markets, responsible for U.S. marketing of oncology, ophthalmology, endocrinology, anti-infectives, HIV and all products still sold but no longer actively marketed in the United States. Prior to joining Pfizer, from 1985 to 1990, Ms. Andrews held various positions at Marine Midland Bank, including Vice President, Capital Finance. Ms. Andrews received her B.A. in history and political science from Brown University and her M.B.A. from the University of Michigan.

David C. Hastings, age 48, has served as Executive Vice President and Chief Financial Officer since October 2003. From February 2000 to September 2003, Mr. Hastings served as Vice President, Chief Financial Officer, and Treasurer of ArQule, Inc. Prior to his employment with ArQule, Mr. Hastings was Vice President and Corporate Controller at Genzyme, Inc., where he was responsible for the management of the finance department. Prior to his employment with Genzyme, Mr. Hastings was the Director of Finance at Sepracor, Inc., where he was primarily responsible for Sepracor's internal and external reporting. Mr. Hastings is a Certified Public Accountant and received his B.A. in Economics at the University of Vermont.

Brian W. Metcalf, Ph.D., age 64, has served as Executive Vice President and Chief Drug Discovery Scientist since February 2002. From March 2000 to February 2002, Dr. Metcalf served as Senior Vice President and Chief Scientific Officer of Kosan Biosciences Incorporated. From December 1983 to March 2000, Dr. Metcalf held a number of executive management positions with SmithKline Beecham, most recently as Senior Vice President, Discovery Chemistry and Platform Technologies. Prior to joining SmithKline Beecham, Dr. Metcalf held positions with Merrell Research Center from 1973 to 1983. Dr. Metcalf received his B.S. and Ph.D. in Organic Chemistry from the University of Western Australia.

Patricia A. Schreck, age 56, joined Incyte as Executive Vice President and General Counsel in December 2003. Prior to joining Incyte, Ms. Schreck was Chief Patent Counsel at Elan Drug Delivery, Inc. Previously, she served as General Counsel for Genomics Collaborative, Inc. and diaDexus, Inc. (a SmithKline Beecham and Incyte joint venture). From 1992 through 1998, Ms. Schreck held a variety of senior patent and corporate legal positions at SmithKline Beecham. Ms. Schreck holds a B.A. in Chemistry and Biology from the University of Colorado and a J.D. from Villanova University School of Law. Ms. Schreck is admitted to practice before the United States Patent bar.

Paula J. Swain, age 52, has served as Executive Vice President, Human Resources, of Incyte since August 2002 and joined the company as Senior Vice President of Human Resources in January 2002. Ms. Swain served as Senior Vice President of Human Resources at Bristol Meyers Squibb from October 2001 to January 2002, after they acquired DuPont Pharmaceuticals Company. From July 1998 to October

2001, Ms. Swain was Senior Vice President of Human Resources at DuPont Pharmaceuticals. From October 1992 to July 1998, Ms. Swain held a variety of human resources positions of increasing responsibility at DuPont Pharmaceuticals. Ms. Swain received her B.A. in Psychology and Industrial Relations from Rockhurst University.

Richard S. Levy, M.D., age 52, has served as Executive Vice President and Chief Drug Development and Medical Officer since January 2009 and joined the company as Senior Vice President of Drug Development in August 2003. Prior to joining Incyte, Dr. Levy held positions of increasing responsibilities in drug development, clinical research and regulatory affairs at Celgene, from 2002 to 2003, DuPont Pharmaceuticals Company, from 1997 to 2002, and Sandoz (now part of Novartis), from 1991 to 1997. Prior to joining the pharmaceutical industry, Dr. Levy was Assistant Professor of Medicine at the UCLA School of Medicine. Dr. Levy is Board Certified in Internal Medicine and Gastroenterology and received his A.B. in Biology from Brown University and his M.D. from the University of Pennsylvania.

Steven M. Friedman, M.D., age 64, has served as Executive Vice President of Biology and Preclinical Development since January 2009 and joined Incyte as Senior Vice President of Discovery Biology in January 2002. From February 2001 until joining Incyte, Dr. Friedman served as Vice President of Biology Research DuPont Pharmaceuticals Company and, subsequently, Bristol-Myers Squibb Company. From 1998 to 2001, he served as Executive Director of Immunological & Inflammatory Diseases Research DuPont Pharmaceuticals Company and in the same capacity for The DuPont Merck Pharmaceutical Company from 1997 to 1998. Prior to his work at DuPont Merck, Dr. Friedman was a Professor of Medicine at Cornell University Medical College. Dr. Friedman is a Diplomate of the American Board of Internal Medicine and a Member of the American Society of Clinical Investigation. He received his B.A. in Biochemistry from Princeton University and his M.D. from Cornell University Medical College. Dr. Paul A. Friedman and Dr. Steven M. Friedman are brothers.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock, $.001 par value per share, is traded on The NASDAQ Global Market (Nasdaq) under the symbol "INCY." The following table sets forth, for the periods indicated, the range of high and low sales prices for our common stock on Nasdaq as reported in its consolidated transaction reporting system.

	High	Low
2008		
First Quarter	$ 12.83	$ 8.33
Second Quarter	11.69	7.45
Third Quarter	10.42	7.01
Fourth Quarter	7.67	1.85
2009		
First Quarter	$ 4.21	$ 2.03
Second Quarter	4.10	1.96
Third Quarter	8.18	3.22
Fourth Quarter	9.56	5.30

As of December 31, 2009, our common stock was held by 290 stockholders of record. We have never declared or paid dividends on our capital stock and do not anticipate paying any dividends in the foreseeable future.

Item 6. ***Selected Financial Data***

Selected Consolidated Financial Data
(in thousands, except per share data)

The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 and the Consolidated Financial Statements and related Notes included in Item 8 of this Report.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
Consolidated Statement of Operations Data:					
Revenues:					
Contract revenues(1)	$ 5,755	$ 659	$ 29,852	$ 24,226	$ —
License and royalty revenues	3,510	3,260	4,588	3,417	7,846
Total revenues	9,265	3,919	34,440	27,643	7,846
Costs and expenses:					
Research and development	119,442	146,362	104,889	87,596	95,618
Selling, general and administrative	27,580	17,073	15,238	14,027	11,656
Other expenses(2)	2,011	(227)	(407)	2,884	1,356
Total costs and expenses	149,033	163,208	119,720	104,507	108,630
Loss from operations	(139,768)	(159,289)	(85,280)	(76,864)	(100,784)
Interest and other income, net	50	5,306	22,431	20,679	12,527
Interest expense	(32,125)	(24,937)	(24,032)	(17,911)	(16,052)
Loss on embedded derivative liability	(34,300)	—	—	—	(106)
Gain (loss) on redemption/repurchase of convertible senior and subordinated notes	(5,727)	—	—	(70)	506
Loss from continuing operations before income taxes	(211,870)	(178,920)	(86,881)	(74,166)	(103,909)
Benefit for income taxes	—	—	—	—	(552)
Loss from continuing operations	(211,870)	(178,920)	(86,881)	(74,166)	(103,357)
Gain from discontinued operation, net of tax	—	—	—	—	314
Net loss	(211,870)	$ (178,920)	$ (86,881)	$ (74,166)	$ (103,043)
Basic and diluted per share data	$ (2.06)	$ (1.99)	$ (1.03)	$ (0.89)	$ (1.24)
Number of shares used in computation of basic and diluted per share data	102,943	89,785	84,185	83,799	83,321

(1) 2009 contract revenues relates to our collaborative research and license agreements with Novartis and Lilly. 2008, 2007 and 2006 contract revenues relate to our collaborative research and license agreement with Pfizer Inc.

(2) 2009, 2008, 2007 and 2005 charges relates to restructuring activity. 2006 charges relate to restructuring charges and $3.4 million paid to Invitrogen as a settlement fee.

	December 31,				
	2009	2008	2007	2006	2005
Consolidated Balance Sheet Data:					
Cash, cash equivalents, and short-term and long-term marketable securities	$ 473,931	$ 217,783	$ 257,327	$ 329,810	$ 344,971
Working capital	523,229	155,157	227,817	278,421	326,119
Total assets	712,390	232,388	275,695	353,603	374,108
Convertible senior notes	308,059	130,969	122,180	113,981	—
Convertible subordinated notes	135,079	265,198	264,376	257,122	341,862
Stockholders' equity (deficit)	(102,384)	(220,750)	(159,517)	(84,908)	(19,397)

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Consolidated Financial Data" and the Consolidated Financial Statements and related Notes included elsewhere in this Report.

Our pipeline includes the following compounds:

Target/Drug Compound	Indication	Development Status
JAK1/2		
INCB18424 (1)	Myelofibrosis	Phase III
INCB18424 (1)	Polycythemia Vera/Essential Thrombocythemia	Phase II
INCB18424 (1)	Other Hematologic Tumors	Phase I/II
INCB18424 (2)	Psoriasis	Phase IIb
INCB28050 (3)	Rheumatoid Arthritis	Phase II
c-MET		
INCB28060 (4)	Solid Cancers	Phase I
Sheddase		
INCB7839	Breast Cancer	Phase II
IDO		
INCB24360	Oncology	IND Cleared
HSD1		
INCB13739	Type 2 Diabetes	Phase IIb

(1) We licensed rights outside the United States to Novartis and retained U.S. rights
(2) This compound is a topical formulation; all others are an oral formulation
(3) We licensed worldwide rights to Lilly and retained a co-development and co-promotion options
(4) We licensed worldwide rights to Novartis and retained a co-development and co-promotion options

We anticipate incurring additional losses for several years as we expand our drug discovery and development programs. We also expect that losses will fluctuate from quarter to quarter and that such fluctuations may be substantial. Conducting clinical trials for our drug candidates in development is a lengthy, time-consuming and expensive process. We do not expect to generate product sales from our drug discovery and development efforts for several years, if at all. If we are unable to successfully develop and market pharmaceutical products over the next several years, our business, financial condition and results of operations would be adversely impacted.

License Agreements

Novartis

In November 2009, we entered into a Collaboration and License Agreement with Novartis International Pharmaceutical Ltd. Under the terms of the agreement, Novartis received exclusive development and commercialization rights outside of the United States to INCB18424 and certain back-up compounds for hematologic and oncology indications, including all hematological malignancies, solid tumors and myeloproliferative diseases. We retained exclusive development and commercialization rights to INCB18424 in the United States and in certain other indications. Novartis also received worldwide exclusive development and commercialization rights to our c-MET inhibitor compound INCB28060 and certain back-up compounds in all indications. We retained options to co-develop and to co-promote INCB28060 in the United States.

We received an upfront payment of $150 million in December 2009 plus an immediate $60 million milestone payment in January 2010 earned for the start of the Phase III study for INCB18424 in Europe. We may be eligible to receive future additional payments if defined development and commercialization milestones are achieved and could receive tiered, double digit royalties on future INCB18424 sales outside of the United States. Each company is responsible for costs relating to the development and commercialization of the JAK inhibitor compound in its respective territories, with costs of collaborative studies shared equally. Novartis is responsible for all costs relating to the development and commercialization of the c-MET inhibitor compound after the initial Phase I clinical trial.

The Novartis agreement will continue on a program-by-program basis until Novartis has no royalty payment obligations with respect to such program or, if earlier, the termination of the agreement or any program in accordance with the terms of the agreement. The agreement may be terminated in its entirety or on a program-by-program basis by Novartis for convenience. The agreement may also be terminated by either party under certain other circumstances, including material breach.

Lilly

In December 2009, we entered into a License, Development and Commercialization Agreement with Eli Lilly and Company. Under the terms of the Lilly agreement, Lilly received exclusive worldwide development and commercialization rights to INCB28050 and certain back-up compounds for inflammatory and autoimmune diseases. We received an initial payment of $90 million, and we may be eligible to receive future additional payments based on the achievement of defined development, regulatory and commercialization milestones and could receive tiered, double-digit royalty payments on future global sales with rates ranging up to 20% if the product is successfully commercialized.

We retained options to co-develop our JAK1/JAK2 inhibitors with Lilly on a compound-by-compound and indication-by-indication basis. Lilly will be responsible for all costs relating to the development and commercialization of the compounds unless we elect to co-develop any compounds or indications. If we elect to co-develop any compounds and/or indications, we would be responsible for funding 30% of the associated future global development costs from the initiation of a Phase IIb trial. We would receive an incremental royalty rate increase across all tiers resulting in effective royalty rates ranging up to the high twenties on potential future global sales for compounds and/or indications that we elect to co-develop. We also retained an option to co-promote products in the United States. The Lilly agreement will continue until Lilly no longer has any royalty payment obligations or, if earlier, the termination of the agreement in accordance with its terms. The agreement may be terminated by Lilly for convenience, and may also be terminated under certain other circumstances, including material breach.

Pfizer

In January 2006, we entered into a Collaborative Research and License Agreement with Pfizer Inc. for the pursuit of our CCR2 antagonist program. Pfizer gained worldwide development and commercialization rights to our portfolio of CCR2 antagonist compounds. Pfizer's rights extend to the full scope of potential indications, with the exception of multiple sclerosis and autoimmune nephritides, where we retained worldwide rights, along with certain compounds. We do not have obligations to Pfizer on pre-clinical development candidates we select for pursuit in these indications. The agreement will terminate upon the expiration of the last to expire of patent rights licensed under the agreement. Prior to such expiration, either party can terminate the agreement for the uncured material breach of the agreement by the other party or for the insolvency of the other party. In addition, Pfizer may terminate the agreement at any time upon 90 days' notice. We received an upfront nonrefundable, non-creditable payment of $40 million in January 2006 and are eligible to receive additional future development and milestone payments.

Restructuring Programs

In February 2004, we made the decision to discontinue further development of our information products line, close our Palo Alto headquarters and focus solely on the discovery and development of novel drugs. We still have a lease obligation for a facility in Palo Alto through March 2011. As a result of the long term nature of this remaining lease obligation, we will be recording a charge each period through the March 2011 termination date of the lease related to increases in the fair value of the lease obligations. The cash impact in 2009 from restructuring related charges was $6.2 million.

Critical Accounting Policies and Significant Estimates

The preparation of financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions.

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

- Revenue recognition;
- Research and development costs;
- Stock compensation;
- Restructuring charges;
- Investments; and
- Convertible debt and derivative accounting;

Revenue Recognition. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable and collectability is reasonably assured. We have entered into various types of agreements for access to our information databases and use of our intellectual property. Revenues are deferred for fees received before earned or until no further obligations exist. We exercise judgment in determining that collectability is reasonably assured or that services have been delivered in accordance with the arrangement. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the

sales price is subject to refund or adjustment. We assess collectability based primarily on the customer's payment history and on the creditworthiness of the customer.

Revenues from licenses to our intellectual property are recognized when earned under the terms of the related agreements. Royalty revenues are recognized upon the sale of products or services to third parties by the licensee or other agreed upon terms. We estimate royalty revenues based on previous period royalties received and information provided by the third party licensee. We exercise judgment in determining whether the information provided by licensees is sufficiently reliable for us to base our royalty revenue recognition thereon.

Under agreements involving multiple products, services and/or rights to use assets, the multiple elements are divided into separate units of accounting when certain criteria are met, including whether the delivered items have stand alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. When separate units of accounting exist, consideration is allocated among the separate elements based on their respective fair values. The determination of fair value of each element is based on objective evidence from historical sales of the individual elements by us to other customers. If such evidence of fair value for each undelivered element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value for each undelivered element does exist or until all elements of the arrangement are delivered. When elements are specifically tied to a separate earnings process, revenue is recognized when the specific performance obligation tied to the element is completed. When revenues for an element are not specifically tied to a separate earnings process, they are recognized ratably over the term of the agreement.

Research and Development Costs. Our policy is to expense research and development costs as incurred. We often contract with clinical research organizations (CROs) to facilitate, coordinate and perform agreed upon research and development of a new drug. To ensure that research and development costs are expensed as incurred, we record monthly accruals for clinical trials and preclinical testing costs based on the work performed under the contract.

These CRO contracts typically call for the payment of fees for services at the initiation of the contract and/or upon the achievement of certain clinical trial milestones. In the event that we prepay CRO fees, we record the prepayment as a prepaid asset and amortize the asset into research and development expense over the period of time the contracted research and development services are performed. Most professional fees, including project and clinical management, data management, monitoring, and medical writing fees are incurred throughout the contract period. These professional fees are expensed based on their percentage of completion at a particular date.

Our CRO contracts generally include pass through fees. Pass through fees include, but are not limited to, regulatory expenses, investigator fees, travel costs, and other miscellaneous costs, including shipping and printing fees. We expense the costs of pass through fees under our CRO contracts as they are incurred, based on the best information available to us at the time. The estimates of the pass through fees incurred are based on the amount of work completed for the clinical trial and are monitored through correspondence with the CROs, internal reviews and a review of contractual terms. The factors utilized to derive the estimates include the number of patients enrolled, duration of the clinical trial, estimated patient attrition, screening rate and length of the dosing regimen. CRO fees incurred to set up the clinical trial are expensed during the setup period.

Stock Compensation. Financial Accounting Standards Board (FASB) accounting guidance for stock compensation requires all share-based payment transactions with employees, including grants of employee stock options, to be recognized as compensation expense over the requisite service period based on their fair values. The accounting guidance also requires significant judgment and the use of estimates, particularly surrounding Black-Scholes assumptions such as stock price volatility and expected option lives, as well as expected option forfeiture rates, to value equity-based compensation and requires the recognition of the fair value of stock compensation in the statement of operations. We recorded stock

compensation expense of $10.0 million, $15.0 million and $10.1 million, for the years ended December 31, 2009, 2008 and 2007, respectively.

Restructuring Charges. We estimate costs associated with restructuring activities initiated after December 31, 2002, including costs resulting from the cost to exit the facilities used for our genomics business, the amount to be paid in lease termination payments, the future lease and operating costs to be paid until the lease is terminated, and the amount, if any, of sublease receipts and real estate broker fees. To form our estimates for these costs, we perform an assessment of the affected facilities and consider the current market conditions for each site. We also estimate our credit adjusted risk free interest rate in order to discount our projected lease payments. Our assumptions on either the lease termination payments, operating costs until terminated, the offsetting sublease receipts and estimated realizable value of fixed assets held for sale may turn out to be incorrect and our actual cost may be materially different from our estimates. Our estimates of future liabilities may change, requiring us to record additional restructuring charges or reduce the amount of liabilities recorded.

At the end of each reporting period, we evaluate the remaining accrued balances to ensure their adequacy, that no excess accruals are retained and the utilization of the provisions are for their intended purposes in accordance with developed exit plans. We periodically evaluate current available information and adjust our restructuring reserve as necessary. We also make adjustments related to accrued professional fees to adjust estimated amounts to actual.

Investments. We carry our investments at their respective fair values. We periodically evaluate the fair values of our investments to determine whether any declines in the fair value of investments represent an other-than-temporary impairment. This evaluation consists of a review of several factors, including the length of time and extent that a security has been in an unrealized loss position, the existence of an event that would impair the issuer's future repayment potential, the near term prospects for recovery of the market value of a security and if we intend to sell or if it is not more likely than not that the we will be required to sell the security before recovery of its amortized cost basis. If management determines that such an impairment exists, we would recognize an impairment charge. Because we may determine that market or business conditions may lead us to sell a short-term investment or marketable security prior to maturity, we classify our short-term investments and marketable securities as "available-for-sale." Investments in securities that are classified as available-for-sale and have readily determinable fair values are measured at fair market value in the balance sheets, and unrealized holding gains and losses for these investments are reported as a separate component of stockholders' equity until realized. We classify those marketable securities that may be used in operations within one year as short-term investments. Those marketable securities in which we have both the ability to hold until maturity and have a maturity date beyond one year from our most recent consolidated balance sheet date are classified as long-term marketable securities.

Convertible Debt and Derivative Accounting. We perform an assessment of all embedded features of a debt instrument to determine if (1) such features should be bifurcated and separately accounted for, and (2) if bifurcation requirements are met, whether such features should be classified and accounted for as equity or liability. If the embedded feature meets the requirements to be bifurcated and accounted for as a liability, the fair value of the embedded feature is measured initially, included as a liability on the consolidated balance sheet, and remeasured each reporting period. Any changes in fair value are recorded in the consolidated statement of operations. We monitor, on an ongoing basis, whether events or circumstances could give rise to a change in our classification of embedded features.

Due to the variable mix of common stock and series A preferred stock that would have been issued to satisfy the conversion of our 4.75% convertible senior notes due 2015 until we had reserved sufficient shares of our common stock, the embedded conversion feature was not considered indexed to our stock. As a result, the embedded conversion feature was not eligible for equity classification and was required to be bifurcated from the underlying debt instrument until we had reserved sufficient shares of our common

stock. Accordingly, the fair value of the embedded conversion feature on September 30, 2009 of $148.1 million was recorded as a derivative liability and the carrying value of our 4.75% convertible senior notes was reduced to reflect a debt discount equal to the fair value of the embedded conversion feature. The derivative liability related to the conversion feature was revalued on November 24, 2009, the date we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of our 4.75% convertible senior notes. The fair value of the derivative liability was increased to $182.4 million as, among other factors, our stock price increased from September 30, 2009, and the change in fair market value of $34.3 million was recorded in earnings. As we had reserved sufficient shares of our common stock to satisfy the conversion provisions of our 4.75% convertible senior notes, the conversion feature is considered indexed to our stock and the fair value of the conversion feature had be reclassified from a liability into stockholders' deficit at December 31, 2009. The debt discount related to the derivative liability will be amortized to interest expense over the six year term of our 4.75% convertible senior notes using the effective interest method. We valued the embedded conversion feature using a single factor binomial lattice model, with the assistance of a valuation consultant. This model incorporates inputs such as stock price, historical volatility, risk free interest rate, equivalent bond yield, as well as assumptions about fundamental change and note holder behavior.

Results of Operations

Years Ended December 31, 2009 and 2008

We recorded net losses from operations for the years ended December 31, 2009 and 2008 of $211.9 million and $178.9 million, respectively. On a basic and diluted per share basis, net loss from operations was $2.06 and $1.99 for the years ended December 31, 2009 and 2008, respectively.

Revenues

	For the Years Ended, December 31,	
	2009	2008
	(in millions)	
Contract revenues	$ 5.8	$ 0.7
License and royalty revenues	3.5	3.2
Total revenues	$ 9.3	$ 3.9

Our contract revenues were $5.8 million and $0.7 million in 2009 and 2008, respectively. For the year ended December 31, 2009, contract revenues were derived from the straight line recognition of revenue associated with the Novartis and Lilly upfront fees over the estimated performance periods. The upfront fees related to the Novartis agreement includes a $150.0 million upfront payment received in 2009, a $60.0 million immediate milestone payment received in 2010 and $10.9 million of reimbursable costs incurred prior to the effective date of the agreement. The upfront fees related to the Lilly agreement consist of a $90.0 million upfront payment received in 2010. For the year ended December 31, 2008, contract revenues were derived from recognition of revenue associated with the Pfizer upfront fee and research services provided to Pfizer. The increase from 2008 to 2009 primarily relates to 2009 amortization of the upfront fee received from Novartis under our collaboration and license agreement.

Our license and royalty revenues were $3.5 million and $3.2 million in 2009 and 2008, respectively. License and royalty revenues were derived from database subscriptions and licensing of our gene- and genomic-related intellectual property. We expect that revenues generated from information products, including licensing of gene- and genomic-related intellectual property, will decline as we focus on our drug discovery and development programs.

For the year ended December 31, 2009 and 2008, revenues from companies considered to be related parties were $1.4 million and $1.1 million, respectively. Our related parties consist of companies in which members of our Board of Directors have invested, either directly or indirectly, or in which a member of our Board of Directors is an officer or holds a seat on the Board of Directors (other than an Incyte-held Board seat).

Operating Expenses

Research and development expenses

	For the Years Ended, December 31,	
	2009	2008
	(in millions)	
Salary and benefits related	$ 38.8	$ 35.0
Stock compensation	7.1	10.7
Clinical research and outside services	57.8	84.1
Occupancy and all other costs	15.7	16.6
Total research and development expenses	$ 119.4	$ 146.4

We currently track research and development costs by natural expense line and not costs by project. Salary and benefits related expense increased from 2008 to 2009 due to increased development headcount to sustain our development pipeline. Stock compensation expense may fluctuate from period to period based on the number of options granted, stock price volatility and expected option lives, as well as expected option forfeiture rates which are used to value equity-based compensation. The decrease in clinical research and outside services from 2008 to 2009 is primarily due to prioritization of our pipeline to focus on products we believe have a greater likelihood of creating near-term value. The decrease in occupancy and all other costs from 2008 to 2009 was primarily the result of decreased depreciation costs.

Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of pre-clinical and clinical trial-related activities. Many factors can affect the cost and timing of our clinical trials, including requests by regulatory agencies for more information, inconclusive results requiring additional clinical trials, slow patient enrollment, adverse side effects among patients, insufficient supplies for our clinical trials and real or perceived lack of effectiveness or safety of our investigational drugs in our clinical trials. In addition, the development of all of our products will be subject to extensive governmental regulation. These factors make it difficult for us to predict the timing and costs of the further development and approval of our products.

Selling, general and administrative expenses

	For the Years Ended, December 31,	
	2009	2008
	($ in millions)	
Salary and benefits related	$ 8.4	$ 6.3
Stock compensation	2.9	4.3
Other contract services and outside costs	16.3	6.5
Total selling, general and administrative expenses	$ 27.6	$ 17.1

Salary and benefits related expense increased from 2008 to 2009 due to increased headcount. This increased headcount was due to initial sales and marketing preparations for the potential commercialization of INCB18424 for myeloproliferative neoplasms. Stock compensation expense may

fluctuate from period to period based on the number of options granted, stock price volatility and expected option lives, as well as expected option forfeiture rates which are used to value equity-based compensation. The increase in other contract services and outside costs was primarily the result of initial marketing preparations for the potential commercialization of INCB18424 for myeloproliferative neoplasms as well as legal and transaction costs associated with our license agreements with Novartis and Lilly.

Other expenses. Other expenses for the years ended December 31, 2009 and 2008 were $2.0 million and $(0.2) million, respectively.

In 2009, we recorded $0.4 million of expense in connection with our 2004 restructuring program and $1.6 million of expense in connection with our 2002 restructuring program.

In 2008, we recorded $(0.4) million of benefit in connection with our 2004 restructuring program and $0.2 million of expense in connection with our 2002 restructuring program and a facility closed in connection with our acquisition of Maxia Pharmaceuticals, Inc..

Other income (expense)

Interest and other income (expense), net. Interest and other income (expense), net, for the years ended December 31, 2009 and 2008 was $0.1 million and $5.3 million, respectively. The decrease in 2009 from 2008 was primarily attributable to a lower average cash balance and lower interest rates during 2009 and a $1.3 million non-cash other-than-temporary impairment charge recorded in 2009.

Interest expense. Interest expense for the years ended December 31, 2009 and 2008 was $32.1 million and $24.9 million, respectively. The increase in 2009 from 2008 is primarily attributable to the increase in coupon interest and accretion of the discount related to our 4.75% convertible senior notes due 2015 issued in September 2009.

Loss on embedded derivative liability. The loss on embedded derivative liability related to the conversion feature on our 4.75% convertible senior notes due 2015 which was originally valued on September 30, 2009 at $148.1 million. On November 24, 2009, we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of our 4.75% convertible senior notes, and we recorded a mark-to-market adjustment in the value of the embedded derivative liability to $182.4 million as, among other factors, our stock price increased from September 30, 2009, which resulted in a $34.3 million non-cash charge. As a result of the increase in our common stock authorized for issuance, classification of this embedded derivative as a liability is no longer required, and we have reclassified it to additional-paid-in-capital.

Loss on repurchase of convertible senior and subordinated notes. During the year ended December 31, 2009, we repurchased $96.2 million of our $3^1/_2$% convertible senior notes due 2011 and $131.0 million of our $3^1/_2$% convertible subordinated notes due 2011. These repurchases resulted in a loss of $5.7 million primarily related to the pro rata share of the unamortized debt discount from the $3^1/_2$% convertible senior notes we repurchased during the year ended December 31, 2009.

Provision (benefit) for income taxes. Due to our net losses in 2009 and 2008, we did not have an annual income tax provision.

Years Ended December 31, 2008 and 2007

We recorded net losses from operations for the years ended December 31, 2008 and 2007 of $178.9 million and $86.9 million, respectively. On a basic and diluted per share basis, net loss from operations was $1.99 and $1.03 for the years ended December 31, 2008 and 2007, respectively.

Revenues

	For the Years Ended, December 31,	
	2008	2007
	(in millions)	
Contract revenues	$ 0.7	$ 29.8
License and royalty revenues	3.2	4.6
Total revenues	$ 3.9	$ 34.4

Our contract revenues were $0.7 million and $29.8 million in 2008 and 2007, respectively. Contract revenues were derived from recognition of revenue associated primarily with the Pfizer $40.0 million upfront fee and research services provided to Pfizer. The decrease from 2008 to 2007 primarily relates to completion in early 2008 of the amortization of the upfront fee received from Pfizer under our collaborative research and license agreement. In addition, we received a $3.0 million milestone payment from Pfizer during 2007.

Our license and royalty revenues were $3.2 million and $4.6 million in 2008 and 2007, respectively. License and royalty revenues were derived from database subscriptions and licensing of our gene- and genomic-related intellectual property.

For the year ended December 31, 2008 and 2007, revenues from companies considered to be related parties, were $1.1 million and $0.6 million, respectively.

Operating Expenses

Research and development expenses

	For the Years Ended, December 31,	
	2008	2007
	(in millions)	
Salary and benefits related	$ 35.0	$ 32.8
Stock compensation	10.7	6.9
Clinical research and outside services	84.1	47.9
Occupancy and all other costs	16.6	17.3
Total research and development expenses	$ 146.4	$ 104.9

Salary and benefits related expense increased from 2007 to 2008 due to increased development headcount. Stock compensation expense may fluctuate from period to period based on the number of options granted, stock price volatility and expected option lives, as well as expected option forfeiture rates which are used to value equity-based compensation. The increase in clinical research and outside services from 2007 to 2008 is due primarily from the growth and advancement of our clinical pipeline. The decrease in occupancy and all other costs from 2007 to 2008 was primarily the result of decreased depreciation costs.

Selling, general and administrative expenses

	For the Years Ended, December 31,	
	2008	2007
	($ in millions)	
Salary and benefits related	$ 6.3	$ 6.4
Stock compensation	4.3	3.2
Other contract services and outside costs	6.5	5.6
Total selling, general and administrative expenses	$ 17.1	$ 15.2

Salary and benefits related expense decreased from 2007 to 2008 due to decreased incentive compensation expense. Stock compensation expense may fluctuate from period to period based on the number of options granted, stock price volatility and expected option lives, as well as expected option forfeiture rates which are used to value equity-based compensation. Other contract services and outside costs increased due to higher professional service fees.

Other expenses. Other expenses for the years ended December 31, 2008 and 2007 were $(0.2) million and $(0.4) million, respectively.

In 2008, we recorded $(0.4) million of benefit in connection with our 2004 restructuring program and $0.2 million of expense in connection with our 2002 restructuring program and a facility closed in connection with our acquisition of Maxia Pharmaceuticals, Inc. In 2007, we recorded $0.7 million of expense in connection with our 2004 restructuring program and $0.9 million of benefit in connection with our 2002 restructuring program and a facility closed in connection with our acquisition of Maxia.

Other income (expense)

Interest and other income (expense), net. Interest and other income (expense), net, for the years ended December 31, 2008 and 2007 was $5.3 million and $22.4 million, respectively. The decrease in 2008 from 2007 was primarily attributable to the $8.5 million realized gain recorded from the sale of our investment in a privately-held company in December 2007, a lower average cash balance and lower interest rates during 2008.

Interest expense. Interest expense for the years ended December 31, 2008 and 2007 was $24.9 million and $24.0 million, respectively. The increase in 2008 from 2007 is primarily attributable to the increase in accretion of the discount related to our $3^1/_2$% convertible senior notes due 2011 issued in September 2006.

Provision (benefit) for income taxes. Due to our net losses in 2008 and 2007, we did not have an annual income tax provision.

Recent Accounting Pronouncements

In September 2006, the FASB issued new accounting guidance on fair value measurements. This guidance establishes a common definition for fair value to be applied to U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. We adopted this new accounting guidance effective January 1, 2008. Issued in February 2008, a FASB staff position removed leasing transactions from the scope of the new fair value guidance. Also in February 2008, the FASB issued authoritative guidance deferring the effective date of the fair value guidance for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. We adopted this new accounting guidance for all nonfinancial assets and nonfinancial liabilities effective January 1, 2009.

In April 2009, the FASB issued a staff position providing additional guidance on factors to consider in estimating fair value when there has been a significant decrease in market activity for a financial asset. The guidance was effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard had no material impact on our consolidated financial statements.

In June 2008, the FASB issued new guidance related to assessing whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock for the purposes of determining whether such equity-linked financial instrument (or embedded feature) is subject to derivative accounting. We adopted this new guidance effective January 1, 2009. Pursuant to this guidance, at September 30, 2009, in connection with the issuance of our 4.75% convertible senior notes due 2015, the fair value of the embedded conversion feature on September 30, 2009 of $148.1 million was recorded as a derivative liability and the carrying value of our 4.75% convertible senior notes was reduced to reflect a debt discount equal to the fair value of the embedded conversion feature. The derivative liability related to the conversion feature was revalued on November 24, 2009, the date we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of our 4.75% convertible senior notes, increasing the fair value of the derivative liability to $182.4 million as, among other factors, our stock price increased from September 30, 2009. The change in fair market value of $34.3 million was recorded in earnings. As we had reserved sufficient shares of our common stock to satisfy the conversion provisions of our 4.75% convertible senior notes, the conversion feature was considered indexed to our stock and the fair value of the conversion feature was reclassified from a liability into stockholders' deficit at December 31, 2009 in the accompanying consolidated balance sheet.

In April 2009, the FASB issued a staff position which changes the method for determining whether an other-than-temporary impairment exists for debt securities and the amount of the impairment to be recorded in earnings. The guidance is effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. During the three months ended June 30, 2009, we recorded an other than temporary impairment charge on our marketable securities of $1.3 million, which is included in interest and other income (expense), net in the accompanying consolidated statement of operations.

In April 2009, the FASB issued a staff position requiring fair value disclosures in both interim as well as annual financial statements in order to provide more timely information about the effects of current market conditions on financial instruments. The guidance is effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard did not have a material impact on our consolidated balance sheet and results of operations.

In May 2009, the FASB issued new guidance on subsequent events. The standard provides guidance on management's assessment of subsequent events and incorporates this guidance into accounting literature. The standard is effective prospectively for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard did not have a material impact on our consolidated financial position and results of operations.

In July 2009, the FASB issued the FASB Accounting Standards Codification. The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification was effective for interim and annual periods ending after September 15, 2009. We adopted the Codification for the quarter ended September 30, 2009. There was no impact on our consolidated balance sheet and results of operations as this change is disclosure-only in nature.

In October 2009, the FASB issued amendments to the accounting and disclosure for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010 (early

adoption is permitted), modify the criteria for recognizing revenue in multiple element arrangements and the scope of what constitutes a non-software deliverable. The impact of the adoption of these amendments will depend on the nature of the arrangements that we enter into subsequent to the date we adopt the amendments.

Liquidity and Capital Resources

	2009	2008	2007
		(in millions)	
December 31:			
Cash, cash equivalents, and short-term and long-term marketable securities	$ 473.9	$ 217.8	$ 257.3
Working capital	$ 523.2	$ 155.2	$ 227.8
Year ended December 31:			
Cash provided by (used in):			
Operating activities	$ 12.4	$ (140.9)	$ (92.7)
Investing activities	$ 16.5	$ 105.9	$ 170.4
Financing activities	$ 242.3	$ 104.9	$ 12.3
Capital expenditures (included in investing activities above)	$ 0.4	$ 0.7	$ 1.2

Sources and Uses of Cash. Due to our significant research and development expenditures, we have not been profitable and have generated operating losses since we were incorporated in 1991 through 1996 and in 1999 through 2009. As such, we have funded our research and development operations through sales of equity securities, the issuance of convertible notes, cash received from customers, and collaborative arrangements. As of December 31, 2009, approximately $3.5 million of marketable securities were classified as long-term assets on the consolidated balance sheet as they had been in an unrealized loss position for longer than six months and we have the intent and ability to hold them until the carrying value recovers, which may be longer than one year. At December 31, 2009, we had available cash, cash equivalents, and short-term and long-term marketable securities of $473.9 million. Our cash and marketable securities balances are held in a variety of interest- bearing instruments including money market accounts, obligations of U.S. government agencies, high-grade corporate bonds, and asset backed and mortgage backed securities. Available cash is invested in accordance with our investment policy's primary objectives of liquidity, safety of principal and diversity of investments. Recent distress in the financial markets has had an adverse impact on financial market activities including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. We have assessed the implications of these factors on our current business and determined that there had not been a significant impact to our financial position, results of operations or liquidity during 2009.

Cash provided by (used in) Operating Activities. The $153.2 million increase in cash provided by operating activities from 2008 to 2009 was due primarily to the impact of the upfront payment received in 2009 related to our recent collaboration and license agreement with Novartis. The $48.2 million increase in cash used in operating activities from 2007 to 2008 was due primarily to the increase in our net loss.

Cash provided by Investing Activities. Our investing activities, other than purchases, sales and maturities of marketable securities, have consisted predominantly of capital expenditures and sales and purchases of long-term investments. In the future, net cash used by investing activities may fluctuate significantly from period to period due to the timing of strategic equity investments, acquisitions, including possible earn-out payments to former Maxia stockholders, capital expenditures and maturities/sales and purchases of marketable securities.

Cash provided by Financing Activities. During 2009, we received net proceeds of $132.3 million from the issuance of common stock in a public offering and net proceeds of $387.4 from the issuance of our 4.75% convertible senior notes due 2015 in a private placement. We also used $223.3 million to repurchase $227.2 million aggregate principal amount of our 3 1/2% convertible senior notes due 2011 and 3 1/2% convertible subordinated notes due 2011. We have also funded an escrow account of $56.2 million for the first six semi-annual interest payments on our 4.75% convertible senior notes. In addition, in 2009 we received $2.1 million of proceeds from issuance of common stock under our stock plans and employee stock purchase plan. During 2008, we received net proceeds of $101.7 million from the issuance of common stock. In addition, in 2008 we received $3.2 million of proceeds from issuance of common stock under our stock plans and employee stock purchase plan. During 2007, in connection with the collaborative research and license agreement, Pfizer purchased a $10.0 million convertible subordinated note. In addition, in 2007 we received $2.3 million of proceeds from issuance of common stock under our stock plans and employee stock purchase plan.

The following summarizes our significant contractual obligations as of December 31, 2009 and the effect those obligations are expected to have on our liquidity and cash flow in future periods (in millions):

	Total	Less Than 1 Year	Years 1 - 3	Years 4 - 5	Over 5 Years
Contractual Obligations:					
Principal on convertible subordinated debt	$ 139.0	$ —	$ 119.0	$ 20.0	$ —
Principal on convertible senior debt	455.6	—	55.6	—	400.0
Interest on convertible subordinated debt	6.2	4.1	2.1	—	—
Interest on convertible senior debt	117.0	21.0	39.0	38.0	19.0
Non-cancelable operating lease obligations:					
Related to current operations	19.6	5.4	11.3	2.9	—
Related to vacated space	9.3	8.2	1.1	—	—
Total contractual obligations	$ 746.7	$ 38.7	$ 228.1	$ 60.9	$ 419.0

The amounts and timing of payments related to vacated facilities may vary based on negotiated timing of lease terminations. We have entered into sublease agreements for our vacated space with scheduled payments to us of $2.2 million (less than 1 year) and $0.4 million (years 1-3); these scheduled payments are not reflected in the above table. In addition, we have funded an escrow account of $56.2 million for the first six semi-annual interest payments on our 4.75% convertible senior notes due 2015; these scheduled payments are not reflected in the above table.

The table above excludes certain commitments that are contingent upon future events. The most significant of these contractual commitments that we consider to be contingent obligations are summarized below.

Commitments related to Maxia are considered contingent commitments as future events must occur to cause these commitments to be enforceable. In February 2003, we completed our acquisition of Maxia. Under the merger agreement, former Maxia stockholders have the right to receive certain earn out amounts of up to a potential aggregate amount of $14.0 million upon the occurrence of certain research and development milestones set forth in the merger agreement. Twenty percent of each earn out payment, if earned, will be paid in cash and the remaining eighty percent will be paid in shares of our common stock such that an aggregate of $2.8 million in cash and $11.2 million in our common stock (based upon the then fair value) could potentially be paid pursuant to the earn out milestones. The milestones are set to occur as Maxia products enter various stages of human clinical trials and may be earned at any time prior to the tenth anniversary of the consummation of the merger. In any event, no more than 13,531,138 shares of our common stock may be issued to former Maxia stockholders in the aggregate pursuant to the merger agreement. None of these milestones has been achieved as of December 31, 2009.

We have entered into and may in the future seek to license additional rights relating to technologies in connection with our drug discovery and development programs. Under these licenses, we may be required to pay up-front fees, milestone payments, and royalties on sales of future products.

In February 2010, the holders of $15.5 million aggregate principal amount of our 3 1/2% convertible senior notes due 2011 and $1.4 million aggregate principal amount of our 3 1/2% convertible subordinated notes due 2011 elected to convert their holdings into 1,502,851 shares of our common stock. On February 22, 2010 we redeemed all of the remaining outstanding 3 1/2% convertible senior notes due 2011 and 3 1/2% convertible subordinated notes due 2011 at a price equal to 100.5% of the principal amount of the notes plus accrued and unpaid interest of $0.1 million to the redemption date. We used a total of $158.6 million in cash to fund this redemption.

We believe that our cash, cash equivalents and marketable securities will be adequate to satisfy our capital needs for at least the next twelve months. Our cash requirements depend on numerous factors, including our expenditures in connection with potential repayments of convertible subordinated notes purchased by Pfizer; expenditures in connection with our drug discovery and development programs and commercialization operations; expenditures in connection with litigation or other legal proceedings; competing technological and market developments; the cost of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; our receipt of any milestone or other payments under any collaborative agreements we may enter into, including the agreements with Novartis, Lilly and Pfizer; and expenditures in connection with strategic relationships and license agreements. Changes in our research and development or commercialization plans or other changes affecting our operating expenses may result in changes in the timing and amount of expenditures of our capital resources. We expect that future revenues generated from information products, including licensing of intellectual property, will continue to decline or remain steady as we focus on drug discovery and development programs and, in 2010, will not represent a significant source of cash inflow for us.

Until we can generate a sufficient amount of product revenues to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through public or private equity offerings, debt financings, borrowings or strategic collaborations. The sale of equity or additional convertible debt securities in the future may be dilutive to our stockholders, and may provide for rights, preferences or privileges senior to those of our holders of common stock. Debt financing arrangements may require us to pledge certain assets or enter into covenants that could restrict our operations or our ability to incur further indebtedness. The indenture under which our 4.75% convertible senior notes due 2015 are issued contains a covenant that, among other things, limits our ability and the ability of any of our subsidiaries to incur additional indebtedness, create liens, or sell, lease, license, transfer or otherwise dispose of certain of our or their assets. We do not know whether additional funding will be available on acceptable terms, if at all. The credit markets and the financial services industry recently experienced a period of unprecedented turmoil and upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States federal government. These events generally made equity and debt financing difficult to obtain since their occurrence. If we are not able to secure additional funding when needed, we may have to scale back our operations, delay or eliminate one or more of our research or development programs, or attempt to obtain funds by entering into an agreement with a collaborator or licensee that would result in terms that are not favorable to us or relinquishing our rights in certain of our proprietary technologies or drug candidates.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements other than those that are discussed above.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Our investments in marketable securities, which are composed primarily of investment-grade corporate bonds, U.S. government agency debt securities, mortgage and asset-backed securities and money market funds, are subject to default, changes in credit rating and changes in market value. These investments are also subject to interest rate risk and will decrease in value if market rate interest rates increase. As of December 31, 2009, cash, cash equivalents and short-term and long-term marketable securities were $473.9 million, including a funded restricted cash escrow account of $56.2 million associated with the first six semi-annual interest payments on our 4.75% convertible senior notes due 2015. Due to the nature of these investments, if market interest rates were to increase immediately and uniformly by 10% from levels as of December 31, 2009 the decline in fair value would not be material.

Item 8. ***Financial Statements and Supplementary Data***

INDEX

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Incyte Corporation

We have audited the accompanying consolidated balance sheets of Incyte Corporation as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2009. 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 the standards of the Public Company Accounting Oversight Board (United States). 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 consolidated financial position of Incyte Corporation, at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Incyte Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 5, 2010 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 5, 2010

INCYTE CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except number of shares and par value)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 449,824	$ 178,767
Marketable securities—available-for-sale	20,594	19,257
Restricted cash	19,032	—
Accounts receivable	163,661	1,050
Prepaid expenses and other current assets	2,944	6,420
Total current assets	656,055	205,494
Marketable securities—available-for-sale	3,513	19,759
Restricted cash	37,191	—
Property and equipment, net	1,752	2,796
Intangible and other assets, net	13,879	4,339
Total assets	$ 712,390	$ 232,388
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 20,964	$ 15,679
Accrued compensation	13,418	9,330
Interest payable	7,094	5,273
Accrued and other current liabilities	17,441	14,893
Deferred revenue	67,030	62
Accrued restructuring	6,879	5,100
Total current liabilities	132,826	50,337
Convertible senior notes	308,059	130,969
Convertible subordinated notes	135,079	265,198
Deferred revenue	238,169	—
Other liabilities	641	6,634
Total liabilities	814,774	453,138
Stockholders' deficit:		
Preferred stock, $0.001 par value; 5,000,000 shares authorized; none issued or outstanding as of December 31, 2009 and December 31, 2008	—	—
Common stock, $0.001 par value; 400,000,000 shares authorized; 118,893,326 and 97,339,849 shares issued and outstanding as of December 31, 2009 and December 31, 2008, respectively	119	97
Additional paid-in capital	1,287,974	961,214
Accumulated other comprehensive gain (loss)	707	(2,747)
Accumulated deficit	(1,391,184)	(1,179,314)
Total stockholders' deficit	(102,384)	(220,750)
Total liabilities and stockholders' deficit	$ 712,390	$ 232,388

See accompanying notes.

INCYTE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Year Ended December 31,		
	2009	2008	2007
Revenues:			
Contract revenues	$ 5,755	$ 659	$ 29,852
License and royalty revenues	3,510	3,260	4,588
Total revenues	9,265	3,919	34,440
Costs and expenses:			
Research and development	119,442	146,362	104,889
Selling, general and administrative	27,580	17,073	15,238
Other expenses	2,011	(227)	(407)
Total costs and expenses	149,033	163,208	119,720
Loss from operations	(139,768)	(159,289)	(85,280)
Interest and other income, net	50	5,306	22,431
Interest expense	(32,125)	(24,937)	(24,032)
Loss on embedded derivative liability	(34,300)	—	—
Loss on repurchase of convertible senior and subordinated notes	(5,727)	—	—
Net loss	$ (211,870)	$ (178,920)	$ (86,881)
Basic and diluted per share data	$ (2.06)	$ (1.99)	$ (1.03)
Shares used in computing basic and diluted net loss per share	102,943	89,785	84,185

See accompanying notes.

INCYTE CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	Year Ended December 31,		
	2009	2008	2007
Net loss	$ (211,870)	$ (178,920)	$ (86,881)
Other comprehensive income (loss):			
Unrealized gains (losses) on marketable securities	2,200	(3,600)	(113)
Reclassification adjustment for realized (gains) losses on marketable securities	1,254	1,381	—
Other comprehensive income (loss)	3,454	(2,219)	(113)
Comprehensive loss	$ (208,416)	$ (181,139)	$ (86,994)

See accompanying notes.

INCYTE CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

(in thousands, except number of shares)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balances at December 31, 2006	$ 84	$ 828,936	$ (415)	$ (913,513)	$ (84,908)
Issuance of 222,654 shares of Common Stock upon exercise of stock options and 337,689 shares of Common Stock under the ESPP	1	2,325	—	—	2,326
Stock compensation expense	—	10,059	—	—	10,059
Other comprehensive loss	—	—	(113)	—	(113)
Net loss	—	—	—	(86,881)	(86,881)
Balances at December 31, 2007	$ 85	$ 841,320	$ (528)	$ (1,000,394)	(159,517)
Issuance of 289,031 shares of Common Stock upon exercise of stock options and 442,749 shares of Common Stock under the ESPP	—	3,226	—	—	3,226
Issuance of 12,075,000 shares of Common Stock	12	101,642	—	—	101,654
Stock compensation expense	—	15,026	—	—	15,026
Other comprehensive loss	—	—	(2,219)	—	(2,219)
Net loss	—	—	—	(178,920)	(178,920)
Balances at December 31, 2008	$ 97	$ 961,214	$ (2,747)	$ (1,179,314)	$ (220,750)
Issuance of 104,919 shares of Common Stock upon exercise of stock options and 748,558 shares of Common Stock under the ESPP	1	2,060	—	—	2,061
Issuance of 20,700,000 shares of Common Stock	21	132,315	—	—	132,336
Stock compensation expense	—	9,980	—	—	9,980
Other comprehensive income	—	—	3,454	—	3,454
Reclassification of embedded derivative liability	—	182,405	—	—	182,405
Net loss	—	—	—	(211,870)	(211,870)
Balances at December 31, 2009	$ 119	$ 1,287,974	$ 707	$ (1,391,184)	$ (102,384)

See accompanying notes.

INCYTE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2009	2008	2007
Cash flows from operating activities:			
Net loss	$ (211,870)	$ (178,920)	$ (86,881)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Non-cash restructuring charges	2,011	(227)	(407)
Depreciation and amortization	16,690	13,071	12,963
Stock-based compensation	9,980	15,026	10,059
Loss on embedded derivative liability	34,300	—	—
Loss on repurchase of convertible senior and subordinated notes	5,727	—	—
Impairment of long-term investments and marketable securities	1,254	1,381	—
Realized loss (gain) on long-term investments and marketable securities, net	85	(700)	(8,479)
Changes in operating assets and liabilities:			
Accounts receivable	(162,611)	501	522
Prepaid expenses and other assets	3,954	467	1,121
Accounts payable	5,285	7,873	1,890
Accrued and other liabilities	2,416	1,255	2,349
Deferred revenue	305,137	(587)	(25,831)
Net cash provided by (used in) operating activities	12,358	(140,860)	(92,694)
Cash flows from investing activities:			
Capital expenditures	(387)	(698)	(1,153)
Purchases of marketable securities	—	—	(45,024)
Sales of marketable securities	1,212	58,846	135,150
Maturities of marketable securities	15,627	47,745	81,389
Net cash provided by investing activities	16,452	105,893	170,362
Cash flows from financing activities:			
Proceeds from issuance of common stock under stock plans	2,061	3,226	2,325
Net proceeds from issuance of common stock	132,336	101,654	—
Changes in restricted cash	(56,223)	—	—
Repurchase of convertible senior and subordinated notes	(223,289)	—	—
Net proceeds from issuance of convertible senior and subordinated notes	387,369	—	10,000
Net cash provided by financing activities	242,254	104,880	12,325
Change in currency translation adjustment	(7)	—	—
Net increase in cash and cash equivalents	271,057	69,913	89,993
Cash and cash equivalents at beginning of year	178,767	108,854	18,861
Cash and cash equivalents at end of year	$ 449,824	$ 178,767	$ 108,854
Supplemental Schedule of Cash Flow Information			
Interest paid	$ 15,141	$ 14,064	$ 13,464
Taxes paid	$ —	$ —	$ —

See accompanying notes.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Summary of Significant Accounting Policies

Organization and Business. Incyte Corporation ("Incyte," "we," "us," or "our") is a drug discovery and development company focused on developing proprietary small molecule drugs to treat serious unmet medical needs. We have a pipeline with programs focused primarily in the areas of oncology and inflammation.

Principles of Consolidation. The consolidated financial statements include the accounts of Incyte Corporation and our wholly owned subsidiaries. All material inter-company accounts, transactions, and profits have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk. Cash, cash equivalents, marketable securities and trade receivables are financial instruments which potentially subject us to concentrations of credit risk. The estimated fair value of financial instruments approximates the carrying value based on available market information. We primarily invest our excess available funds in notes and bills issued by the U.S. government and its agencies and corporate debt securities and, by policy, limit the amount of credit exposure to any one issuer and to any one type of investment, other than securities issued or guaranteed by the U.S. government. Our customers for our information products are primarily pharmaceutical and biotechnology companies which are typically located in the United States and Europe and our other receivables relate to our collaborative agreements with pharmaceutical companies. We have not experienced any significant credit losses on cash, cash equivalents, marketable securities or trade receivables to date and do not require collateral on receivables.

Cash and Cash Equivalents. Cash and cash equivalents are held in U.S. banks or in custodial accounts with U.S. banks. Cash equivalents are defined as all liquid investments and money market funds with maturity from date of purchase of 90 days or less that are readily convertible into cash and have insignificant interest rate risk.

Marketable Securities—Available-for-Sale. All marketable securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, based on quoted market prices and observable inputs, with unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity (deficit). We classify marketable securities available to fund current operations as current assets on the consolidated balance sheets. Marketable securities are classified as long-term assets on the consolidated balance sheets if (i) they have been in an unrealized loss position for longer than six months and (ii) we have the ability to hold them until the carrying value is recovered and such holding period may be longer than one year. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretions of discounts to maturity. Such amortization is included in interest income. Realized gains and losses and declines in value judged to be other than temporary for available-for-sale securities are included in "Interest and other income (expense), net." The cost of securities sold is based on the specific identification method.

Accounts Receivable. As of December 31, 2009 and 2008 we had no allowance for doubtful accounts. We provide an allowance for doubtful accounts based on experience and specifically identified risks.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Accounts receivable are carried at fair value and charged off against the allowance for doubtful accounts when we determine that recovery is unlikely and we cease collection efforts.

Property and Equipment. Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets (generally three to five years). Leasehold improvements are amortized over the shorter of the estimated useful life of the assets or lease term.

Management continually reviews the estimated useful lives of technologically sensitive equipment and believes that those estimates appropriately reflect the current useful life of our assets. In the event that a currently unknown significantly advanced technology became commercially available, we would re-evaluate the value and estimated useful lives of our existing equipment, possibly having a material impact on the financial statements.

Intangible and Other Assets. Patent application costs relating to ongoing drug discovery and development are charged to expense as incurred. In prior years, costs of patents, patent applications and patent defense for gene and genomic patents were capitalized and amortized on a straight-line basis over their estimated useful lives of approximately five years.

Income Taxes. Deferred income taxes are provided at the currently enacted income tax rates for the difference between the financial statement and income tax basis of assets and liabilities and carry-forward items. The effective tax rate and the tax basis of assets and liabilities reflect management's estimates of the ultimate outcome of various tax audits and issues. In addition, valuation allowances are established for deferred tax assets where the amount of expected future taxable income from operations does not support the realization of the asset. We believe that the current assumptions and other considerations used to estimate the current year effective and deferred tax positions are appropriate. However, if the actual outcome of future tax consequences differs from our estimates and assumptions, the resulting change to the provision for income taxes could have a material impact on our consolidated financial statements.

Financing Costs Related to Long-term Debt. Costs associated with obtaining long-term debt are deferred and amortized over the term of the related debt using the effective interest method. Such costs are included in intangibles and other assets, net on the consolidated balance sheet.

Net Income (Loss) Per Share. Our basic and diluted losses per share are calculated by dividing the net loss by the weighted average number of shares of common stock outstanding during all periods presented. Options to purchase stock and convertible debt are included in diluted earnings per share calculations, unless the effects are anti-dilutive.

Accumulated Other Comprehensive Income (Loss). Accumulated other comprehensive income (loss) consists of the following:

	December 31,	
	2009	2008
	(in thousands)	
Unrealized gains (losses) on marketable securities	$ 707	$ (2,740)
Cumulative translation adjustment	—	(7)
	$ 707	$ (2,747)

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition. Revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable and collectability is reasonably assured. We have entered into various types of agreements for access to our information databases and use of our intellectual property. Revenues are deferred for fees received before earned or until no further obligations exist. We exercise judgment in determining that collectability is reasonably assured or that services have been delivered in accordance with the arrangement. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess collectability based primarily on the customer's payment history and on the creditworthiness of the customer.

Revenues from licenses to our intellectual property are recognized when earned under the terms of the related agreements. Royalty revenues are recognized upon the sale of products or services to third parties by the licensee or other agreed upon terms. We estimate royalty revenues based on previous period royalties received and information provided by the third party licensee. We exercise judgment in determining whether the information provided by licensees is sufficiently reliable for us to base our royalty revenue recognition thereon.

Under agreements involving multiple products, services and/or rights to use assets, the multiple elements are divided into separate units of accounting when certain criteria are met, including whether the delivered items have stand alone value to the customer and whether there is objective and reliable evidence of the fair value of the undelivered items. When separate units of accounting exist, consideration is allocated among the separate elements based on their respective fair values. The determination of fair value of each element is based on objective evidence from historical sales of the individual elements by us to other customers. If such evidence of fair value for each undelivered element of the arrangement does not exist, all revenue from the arrangement is deferred until such time that evidence of fair value for each undelivered element does exist or until all elements of the arrangement are delivered. When elements are specifically tied to a separate earnings process, revenue is recognized when the specific performance obligation tied to the element is completed. When revenues for an element are not specifically tied to a separate earnings process, they are recognized ratably over the term of the agreement.

In connection with our collaborative research and license agreement with Novartis International Pharmaceutical Ltd. ("Novartis"), we received an upfront non-refundable payment of $150.0 million in December 2009. Included in accounts receivable in the accompanying balance sheet at December 31, 2009 is $60.0 million due from Novartis for a milestone that was achieved in 2009 prior to the execution of the collaboration. Accordingly, this milestone was not deemed substantive. The total amount of $210.0 million was recorded as deferred revenue and will be recognized on a straight-line basis through December 2013, our estimated performance period under the agreement. In connection with our collaborative research and license agreement with Eli Lilly and Company ("Lilly") executed in 2009, we received an upfront non-refundable payment of $90.0 million in January 2010. The $90.0 million upfront fee is included in accounts receivable, was recorded as deferred revenue in the accompanying balance sheet at December 31, 2009 and will be recognized on a straight-line basis through December 2016, our estimated performance period under the agreement. In connection with our collaborative research and license agreement with Pfizer Inc. ("Pfizer"), we received an upfront non-refundable payment of $40.0 million in January 2006. The $40.0 million upfront fee was recorded as deferred revenue and was recognized on a straight-line basis over two years, our estimated performance period under the agreement. In February 2006 and October 2007, Pfizer purchased, for a total of $20.0 million, a convertible subordinated note due 2013 and a convertible subordinated note due 2014 (collectively, the "Pfizer Notes"). As the Pfizer Notes are

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

non-interest bearing, they have been discounted to their net present value. The difference between the cash received and the present value of the Pfizer Notes, plus the related beneficial conversion feature, totals $3.2 million for each note, which represented additional consideration from Pfizer under the agreement. We have accounted for this additional consideration as deferred revenue and have recognized it over our estimated performance period under the agreement. We recognized contract revenues for research services provided by our full time equivalents to Pfizer in the periods in which the services were performed. We received a $3.0 million milestone payment from Pfizer in the second quarter of 2007. Payments for all milestones that are deemed to be substantive milestones will be recognized as revenue upon the achievement of the associated milestone.

Research and Development. It is our policy to expense research and development costs as incurred. We often contract with clinical research organizations ("CROs") to facilitate, coordinate and perform agreed upon research and development of a new drug. To ensure that research and development costs are expensed as incurred, we record monthly accruals for clinical trials and preclinical testing costs based on the work performed under the contract.

These CRO contracts typically call for the payment of fees for services at the initiation of the contract and/or upon the achievement of certain clinical trial milestones. In the event that we prepay CRO fees, we record the prepayment as a prepaid asset and amortize the asset into research and development expense over the period of time the contracted research and development services are performed. Most professional fees, including project and clinical management, data management, monitoring, and medical writing fees are incurred throughout the contract period. These professional fees are expensed based on their percentage of completion at a particular date.

Our CRO contracts generally include pass through fees. Pass through fees include, but are not limited to, regulatory expenses, investigator fees, travel costs, and other miscellaneous costs, including shipping and printing fees. We expense the costs of pass through fees under our CRO contracts as they are incurred, based on the best information available to us at the time. The estimates of the pass through fees incurred are based on the amount of work completed for the clinical trial and are monitored through correspondence with the CROs, internal reviews and a review of contractual terms. The factors utilized to derive the estimates include the number of patients enrolled, duration of the clinical trial, estimated patient attrition, screening rate and length of the dosing regimen. CRO fees incurred to set up the clinical trial are expensed during the setup period.

Other Expenses. We recognize other expenses in connection with our plans to exit certain activities including costs related to leased facilities to be abandoned or subleased, and other exit-related costs. These charges were incurred pursuant to formal plans developed by management. The recognition of other expenses requires our management to make judgments and estimates regarding the nature, timing, and amount of costs associated with the planned exit activity, including estimating sublease income and the fair value, less sales costs, of equipment to be disposed of. Management's estimates of future liabilities may change, requiring us to record additional restructuring charges or reduce the amount of liabilities already recorded. At the end of each reporting period, we evaluate the remaining accrued balances to ensure that they are adequate, that no excess accruals are retained, and that the utilization of the provisions are for their intended purposes in accordance with developed exit plans.

Stock-Based Compensation. Financial Accounting Standards Board ("FASB") accounting guidance for stock compensation requires all share-based payment transactions with employees, including grants of

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

employee stock options, to be recognized as compensation expense over the requisite service period based on their fair values. The accounting guidance also requires significant judgment and the use of estimates, particularly surrounding Black-Scholes assumptions such as stock price volatility and expected option lives, as well as expected option forfeiture rates, to value equity-based compensation and requires the recognition of the fair value of stock compensation in the statement of operations. We recorded $10.0 million, $15.0 million and $10.1 million of stock compensation expense for the years ended December 31, 2009, 2008 and 2007, respectively.

Recent Accounting Pronouncements

In September 2006, the FASB issued new accounting guidance on fair value measurements. This guidance establishes a common definition for fair value to be applied to U.S. GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosure about such fair value measurements. We adopted this new accounting guidance effective January 1, 2008. Also in February 2008, the FASB issued authoritative guidance deferring the effective date of the fair value guidance for all nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. We adopted this new accounting guidance for all nonfinancial assets and nonfinancial liabilities effective January 1, 2009.

In April 2009, the FASB issued a staff position providing additional guidance on factors to consider in estimating fair value when there has been a significant decrease in market activity for a financial asset. The guidance was effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard had no material impact on our consolidated financial statements.

In June 2008, the FASB issued new guidance related to assessing whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock for the purposes of determining whether such equity-linked financial instrument (or embedded feature) is subject to derivative accounting. We adopted this new guidance effective January 1, 2009. Pursuant to this guidance, at September 30, 2009, in connection with the issuance of our 4.75% convertible senior notes due 2015 (the "4.75% Senior Notes"), the fair value of the embedded conversion feature on September 30, 2009 of $148.1 million was recorded as a derivative liability and the carrying value of the 4.75% Senior Notes was reduced to reflect a debt discount equal to the fair value of the embedded conversion feature. The derivative liability related to the conversion feature was revalued on November 24, 2009, the date we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of the 4.75% Senior Notes, increasing the fair value of the derivative liability to $182.4 million as, among other factors, our stock price increased from September 30, 2009. The change in fair market value of $34.3 million was recorded in earnings. As we had reserved sufficient shares of our common stock to satisfy the conversion provisions of the 4.75% Senior Notes, the conversion feature was considered indexed to our stock and the fair value of the conversion feature was reclassified from a liability into stockholders' deficit at December 31, 2009 in the accompanying consolidated balance sheet .

In April 2009, the FASB issued a staff position which changes the method for determining whether an other-than-temporary impairment exists for debt securities and the amount of the impairment to be recorded in earnings. The guidance is effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. During the three months ended June 30, 2009, we recorded an other than temporary impairment charge

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

on our marketable securities of $1.3 million, which is included in interest and other income, net in the accompanying consolidated statement of operations.

In April 2009, the FASB issued a staff position requiring fair value disclosures in both interim as well as annual financial statements in order to provide more timely information about the effects of current market conditions on financial instruments. The guidance is effective for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard did not have a material impact on our consolidated balance sheet and results of operations.

In May 2009, the FASB issued new guidance on subsequent events. The standard provides guidance on management's assessment of subsequent events and incorporates this guidance into accounting literature. The standard is effective prospectively for interim and annual periods ending after June 15, 2009, and we adopted this guidance commencing with our June 30, 2009 consolidated financial statements. The implementation of this standard did not have a material impact on our consolidated financial position and results of operations.

In July 2009, the FASB issued the FASB Accounting Standards Codification (the "Codification"). The Codification became the single source of authoritative nongovernmental U.S. GAAP, superseding existing literature of the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other sources. The Codification was effective for interim and annual periods ending after September 15, 2009. We adopted the Codification for the quarter ended September 30, 2009. There was no impact on our consolidated balance sheet and results of operations as this change is disclosure-only in nature.

In October 2009, the FASB issued amendments to the accounting and disclosure for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010 (early adoption is permitted), modify the criteria for recognizing revenue in multiple element arrangements and the scope of what constitutes a non-software deliverable. The impact of the adoption of these amendments will depend on the nature of the arrangements that we enter into subsequent to the date we adopt the amendments.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Marketable Securities

The following is a summary of our marketable security portfolio as of December 31, 2009 and 2008, respectively.

	Amortized Cost	Net Unrealized Gains	Net Unrealized Losses	Estimated Fair Value
	(in thousands)			
December 31, 2009				
Mortgage backed securities	$ 8,546	$ 781	$ (33)	$ 9,294
Asset-backed securities	3,500	—	(1)	3,499
Corporate debt securities	11,309	7	(2)	11,314
	$ 23,355	$ 788	$ (36)	$ 24,107
December 31, 2008				
U.S. Treasury notes	$ 2,121	$ 57	$ —	$ 2,178
Mortgage backed securities	13,173	79	(1,694)	11,558
Asset-backed securities	3,582	—	(211)	3,371
Corporate debt securities	22,881	—	(972)	21,909
	$ 41,757	$ 136	$ (2,877)	$ 39,016

As of December 31, 2009, our marketable securities, excluding equity securities, had the following maturities:

	Amortized Cost	Estimated Fair Value
	(in thousands)	
Less than one year	$ 11,309	$ 11,314
Between one and two years	—	—
Between two and five years	—	—
	11,309	11,314
Mortgage and asset-backed securities	12,046	12,793
Total	$ 23,355	$ 24,107

Actual maturities may differ from those scheduled as a result of prepayments by the issuers. Because of the potential for prepayment on mortgage and asset-backed securities, they are not categorized by contractual maturity.

Fair Value Measurements

FASB accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability ("the exit price") in an orderly transaction between market participants at the measurement date. The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. In determining fair value we use quoted prices and observable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Marketable Securities (Continued)

independent of us. The fair value hierarchy is broken down into three levels based on the source of inputs as follows:

Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Valuations based on observable inputs and quoted prices in active markets for similar assets and liabilities.

Level 3—Valuations based on inputs that are unobservable and models that are significant to the overall fair value measurement.

Our marketable securities consist of investments in corporate debt securities, mortgage and asset-backed securities, U.S. Treasury notes, and other U.S. government agency securities that are classified as available-for-sale. We classify marketable securities available to fund current operations as current assets on the consolidated balance sheet. Marketable securities are classified as long-term assets on the consolidated balance sheets if (i) they have been in an unrealized loss position for longer than six months and (ii) we have the ability to hold them until the carrying value is recovered and such holding period may be longer than one year.

The following fair value hierarchy table presents information about each major category of our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 (in thousands):

	Fair value measurement at reporting date using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2009
Cash and cash equivalents	$ 449,824	$ —	$ —	$ 449,824
Marketable securities—available-for-sale	—	24,107	—	24,107
Restricted cash	56,223	—	—	56,223
Total assets	$ 506,047	$ 24,107	$ —	$ 530,154

The following fair value hierarchy table presents information about each major category of our financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2008 (in thousands):

	Fair value measurement at reporting date using:			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance as of December 31, 2008
Cash and cash equivalents	$ 178,767	$ —	$ —	$ 178,767
Marketable securities—available-for-sale	2,178	36,838	—	39,016
Total	$ 180,945	$ 36,838	$ —	$ 217,783

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Marketable Securities (Continued)

The table below sets forth a summary of changes in fair value of our level 3 liabilities at December 31, 2009 (in thousands):

Level 3 Liabilities	December 31, 2009
Embedded derivative liability on 4.75% Convertible Senior Notes	
Balance, beginning of year	$ —
Initial value of embedded derivative upon issuance of the 4.75% Convertible Senior Notes	148,105
Change in market value of embedded derivative	34,300
Reclassification to additional paid in capital	(182,405)
Balance, December 31, 2009	$ —

Due to the variable mix of common stock and series A preferred stock that would have been issued to satisfy the conversion of the 4.75% Senior Notes until we had reserved sufficient shares of our common stock, the embedded conversion feature was not considered indexed to our stock. As a result, the embedded conversion feature was not eligible for equity classification and was required to be bifurcated from the underlying debt instrument until we had reserved sufficient shares of our common stock. Accordingly, the fair value of the embedded conversion feature on September 30, 2009 of $148.1 million was recorded as a derivative liability and the carrying value of the 4.75% Senior Notes was reduced to reflect a debt discount equal to the fair value of the embedded conversion feature. The derivative liability related to the conversion feature was revalued on November 24, 2009, the date we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of the 4.75% Senior Notes. The fair value of the derivative liability was increased to $182.4 million as, among other factors, our stock price increased from September 30, 2009, and the change in fair market value of $34.3 million was recorded in earnings. As we had reserved sufficient shares of our common stock to satisfy the conversion provisions of the 4.75% Senior Notes, the conversion feature is considered indexed to our stock and the fair value of the conversion feature has been reclassified from a liability into stockholders' deficit at December 31, 2009. The debt discount related to the derivative liability will be amortized to interest expense over the six year term of the 4.75% Senior Notes using the effective interest method. We valued the embedded conversion feature using a single factor binomial lattice model, with the assistance of a valuation consultant. This model incorporates inputs such as stock price, historical volatility, risk free interest rate, equivalent bond yield, as well as assumptions about fundamental change and note holder behavior.

As of December 31, 2009, approximately $3.5 million of marketable securities were classified as long-term assets on the consolidated balance sheets as they have been in an unrealized loss position for longer than six months and we have the intent and ability to hold them until the carrying value recovers, which may be longer than one year.

Net realized gains (losses) of $(1.3) million, $(1.6) million and $(0.4) million from sale or impairment of marketable securities were included in "Interest and other income/(expense), net" in 2009, 2008 and 2007, respectively.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Concentrations of Credit Risk

We previously had entered into agreements licensing a portion of our intellectual property, with pharmaceutical, biotechnology and agricultural companies and academic institutions. Such agreements represented 100% of license and royalty revenues in 2009, 2008 and 2007. In addition, if a customer develops certain products utilizing our technology or proprietary information, we could potentially receive royalty and milestone payments. In December 2009, we entered into a license, development and commercialization Agreement with Lilly. In November 2009, we entered into a collaboration and license Agreement with Novartis. In November 2005, we entered into a collaborative research and license agreement with Pfizer, which became effective in January 2006.

A single customer contributed 58%, 34% and 87% of total revenues for the years ended December 31, 2009, 2008 and 2007, respectively.

Three customers comprised 100% and 78% of the accounts receivable balance as of December 31, 2009 and 2008, respectively.

Note 4. License Agreements

Novartis

In November 2009, we entered into a Collaboration and License Agreement with Novartis International Pharmaceutical Ltd. Under the terms of the collaboration and license agreement, Novartis received exclusive development and commercialization rights outside of the United States to INCB18424 and certain back-up compounds for hematologic and oncology indications, including all hematological malignancies, solid tumors and myeloproliferative diseases. We retained exclusive development and commercialization rights to INCB18424 in the United States and in certain other indications. Novartis also received worldwide exclusive development and commercialization rights to our c-MET inhibitor compound INCB28060 and certain back-up compounds in all indications. We retained options to co-develop and to co-promote INCB28060 in the United States.

We received an upfront payment of $150 million in December 2009 plus an immediate $60 million milestone payment in January 2010 earned for the start of the Phase III study for INCB18424 in Europe. We may be eligible to receive future additional payments if defined development and commercialization milestones are achieved and could receive tiered, double digit royalties on future INCB18424 sales outside of the United States. Each company is responsible for costs relating to the development and commercialization of the JAK inhibitor compound in its respective territories, with costs of collaborative studies shared equally. Novartis is responsible for all costs relating to the development and commercialization of the c-MET inhibitor compound after the initial Phase I clinical trial.

The Novartis agreement will continue on a program-by-program basis until Novartis has no royalty payment obligations with respect to such program or, if earlier, the termination of the agreement or any program in accordance with the terms of the agreement. The agreement may be terminated in its entirety or on a program-by-program basis by Novartis for convenience. The agreement may also be terminated by either party under certain other circumstances, including material breach.

We determined that there were two deliverables under the agreement: (i) the ex U.S. license for INCB18424 and (ii) our obligations in connection with our participation on the joint development committee for myelofibrosis and polycythemia vera/essential thrombocythemia. We concluded that these deliverables should be accounted for as a single unit of accounting and the $150.0 million upfront payment received in December 2009 and the immediate $60.0 million milestone payment received in January 2010

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. License Agreements (Continued)

should be recognized on a straight line basis through December 2013 when we estimate we will complete our obligations in connection with our participation on the joint development committee, our estimated performance period under the agreement. We have no further substantive obligations to Novartis after the completion of our obligations in connection with the joint development committee. All future milestone payments will be recognized as revenue upon the achievement of the associated milestone.

At December 31, 2009 we recorded $10.9 million of reimbursable costs incurred prior to the effective date of the agreement as deferred revenue on the consolidated balance sheet. These costs will be recognized on a straight line basis through December 2013 consistent with the aforementioned upfront and milestone payment. Future reimbursable costs incurred after the effective date of the agreement with Novartis will be recorded on a net basis. At December 31, 2009, $3.2 million of reimbursable costs are included in accounts receivable on the consolidated balance.

Contract revenue under the Novartis agreement was $5.4 million for the year ended December 31, 2009.

Lilly

In December 2009, we entered into a License, Development and Commercialization Agreement with Eli Lilly and Company. Under the terms of the Lilly agreement, Lilly received exclusive worldwide development and commercialization rights to INCB28050 and certain back-up compounds for inflammatory and autoimmune diseases. We received an initial payment of $90 million, and we may be eligible to receive future additional payments based on the achievement of defined development, regulatory and commercialization milestones and could receive tiered, double-digit royalty payments on future global sales with rates ranging up to 20% if the product is successfully commercialized.

We retained options to co-develop our JAK1/JAK2 inhibitors with Lilly on a compound-by-compound and indication-by-indication basis. Lilly will be responsible for all costs relating to the development and commercialization of the compounds unless we elect to co-develop any compounds or indications. If we elect to co-develop any compounds and/or indications, we would be responsible for funding 30% of the associated future global development costs from the initiation of a Phase IIb trial. We would receive an incremental royalty rate increase across all tiers resulting in effective royalty rates ranging up to the high twenties on potential future global sales for compounds and/or indications that we elect to co-develop. We also retained an option to co-promote products in the United States. The Lilly agreement will continue until Lilly no longer has any royalty payment obligations or, if earlier, the termination of the agreement in accordance with its terms. The agreement may be terminated by Lilly for convenience, and may also be terminated under certain other circumstances, including material breach.

We determined that there were two deliverables under the agreement: (i) the worldwide license and (ii) our obligations in connection with a co-development option. We concluded that these deliverables should be accounted for as a single unit of accounting and the $90.0 million upfront payment should be recognized on a straight line basis as revenue through December 2016 our estimated performance period under the agreement. All milestone payments will be recognized as revenue upon the achievement of the associated milestone. Reimbursable costs incurred after the effective date with Lilly will be recorded on a net basis.

Contract revenue under the Lilly agreement was $0.4 million for the year ended December 31, 2009.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. License Agreements (Continued)

Pfizer

In January 2006, we entered into a Collaborative Research and License Agreement with Pfizer Inc. for the pursuit of our CCR2 antagonist program. Pfizer gained worldwide development and commercialization rights to our portfolio of CCR2 antagonist compounds. Pfizer's rights extend to the full scope of potential indications, with the exception of multiple sclerosis and autoimmune nephritides, where we retained worldwide rights, along with certain compounds. We do not have obligations to Pfizer on pre-clinical development candidates we select for pursuit in these indications. The agreement will terminate upon the expiration of the last to expire of patent rights licensed under the agreement. Prior to such expiration, either party can terminate the agreement for the uncured material breach of the agreement by the other party or for the insolvency of the other party. In addition, Pfizer may terminate the agreement at any time upon 90 days' notice. We received an upfront nonrefundable, non-creditable payment of $40 million in January 2006 and are eligible to receive additional future development and milestone payments. We received a $3.0 million milestone payment from Pfizer in 2007.

We determined that there were two deliverables under the agreement: (i) the worldwide license and (ii) our obligations in connection with a research plan (the "Research Plan"), which were limited to completion of chemistry and biology research services on Pfizer's behalf by our full time equivalents (FTEs). We concluded that these deliverables should be accounted for as a single unit of accounting and the $40 million upfront payment should be recognized as revenue over the two year term that we complete our obligations in connection with the Research Plan, our estimated performance period under the agreement. We have no further substantive obligations to Pfizer after the completion of our obligations in connection with the Research Plan. All milestone payments will be recognized as revenue upon the achievement of the associated milestone. Consistent with the terms of the agreement and our original expectations at the inception of the agreement, the Research Plan concluded after two years in January 2008 and, as such, there are no remaining substantive obligations to Pfizer under the agreement.

Contract revenues related to the upfront consideration received, research services provided to Pfizer, and the difference between the cash received and the present value of the Pfizer Notes, of approximately $0.7 million and $29.9 million were recognized for the years ended December 31, 2008 and 2007, respectively.

Note 5. Property and Equipment

Property and equipment consists of the following:

	December 31,	
	2009	2008
	(in thousands)	
Office equipment	$ 648	$ 594
Laboratory equipment	14,204	14,051
Computer equipment	8,775	8,639
Leasehold improvements	2,152	2,112
	25,779	25,396
Less accumulated depreciation and amortization	(24,027)	(22,600)
	$ 1,752	$ 2,796

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Property and Equipment (Continued)

Depreciation expense, including amortization expense of leasehold improvements, was $1.4 million, $1.8 million and $3.1 million for 2009, 2008 and 2007, respectively.

Note 6. Long-Term Investments

In December 2007, we recorded a gain of approximately $8.5 million in interest and other income, net as a result of the sale of Velocity11, a privately-held life sciences technology company in which we held an ownership position. In December 2008, we received additional consideration of approximately $0.9 million after the one year escrow period elapsed relating to this sale, which was recognized as a gain in interest and other income, net.

The activity in our long-term investments, in any given period, may result in gains or losses on sales or impairment charges. Amounts realized upon disposition of these investments may be different from their carrying value.

Note 7. Intangible and Other Assets

Intangible and other assets consist of the following (in thousands):

	December 31, 2009			December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Gene and genomics-related patent costs	1,381	(1,381)	—	1,381	(1,300)	81
Debt issuance costs	21,479	(8,429)	13,050	8,582	(5,898)	2,684
Other assets	2,380	(1,551)	829	3,125	(1,551)	1,574
Total intangible and other assets	25,240	(11,361)	13,879	$ 13,088	$ (8,749)	$ 4,339

Debt issuance costs relate to costs incurred in connection with the private placements of our 4.75% Senior Notes, 3 1/2% Convertible Senior Notes due 2011 (the "3 1/2% Senior Notes") and 3 1/2% Convertible Subordinated Notes due 2011 (the "3 1/2% Subordinated Notes"). Amortization expense for the years ended December 31, 2009, 2008 and 2007 related to intangible assets was $2.6 million, $1.7 million and $1.9 million, respectively.

In 2004, we sublet one of our existing facilities to a third party. Under the terms of the consent agreement with the facility's landlord, we were required to obtain a letter of credit in favor of the landlord in the amount of $2.6 million. The deposit and the related amount required under the letter of credit declines monthly on a pro-rata basis through March 2011, the remaining term of the lease agreement assigned. The deposit is included in other assets at December 31, 2009.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Convertible Notes

The components of the Convertible Notes are as follows (in thousands):

Debt	December 31, 2009 Interest Rates	Maturities	December 31, Carrying Amount 2009	2008
3 1/2% Convertible Senior Notes due 2011	3.5%	2011	$ 51,435	$ 130,969
3 1/2% Convertible Subordinated Notes due 2011	3.5%	2011	119,011	250,000
4.75% Convertible Senior Notes due 2015	4.75%	2015	256,624	—
Pfizer Convertible Subordinated Note due 2013	0.0%	2013	8,420	7,963
Pfizer Convertible Subordinated Note due 2014	0.0%	2014	7,648	7,235
Less current portion			—	—
			$ 443,138	$ 396,167

Annual maturities of all Convertible Notes are as follows:

2010	$ —
2011	174,610
2012	—
2013	10,000
2014	10,000
Thereafter	400,000
	$ 594,610

The carrying amount and fair value of our Convertible Notes are as follows (in thousands):

	December 31, 2009 Carrying Amount	2009 Fair Value	2008 Carrying Amount	2008 Fair Value
3 1/2% Convertible Senior Notes due 2011	$ 51,435	$ 58,774	$ 130,969	$ 81,972
3 1/2% Convertible Subordinated Notes due 2011	119,011	119,457	250,000	139,583
4.75% Convertible Senior Notes due 2015	256,624	400,000	—	—
Pfizer Convertible Subordinated Note due 2013	8,420	8,420	7,963	7,963
Pfizer Convertible Subordinated Note due 2014	7,648	7,648	7,235	7,235
	$ 443,138	594,299	$ 396,167	$ 236,753

On September 30, 2009, we completed the sale, in a private placement, of $400.0 million aggregate principal amount of our 4.75% Senior Notes, which resulted in net proceeds of approximately $387.4 million. Entities affiliated with Julian C. Baker, one of our directors and principal stockholders (the "Baker Entities") purchased $160.0 million aggregate principal amount of 4.75% Senior Notes in this private placement.

The 4.75% Senior Notes bear interest at the rate of 4.75% per year, payable semi-annually on April 1 and October 1, and are due October 1, 2015. The 4.75% Senior Notes are pari passu in right of payment

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Convertible Notes (Continued)

with the 3 1/2% Senior Notes and senior in right of payment to the 3 1/2% Subordinated Notes and the Pfizer Notes. The Indenture governing the 4.75% Senior Notes (the "Indenture") contains a covenant that, among other things, limits our ability and the ability of any of our subsidiaries to incur additional indebtedness, create liens, or sell, lease, license, transfer or otherwise dispose of certain of our or their assets. This covenant is subject to a number of exceptions, limitations and qualifications set forth in the Indenture. We may not redeem the 4.75% Senior Notes prior to their scheduled maturity date. If we undergo a fundamental change, as defined in the Indenture, subject to certain conditions, holders may require us to repurchase their 4.75% Senior Notes at a purchase price equal to 100% of the principal amount being purchased, plus accrued and unpaid interest, up to the date of purchase. The 4.75% Senior Notes are convertible into shares of our common stock at an initial conversion rate of 113.9601 shares per $1,000 principal amount of the 4.75% Senior Notes, equivalent to an initial conversion price of approximately $8.78 per share. In addition, if, and to the extent, a holder elects to convert any 4.75% Senior Notes in connection with a make-whole fundamental change transaction, as defined in the Indenture, we will, under certain circumstances, increase the applicable conversion rate by a number of additional shares of our common stock.

In connection with the private placement of the 4.75% Senior Notes, we entered into a Pledge and Escrow Agreement, pursuant to which an aggregate of approximately $56.2 million was placed into an escrow account. Funds in the escrow account will be invested in Permitted Securities (as defined in the Pledge and Escrow Agreement), and a portion of the Permitted Securities may be redeemed or sold for cash to make each of the first six scheduled semi-annual interest payments on the 4.75% Senior Notes. Pursuant to the Pledge and Escrow Agreement, we have pledged our interest in the escrow account to the Trustee under the Indenture as security for these interest payments. The amounts held in escrow, totaling $56.2 million as of December 31, 2009, are included within restricted cash (short and long-term) in the consolidated balance sheet.

During the year ended December 31, 2009, through various privately negotiated transactions, we repurchased $96.2 million in face value of our 3 1/2% Senior Notes and $131.0 million in face value of our 3 1/2% Subordinated Notes. Among these transactions were the repurchases from the Baker Entities, a related party, of $38.3 million in face value of our 3 1/2% Senior Notes at a purchase price equal to 98.74% of face value and $59.1 million in face value of our 3 1/2% Subordinated Notes at a purchase price equal to 97.88% of face value. The prices paid by us in the repurchase transactions with the Baker Entities were equal to the weighted average prices paid by us to independent third parties in comparable transactions for the balance of the notes repurchased during this period.

Due to the variable mix of common stock and series A preferred stock that would have been issued to satisfy the conversion of the 4.75% Senior Notes until we had reserved sufficient shares of our common stock, the embedded conversion feature was not considered indexed to our stock. As a result, the embedded conversion feature was not eligible for equity classification and was required to be bifurcated from the underlying debt instrument until we had reserved sufficient shares of our common stock. Accordingly, the fair value of the embedded conversion feature on September 30, 2009 of $148.1 million was recorded as a derivative liability and the carrying value of the 4.75% Senior Notes was reduced to reflect a debt discount equal to the fair value of the embedded conversion feature. The derivative liability related to the conversion feature was revalued on November 24, 2009, the date we increased the number of shares of our common stock authorized for issuance in an amount sufficient to satisfy conversion of the 4.75% Senior Notes. The fair value of the derivative liability was increased to $182.4 million as, among other factors, our stock price increased from September 30, 2009, and the change in fair market value of

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Convertible Notes (Continued)

$34.3 million was recorded in earnings. As we had reserved sufficient shares of our common stock to satisfy the conversion provisions of the 4.75% Senior Notes, the conversion feature is considered indexed to our stock and the fair value of the conversion feature has been reclassified from a liability into stockholders' deficit at December 31, 2009. The debt discount related to the derivative liability will be amortized to interest expense over the six year term of the 4.75% Senior Notes using the effective interest method. We valued the embedded conversion feature using a single factor binomial lattice model, with the assistance of a valuation consultant. This model incorporates inputs such as stock price, historical volatility, risk free interest rate, equivalent bond yield, as well as assumptions about fundamental change and note holder behavior.

In September 2006, we received proceeds of $111.9 million from the sale of $151.8 million aggregate principal amount of the 3 1/2% Senior Notes. The 3 1/2% Senior Notes bear interest at the rate of 3.5% per year, payable semi-annually on February 15 and August 15, and are due February 15, 2011. The 3 1/2% Senior Notes are convertible into shares of our common stock at an initial conversion rate of 89.1385 shares per $1,000 principal amount of the 3 1/2% Senior Notes, equivalent to an initial conversion price of approximately $11.22 per share. The 3 1/2% Senior Notes are senior in right of payment to our outstanding 3 1/2% Subordinated Notes and the Pfizer Notes due 2013 and 2014. The 3 1/2% Senior Notes were issued at a discount to par of approximately $39.9 million. The 3 1/2% Senior Notes accrete up to their face value over the 53 month term of the notes by recording interest expense under the effective interest method.

In connection with the collaborative research and license agreement, Pfizer purchased a $10.0 million principal amount Pfizer Note in February 2006 and an additional $10.0 million principal amount Pfizer Note in October 2007. The Pfizer Notes bear no interest, are due seven years from the date of issuance and are convertible into our common stock at initial conversion prices of $6.8423 and $9.75 per share, respectively, subject to adjustments. The Pfizer Notes are subordinated to all senior indebtedness, including the 3 1/2% Senior Notes, and pari passu in right of payment with our 3 1/2% Subordinated Notes. We may, at our option, repay the Pfizer Notes beginning February 3, 2009 and October 10, 2010, respectively. Pfizer may require us to repay the Pfizer Notes upon a change of control, as defined. As the Pfizer Notes are non interest bearing, they have been discounted to their net present value of $6.8 million each by imputing interest at a rate of 4.5% and 3.9%, respectively, which represented market conditions in place at the time the notes were issued. The carrying value of the Pfizer Notes were $8.4 million and $7.6 million, respectively, at December 31, 2009. We will accrete the Pfizer Notes up to their face value over their term of seven years by recording interest expense under the effective interest method. The difference between the cash received and the present value of the Pfizer Notes plus the related beneficial conversion feature totals $3.2 million for each note, which represents additional consideration from Pfizer under the agreement. We have accounted for this additional consideration as deferred revenue and will recognize it over our estimated performance period under the agreement. Contract revenues related thereto of approximately $0.2 million and $4.7 million, respectively, were recognized for the years ended December 31, 2008 and 2007.

In February and March 2004, in a private placement, we issued a total of $250.0 million of the 3 1/2% Subordinated Notes, which resulted in net proceeds of approximately $242.5 million. The notes bear interest at the rate of 3.5% per year, payable semi-annually on February 15 and August 15. The notes are subordinated to all senior indebtedness, including the 3 1/2% Senior Notes and 4.75% Senior Notes, and pari passu in right of payment with the Pfizer Notes. The notes are convertible into shares of our common stock at an initial conversion price of approximately $11.22 per share, subject to adjustments. Holders may require us to repurchase the notes upon a change in control, as defined.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Other Expenses

The estimates below have been made based upon management's best estimate of the amounts and timing of certain events included in the restructuring plan that will occur in the future. It is possible that the actual outcome of certain events may differ from the estimates. Changes will be made to the restructuring accrual at the point that the differences become determinable. The accrual balances for the restructuring plans are included in accrued restructuring and other liabilities (long-term) in the consolidated balance sheets.

2004 Restructuring (in thousands)

	Accrual Balance as of December 31, 2006	2007 Charges to Operations	2007 Charges Utilized	Accrual Balance as of December 31, 2007	2008 Charges to Operations	2008 Charges Utilized	Accrual Balance as of December 31, 2008	2009 Charges to Operations	2009 Charges Utilized	Accrual Balance as of December 31, 2009
Lease commitments and related costs	$ 11,472	$ 571	$ (2,864)	$ 9,179	$ (585)	$ (2,806)	$ 5,788	$ 256	$ (2,680)	3,364
Other costs	—	125	(125)	—	153	(153)	—	138	(138)	—
Total	$ 11,472	$ 696	$ (2,989)	$ 9,179	$ (432)	$ (2,959)	$ 5,788	$ 394	$ (2,818)	3,364

In February 2004, we announced a restructuring plan to close our information products research facility and headquarters in Palo Alto, California and move our headquarters to our Wilmington, Delaware pharmaceutical research and development facility. We continue to have a lease obligation for a facility extending through March 2011. As a result of the long term nature of the remaining lease obligation, we will be recording a charge each period through the March 2011 termination date of the lease related to increases in the fair value of the lease obligations which total approximately $0.1 million at December 31, 2009.

2002 Restructuring (in thousands)

	Accrual Balance as of December 31, 2006	2007 Charges to Operations	2007 Charges Utilized	Accrual Balance as of December 31, 2007	2008 Charges to Operations	2008 Charges Utilized	Accrual Balance as of December 31, 2008	2009 Charges to Operations	2009 Charges Utilized	Accrual Balance as of December 31, 2009
Lease commitments and related costs	$ 10,000	$ (282)	$ (2,184)	$ 7,534	$ 228	$ (1,831)	$ 5,931	$ 1,621	$ (3,396)	4,156

In November 2002, we announced plans to reduce our expenditures, primarily in research and development, through a combination of spending reductions, workforce reductions, and office consolidations. We currently have one remaining lease related to an exited site that is due to expire in December 2010. During the years ended December 31, 2009, 2008 and 2007, we recognized additional charges of $1.6 million, $0.2 million and $(0.3) million, respectively, primarily relating to this facility for lease expenses in excess of or less than amounts originally estimated. We estimated the costs based on the contractual terms of agreements and current real estate market conditions.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Other Expenses (Continued)

Maxia Acquisition (in thousands)

	Accrual Balance as of December 31, 2006	2007 Charges to Operations	2007 Charges Utilized	Accrual Balance as of December 31, 2007	2008 Charges to Operations	2008 Charges Utilized	Accrual Balance as of December 31, 2008	2009 Charges to Operations	2009 Charges Utilized	Accrual Balance as of December 31, 2009
Lease commitments and related costs	$ 1,218	$ (568)	$ (376)	$ 274	$ (23)	$ (236)	$ 15	$ (4)	$ (11)	$ —

In 2007 we recorded $(0.6) million relating to facilities lease expenses in excess of amounts originally estimated for Maxia Pharmaceuticals, Inc. The operating lease related to the vacated facility expired in November 2008.

Note 10. Stockholders' Deficit

Preferred Stock. We are authorized to issue 5,000,000 shares of preferred stock, none of which was outstanding as of December 31, 2009. The Board of Directors may determine the rights, preferences and privileges of any preferred stock issued in the future. From September 30, 2009 to November 24, 2009 we had reserved 100,000 shares of preferred stock designated as series A preferred stock for issuance in connection with our 4.75% Senior Notes, as described in Note 8 above. On November 25, 2009, we filed a Certificate of Elimination of the Certificate of Designation of Series A Preferred Stock (the "Certificate of Elimination") with the Secretary of State of the State of Delaware relating to our Certificate of Designation of Series A Preferred Stock, which we had originally filed with the Secretary of State of the State of Delaware on September 29, 2009 (the "Certificate of Designation"). The Certificate of Elimination had the effect of eliminating from our Restated Certificate of Incorporation all matters set forth in the Certificate of Designation.

Common Stock. At the Special Meeting of Stockholders held on November 24, 2009, our stockholders approved an amendment to our Restated Certificate of Incorporation to increase the number of shares of common stock authorized for issuance from 200,000,000 shares to 400,000,000 shares. Following the Special Meeting of Stockholders, we filed a Certificate of Amendment of the Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to amend our Restated Certificate of Incorporation to effect the increase in the number of authorized shares of our common stock.

On September 30, 2009, we completed a public offering of 20,700,000 shares of our authorized but unissued common stock at a price to the public of $6.75 per share pursuant to an effective shelf registration statement, which resulted in net proceeds of approximately $132.3 million. The Baker Entities purchased an aggregate of 2,000,000 shares of common stock in this offering.

On August 6, 2008, we completed a public offering of 12,075,000 shares of our common stock at a price to the public of $9.00 per share pursuant to an effective shelf registration statement, resulting in net proceeds of approximately $101.7 million after deducting the underwriting discount and offering expenses. The Baker Entities purchased an aggregate of 1,100,000 shares of common stock in this offering.

Stock Compensation Plans. As of December 31, 2009, we had reserved a total of 22,415,201 shares of our common stock for future issuance related to our stock plans as described below. Summaries of stock option activity for our stock option plans as of December 31, 2009, 2008 and 2007, and related information for the years ended December 31 are included in the plan descriptions below.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Stockholders' Deficit (Continued)

1991 Stock Plan. In November 1991, the Board of Directors adopted the 1991 Stock Plan (the "Stock Plan"), which was amended and restated for issuance of common stock to employees, consultants, and scientific advisors. Options issued under the plan are, at the discretion of the compensation committee of the Board of Directors, either incentive stock options, non-statutory stock options or restricted stock units. The exercise prices of incentive and non-statutory stock options granted under the plan are not less than the fair market value on the date of the grant, as determined by the Board of Directors. Options granted after February 2007 generally vest over three years, pursuant to a formula determined by our Board of Directors, and expire after seven years. Options granted prior to February 2007 generally vest over four years, pursuant to a formula determined by our Board of Directors, and expire after ten years. Certain options granted in 2002 vest pro rata monthly over three years and expire after ten years. In May 2007, our stockholders approved an increase in the number of shares of common stock reserved for issuance under the Stock Plan from 22,350,000 to 25,350,000. In May 2008, our stockholders approved an increase in the number of shares of common stock reserved for issuance under the Stock Plan from 25,350,000 to 29,350,000. In May 2009, our stockholders approved an increase in the number of shares of common stock reserved for issuance under the Stock Plan from 29,350,000 to 30,475,000.

Non-Employee Directors' Stock Option Plan. In August 1993, the Board of Directors approved the 1993 Directors' Stock Option Plan (the "Directors' Plan"), which was later amended. The Directors' Plan provides for the automatic grant of options to purchase shares of common stock to our non-employee directors. In June 2005, our stockholders approved an increase in the number of shares of common stock reserved for issuance under the plan from 1,100,000 to 1,500,000. In May 2009, our stockholders approved an increase in the number of shares of common stock reserved for issuance under the Directors' Plan from 1,500,000 to 1,575,000.

Under the Directors' Plan, each new non-employee director joining the Board will receive an option to purchase 35,000 shares of common stock. Additionally, members who continue to serve on the Board will receive annual option grants for 20,000 shares exercisable in full on the first anniversary of the date of the grant. All options are exercisable at the fair market value of the stock on the date of grant.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Stockholders' Deficit (Continued)

Activity under the combined plans was as follows:

	Shares Available for Grant	Shares Subject to Outstanding Options	
		Shares	Weighted Average Exercise Price
Balance at December 31, 2006	3,790,481	10,094,147	$ 7.94
Additional authorization	3,000,000	—	—
Options granted	(2,892,975)	2,892,975	$ 7.07
Options exercised	—	(222,654)	$ 4.90
Options expired	18,000	(18,000)	$ 18.31
Options cancelled	311,963	(311,963)	$ 6.57
Balance at December 31, 2007	4,227,469	12,434,505	$ 7.81
Additional authorization	4,000,000	—	—
Options granted	(3,710,000)	3,710,000	$ 11.14
Options exercised	—	(289,031)	$ 5.51
Options expired	50,000	(50,000)	$ 17.81
Options cancelled	822,998	(822,998)	$ 7.46
Balance at December 31, 2008	5,390,467	14,982,476	$ 8.67
Additional authorization	1,200,000	—	—
Options granted	(3,250,000)	3,250,000	$ 3.24
Options exercised	—	(104,919)	$ 5.49
Options expired	76,974	(76,974)	$ 10.45
Options cancelled	69,892	(69,892)	$ 6.84
Balance at December 31, 2009	3,487,333	17,980,691	$ 7.71

Options to purchase a total of 13,083,297, 9,679,227 and 7,593,670 shares as of December 31, 2009, 2008 and 2007, respectively, were exercisable and vested. The aggregate intrinsic value of options exercised for the years ended December 31, 2009, 2008 and 2007 were $0.2 million, $1.5 million and $0.7 million, respectively. At December 31, 2009 the aggregate intrinsic value of options outstanding and vested options are $41.3 million and $39.6 million, respectively.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Stockholders' Deficit (Continued)

The following table summarizes information about stock options outstanding as of December 31, 2009 for the 1991 Stock Plan and the 1993 Directors' Stock Option Plan:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$2.46 - $2.80	234,000	7.83	$ 2.71	—	N/A
$2.99 - $3.11	2,822,000	6.07	$ 3.11	2,500	$ 3.10
$3.36 - $5.43	1,252,118	4.64	$ 4.65	1,132,337	$ 4.72
$5.46 - $5.46	1,816,648	6.03	$ 5.46	1,777,174	$ 5.46
$5.67 - $7.04	1,392,200	4.13	$ 6.13	1,142,501	$ 6.16
$7.09 - $7.09	2,144,067	4.12	$ 7.09	2,023,679	$ 7.09
$7.10 - $8.99	3,515,689	4.88	$ 8.49	3,406,644	$ 8.52
$9.03 - $11.89	1,265,700	3.80	$ 10.81	1,101,168	$ 10.88
$11.98 - $11.98	2,676,700	5.10	$ 11.98	1,635,725	$ 11.98
$13.80 - $35.00	861,569	1.84	$ 16.33	861,569	$ 16.33
	17,980,691			13,083,297	

Employee Stock Purchase Plan. On May 21, 1997, our stockholders adopted the 1997 Employee Stock Purchase Plan (the "ESPP"). In May 2006, our stockholders approved an increase in the number of shares available for grant from 3,100,000 shares to 3,850,000 shares. In May 2008, our stockholders approved an increase in the number of shares available for grant from 3,850,000 shares to 4,600,000 shares. In May 2009, our stockholders approved an increase in the number of shares available for grant from 4,600,000 shares to 5,350,000 shares. Each regular full-time and part-time employee working 20 hours or more per week is eligible to participate after one month of employment. We issued 748,558, 442,749 and 337,689 shares under the ESPP in 2009, 2008 and 2007, respectively. For the year ended December 31, 2009, 2008 and 2007 we recorded stock compensation expense of $0.6 million, $0.6 million and $0.4 million, respectively, as the ESPP is considered compensatory under the FASB stock compensation rules. As of December 31, 2009, 947,177 shares remain available for issuance under the ESPP.

Note 11. Stock Compensation

Under FASB accounting guidance for stock compensation, we recorded $10.0 million, $15.0 million and $10.1 million, respectively, of stock compensation expense on our audited consolidated statement of operations for the year ended December 31, 2009, 2008 and 2007. We utilized the Black-Scholes valuation

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Stock Compensation (Continued)

model for estimating the fair value of the stock compensation granted, with the following weighted-average assumptions:

	Employee Stock Options For the Year Ended December 31,			Employee Stock Purchase Plan For the Year Ended December 31,		
	2009	2008	2007	2009	2008	2007
Average risk-free interest rates	1.06%	2.05%	4.81%	0.96%	1.75%	4.09%
Average expected life (in years)	2.95	2.93	2.91	0.50	0.50	0.50
Volatility	72%	65%	65%	78%	84%	51%
Weighted-average fair value (in dollars)	1.52	4.87	3.22	0.78	1.59	1.24

The risk-free interest rate is derived from the U.S. Federal Reserve rate in effect at the time of grant. The expected life calculation is based on the observed and expected time to the exercise of options by our employees based on historical exercise patterns for similar type options. Expected volatility is based on the historical volatility of our common stock over the period commensurate with the expected life of the options. A dividend yield of zero is assumed based on the fact that we have never paid cash dividends and have no present intention to pay cash dividends.

Based on our historical experience, we have assumed an annualized forfeiture rate of 5% for our options. Under the true-up provisions of SFAS 123R, we will record additional expense if the actual forfeiture rate is lower than we estimated, and will record a recovery of prior expense if the actual forfeiture is higher than we estimated.

Total compensation cost of options granted but not yet vested, as of December 31, 2009, was $3.6 million, which is expected to be recognized over the weighted average period of 2.98 years.

Note 12. Income Taxes

A reconciliation of income taxes at the U.S. federal statutory rate to the provision for income taxes is as follows (in thousands):

	Year Ended December 31,		
	2009	2008	2007
Benefit at U.S. federal statutory rate	$ (74,155)	$ (62,622)	$ (30,408)
Unbenefitted net operating losses and tax credits	59,012	62,261	30,238
Non-deductible derivative liabilities	13,660	—	—
Other	1,483	361	170
Provision for income taxes	$ —	$ —	$ —

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Income Taxes (Continued)

Significant components of our deferred tax assets are as follows (in thousands):

	December 31,	
	2009	2008
Deferred tax assets:		
Federal and state net operating loss carryforwards	$ 475,000	$ 432,000
Federal and state research credits	50,000	45,000
Capitalized research and development	32,000	37,000
Deferred revenue and accruals	29,000	1,000
Non-cash compensation	9,000	7,000
Investments	6,000	7,000
Federal and state capital loss carryforwards	6,000	8,000
Other, net	3,000	5,000
Total gross deferred tax assets	610,000	542,000
Less valuation allowance for deferred tax assets	(610,000)	(542,000)
Net deferred tax assets	$ —	$ —

The valuation allowance for deferred tax assets increased by approximately $68.0 million, $76.0 million and $36.0 million during the years ended December 31, 2009, 2008 and 2007, respectively. Approximately $62.0 million of the valuation allowance for deferred tax assets relates to benefits from stock option deductions which, if recognized, will be charged directly to additional paid in capital. Management believes the uncertainty regarding the realization of net deferred tax assets requires a full valuation allowance.

As of December 31, 2009, we had federal and state net operating loss carryforwards of approximately $1.2 billion. We also had federal and state research and development tax credit carryforwards of approximately $51.0 million. The net operating loss carryforwards and tax credits will expire at various dates, beginning in 2010 through 2029, if not utilized. Utilization of the net operating loss and research and development credit carryforwards may be subject to a substantial annual limitation under Section 382 of the Internal Revenue Code of 1986 due to ownership change limitations that have occurred previously or that could occur in the future. These ownership changes may limit the amount of net operating loss and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. We have not currently completed a study to assess whether an ownership change has occurred, or whether there have been multiple ownership changes since our formation, due to the significant complexity and related cost associated with such study. There also could be additional ownership changes in the future which may result in additional limitations in the utilization of these credits.

We also had federal and state capital loss carryforwards of approximately $16.0 million that will expire beginning in 2010.

Note 13. Net Loss Per Share

For all periods presented, both basic and diluted net loss per common share are computed by dividing the net loss by the number of weighted average common shares outstanding during the period. Stock options and potential common shares issuable upon conversion of the 4.75% Senior Notes, the $3^{1}/_{2}$%

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Net Loss Per Share (Continued)

Senior Notes, the 3 1/2% Subordinated Notes and the Pfizer Notes were excluded from the computation of diluted net loss per share, as their share effect was anti-dilutive for all periods presented. The potential common shares that were excluded from the diluted net loss per share computation are as follows:

	2009	2008	2007
Outstanding stock options	17,980,691	14,982,476	12,434,505
Common shares issuable upon conversion of 4.75% Senior Notes	45,584,040	—	—
Common shares issuable upon conversion of 3 1/2% Senior Notes(1)	4,991,667	13,531,224	13,531,224
Common shares issuable upon conversion of 3 1/2% Subordinated Notes(1)	10,608,462	22,284,625	22,284,625
Common shares issuable upon conversion of Pfizer Note due 2013	1,461,496	1,461,496	1,461,496
Common shares issuable upon conversion of Pfizer Note due 2014	1,025,641	1,025,641	1,025,641
Total potential common shares excluded from diluted net loss per share computation	81,651,997	53,285,462	50,737,491

(1) In February 2010, the holders of $15.5 million of aggregate principal amount of the 3 1/2% Senior Notes and $1.4 million aggregate principal amount of the 3 1/2% Subordinated Notes elected to convert their holdings into 1,502,851 shares of common stock. On February 22, 2010 we redeemed all of the remaining outstanding 3 1/2% Senior Notes and 3 1/2% Subordinated Notes and, as such, common shares issuable upon conversion of the 3 1/2% Senior Notes and 3 1/2% Subordinated Notes will no longer be excluded from the diluted net loss per share computation.

Note 14. Segment Reporting

Our operations are treated as one operating segment, drug discovery and development.

Note 15. Defined Contribution Plan

We have a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code covering all domestic employees. Employees may contribute a portion of their compensation, which is then matched by us, subject to certain limitations. Defined contribution expense was $0.6 million, $0.6 million and $0.5 million in 2009, 2008 and 2007, respectively.

Note 16. Litigation

From time to time we have been involved in certain legal actions arising in the ordinary course of business. In management's opinion, the outcome of such actions will not have a material adverse effect on our financial position, results of operations, or liquidity.

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17. Related Party Transactions

The following summarizes our related party transactions. In each of the transactions noted in which a director of Incyte was at the time of the transaction in some way affiliated with the other party to the transaction, such director recused himself from voting on the related party transaction.

On September 30, 2009, we completed a public offering of 20,700,000 shares of our authorized but unissued common stock at a price to the public of $6.75 per share pursuant to an effective shelf registration statement, which resulted in net proceeds of approximately $132.3 million. The Baker Entities purchased an aggregate of 2,000,000 shares of our common stock in this offering.

On September 30, 2009, we completed the sale, in a private placement, of $400.0 million aggregate principal amount of our 4.75% Senior Notes, which resulted in net proceeds of approximately $387.4 million. The Baker Entities purchased $160.0 million aggregate principal amount of 4.75% Senior Notes in this private placement. Through various privately negotiated transactions, we repurchased $96.2 million in face value of our 3 1/2% Senior Notes and $131.0 million in face value of our 3 1/2% Subordinated Notes. Among these transactions were the repurchases from the Baker Entities of $38.3 million in face value of our 3 1/2% Senior Notes at a purchase price equal to 98.74% of face value and $59.1 million in face value of our 3 1/2% Subordinated Notes at a purchase price equal to 97.88% of face value. The prices paid by us in the repurchase transactions with the Baker Entities were equal to the weighted average prices paid by us to independent third parties in comparable transactions for the balance of the notes repurchased during this period.

On August 6, 2008, we completed a public offering of 12,075,000 shares of our authorized but unissued common stock at a price to the public of $9.00 per share pursuant to an effective shelf registration statement, resulting in net proceeds of approximately $101.7 million after deducting the underwriting discount and offering expenses. The Baker Entities purchased an aggregate of 1,100,000 shares of our common stock in this offering.

Note 18. Commitments

As of December 31, 2009, we had non-cancelable operating leases on multiple facilities and equipment, including facilities in Palo Alto, California and Wilmington, Delaware. The leases expire on various dates ranging from December 2010 to June 2013. Certain leases have renewal options for periods ranging up to 5 years. Rent expense for the years ended December 31, 2009, 2008 and 2007, was approximately $5.4 million, $4.8 million and $4.6 million, respectively.

As of December 31, 2009, future non-cancelable minimum payments under operating leases, including leases for sites included in the restructuring programs were as follows:

Year ended December 31,	Operating Leases (in thousands)
2010	$ 13.6
2011	6.7
2012	5.7
2013	2.9
2014	—
Thereafter	—
Total minimum lease payments	$ 28.9

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 18. Commitments (Continued)

The amounts and timing of payments related to vacated facilities may vary based on negotiated timing of lease terminations. We have entered into sublease agreements for our vacated space with scheduled payments to us of $2.2 million (less than 1 year) and $0.4 million (years 1-3).

The table above excludes certain commitments that are contingent upon future events. The most significant of these contractual commitments that we consider to be contingent obligations are summarized below.

Commitments related to Maxia are considered contingent commitments as future events must occur to cause these commitments to be enforceable. In February 2003, we completed our acquisition of Maxia. Under the merger agreement, former Maxia stockholders have the right to receive certain earn out amounts of up to a potential aggregate amount of $14.0 million upon the occurrence of certain research and development milestones set forth in the merger agreement. Twenty percent of each earn out payment, if earned, will be paid in cash and the remaining eighty percent will be paid in shares of our common stock such that an aggregate of $2.8 million in cash and $11.2 million in our common stock (based upon the then fair value) could potentially be paid pursuant to the earn out milestones. The milestones are set to occur as Maxia products enter various stages of human clinical trials and may be earned at any time prior to the tenth anniversary of the consummation of the merger. In any event, no more than 13,531,138 shares of our common stock may be issued to former Maxia stockholders in the aggregate pursuant to the merger agreement. None of these milestones has been achieved as of December 31, 2009.

We have entered into and may in the future seek to license additional rights relating to technologies in connection with our drug discovery and development programs. Under these licenses, we may be required to pay up-front fees, milestone payments, and royalties on sales of future products.

Note 19. Interim Consolidated Financial Information (Unaudited)

(in thousands, except per share data)

	Fiscal 2009 Quarter Ended			
	March 31	June 30	September 30	December 31
Revenues(1)	671	789	939	6,866
Net loss	(40,036)	(40,035)	(43,357)	(88,443)
Basic and diluted net loss per share	(0.41)	(0.41)	(0.44)	(0.74)
Shares used in computation of basic and diluted net loss per share	97,340	97,643	98,030	118,759

INCYTE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 19. Interim Consolidated Financial Information (Unaudited) (Continued)

	Fiscal 2008 Quarter Ended			
	March 31	June 30	September 30	December 31
Revenues(2)	1,307	614	1,061	937
Net loss	(40,157)	(45,563)	(44,794)	(48,406)
Basic and diluted net loss per share	(0.47)	(0.54)	(0.48)	(0.50)
Shares used in computation of basic and diluted net loss per share	84,602	84,871	92,385	97,283

(1) In November 2009 and December 2009, we entered into a collaborative research and license agreements with Novartis and Lilly, respectively. The December 31, 2009 quarter includes $5.4 million of contract revenues relating to these agreements.

(2) In November 2005, we entered into a collaborative research and license agreement with Pfizer, which became effective in January 2006. The March 31, 2007, June 30, 2007, September 30, 2007, and December 31, 2007 quarters include $6.1 million, $8.9 million, $5.9 million, and $8.9 million, respectively, of contract revenues relating to the agreement. The March 31, 2008 quarter includes $0.6 million of contract revenues relating to the agreement.

Note 20. Subsequent Event

In February 2010 the holders of $15.5 million aggregate principal amount of the 3 1/2% Senior Notes and $1.4 million aggregate principal amount of the 3 1/2% Subordinated Notes elected to convert their holdings to 1,502,851 shares of common stock. On February 22, 2010, we redeemed all of the remaining outstanding 3 1/2% Senior Notes and 3 1/2% Subordinated Notes at a price equal to 100.5% of the principal amount of the notes plus accrued and unpaid interest of $0.1 million to the redemption date. We used a total of $158.6 million in cash to fund this redemption. This redemption resulted in a $5.0 million loss primarily related to the remaining unamortized debt discount from the 3 1/2% Senior Notes.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Evaluation of disclosure controls and procedures. We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting. There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's annual report on internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2009. The effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Incyte Corporation

We have audited Incyte Corporation's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Incyte Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Incyte Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Incyte Corporation as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive loss, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2009 of Incyte Corporation and our report dated March 5, 2010 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 5, 2010

Item 9B. ***Other Information***

On November 24, 2009, we held a Special Meeting of Stockholders.

The following actions were taken at the Special Meeting:

The amendment of our Restated Certificate of Incorporation to increase the number of shares of common stock authorized for issuance from 200,000,000 shares to 400,000,000 shares was approved:

For	Against	Abstain	Broker Non-Votes
85,982,825	3,199,107	93,310	31,956,094

The adjournment of the Special Meeting, if necessary, to solicit additional proxies in the event there were insufficient votes at the time of such adjournment to amend our Restated Certificate of Incorporation, was approved:

For	Against	Abstain	Broker Non-Votes
85,339,241	3,631,270	304,731	31,956,094

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this item (with respect to Directors) is incorporated by reference from the information under the caption "Election of Directors" contained in our Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for our 2010 Annual Meeting of Stockholders to be held on May 18, 2010 (the "Proxy Statement"). Certain information required by this item concerning executive officers is set forth in Part I of this Report under the caption "Executive Officers of the Registrant" and is incorporated herein by reference.

Item 405 of Regulation S-K calls for disclosure of any known late filing or failure by an insider to file a report required by Section 16(a) of the Exchange Act. This disclosure is contained in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement and is incorporated herein by reference.

We have adopted a Code of Business Conduct and Ethics that applies to all of our officers and employees, including our Chief Executive Officer, Chief Financial Officer, Corporate Controller and other employees who perform financial or accounting functions. The Code of Business Conduct and Ethics sets forth the basic principles that guide the business conduct of our employees. We have also adopted a Senior Financial Officers' Code of Ethics that specifically applies to our Chief Executive Officer, Chief Financial Officer, Corporate Controller, and others providing similar functions. Stockholders may request a free copy of our Code of Business Conduct and Ethics and our Senior Financial Officers' Code of Ethics by contacting Incyte Corporation, Attention: Investor Relations, Experimental Station, Route 141 & Henry Clay Road, Building E336, Wilmington, DE 19880.

To date, there have been no waivers under our Code of Business Conduct and Ethics or Senior Financial Officers' Code of Ethics. We intend to disclose future amendments to certain provisions of our Code of Business Conduct and Ethics or Senior Financial Officers' Code of Ethics or any waivers, if and when granted, of our Code of Business Conduct and Ethics or Senior Financial Officers' Code of Ethics on our website at *http://www.incyte.com* within four business days following the date of such amendment or waiver.

Our Board of Directors has appointed an Audit Committee of three directors, currently comprised of Mr. Barry M. Ariko, as Chairman, Mr. Richard U. De Schutter and Mr. Roy A. Whitfield. The Board of Directors has also determined that current members of the Audit Committee are each qualified as Audit Committee Financial Experts under the definition outlined by the Securities and Exchange Commission.

In addition, each of the members of the Audit Committee qualifies as an "independent director" under the applicable standards of The Nasdaq Stock Market.

Item 11. ***Executive Compensation***

The information required by this item is incorporated by reference from the information under the captions "Election of Directors—Compensation of Directors" and "Executive Compensation" contained in the Proxy Statement.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this item is incorporated by reference from the information under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" contained in the Proxy Statement.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is incorporated by reference from the information under the captions "Certain Relationships and Related Transactions" and "Election of Directors—Director Independence" contained in the Proxy Statement.

Item 14. ***Principal Accountant Fees and Services***

The information required by this item is incorporated by reference from the information under the caption "Principal Accountant Fees and Services" contained in the Proxy Statement.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules***

(a) Documents filed as part of this report:

(1) Financial Statements

Reference is made to the Index to Consolidated Financial Statements of Incyte Corporation under Item 8 of Part II hereof.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable or not required or because the information is included elsewhere in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits

See Item 15(b) below. Each management contract or compensatory plan or arrangement required to be filed has been identified.

(b) Exhibits

Exhibit Number	Description of Document
2.1	Agreement and Plan of Merger, dated as of November 11, 2002, by and among the Company, Maxia Pharmaceuticals, Inc. and other parties signatory thereto (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed February 25, 2003).
2.2	Amendment to Agreement and Plan of Merger, dated as of December 19, 2002, by and among the Company, Monaco Acquisition Corporation, Maxia Pharmaceuticals, Inc. and Maxia Pharmaceuticals, LLC (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed February 25, 2003).
3(i)*	Integrated copy of the Restated Certificate of Incorporation, as amended, of the Company.
3(ii)	Bylaws of the Company, as amended as of September 16, 2008 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 18, 2008).
4.1	Form of Common Stock Certificate (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.2	Indenture, dated as of February 19, 2004, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-114863)).
4.3.1†	Form of Convertible Subordinated Promissory Note (incorporated by reference to Exhibit 4.1 the Company's Current Report on Form 8-K/A filed February 6, 2006).
4.3.2	Schedule of notes issued by the Company in the form of Exhibit 4.3.1 (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
4.4	Indenture, dated as of September 26, 2006, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 28, 2006).

Exhibit Number	Description of Document
4.5	Indenture, dated as of September 30, 2009, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 30, 2009).
10.1#	1991 Stock Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.2#	Form of Incentive Stock Option Agreement under the 1991 Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.3#	Form of Nonstatutory Stock Option Agreement under the 1991 Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.4#	1993 Directors' Stock Option Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.5#	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.6	Lease Agreement dated June 19, 1997 between the Company and The Board of Trustees of the Leland Stanford Junior University (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.7#	1997 Employee Stock Purchase Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.8#	Form of Restricted Stock Unit Agreement under the 1991 Stock Plan of Incyte Corporation (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.9#	Offer of Employment Letter, dated November 21, 2001, from the Company to Paul A. Friedman (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.10.1#	Employment Agreement, dated November 26, 2001, between Paul A. Friedman and the Company (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.10.2#	Amendment to Employment Agreement, effective as of January 1, 2009, between the Company and Paul A. Friedman. (incorporated by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.11.1	Sublease Agreement, dated June 16, 2003, between E. I. DuPont de Nemours and Company and the Company (incorporated by reference to Exhibit 10.45 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
10.11.2*	Sixth Amendment of Lease, dated December 15, 2009, by and between E. I. DuPont de Nemours and Company and the Company.

Exhibit Number	Description of Document
10.12#	Offer of Employment Letter, dated September 2, 2003, from the Company to David C. Hastings (incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).
10.13#	Offer of Employment Letter, dated September 10, 2008, from the Company to Patricia S. Andrews (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008).
10.14.1#	Form of Employment Agreement, effective as of November 21, 2003 between the Company and Steven M. Friedman, David C. Hastings, Richard S. Levy, Brian W. Metcalf, Paula J. Swain, Patricia A. Schreck (effective date of December 8, 2003) and Patricia S. Andrews (effective date of October 20, 2008) (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).
10.14.2#	Form of Amendment to Employment Agreement, effective as of January 1, 2009, between the Company and Patricia S. Andrews, Steven M. Friedman, David C. Hastings, Richard S. Levy, Brian W. Metcalf, Patricia A. Schreck and Paula J. Swain. (incorporated by reference to Exhibit 10.15.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.15†	Collaborative Research and License Agreement, dated as of November 18, 2005, by and between the Company and Pfizer Inc. (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005).
10.16	Note Purchase Agreement, dated as of November 18, 2005, by and between the Company and Pfizer Overseas Pharmaceuticals (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed February 6, 2006).
10.17	Amendment No. 1 to the Note Purchase Agreement, by and between the Company and Pfizer Overseas Pharmaceuticals, dated as of January 4, 2007 (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).
10.18	Amendment No. 2 to the Note Purchase Agreement, by and among the Company, Pfizer Ireland Pharmaceuticals, and Pfizer Inc., dated as of October 10, 2007 (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007).
10.19	Pledge and Escrow Agreement, dated as of September 30, 2009, by and among the Company, U.S. Bank National Association, as trustee, and U.S. Bank National Association, as escrow agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 30, 2009).
10.20	Letter Agreement dated September 24, 2009 among the Company and the entities named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 30, 2009).
10.21*†	Collaboration and License Agreement, entered into as of November 24, 2009, by and between the Company and Novartis International Pharmaceutical Ltd.
10.22*†	License, Development and Commercialization Agreement, entered into as of December 18, 2009, by and between the Company and Eli Lilly and Company.
12.1*	Computation of Ratios of Earnings to Fixed Charges.
21.1*	Subsidiaries of the Company.

Exhibit Number	Description of Document
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (see page 94 of this Form 10-K).
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of the Chief Financial Officer.
32.1**	Statement of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C Section 1350).
32.2**	Statement of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C Section 1350).

* Filed herewith.

** In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed "filed" for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

† Confidential treatment has been requested with respect to certain portions of these agreements.

# Indicates management contract or compensatory plan or arrangement.

(c) Financial Statements and Schedules

Reference is made to Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INCYTE CORPORATION

By: /s/ PAUL A. FRIEDMAN

Paul A. Friedman
Chief Executive Officer

Date: March 5, 2010

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Paul A. Friedman, David C. Hastings, and Patricia A. Schreck, and each of them, his true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PAUL A. FRIEDMAN Paul A. Friedman	Chief Executive Officer (Principal Executive Officer) and Director	March 5, 2010
/s/ DAVID C. HASTINGS David C. Hastings	Chief Financial Officer (Principal Financial Officer) and Director	March 5, 2010
/s/ LAURENT CHARDONNET Laurent Chardonnet	Vice President, Finance and Treasurer (Principal Accounting Officer)	March 5, 2010
/s/ RICHARD U. DESCHUTTER Richard U. Deschutter	Chairman	March 5, 2010
/s/ BARRY M. ARIKO Barry M. Ariko	Director	March 5, 2010
/s/ JULIAN C. BAKER Julian C. Baker	Director	March 5, 2010
/s/ PAUL A. BROOKE Paul A. Brooke	Director	March 5, 2010
/s/ JOHN F. NIBLACK John F. Niblack	Director	March 5, 2010
/s/ ROY A. WHITFIELD Roy A. Whitfield	Director	March 5, 2010

EXHIBIT INDEX

Exhibit Number	Description of Document
2.1	Agreement and Plan of Merger, dated as of November 11, 2002, by and among the Company, Maxia Pharmaceuticals, Inc. and other parties signatory thereto (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed February 25, 2003).
2.2	Amendment to Agreement and Plan of Merger, dated as of December 19, 2002, by and among the Company, Monaco Acquisition Corporation, Maxia Pharmaceuticals, Inc. and Maxia Pharmaceuticals, LLC (incorporated by reference to Exhibit 2.2 to the Company's Current Report on Form 8-K filed February 25, 2003).
3(i)*	Integrated copy of the Restated Certificate of Incorporation, as amended, of the Company.
3(ii)	Bylaws of the Company, as amended as of September 16, 2008 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed September 18, 2008).
4.1	Form of Common Stock Certificate (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.2	Indenture, dated as of February 19, 2004, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-114863)).
4.3.1†	Form of Convertible Subordinated Promissory Note (incorporated by reference to Exhibit 4.1 the Company's Current Report on Form 8-K/A filed February 6, 2006).
4.3.2	Schedule of notes issued by the Company in the form of Exhibit 4.3.1 (incorporated by reference to the exhibit of the same number to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
4.4	Indenture, dated as of September 26, 2006, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 28, 2006).
4.5	Indenture, dated as of September 30, 2009, between the Company and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on September 30, 2009).
10.1#	1991 Stock Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.2#	Form of Incentive Stock Option Agreement under the 1991 Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.3#	Form of Nonstatutory Stock Option Agreement under the 1991 Plan (incorporated by reference to the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.4#	1993 Directors' Stock Option Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).

Exhibit Number	Description of Document
10.5#	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 33-68138)).
10.6	Lease Agreement dated June 19, 1997 between the Company and The Board of Trustees of the Leland Stanford Junior University (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999).
10.7#	1997 Employee Stock Purchase Plan of Incyte Corporation, as amended (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.8#	Form of Restricted Stock Unit Agreement under the 1991 Stock Plan of Incyte Corporation (incorporated by reference to Exhibit 10.23 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.9#	Offer of Employment Letter, dated November 21, 2001, from the Company to Paul A. Friedman (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.10.1#	Employment Agreement, dated November 26, 2001, between Paul A. Friedman and the Company (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001).
10.10.2#	Amendment to Employment Agreement, effective as of January 1, 2009, between the Company and Paul A. Friedman. (incorporated by reference to Exhibit 10.10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.11.1	Sublease Agreement, dated June 16, 2003, between E. I. DuPont de Nemours and Company and the Company (incorporated by reference to Exhibit 10.45 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
10.11.2*	Sixth Amendment of Lease, dated December 15, 2009, by and between E. I. DuPont de Nemours and Company and the Company.
10.12#	Offer of Employment Letter, dated September 2, 2003, from the Company to David C. Hastings (incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).
10.13#	Offer of Employment Letter, dated September 10, 2008, from the Company to Patricia S. Andrews (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008).
10.14.1#	Form of Employment Agreement, effective as of November 21, 2003 between the Company and Steven M. Friedman, David C. Hastings, Richard S. Levy, Brian W. Metcalf, Paula J. Swain, Patricia A. Schreck (effective date of December 8, 2003) and Patricia S. Andrews (effective date of October 20, 2008) (incorporated by reference to Exhibit 10.48 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).
10.14.2#	Form of Amendment to Employment Agreement, effective as of January 1, 2009, between the Company and Patricia S. Andrews, Steven M. Friedman, David C. Hastings, Richard S. Levy, Brian W. Metcalf, Patricia A. Schreck and Paula J. Swain. (incorporated by reference to Exhibit 10.15.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).

Exhibit Number	Description of Document
10.15†	Collaborative Research and License Agreement, dated as of November 18, 2005, by and between the Company and Pfizer Inc. (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005).
10.16	Note Purchase Agreement, dated as of November 18, 2005, by and between the Company and Pfizer Overseas Pharmaceuticals (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed February 6, 2006).
10.17	Amendment No.1 to the Note Purchase Agreement, by and between the Company and Pfizer Overseas Pharmaceuticals, dated as of January 4, 2007 (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006).
10.18	Amendment No.2 to the Note Purchase Agreement, by and among the Company, Pfizer Ireland Pharmaceuticals, and Pfizer Inc., dated as of October 10, 2007 (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007).
10.19	Pledge and Escrow Agreement, dated as of September 30, 2009, by and among the Company, U.S. Bank National Association, as trustee, and U.S. Bank National Association, as escrow agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 30, 2009).
10.20	Letter Agreement dated September 24, 2009 among the Company and the entities named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 30, 2009).
10.21*†	Collaboration and License Agreement, entered into as of November 24, 2009, by and between the Company and Novartis International Pharmaceutical Ltd.
10.22*†	License, Development and Commercialization Agreement, entered into as of December 18, 2009, by and between the Company and Eli Lilly and Company.
12.1*	Computation of Ratios of Earnings to Fixed Charges.
21.1*	Subsidiaries of the Company.
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (see page 94 of this Form 10-K).
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of the Chief Financial Officer.
32.1**	Statement of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C Section 1350).
32.2**	Statement of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C Section 1350).

* Filed herewith.

** In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-K and will not be deemed

"filed" for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

† Confidential treatment has been requested with respect to certain portions of these agreements.

# Indicates management contract or compensatory plan or arrangement.

Copies of above exhibits not contained herein are available to any stockholder upon written request to: Investor Relations, Incyte Corporation, Experimental Station, Route 141 & Henry Clay Road, Building E336, Wilmington, DE 19880.

THIS DOCUMENT CONSTITUTES AN INTEGRATED COPY OF THE REGISTRANT'S CERTIFICATE OF INCORPORATION, AS AMENDED THROUGH THE DATE OF THIS FILING. THE DOCUMENTS SO INTEGRATED ARE ON FILE WITH THE DELAWARE SECRETARY OF STATE.

RESTATED CERTIFICATE OF INCORPORATION

OF

INCYTE CORPORATION

ARTICLE I

The name of the corporation is Incyte Corporation.

ARTICLE II

The address of its registered office in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

A. Classes of Stock. The total number of shares of all classes of capital stock which the corporation shall have authority to issue is four hundred five million (405,000,000), of which four hundred million (400,000,000) shares of the par value of one-tenth of one cent ($.001) each shall be Common Stock (the "Common Stock") and five million (5,000,000) shares of the par value of one-tenth of one cent ($.001) each shall be Preferred Stock (the "Preferred Stock"). The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the then outstanding shares of Common Stock, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such Preferred Stock holders is required pursuant to the provisions established by the Board of Directors of this Corporation (the "Board of Directors") in the resolution or resolutions providing for the issue of such Preferred Stock, and if such holders of such Preferred Stock are so entitled to vote thereon, then, except as may otherwise be set forth in this Restated Certificate of Incorporation, the only stockholder approval required shall be the affirmative vote of a majority of the combined voting power of the Common Stock and the Preferred Stock so entitled to vote.

B. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is expressly authorized to provide for the issue, in one or more series, of all or any of the remaining shares of Preferred Stock and, in the resolution or resolutions providing for such issue, to establish for each such series the number of its shares, the voting powers, full or limited, of the shares of such series, or that such shares shall have no voting powers, and the designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof. The Board of Directors is also expressly authorized (unless forbidden in the resolution or resolutions providing for such issue) to increase or decrease (but not below the number of shares of the series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Common Stock.

1. Relative Rights of Preferred Stock and Common Stock. All preferences, voting powers, relative,

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participating optional or other special rights and privileges, and qualifications, limitations, or restrictions of the Common Stock are expressly made subject and subordinate to those that may be fixed with respect to any shares of the Preferred Stock.

2. Voting Rights. Except as otherwise required by law or this restated certificate of incorporation, each holder of Common Stock shall have one vote in respect of each share of stock held by him of record on the books of the corporation for the election of directors and on all matters submitted to a vote of stockholders of the corporation.

3. Dividends. Subject to the preferential rights of the Preferred Stock, holders of Common Stock shall be entitled to receive, when and if declared by the board of directors, out of the assets of the corporation which are by law available therefore, dividends payable either in cash, in property or in shares of capital stock.

4. Dissolution, Liquidation or Winding Up. In the event of any dissolution, liquidation or winding up of the affairs of the corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of the Preferred Stock, holders of Common Stock shall be entitled, unless otherwise provided by law or this Restated Certificate of Incorporation, to receive all of the remaining assets of the corporation of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

ARTICLE V

The corporation is to have perpetual existence.

ARTICLE VI

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

A. The Board of Directors is expressly authorized to adopt, amend or repeal the by-laws of the corporation; provided, however, that the by-laws may only be amended in accordance with the provisions thereof.

B. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

C. The books of the corporation may be kept at such place within or without the State of Delaware as the by-laws of the corporation nay provide or as may be designated from time to time by the Board of Directors.

ARTICLE VII

A. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation and its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law; (iii) under Section 174 of the Delaware General Corporation Law; or (iv) for any transaction from which the director derived an improper personal benefit.

B. Each person who is or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in the second paragraph hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part

thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this section shall be a contract right and shall include the right to be paid by the corporation any expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this section or otherwise. The corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

If a claim under the first paragraph of this section is not paid in full by the corporation within thirty (30) days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Restated Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

C. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

D. Any repeal or modification of the foregoing provisions of this Article VII shall not adversely affect any right or protection of any director, officer, employee or agent of the corporation existing at the time of such repeal or modification.

E. The amendment or repeal of this Article VII shall require the approval of the holders of shares representing at least sixty six and two-thirds percent (66-2/3%) of the shares of the corporation entitled to vote in the election of directors, voting as one class.

Exhibit 10.11.2

SIXTH AMENDMENT OF LEASE

This SIXTH AMENDMENT OF LEASE made this 15th day of December, 2009 by and between E. I. DU PONT DE NEMOURS AND COMPANY (hereinafter "LANDLORD") and INCYTE CORPORATION (hereinafter "TENANT").

W I T N E S S E T H:

WHEREAS, LANDLORD and TENANT entered into a Sublease dated June 16, 2003 as amended October 28, 2003 by the First Amendment of Sublease, the Second Amendment of Sublease dated March 2, 2005, the Third Amendment of Lease dated December 15, 2006, the extension letter to the Lease dated September 25, 2007, the Fourth Amendment of Lease dated December 1, 2007, and the Fifth Amendment of Lease dated December 5, 2008 (the Sublease and Lease as amended are hereby referred to as the "LEASE");

WHEREAS, the parties desire to further amend the LEASE to extend the Term and to identify a fixed Base Rent escalation rate;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

(1) The term of the LEASE will be extended for an additional three (3) year period commencing at midnight on July 1, 2010 and expiring at midnight on June 30, 2013 (the "Term"). TENANT shall have the right to extend the Term of the LEASE for an additional three (3) years by giving LANDLORD ninety (90) days prior written notice from the expiration date of the LEASE of TENANT's exercise of its right to extend the Term.

(2) Section 4 (a) (ii) "Base Rent" is modified to delete all reference to the Consumer Price Index ("CPI") as the Base Rent escalation rate. The Base Rent of the LEASED PREMISES, as currently delineated in Fifth Amendment of Lease, shall

escalate at an annual rate of 2.5% per Lease year commencing July 1, 2010 and on the anniversary of each Lease year thereafter, including any extended Term.

(3) All other terms and conditions of the LEASE, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this SIXTH AMENDMENT OF LEASE on the day and year above written.

WITNESS:

/s/ Lois J. Smith

E.I. DU PONT DE NEMOURS AND COMPANY

By: /s/ Mark C. Miller

Title: Corporate Real Estate Manager

WITNESS:

/s/ Melissa Gillard

INCYTE CORPORATION

By: /s/ Paula J. Swain

Title: Executive Vice President, Human Resources

Confidential Treatment Requested. Confidential portions of this document have been redacted and have been separately filed with the Commission.

COLLABORATION AND LICENSE AGREEMENT

by and between

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road
Wilmington, Delaware

and

Novartis International Pharmaceutical Ltd.
131 Front Street
Hamilton, Bermuda HM 12

TABLE OF CONTENTS

*** Confidential material redacted and filed separately with the Commission.

Exhibits

Schedules

*** Confidential material redacted and filed separately with the Commission.

COLLABORATION AND LICENSE AGREEMENT

THIS COLLABORATION AND LICENSE AGREEMENT (the "Agreement") is entered into as of the 24th day of November, 2009 (the "Effective Date"), by and between Incyte Corporation, a Delaware corporation having an office at Experimental Station, Route 141 & Henry Clay Road, Wilmington, Delaware ("Incyte"), and Novartis International Pharmaceutical Ltd., a limited company organized under the laws of Bermuda having an office at 131 Front Street, Hamilton, Bermuda HM 12 ("Novartis").

WHEREAS, Incyte and Novartis are each in the business of discovering, developing and commercializing pharmaceutical products;

WHEREAS, Incyte has, pursuant to the c-MET Program (as defined below) and the JAK Program (as defined below), discovered and commenced Development of the Licensed Compounds (as defined below);

WHEREAS, Incyte and Novartis are interested in collaborating on activities relating to the c-MET Program and the JAK Program and Incyte has agreed to grant to Novartis the right to develop and commercialize the Licensed Compounds;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

When used in this Agreement, each of the following terms shall have the meanings set forth in this ARTICLE I:

1.1 "Abandon" or "Abandoned" means with respect to either the JAK Program or the c-MET Program that (a) at any point in time prior to First Commercial Sale of a Licensed Product under such Program, no Good Faith Development activities have occurred during at least the preceding *** and no significant constraints on such Development imposed by a Regulatory Authority or a Force Majeure Event have been in effect during such period and (b) at any point in time after First Commercial Sale of a Licensed Product under such Program, (i) Novartis does not promote a JAK Licensed Product in at least *** EU Major Market Countries during the preceding *** and during that period (w) Novartis has not reasonably determined that promotion in the remaining EU Major Market Countries is likely to reduce the overall commercial viability of the Program in the Novartis Territory, (x) no significant constraints on such promotion imposed by a Regulatory Authority have been in effect in the jurisdictions in which such promotion failed to occur, (y) no Force Majeure Event has been in effect in any jurisdictions in which such promotion failed to occur and (z) Novartis is not actively seeking pricing approval in at least *** EU Major Market Countries, or (ii) Novartis does not promote a c-MET Licensed Product in at least *** EU Major Market Countries and the United States during the preceding *** months and during that period (w) Novartis

*** Confidential material redacted and filed separately with the Commission.

has not reasonably determined that promotion in the remaining EU Major Market Countries or the United States, as applicable, is likely to reduce the overall commercial viability of the Program in the Novartis Territory, (x) no significant constraints on such promotion imposed by a Regulatory Authority have been in effect in the jurisdictions in which such promotion failed to occur, (y) no Force Majeure Event has been in effect in any jurisdictions in which such promotion failed to occur and (z) Novartis is not actively seeking pricing approval in at least *** EU Major Market Countries and the United States. For purposes of clarity, Novartis may be deemed to have Abandoned a Program irrespective of whether it has used Commercially Reasonable Efforts to Develop and Commercialize Licensed Product(s) for such Program.

1.2 "Accounting Standards" with respect to Incyte means that Incyte shall maintain records and books of accounts in accordance with (a) US GAAP (United States Generally Accepted Accounting Principles); or (b) if mandated by the SEC, IFRS (International Financial Reporting Standards); and

with respect to Novartis shall mean that Novartis shall maintain records and books of accounts in accordance with IFRS. Notwithstanding the above, prior period restatements needed in conjunction with the IFRS adoption shall not impact royalty payments, milestone payments and Development Costs already paid prior to the IFRS adoption except for the fiscal year immediately prior to the fiscal year in which the change in accounting standards is implemented.

1.3 "Affiliate" means any Person that, directly or indirectly, controls, is controlled by or is under common control with a Party. For the purposes of this Section 1.3, the word "control" (including, with correlative meaning, the terms "controlled by" or "under common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct the management and policies of such entity, whether by the ownership of *** of the Voting Stock of such entity, by contract or otherwise. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than ***, and that in such case such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management and policies of such entity. Notwithstanding the foregoing, an entity shall not be deemed an Affiliate by virtue of ownership of greater than *** of such entity if such ownership is coupled with limitations, contractual or otherwise, that prevent such owner from directing the management and policies of such entity ***.

1.4 "Annual Net Sales" means aggregate Net Sales of c-MET Licensed Products or JAK Licensed Products, as applicable, by Novartis or its Affiliates or sublicensees in any Calendar Year, or in the first and last years of the term of this Agreement, the portion of such Calendar Year during which this Agreement is in effect.

1.5 "Bankruptcy Event" means with respect to a Party, (i) the entry of an order for relief under the Bankruptcy Code (or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect) by such Party; (ii) the commencement of an involuntary proceeding under the Bankruptcy Code or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect against such Party, if not dismissed, bonded or stayed within *** after such commencement; (iii) the making by such Party of a general assignment for the benefit of creditors; or (iv) the appointment of or taking possession by a receiver, liquidator, assignee, custodian, or trustee of all or substantially all of the business or property of such Party,

1.6 "Business Day" means a day other than a Saturday or Sunday or Federal holiday in Wilmington, Delaware, Basel, Switzerland or Hamilton, Bermuda.

1.7 "Calendar Quarter" means a calendar quarter ending on the last day of March, June, September or December.

1.8 "Calendar Year" means a period of time commencing on January 1 and ending on the following December 31.

1.9 "Change of Control" of a Party means that any of the following has occurred:

(a) any Person or group that is a *** becomes the beneficial owner, directly or indirectly, of *** or more of the outstanding Voting Stock or voting power over Voting Stock of (i) such Party or (ii) any one or more Persons that controls such Party (such Party, together with the Persons described in clause (ii), each hereinafter referred to, individually, as a "Group Company" and, collectively, as the "Group Companies"); or

(b) the sale or disposition of all or substantially all of the assets of the Group Companies, on a consolidated basis; or

(c) a merger, reorganization, consolidation or other similar transaction (or series of related transactions) of any Group Company with any Person or any Affiliate of such Person, in each case, that is a *** (other than with any of the Group Company's wholly-owned subsidiaries) or with a group that contains a ***, that results in the shareholders of the applicable Group Company immediately before the occurrence of such transaction (or series of related transactions) beneficially owning immediately after such transaction *** of the outstanding Voting Stock or voting power over Voting Stock of the surviving or newly-created entity in such transaction (or series of related transactions); or

(d) a change in the board of directors of any Group Company in which the individuals who constituted the board of directors of such Group Company at the beginning of the *** period immediately preceding such change (together with any other director whose election by the board of directors of such Group Company or whose nomination for election by the stockholders of such Group Company was approved by a vote of *** the directors then in office either who were directors at the beginning of such period or whose election or nomination for election was previously so approved (either by a specific

vote or by approval of a proxy statement in which such individual is named as a nominee for election as a director)), cease for any reason to constitute a majority of the directors then in office.

For purposes of this definition of "Change of Control" only: (i) references to any Group Company shall be deemed to include all successors in any merger, consolidation, reorganization or similar transaction (or series of related transactions) preceding any transaction (or series of related transactions) described above; (ii) "beneficial ownership" (and other correlative terms) means beneficial ownership as defined in Rule 13d-3 under the Exchange Act; it being understood and agreed that "beneficial ownership" shall also include any securities that any Person or any of such Person's Affiliates has the right to acquire pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; (iii) "group" means group as defined in the Exchange Act and the rules of the SEC thereunder as in effect on the date hereof; (iv) "control" (including, with correlative meaning, the term "controlled by") means the actual power, either directly or indirectly through one or more intermediaries, to direct the management and policies of such entity, whether by the ownership of *** of the Voting Stock of such entity, or by contract or otherwise; and (v) *** shall mean at a given time, ***.

1.10 "c-MET" means human Met tyrosine kinase.

1.11 "c-MET Excluded Compound" means a ***.

1.12 "c-MET Field" means the treatment, control, management, mitigation, prevention, cure or diagnosis of any and all Indications in humans and animals.

1.13 "c-MET Inhibitor Compound" means any compound ***.

1.14 "c-MET Licensed Compound" means (a) the c-MET Inhibitor Compound known as INCB28060 (the chemical structure of which has previously been disclosed to Novartis in a letter dated November 23, 2009); (b) the back-up c-MET Inhibitor Compounds set forth on Schedule 1.14 (the chemical structures of which have previously been disclosed to Novartis in a letter dated November 20, 2009) (each a "c-MET Licensed Back-Up Compound"); (c) all salts, prodrugs, esters, metabolites, solvates, stereoisomers and polymorphs of the foregoing; and (d) all derivatives of the foregoing containing one or more atoms substituted with a radio isotope (including without limitation derivatives containing deuterium).

1.15 "c-MET Licensed Product" means a product or product candidate that contains one or more c-MET Licensed Compounds as the active ingredient, including all formulations and dosages of such c-MET Licensed Compounds and all processes and delivery systems that incorporate such c-MET Licensed Compounds.

1.16 "c-MET Program" means a program conducted pursuant to this Agreement and directed to the research, Development and Commercialization of c-MET Licensed Compounds and c-MET Licensed Products in the c-MET Field.

1.17 "c-MET Program Term" means the period beginning on the Effective Date and continuing until the earlier of (a) the termination of this Agreement in its entirety or the c-MET Program in accordance with Section 9.2 or (b) following the First Commercial Sale of any c-MET Licensed Product, the expiration of the last-to-expire of all Royalty Terms with respect to all c-MET Licensed Compounds and c-MET Licensed Products.

1.18 "Clinical Trial" means a Phase I Study, a Phase II Study, a Phase III Study, a Phase IV Study or a combination of two (2) of any of the foregoing studies.

1.19 "Commercialization" or "Commercialize" means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product (including establishing the price for such product).

1.20 "Commercially Reasonable Efforts" of a Party means the reasonable, diligent, good faith efforts of the type to accomplish such objective as such Party would normally use to accomplish a similar objective under similar circumstances, it being understood and agreed that, with respect to efforts to be expended in relation to a product, such efforts shall be substantially consistent with those efforts and resources commonly used by such Party for any other product owned by it or in relation to which it may have rights, which other product is at a similar stage in its Development or product life and is of similar market and economic potential as products expected to result from the Licensed Compounds at a similar stage in their Development or product life, and that any such other product owned by it or over which it has rights will not be given any preferential treatment when compared to the objectives to be carried out pursuant to this Agreement, provided that such efforts continue to be commercially reasonable in light of the scientific and economic outlook for the product, all as measured by the facts and circumstances at the time such efforts are due.

1.21 "Confidential Information" means (a) all confidential or proprietary information relating to Licensed Compounds, and (b) all other confidential or proprietary documents, technology, Know-How or other information (whether or not patentable) actually disclosed by one Party to the other pursuant to this Agreement or the Prior Confidentiality Agreements.

1.22 "Control" or "Controlled" means, with respect to any (a) material, document, item of information, method, data or other Know-How or (b) Patent Rights or other Intellectual Property Rights, the possession by a Party or its Affiliates, whether by ownership or license (other than by licenses granted under this Agreement), of the ability to grant to the other Party access, a license and/or a sublicense as provided herein without requiring the consent of a Third

Party or violating the terms of any agreement or other arrangement with any Third Party, in each case as of the Effective Date, or if any of the same are acquired or created after the Effective Date, at the date it is acquired or created by the relevant Party or its Affiliate.

1.23 "Cover", "Covering" or "Covered" with respect to a product, technology, process or method, means that, but for a license granted to a Person under a Valid Claim included in the Patent Rights under which such license is granted, the Development, manufacture, Commercialization and/or other use of such product or the practice of such technology, process or method, by such Person would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.24 "Detail" means face-to-face discussions with physicians and other health care practitioners who are permitted under applicable Laws to prescribe a Licensed Product for the purpose of promoting a Licensed Product to such physicians or practitioners.

1.25 "Development" or "Develop" means, with respect to a compound, preclinical and clinical drug development activities, including, among other things: the conduct of Clinical Trials, test method development and stability testing, toxicology, formulation and delivery system development, process development, pre-clinical and clinical Drug Substance and Drug Product supply, manufacturing scale-up, development-stage manufacturing, quality assurance/quality control procedure development and performance with respect to clinical materials, statistical analysis and report writing and clinical studies, regulatory affairs, and all other pre-Regulatory Approval activities. When used as a verb, "Develop" means to engage in Development. For the avoidance of doubt, "Development" shall include Phase IV Studies.

1.26 "Development Costs" means the costs and expenses incurred by or on behalf of a Party attributable to, or reasonably allocable to, the Development of Licensed Products and that are materially consistent, as applicable, with the Development Plan and Development Budget. Development Costs shall not include costs that are allocable to the costs of management, financial, legal or business development personnel. "Development Costs" shall include (a) the costs of Clinical Trials, the preparation, collation and/or validation of data from such Clinical Trials and the preparation of medical writing and publishing, (b) the FTE costs of the relevant Party or its Affiliates, (c) all Out-of-Pocket Costs incurred by the Parties or their Affiliates, including payments made to Third Parties with respect to any of the foregoing (except to the extent that such costs have been included in FTE costs), (d) Regulatory Expenses and (e) the cost of contract research organizations (CROs) and clinical supply, including: (i) costs of Drug Products, packaging of Drug Products and distribution of Drug Products used in Clinical Trials, (ii) expenses incurred to purchase and/or package comparator drugs, and (iii) costs and expenses of disposal of clinical samples.

1.27 "Disclosing Party" means, with respect to Confidential Information, Patent Rights or Know-How, the Party that Controls such Confidential Information, Patent Rights or Know-How.

1.28 "Drug Product" means a finished dosage form that contains the Drug Substance.

1.29 "Drug Substance" means the active pharmaceutical ingredient.

1.30 "EMEA" means the European Medicines Agency, or a successor agency thereto.

1.31 "EU Major Market Countries" means ***.

1.32 "Executive Officers" means the Chief Executive Officer of Incyte (or a senior executive officer of Incyte designated by Incyte's Chief Executive Officer) and the Chief Executive Officer of Novartis Oncology (or a senior executive officer of Novartis or its Affiliate as designated by the Chief Executive Officer of Novartis Oncology).

1.33 "FDA" means the United States Food and Drug Administration, or a successor agency thereto.

1.34 "Field" means the c-MET Field and the JAK Field.

1.35 "First Commercial Sale" means, with respect to a Licensed Product, the first shipment of such Licensed Product to a Third Party by, as applicable, Novartis or its Affiliates or sublicensees or Incyte or its Affiliates or sublicensees in a country following applicable Regulatory Approval (other than applicable governmental price and reimbursement approvals) of such Licensed Product in such country. Sales or transfers of reasonable quantities of Licensed Product for Clinical Trial purposes, or for compassionate or similar use, shall not be considered a First Commercial Sale.

1.36 "Force Majeure Event" means an event, act, occurrence, condition or state of facts, in each case outside the reasonable control of a Party, including acts of God; acts of any government; any rules, regulations or orders issued by any governmental authority or by any officer, department, agency or instrumentality thereof; fire; storm; flood; earthquake; accident; war; rebellion; insurrection; riot; terrorism and invasion, that interfere with the normal business operations of such Party.

1.37 "FPFV" means the first subject's first screening visit in a Clinical Trial that results in such subject signing an informed consent.

1.38 "FTE" means a full-time equivalent person year (consisting of a total of *** hours per year) of scientific, technical or commercialization work undertaken by Incyte or Novartis employees, as applicable.

1.39 "FTE Rate" means the rate per FTE (which may be prorated on a daily basis as necessary) of *** per annum, with respect to Development or Commercialization activities conducted pursuant to this Agreement, subject to annual adjustment by the rate of the Employment Cost Index for total compensation for the "management, professional and related" occupational group, as published by the United States Department of Labor, Bureau of Labor Statistics (or any similar index agreed upon by the Parties if such index ceases to be compiled and published).

1.40 "Generic Competition" means, with respect to a Licensed Product in any country in a given Calendar Quarter, if, during such Calendar Quarter and the immediately preceding Calendar Quarter, one or more Generic Products shall be commercially available in such country

and such Generic Products shall in the aggregate have a market share of *** of the aggregate market share of such Licensed Product and Generic Products (based on data provided by IMS International or, if such data is not available, such other reliable data source as agreed by the Parties (such agreement not to be unreasonably withheld)) as measured by unit sales.

1.41 "Generic Product" means any pharmaceutical product that contains a Licensed Compound and that is sold under a marketing authorization granted by a Regulatory Authority to a Person other than a Party or its Affiliates, licensees or sublicensees.

1.42 "Good Faith Development" means Development conducted in good faith with the intention of advancing a Program toward registration (and not for the sole purpose of preserving rights hereunder).

1.43 "Hematology Field" means the treatment, control, mitigation, prevention, cure, or diagnosis of all hematologic Indications as defined as of the Effective Date in subsections 280 — 289 (Diseases of the blood and blood-forming organs) of the International Classification of Diseases, Ninth Revision,

Clinical Modification (ICD-9-CM).

1.44 "Incyte Group Member" means Incyte and any direct or indirect wholly owned subsidiary of Incyte.

1.45 "Incyte IP" means Incyte Know-How and Incyte Patent Rights.

1.46 "Incyte Know-How" means all Know-How that (a) is Controlled by Incyte or any of its Affiliates as of the Effective Date or during the Term; and (b) is necessary or useful to Develop, manufacture or Commercialize any Licensed Products or Licensed Compounds; provided, however, that Incyte Know-How specifically excludes Joint IP.

1.47 "Incyte Patent Rights" means all Patent Rights that (a) are Controlled by Incyte or any of its Affiliates as of the Effective Date or during the Term; and (b) are necessary or useful to Develop, manufacture or Commercialize any of (x) c-MET Licensed Compounds and c-MET Licensed Products (the "c-MET Patent Rights"); and (y) JAK Licensed Compounds and JAK Licensed Products (the "JAK Patent Rights"); provided, however, that Incyte Patent Rights specifically exclude Joint IP. The c-MET Patent Rights that exist as of the Effective Date are set forth in Exhibit A-1 and the JAK Patent Rights that exist as of the Effective Date are set forth on Exhibit A-2.

1.48 "Incyte Territory" means, with respect to all JAK Licensed Products and JAK Patent Rights, the United States of America and its territories and possessions.

1.49 "IND" means an Investigational New Drug Application filed with the FDA under 21 C.F.R. Part 312 or similar non-United States application or submission in any country or group of countries for permission to conduct human clinical investigations.

1.50 "Indication" shall mean any disease, condition or syndrome, or sign or symptom of, or associated with, a disease or condition.

*** Confidential material redacted and filed separately with the Commission.

1.51 "Inflammatory Disease" means any inflammatory disease, including the following Indications: RA (and other arthritides including Juvenile RA, ankylosing spondylitis, Sero-negative spondyloarthropathies and psoriatic arthritis), IBD, Crohn's, Psoriasis, Asthma, chronic obstructive pulmonary disease, Multiple Sclerosis and Systemic Lupus Erythematosus. Notwithstanding the foregoing, Inflammatory Disease shall specifically exclude (a) any hematologic Indications as defined as of the Effective Date in subsections 280 — 289 (Diseases of the blood and blood-forming organs) of the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM) and (b) oncology Indications as defined as of the Effective Date in subsections 140 — 239 (Neoplasms) of the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM), including all hematologic malignancies, solid tumors and myeloproliferative diseases (including Myelofibrosis, Polycythemia Vera and Essential Thrombocythemia).

1.52 "Intellectual Property Rights" means patents, trade secrets, copyrights and other forms of proprietary or industrial rights pertaining to inventions, Know-How, original works, and other forms of intellectual property.

1.53 "Inventions" means all patentable inventions, discoveries, improvements and other technology and any Patent Rights based thereon, that are discovered, made or conceived during and in connection with the research, Development, manufacture and Commercialization of Licensed Compounds or Licensed Products.

1.54 "JAK" means human Jak Tyrosine Kinase.

1.55 "JAK2" means Jak2 Tyrosine Kinase.

1.56 "JAK3" means Jak3 Tyrosine Kinase.

1.57 "JAK Excluded Compound" means a ***.

1.58 "JAK2 Inhibitor Compound" means ***.

1.59 "JAK Field" means the Hematology Field and the Oncology Field, and includes all forms of administration except topical.

1.60 "JAK Licensed Compound" means (a) the JAK2 Inhibitor Compound known as INCB018424 (the chemical structure of which has previously been disclosed to Novartis in a letter dated November 23, 2009); (b) the back-up JAK2 Inhibitor Compounds set forth on Schedule 1.60 (the chemical structures of which have previously been disclosed to Novartis in a letter dated November 20, 2009) (each a "JAK Licensed Back-Up Compound"); (c) any Potential JAK Licensed Compound to the extent deemed a JAK Licensed Compound pursuant to Section 4.5; (d) all salts, prodrugs, esters, metabolites, solvates, stereoisomers and polymorphs of the foregoing; and (e) all derivatives of the foregoing containing one or more atoms substituted with a radio isotope (including without limitation derivatives containing deuterium).

*** Confidential material redacted and filed separately with the Commission.

1.61 "JAK Licensed Product" means a product or product candidate that contains one or more JAK Licensed Compounds as the active ingredient, including all formulations and dosages of such JAK Licensed Compounds and all processes and delivery systems that incorporate such JAK Licensed Compounds.

1.62 "JAK Program" means a program conducted pursuant to this Agreement and directed to the research, Development and Commercialization of JAK Licensed Compounds and JAK Licensed Products in the JAK Field.

1.63 "JAK Program Term" means the period beginning on the Effective Date and continuing until the earlier of (a) the termination of this Agreement in its entirety or the JAK Program in accordance with Section 9.2 or (b) following the First Commercial Sale of any JAK Licensed Product, the expiration of the last-to-expire of all Royalty Terms with respect to all JAK Licensed Compounds and JAK Licensed Products.

1.64 "Know-How" means any information, ideas, data, inventions, works of authorship, trade secrets, technology, or materials, including formulations, molecules, assays, reagents, compounds, compositions, human or animal tissue, samples or specimens, and combinations or components thereof, whether or not proprietary or patentable, or public or confidential, and whether stored or transmitted in oral, documentary, electronic or other form, including all Regulatory Documentation, but excluding any such information or materials publicly disclosed in Patent Rights.

1.65 "Law" means any law, statute, rule, regulation, ordinance or other pronouncement having the effect of law, of any federal, national, multinational, state, provincial, county, city or other political subdivision, including (a) good clinical practices and adverse event reporting requirements, guidance from the International Conference on Harmonization or other generally accepted conventions, and all other rules, regulations and requirements of the FDA and other applicable Regulatory Authorities, (b) the Foreign Corrupt Practices Act of 1977, as amended, or any comparable laws in any country, and (c) all export control laws.

1.66 "Licensed Compounds" means: (a) c-MET Licensed Compounds; and (b) JAK Licensed Compounds.

1.67 "Licensed Patent Rights" means with respect to the Patent Rights licensed to Novartis hereunder, the Incyte Patent Rights and with respect to the Patent Rights licensed to Incyte hereunder, the Novartis Patent Rights. In each case, Patent Rights forming part of the Joint IP shall be included, as applicable, in the Incyte Patent Rights and Novartis Patent Rights.

1.68 "Licensed Product" means a c-MET Licensed Product or a JAK Licensed Product. As used in this Agreement, except where not appropriate in context, the Licensed Product also includes the Licensed Compound contained in the Licensed Product.

1.69 "***" means ***.

1.70 "MHLW" means the Japanese Ministry of Health, Labor and Welfare, or a successor agency thereto.

*** Confidential material redacted and filed separately with the Commission.

1.71 "***" means ***.

1.72 "NDA" means (a) (i) a New Drug Application submitted to the FDA, or any successor application or procedure, as more fully defined in 21 C.F.R. § 314.50 et. seq., or (ii) any non-United States counterpart of such a New Drug Application, and (b) all supplements and amendments, including supplemental New Drug Applications (and any non-United States counterparts) that may be filed with respect to the foregoing.

1.73 "Net Sales" means, with respect to any Licensed Product, the net sales on behalf of a Royalty Paying Party or its Affiliates, licensees or sublicensees sold to Third Parties as determined in accordance with the Royalty Paying Party's usual and customary accounting methods, which are in accordance with Accounting Standards, as consistently applied by such Royalty Paying Party, including a deduction of a fixed percentage of *** for distribution and warehousing expenses and any amounts credited for uncollectible amounts on previously sold Licensed Products.

(a) In the case of any sale or other disposal of the Licensed Product between or among a Royalty Paying Party and its Affiliates, licensees and sublicensees for resale, Net Sales shall be deemed to occur and shall be calculated as above only on the first arm's-length sale thereafter to a Third Party.

(b) In the case of any sale that is not invoiced or is delivered before invoice, Net Sales shall be calculated at the time all the revenue recognition criteria under the applicable Accounting Standards are met.

(c) In the case of any sale or other disposal for value, such as barter or counter-trade, of Licensed Product, or part thereof, other than in an arm's length transaction exclusively for cash, Net Sales shall be calculated as above on the value of the non-cash consideration received or the fair market price (if higher) of the Licensed Product in the country of sale or disposal, as determined in accordance with the Accounting Standards.

(d) In the event the Licensed Product is sold in a finished dosage form containing the Licensed Product in combination with one or more other active ingredients (a "Combination Product"), the Net Sales of the Licensed Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales (as defined above in this Section) of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in a particular country of the Licensed Product in the prior Calendar Year when sold separately in finished form and B is the weighted average sale price in that country in the prior Calendar Year of the other product(s) sold separately in finished form. In the event that such average sale price cannot be determined for both the Licensed Product and the other product(s) in combination, Net Sales for purposes of determining royalty payments shall be

agreed by the Parties based on the relative value contributed by each component, such agreement shall not be unreasonably withheld.

1.74 "Novartis Group Member" means Novartis AG and any direct or indirect wholly owned subsidiary of Novartis.

1.75 "Novartis Improvements" means Novartis Patent Rights that (a) constitute an improvement to the Incyte IP that is made by or on behalf of Novartis or its Affiliates during the Term; (b) are necessary or useful to Develop, manufacture or Commercialize any JAK Licensed Compounds; and (c) relate to (i) uses of JAK Licensed Compounds or (ii) methods of manufacturing JAK Licensed Compounds.

1.76 "Novartis IP" means, collectively, Novartis Know-How and Novartis Patent Rights.

1.77 "Novartis Know-How" means all Know-How that: (a) is Controlled by Novartis or any of its Affiliates as of the Effective Date or during the Term; and (b) is necessary or useful to Develop, manufacture or Commercialize any Licensed Compounds or Licensed Products; provided, however, that Novartis Know-How specifically excludes Joint IP.

1.78 "Novartis Oncology" means the Novartis oncology business unit of Novartis.

1.79 "Novartis Patent Rights" means all Patent Rights that: (a) are Controlled by Novartis or its Affiliates as of the Effective Date or during the Term; and (b) are necessary or useful to Develop, manufacture or Commercialize all or any of the Licensed Compounds and Licensed Products; provided, however, that Novartis Patents Rights specifically excludes Joint IP.

1.80 "Novartis Sponsored Study" means any Clinical Trial sponsored by Novartis, its Affiliates or sublicensees, but specifically excludes any investigator initiated studies.

1.81 "Novartis Standard Exchange Rate Methodology" means, with respect to amounts invoiced in United States Dollars, all such amounts shall be expressed in United States Dollars. With respect to amounts invoiced in a currency other than United States Dollars, all such amounts shall be expressed both in the currency in which the amount was invoiced and in the United States Dollar equivalent. The United States Dollar equivalent shall be calculated using Novartis' then-current standard exchange rate methodology, which is in accordance with applicable Accounting Standards, applied in its external reporting (which is ultimately based on official rates such as those published by the European Central Bank) for the conversion of foreign currency sales into United States Dollars.

1.82 "Novartis Territory" means (a) with respect to c-MET Licensed Products and c-MET Patent Rights, the entire world; and (b) with respect to JAK Licensed Products and JAK Patent Rights, the entire world other than the Incyte Territory (the "Novartis JAK Territory").

1.83 "Oncology Field" means the treatment, control, mitigation, prevention, cure, or diagnosis of any oncology Indications as defined as of the Effective Date in subsections 140 — 239 (Neoplasms) of the International Classification of Diseases, Ninth Revision, Clinical

Modification (ICD-9-CM), including all hematologic malignancies, solid tumors and myeloproliferative diseases (including Myelofibrosis, Polycythemia Vera and Essential Thrombocythemia).

1.84 "Out-of-Pocket Costs" means, with respect to certain activities hereunder, direct expenses paid or payable by either Party or its Affiliates to Third Parties (other than employees of such Party or its Affiliates) that are specifically identifiable and incurred to conduct such activities for Licensed Products, have been recorded in accordance with the Accounting Standards, and for the avoidance of doubt, do not include pre-paid amounts or capital expenditures.

1.85 "Party" means Novartis or Incyte. "Parties" means Novartis and Incyte.

1.86 "Patent Rights" means all patents and patent applications in any country in the world, including any continuations, continuations-in-part, divisions, provisionals or any substitute applications, any patent issued with respect to any such patent applications, any reissue, reexamination, renewal or extension (including any supplemental protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all non-United States counterparts of any of the foregoing.

1.87 "Patent Term Extension" means any patent term extension, adjustment or restoration or supplemental protection certificates.

1.88 "Person" means any natural person, general or limited partnership, corporation, limited liability company, limited liability partnership, firm, association or organization or other legal entity.

1.89 "Phase I Study" means a study in humans which provides for the first introduction into humans of a product, conducted in healthy volunteers or patients to obtain information on product safety, tolerability, pharmacological activity or pharmacokinetics, as more fully defined in 21 C.F.R. § 312.21(a) (or the non-United States equivalent thereof).

1.90 "Phase II Study" means a study in humans of the safety, dose ranging and efficacy of a product, which is prospectively designed to generate sufficient data (if successful) to commence pivotal clinical trials, as further defined in 21 C.F.R. § 312.21(b) (or the non-United States equivalent thereof).

1.91 "Phase III Study" means a controlled study in humans of the efficacy and safety of a product, which is prospectively designed to demonstrate statistically whether such product is effective and safe for use in a particular Indication in a manner sufficient to file an NDA to obtain regulatory approval to market the product, as further defined in 21 C.F.R. § 312.21(c) (or the non-United States equivalent thereof).

1.92 "Phase IV Study" means a human clinical trial which is conducted on a product after Regulatory Approval of the product has been obtained from an appropriate Regulatory Authority, and includes (a) trials conducted voluntarily for enhancing marketing or scientific knowledge of an approved Indication or (b) trials conducted after Regulatory Approval due to

request or requirement of a Regulatory Authority or as a condition of a previously granted Regulatory Approval.

1.93 "Primary Detail" means a Detail in which *** of the time spent during such sales presentation is spent on a Licensed Product and for which *** of the sales representative's incentive compensation is tied to such Detail.

1.94 "Prior Confidentiality Agreements" means the Confidentiality Agreements between Incyte and Novartis Institutes for BioMedical Research, Inc., an Affiliate of Novartis, dated as of October 30, 2008 and between Incyte and Novartis Pharmaceuticals Corporation, an Affiliate of Novartis, dated as of December 11, 2008 and amended as of January 29, 2009.

1.95 "Program" means the JAK Program or the c-MET Program. "Programs" means the JAK Program and the c-MET Program.

1.96 "Publication" means any publication in a scientific journal, any abstract to be presented to any scientific audience, any presentation at any scientific conference, including slides and texts of oral or other public presentations, any other scientific presentation and any other oral, written or electronic disclosure directed to a scientific audience which pertains to the Licensed Compound, the Licensed Product or the use of the Licensed Product.

1.97 "Randomized Clinical Trial" means a Clinical Trial in human patients of the efficacy of a product that is designed with parallel groups comparing, as applicable, a c-MET Inhibitor Compound or Potential JAK Back-Up Compound to either a placebo or an active comparator.

1.98 "Regulatory Approval" means all approvals (including any applicable governmental price and reimbursement approvals), licenses, registrations, and authorizations of any federal, national, multinational, state, provincial or local Regulatory Authority, department, bureau and other governmental entity that are necessary and sufficient for the marketing and sale of a product in a country or group of countries.

1.99 "Regulatory Authority" means, with respect to a country, the regulatory authority or regulatory authorities of such country with authority over the testing, manufacture, use, storage, importation, promotion, marketing, pricing or sale of a pharmaceutical product in such country.

1.100 "Regulatory Documentation" means, with respect to the Licensed Compounds and Licensed Products, all INDs and other regulatory applications submitted to any Regulatory Authority, Regulatory Approvals, pre-clinical and clinical data and information, regulatory materials, drug dossiers, master files (including Drug Master Files, as defined in 21 C.F.R. 314.420 and any non-United States equivalents), and any other reports, records, regulatory correspondence and other materials relating to Development or Regulatory Approval of a Licensed Compound or Licensed Product, or required to manufacture, distribute or sell the Licensed Products, including any information that relates to pharmacology, toxicology, chemistry, manufacturing and controls data, batch records, safety and efficacy, and any safety database.

1.101 "Regulatory Exclusivity" means the ability to exclude Third Parties from Commercializing a Licensed Product in a country, either through data exclusivity rights, orphan drug designation, or such other rights conferred by a Regulatory Authority in such country, other than through Patent Rights.

1.102 "Regulatory Expenses" means, with respect to a Licensed Compound or Licensed Product, all Out-of-Pocket Costs incurred by or on behalf of a Party in connection with the preparation and filing of regulatory submissions for Licensed Product and obtaining of Regulatory Approvals.

1.103 "Right of Reference or Use" means a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b), and any non-United States equivalents.

1.104 "Royalty Paying Party" means the Party required to pay royalties to the other Party with respect to a Licensed Product pursuant to Sections 2.6(a)(iii), 4.5(c), 8.3 and 9.3(a).

1.105 "Royalty Receiving Party" means the Party that is entitled to receive royalties from the other Party with respect to a Licensed Product pursuant to Sections 2.6(a)(iii), 4.5(c), 8.3 and 9.3(a).

1.106 "SEC" means the United States Securities and Exchange Commission.

1.107 "Secondary JAK Patent Rights" means all JAK Patent Rights and Joint IP Covering the JAK Licensed Compounds and JAK Licensed Products ("Joint JAK IP") except for the Patent Rights that are designated as INCY0039 (the "INCY0039 Patent Rights"). The INCY0039 Patent Rights that exist as of the Effective Date are set forth as INCY0039 on Exhibit A-2.

1.108 "Software Source Code" means all Incyte Know-How that are computer programs and applications including implementation of algorithms, models and methodologies, in each case in source code form (unless Incyte does not Control the same in source code form and then in object code form), as well as compilations of data, descriptions, library functions, flow charts, architecture, database design, display screens and development tools and other information, work product or tools used to design, plan, organize or develop any of the foregoing that relate to the JAK Program or the c-MET Program or both.

1.109 "Supply Agreement" means a supply agreement entered into by Incyte and Novartis as described in ARTICLE V.

1.110 "Terminated Program" means (a) with respect to the termination of this Agreement with respect to a Program pursuant to Sections 9.2(a), 9.2(b) or 9.2(d), the Program subject to such termination; and (b) with respect to termination of this Agreement in its entirety, both Programs.

1.111 "Third Party" means any Person other than a Party or any of its Affiliates.

1.112 "Valid Claim" means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other

governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) or (b) a claim within a patent application that has not been revoked, cancelled, withdrawn, held invalid or abandoned ***.

1.113 "Viable Compound" means a JAK Licensed Compound, Potential JAK Back-Up Compound or JAK Candidate that has not failed to meet predetermined efficacy or activity criteria established by unanimous agreement of the JSC and where the patentability and freedom to operate of the JAK Licensed Compound, Potential JAK Back-Up Compound or JAK Candidate appear favorable.

1.114 "Voting Stock" means securities of any class or series of a corporation, limited liability company, association or other entity, the holders of which are ordinarily, in the absence of contingencies, entitled to vote generally in matters put before the shareholders or members of such corporation, limited liability company, association or other entity.

1.115 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

DEFINITION	SECTION
13D Group	11.6(b)
Agreement	Preamble
Auditee	8.6(f)
Audit Rights Holder	8.6(f)
Audit Team	8.6(a)
Bankruptcy Code	2.4
Breaching Party	9.2(b)
Buy-In Party	4.3(c)
Clinical Supply Agreement	5.1(b)
c-MET JDC	3.2
c-MET Licensed Back-Up Compound	1.14
c-MET Patent Rights	1.47
CoC Party	Exhibit H
Co-Detailing Right	6.3(a)
Combination Product	1.73(d)
Controlling Party	7.2(d)
***	***
Development Budget	4.3(a)(iii)
Development Plan	4.2(a)(ii)
Disclosing Party	12.1
Effective Date	Preamble
Exchange Act	11.6
***	***
Global Branding Strategy	6.5(a)
Global Safety Database	4.7(c)

GMP	5.1(b)(ii)
Group Company	1.9(a)
INCY0039 Patent Rights	1.107
Incyte	Preamble
Incyte Indemnified Parties	10.1(a)
***	***
Initial Development Plan	4.2(a)(ii)
JAK Candidate	4.5(a)
JAK JDC	3.2
JAK Licensed Back-Up Compound	1.60
JAK Mark	6.5(b)(ii)
JAK Patent Rights	1.47
JCC	3.2
JIPC	3.2
Joint c-MET IP	7.2(b)
Joint Development Activity	4.3(a)(iii)
Joint IP	7.1(b)
Joint JAK IP	1.107
JPT	3.2
JSC	3.1(a)
***	***
***	***
Non-Breaching Party	9.2(b)
Non-CoC Party	Exhibit H
Non-Controlling Party	7.2(d)
Notice	14.6
Novartis	Preamble

Novartis Indemnified Parties	10.2(a)
Novartis Information Rights	4.1(c)(i)
Novartis JAK Territory	1.82
Payments	8.7
***	***
Pharmacovigilance Agreement	4.7(c)
Potential JAK Back-Up Compound	4.5(b)
Promotional Plan	6.3(a)
Receiving Party	12.1
Royalty Term	8.3(c)
Severed Clause	14.13
SOPs	3.2(a)(ii)
Term	9.1
Third-Party Infringement	7.3(a)
UCC	6.3(b)(iii)

1.116 Construction. In construing this Agreement, unless expressly specified otherwise:

(a) references to Sections, Exhibits and Schedules are to sections of, and schedules and exhibits to, this Agreement;

(b) except where the context otherwise requires, use of either gender includes the other gender, and use of the singular includes the plural and vice versa;

(c) headings and titles are for convenience only and do not affect the interpretation of this Agreement;

(d) any list or examples following the word “including” shall be interpreted without limitation to the generality of the preceding words;

(e) except where the context otherwise requires, the word “or” is used in the inclusive sense;

(f) all references to “dollars” or “$” herein shall mean U.S. Dollars; and

(g) each party represents that it has been represented by legal counsel in connection with this agreement and acknowledges that it has participated in the drafting hereof.

In interpreting and applying the terms and provisions of this agreement, the parties agree that no presumption will apply against the party which drafted such terms and provisions.

ARTICLE II

LICENSES

2.1 Rights Granted by Incyte to Novartis.

(a) c-MET License Grant. Subject to the terms of this Agreement, Incyte hereby grants Novartis, during the Term, an exclusive (even as to Incyte and its Affiliates), royalty-bearing, non-transferable (except in accordance with Section 14.3) license, with the right to sublicense (subject to Section 2.3), under Incyte IP and Incyte’s and its Affiliates’ interests in Joint IP, to research, Develop, Commercialize, make, have made, use, offer for sale, sell and import c-MET Licensed Compounds and c-MET Licensed Products in the Novartis Territory in the c-MET Field.

(b) JAK License Grant. Subject to the terms of this Agreement, Incyte hereby grants Novartis, during the Term, an exclusive (even as to Incyte and its Affiliates), royalty-bearing, non-transferable (except in accordance with Section 14.3) license, with the right to sublicense (subject to Section 2.3), under Incyte IP and Incyte’s and its Affiliates’ interests in Joint IP, to (i) research, Develop, Commercialize, make, have made, use, offer for sale, sell and import JAK Licensed Compounds and JAK Licensed Products in the Novartis JAK Territory in the JAK Field and (ii) research, Develop, make and have made JAK Licensed Compounds and JAK Licensed Products in the Incyte Territory for the sole purpose of using, offering for sale and selling JAK Licensed Products in, and importing JAK Licensed Compounds and JAK Licensed Products into, the Novartis JAK Territory in the JAK Field; provided however, that Novartis may not, directly or indirectly, conduct Clinical Trials or other clinical studies, including any investigator initiated studies, in the Incyte Territory without the prior approval of the JSC.

2.2 Rights Granted by Novartis to Incyte.

*** Confidential material redacted and filed separately with the Commission.

(a) Subject to the terms of this Agreement, Novartis hereby grants Incyte, during the Term, a non-exclusive non-transferable (except in accordance with Section 14.3) license, with the right to sublicense (subject to Section 2.3), under Novartis IP, to: (i) research, Develop, Commercialize, make, have made, use, offer for sale, sell and import JAK Licensed Compounds and JAK Licensed Products in the JAK Field in the Incyte Territory; and (ii) research, Develop, make and have made JAK Licensed Compounds and JAK Licensed Products in the Novartis JAK Territory for the sole purpose of using, offering for sale and selling JAK Licensed Products in, and importing JAK Licensed Compounds and JAK Licensed Products into, the Incyte Territory in the JAK Field; provided however, that Incyte may not, directly or indirectly, conduct Clinical Trials or other clinical studies, including any investigator initiated studies, in the Novartis Territory without the prior approval of the JSC.

(b) Subject to the terms of this Agreement, Novartis hereby grants Incyte, during the Term, a non-exclusive non-transferable (except in accordance with Section 14.3) license, with the right to sublicense (subject to Section 2.3), under Novartis Improvements to research, Develop, make, have made, use, offer for sale, sell and import JAK Licensed Compounds (as such compounds exist as of the Effective Date) and JAK Licensed Products (as such compounds exist as of the Effective Date) in (i) topical formulations outside the JAK Field worldwide; and (ii) non-oral formulations for ophthalmic Indications worldwide.

2.3 Sublicense Rights. Each Party shall have the right to grant sublicenses within the scope of the licenses under Section 2.1 or 2.2, as applicable, solely to its Affiliates and to Third Parties that are conducting collaborative research, Development and/or Commercialization activities with such Party or its Affiliates with respect to Licensed Compounds and Licensed Products; provided that any sublicense granted to Third Party collaborators under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement, including the confidentiality provisions of ARTICLE XII. If either Party grants a sublicense to a Third Party as permitted by this Section 2.3, then such Party shall provide the other Party prompt written notice thereof and shall provide the other Party with an executed copy of any such sublicense (redacted as necessary to protect confidential or commercially sensitive information). Except as otherwise agreed by the Parties in writing, each Party shall be jointly and severally responsible with its sublicensees to the other Party for failure by its sublicensees to comply with this Agreement. In the event that (a) the sublicensee has failed to cure a material breach or take such steps as would be considered reasonable to effectively cure such breach under any such sublicense within *** after notice of such breach and (b) such material breach also constitutes a breach of this Agreement, the sublicensor shall terminate the sublicense at the request of the Party that is not the sublicensor.

2.4 Section 365(n) of The Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement, including the licenses granted under this ARTICLE II and the rights granted under Section 4.3(d), are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. The Parties will retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code. Each Party agrees that the other Party, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the

United States that provide similar protection for "intellectual property." The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the Bankruptcy Code or analogous provisions of applicable Law outside the United States, the other Party will be entitled to a complete duplicate of (or complete access to, as the other (non-bankrupt) Party deems appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in such Party's possession, will be promptly delivered to it upon such Party's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code.

2.5 Retained Rights.

(a) No Implied Licenses or Rights. Except as expressly provided in Section 2.1, and subject to Section 2.6, all rights in and to the Incyte IP, Incyte's and its Affiliates' interests in Joint IP and any other Patent Rights or Know-How of Incyte and its Affiliates, are hereby retained by Incyte and its Affiliates. Except as expressly provided in Section 2.2, and subject to Section 2.6, all rights in and to the Novartis IP, and Novartis' and its Affiliates' interests in Joint IP and any other Patent Rights or Know-How of Novartis and its Affiliates, are hereby retained by Novartis and its Affiliates.

(b) Other Retained Rights. Notwithstanding the exclusive licenses granted to Novartis pursuant to Section 2.1, Incyte retains the right to practice under the Incyte IP and Joint IP to:

(i) perform (and to sublicense Third Parties to perform) its obligations under this Agreement and any Supply Agreement, including for the purpose of performing its activities in connection with the Clinical Trials and any related manufacture of Drug Product or Drug Substance; and

(ii) make, have made, use, and test Licensed Compounds solely for internal research purposes. For purposes of clarity, the license granted to Novartis in Section 2.1 shall not require Incyte to remove any Licensed Compounds from Incyte's compound library.

(c) JAK2 Inhibitor Compounds that are not JAK Licensed Compounds.

(i) For purposes of clarity, the Parties acknowledge that the license grant in Section 2.1 does not include any rights under Incyte IP and Joint IP to research, Develop, Commercialize, make, have made, use, offer for sale, sell and import JAK2 Inhibitor Compounds that are not JAK Licensed Compounds, including Incyte's compound INCB028050 and, subject to Section 2.6(b)(i), Incyte retains all rights to practice under the Incyte IP and Joint IP to research, Develop, Commercialize, make, have made, use, offer for sale, sell and import JAK2 Inhibitor Compounds that are not JAK Licensed Compounds (including Incyte's compound INCB028050) for all uses worldwide.

(ii) Notwithstanding Sections 2.5(c)(i) and 4.5, Incyte shall not research, Develop, Commercialize, make, have made, use, offer for sale, sell and import, nor will

it allow its Affiliates or Third Party licensees to research, Develop, Commercialize, make, have made, use, offer for sale, sell and import, INCB028050 in the JAK Field.

2.6 Non-Compete.

(a) c-MET Inhibitor Compounds and c-MET Licensed Compounds.

(i) During the c-MET Program Term, Incyte agrees not to, and shall cause its Affiliates not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), Develop or Commercialize any c-MET Inhibitor Compounds in any field in any country. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Incyte or its Affiliates from Developing or Commercializing any c-MET Excluded Compound in any field anywhere in the world.

(ii) During the c-MET Program Term, Novartis agrees not to, and shall cause its Affiliates not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), conduct any Randomized Clinical Trial with, or Commercialize, any c-MET Inhibitor Compound that is not a c-MET Licensed Compound. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Novartis or its Affiliates from Developing or Commercializing any c-MET Excluded Compound in any field anywhere in the world.

(iii) If no Licensed c-MET Inhibitor Compound has been Commercialized by Novartis under this Agreement and Novartis or its Affiliates commence a Randomized Clinical Trial of any c-MET Inhibitor Compound other than a c-MET Excluded Compound within *** after the termination of Novartis' license under Section 2.1(a), then Novartis shall pay Incyte a *** royalty on Net Sales of such c-MET Inhibitor Compound until the expiration of the relevant Patent Rights that Cover such c-MET Inhibitor Compound. For purposes of clarity, nothing in this Section 2.6(a)(iii) shall be construed to extend the license grants to Novartis under Section 2.1 to Cover such c-MET Inhibitor Compound.

(b) JAK2 Inhibitor Compounds and JAK Licensed Compounds.

(i) During the JAK Program Term, Incyte agrees not to, and shall cause its Affiliates not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), Develop or Commercialize any JAK2 Inhibitor Compounds in the JAK Field anywhere in the world, other than as expressly permitted under this Agreement (including Section 4.5). Notwithstanding the foregoing, nothing in this Agreement shall prohibit Incyte or its Affiliates from Developing or Commercializing any JAK Excluded Compound in any field anywhere in the world.

(ii) During the JAK Program Term, Novartis agrees not to, and shall cause its Affiliates not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public

company), Develop or Commercialize any JAK2 Inhibitor Compounds in the JAK Field anywhere in the world, other than as expressly permitted under this Agreement (including Section 4.5). Notwithstanding the foregoing, nothing in this Agreement shall prohibit Novartis or its Affiliates from Developing or Commercializing any JAK Excluded Compound in any field anywhere in the world.

(iii) For the avoidance of doubt, neither Novartis nor its Affiliates will Develop or Commercialize any JAK Licensed Compounds anywhere in the world for the treatment of any Inflammatory Disease.

(iv) Nothing herein shall limit Novartis' or its Affiliates' rights to Develop or Commercialize any product outside the JAK Field containing a compound whose primary activity is related to JAK3 as Developed or Commercialized by Novartis or its Affiliates or sublicensees ***.

(v) During the JAK Program Term, Incyte may not Develop or Commercialize JAK Licensed Compounds outside the JAK Field except that Incyte may Develop and Commercialize JAK Licensed Compounds for use in (A) topical formulations outside the JAK Field worldwide, and (B) non-oral formulations for ophthalmic Indications anywhere in the world.

(c) JSC Designation as Excluded Compound. In the event that either Party identifies a c-MET Inhibitor Compound (that is not a c-MET Excluded Compound under Section 1.11(a)) or a JAK2 Inhibitor Compound (that is not a JAK Excluded Compound under Section 1.57(a)) that such Party reasonably believes would not compete with a Licensed Product, including because (i) such compound, when tested *in vivo*, is shown to have its pharmacological effect via a mechanism other than via c-MET or JAK2, respectively, or (ii) such compound would be reasonably expected to serve a different and distinct patient population compared to existing Licensed Products, then such Party may schedule a discussion on this topic for the next scheduled JSC meeting. At such JSC meeting, such Party shall present the data supporting its contention that such compound would reasonably be expected not to compete with existing Licensed Products and therefore formally request that such compound be designated either a c-MET Excluded Compound or a JAK Excluded Compound. The JSC shall, no later than the next scheduled JSC meeting, decide whether to approve such request, which decision shall be approved solely by unanimous agreement of the JSC, provided that the Parties shall consider such decisions in good faith on the merits of whether clause (i) or (ii) above have been satisfied. In the event that either Party identifies a c-MET Inhibitor Compound or a JAK2 Inhibitor Compound that such Party reasonably believes would serve a different and distinct patient population compared to the respective Licensed Product but also is expected to serve some portion of the patient population served by existing Licensed Products, then in addition to presenting the relevant data about that compound, the requesting Party shall also propose an appropriate royalty rate that would fairly compensate the other Party for the potential royalties that it would be expected to forego based on the likely use of such compound in lieu of the relevant Licensed Product.

ARTICLE III

GOVERNANCE

3.1 Joint Steering Committee.

(a) Establishment. The Parties shall establish a joint steering committee ("JSC") within thirty (30) days after the Effective Date that will have the responsibility for the overall coordination and oversight of the Parties' activities under this Agreement. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the JSC. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XII. A representative from Novartis shall act as the chairperson of the JSC. The chairperson shall not have any greater authority than any other representative on the JSC and shall conduct the following activities of the JSC: (i) calling meetings of the JSC; (ii) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (iii) ensuring that any decision-making delegated to the JSC is carried out in accordance with Section 3.5; and (iv) preparing and circulating an agenda for the upcoming meeting; provided that the chairperson shall include any agenda items proposed by Incyte. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any JSC meeting; provided, however, that each Party shall ensure that at all times during the existence of the JSC, its representatives on the JSC are appropriate in terms of expertise and seniority (including at least one member of senior management) for the then-current stage of Development and Commercialization of the Licensed Products and have the authority to bind such Party with respect to matters within the purview of the JSC.

(b) Responsibilities. The JSC shall have responsibility for: (i) the general oversight of the collaboration, including approval of Development Budgets; (ii) periodic review of the overall goals and strategy of the Programs; (iii) attempting to resolve any disputes and to consider any other issues brought to its attention by the Parties; (iv) establishing the efficacy and activity criteria for Viable Compounds in accordance with Section 1.113; and (v) performing such other functions as appropriate to further the purposes of this Agreement, as mutually agreed upon by the Parties in writing.

3.2 Subcommittees. The JSC may establish and disband such subcommittees as deemed necessary by the JSC. Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any subcommittee meeting; provided, however, that each Party shall ensure that at all times during the existence of any subcommittee, its representatives on such subcommittee are appropriate in terms of expertise and seniority for the then-current stage of Development and Commercialization of the Licensed Product in the Field in the Territory and have the authority to bind such Party with respect to matters within the purview of the relevant subcommittee. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XII. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to, and any decisions shall be made by, the JSC. The initial subcommittees of the JSC will

be the Joint c-MET Development Committee ("c-MET JDC"), Joint JAK Development Committee ("JAK JDC"), Joint Program Team ("JPT"), the Joint Commercialization Committee ("JCC") and the Joint Intellectual Property Committee ("JIPC")

(a) Joint c-MET Development Committee.

(i) The c-MET JDC will have the responsibility for the overall coordination and oversight of the c-MET Program in the c-MET Field in the Novartis Territory. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the c-MET JDC. Novartis shall appoint a person from among its representatives on the c-MET JDC to serve as the chairperson of the c-MET JDC. The chairperson shall not have any greater authority than any other representative on the c-MET JDC and shall conduct the following activities of the c-MET JDC: (A) calling meetings of the c-MET JDC; (B) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (C) preparing and circulating an agenda for the upcoming meeting; provided that the chairperson shall include any agenda items proposed by Incyte; and (D) ensuring that any decision-making delegated to the c-MET JDC is carried out in accordance with Section 3.5.

(ii) The c-MET JDC shall have responsibility for (A) overseeing the initial transfer of information and designated activities from Incyte to Novartis relating to the c-MET Program; (B) overseeing the subsequent flow and transfer of information between the Parties related to the c-MET Program pursuant to Section 4.1(b); (C) overseeing, reviewing and coordinating the c-MET Program; (D) subject to unanimous approval by the JSC, defining the exact assay conditions for c-MET testing activity and overseeing the exchange of standard operating procedures ("SOPs") in connection with the same; (E) approving c-MET Licensed Back-Up Compound(s) selected by Novartis for further Development; and (F) as applicable, overseeing, reviewing and coordinating the work being done under the Development Plans.

(b) Joint JAK Development Committee.

(i) The JAK JDC will have the responsibility for the overall coordination and oversight of the JAK Program in the JAK Field worldwide. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the JAK JDC. Novartis and Incyte shall each appoint a person from among its representatives on the JAK JDC to serve as the co-chairperson of the JAK JDC. The co-chairpersons shall not have any greater authority than any other representative on the JAK JDC and shall conduct the following activities of the JAK JDC: (A) calling meetings of the JAK JDC; (B) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (C) preparing and circulating an agenda for the upcoming meeting; and (D) ensuring that any decision-making delegated to the JAK JDC is carried out in accordance with Section 3.5.

(ii) The JAK JDC shall have responsibility for (A) overseeing the initial transfer of information and designated activities from Incyte to Novartis relating to the JAK Program; (B) overseeing the subsequent flow and transfer of information between the Parties related to the JAK Program pursuant to Section 4.1(b); (C) overseeing, reviewing and

coordinating the JAK Program; (D) subject to unanimous approval by the JSC, defining the exact assay conditions for JAK testing activity and overseeing the exchange of SOPs in connection with the same; (E) approving the JAK Licensed Back-Up Compound(s) selected by the JPT for further Development; (F) as applicable, overseeing, reviewing and coordinating the work being done under the Development Plans; and (G) selecting Indications for Development for the JAK Program.

(c) Joint Program Team.

(i) The JPT shall be the principal organization through which the Development of the JAK Program is planned, administered and evaluated. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the JPT. The JPT shall be composed of representatives from Incyte's and Novartis's various functional groups involved in Development of the JAK Licensed Product, namely Clinical Development and Medical Affairs, Drug Regulatory Affairs, Exploratory Development, Marketing and Technical Research and Development. Novartis and Incyte shall each appoint a person from among its representatives on the JPT to serve as the co-chairperson of the JPT. The co-chairpersons shall not have any greater authority than any other representative on the JPT and shall conduct the following activities of the JPT: (A) calling meetings of the JPT; (B) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (C) preparing and circulating an agenda for the upcoming meeting; and (D) ensuring that any decision-making delegated to the JPT is carried out in accordance with Section 3.5.

(ii) The JPT shall have responsibility for: (A) selecting the JAK Licensed Back-Up Compounds for approval by the JAK JDC; (B) reviewing the Development Plans prepared by Novartis pursuant to Section 4.2(a)(ii); (C) amending the Development Plan to include any Joint Development Activities in accordance with Section 4.3(a); and (D) overseeing the overall JAK Program.

(d) Joint Commercialization Committee.

(i) The JCC shall oversee Commercialization of JAK Licensed Products in the Field worldwide. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the JCC. The JCC shall be composed of appropriate and key executives of Novartis together with an equal number of appropriate and key executives from Incyte. Novartis and Incyte shall each appoint a person from among its representatives on the JCC to serve as the co-chairperson of the JCC. The co-chairpersons shall not have any greater authority than any other representative on the JCC and shall conduct the following activities of the JCC: (A) calling meetings of the JCC; (B) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (C) preparing and circulating an agenda for the upcoming meeting; and (D) ensuring that any decision-making delegated to the JCC is carried out in accordance with Section 3.5.

(ii) The JCC shall be responsible for: (A) overseeing, reviewing and coordinating the Commercialization of JAK Licensed Products in the Field worldwide; (B)

developing and overseeing the Global Branding Strategy; (C) setting overall strategic objectives and plans related to Commercialization of JAK Licensed Products in the Field worldwide; (D) reviewing, commenting on and approving the Promotional Plan; (E) reviewing Commercialization issues for JAK Licensed Products in the Field in the Novartis Territory that will have an impact on Commercialization of JAK Licensed Products in the Field in the Incyte Territory; (F) reviewing Commercialization issues for JAK Licensed Products in the Field in the Incyte Territory that will have an impact on Commercialization of JAK Licensed Products in the Field in the Novartis Territory; (G) providing a forum for the Parties to discuss the Commercialization of JAK Licensed Products in the Field worldwide; and (H) such other responsibilities as may be assigned to the JCC pursuant to this Agreement or as may be mutually agreed upon by the Parties from time to time.

(e) Joint Intellectual Property Committee.

(i) The JIPC shall have the responsibility for oversight relating to the filing, prosecution and maintenance of JAK Patent Rights under Section 7.2(c). As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its two (2) representatives on the JIPC. A representative of Incyte shall act as the chairperson of the JIPC. The chairperson shall not have any greater authority than any other representative on the JIPC and shall conduct the following activities of the JIPC: (A) calling meetings of the JIPC at least every quarter; (B) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (C) preparing and circulating an agenda for the upcoming meeting, provided that the chairperson shall include any agenda items proposed by Novartis; and (D) ensuring that any decision-making delegated to the JIPC is carried out in accordance with Section 3.5.

(ii) The JIPC shall have responsibility for the following with respect to JAK Patent Rights under Section 7.2(c): (A) on an application by-application basis, determining what claims will be prosecuted and what claims or applications will be abandoned; and (B) conducting periodic portfolio reviews to maximize the strength of the patent portfolio and cost effectiveness of the preparation, filing, prosecution and maintenance of JAK Patent Rights.

(iii) Subject to JIPC discussions, Incyte shall promptly file any U.S. priority applications for patent rights covering the JAK Licensed Back-Up Compounds.

3.3 Committee Meetings.

(a) Commencing in the first Calendar Quarter of 2010, the JSC and each of the subcommittees shall each hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as the chairperson elects to do so. Except where a Party fails to appoint a member or members to the JSC or its subcommittees or fails to participate in meetings of the JSC or its subcommittees pursuant to Section 3.6, meetings of the JSC and the subcommittees, respectively, shall be effective only if at least one (1) representative of each Party is present or participating. The JSC and its subcommittees may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; provided that no less than one (1) meeting during each Calendar Year shall be conducted in person. Other representatives of each Party involved with the Licensed Product

may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in ARTICLE XII. Additional meetings of the JSC and its subcommittees may also be held with the consent of each Party, or as required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

(b) At the first meeting of each of the JSC, c-MET JDC and JAK JDC, such committee shall establish, as applicable, the efficacy and activity criteria for Viable Compounds, the assay conditions for c-MET testing activity and the assay conditions for JAK testing activity.

3.4 Authority. The JSC and any subcommittee shall have only the powers assigned expressly to it in this ARTICLE III and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JSC or any subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

3.5 Decisions.

(a) Initial Dispute Resolution Procedures. Subject to the provisions of this Section 3.5, actions to be taken by the JSC and each of the subcommittees shall be taken only following a unanimous vote, with each Party having one (1) vote. If any subcommittee fails to reach unanimous agreement on a matter before it for decision for a period in excess of thirty (30) days, the matter shall be referred to the JSC.

(b) Final Decision-Making. If the JSC fails to reach unanimous agreement on a matter before it for decision for a period in excess of thirty (30) days, the following provisions shall apply:

(i) The JSC representatives appointed by Novartis shall have the deciding vote on any matter involving (A) the Development or Commercialization of any c-MET Licensed Compound and c-MET Licensed Product (including selection of Indications); (B) the Development or Commercialization of any JAK Licensed Compound or JAK Licensed Product in the JAK Field (including selection of Indications) in the Novartis JAK Territory; (C) whether a Potential JAK Back-Up Compound is Developed in the JAK Field in the Novartis JAK Territory in a Randomized Clinical Trial and beyond in accordance with Section 4.5 and (D) any matter within the scope of responsibility of the JIPC pertaining to the Secondary JAK Patent Rights in the Novartis JAK Territory. Incyte shall have the right to appeal any such decision of the JSC to the Novartis Executive Officer or a designee of the Novartis Executive Officer with decision-making authority for resolution. In such case, the Novartis Executive Officer or designee shall have the final decision-making authority on such issue.

(ii) The JSC representatives appointed by Incyte shall have the deciding vote on any matter involving (A) the Development or Commercialization of JAK Licensed Compound or JAK Licensed Product in the JAK Field (including selection of

Indications) in the Incyte Territory; (B) the Development activities described in Section 4.2(b) until such time as Novartis assumes responsibility for such activities; (C) whether a Potential JAK Back-Up Compound is Developed in the JAK Field in the Incyte Territory in a Randomized Clinical Trial and beyond in accordance with Section 4.5; and (D) any matter within the scope of responsibility of the JIPC pertaining to (x) the INCY0039 Patent Rights worldwide and (y) Secondary JAK Patent Rights in the Incyte Territory. Novartis shall have the right to appeal any such decision of the JSC to the Incyte Executive Officer or a designee of the Incyte Executive Officer with decision-making authority for resolution. In such case, the Incyte Executive Officer or designee shall have the final decision-making authority on such issue.

(c) Exceptions. Notwithstanding the foregoing, neither Party shall exercise its right to finally resolve a dispute pursuant to Section 3.5(b): (i) in a manner that excuses such Party from any of its obligations specifically enumerated under this Agreement, (ii) in a manner that negates any consent rights or other rights specifically allocated to the other Party under this Agreement; (iii) to increase Development Costs for the other Party for a given Calendar Year by more than *** above the then current Development Budget for the Calendar Year; (iv) to resolve any dispute regarding whether a Party may conduct Development or Commercialization activities in the other Party's territory; (v) to establish FTE Rates for any Development activities; (vi) to resolve any dispute regarding whether a milestone event set forth in Section 8.2 has been achieved; or (vii) in a manner that would require the other Party to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority.

(d) Unanimous Agreement. If the provisions of this Agreement (other than Section 3.5(a)) specify that unanimous agreement of the JSC or any subcommittee is required for any matter, then neither Party may exercise a deciding vote under the provisions of Section 3.5(b) with respect to such matter.

3.6 Committee Membership.

(a) Appointment is a Right. The appointment of members of the JSC and any subcommittees of the JSC is a right of each Party and not an obligation and shall not be a "deliverable" as referenced in any existing authoritative accounting literature. Each Party shall be free to determine not to appoint members to the JSC or any subcommittee of the JSC.

(b) Consequence of Non-Appointment. If a Party does not appoint members of the JSC or any subcommittee of the JSC, it shall not be a breach of this Agreement, nor shall any consideration be required to be returned, and unless and until such members are appointed, the Party that has made the requisite appointments may unilaterally discharge the roles of the JSC or any subcommittee thereof for which members were not appointed, provided that (i) neither Party shall unilaterally discharge the roles of the JSC or any subcommittee thereof as permitted under this Section 3.6(b) unless the other Party has not appointed any members within thirty (30) days after the first Party has completed its appointment of its members, and (ii) the responsibility of the JIPC shall be carried out through bilateral meetings of representatives of Incyte and Novartis, with any disputed matters resolved in accordance with Sections 3.5(b)(i)(D) and 3.5(b)(ii)(D).

ARTICLE IV

4.1 Information Transfer.

(a) Initial Information Transfer to Novartis. (i) Within a reasonable period not to exceed *** after the Effective Date, Incyte shall make available to Novartis, in a mutually-agreed upon format and without further financial consideration, the material clinical data and manufacturing Know-How included in the Incyte Know-How and that is described in Exhibit B, and (ii) from the Effective Date through ***, Incyte shall make its relevant scientific and technical personnel reasonably available to Novartis at Incyte's offices, at reasonable times during Incyte's normal business hours and upon reasonable prior notice, to answer any questions or provide instruction as reasonably requested by Novartis concerning the information delivered pursuant to this Section 4.1.

(b) Continuing Information Transfer. On an ongoing basis during the JAK Program Term, on a *** basis (or such more frequent basis as determined by the JAK JDC), each Party shall make available to the other Party, in a mutually agreed-upon format, (i) material clinical data, (ii) manufacturing Know-How included in the Incyte Know-How or Novartis Know-How, as applicable, (iii) software tools used by Incyte or Novartis, as applicable, to analyze data arising from the JAK Program, and (iv) such other aspects of the Incyte Know-How or Novartis Know-How, as applicable, as shall be reasonably requested by the other Party.

(c) Access to Information Under Incyte Clinical and Supply Agreements.

(i) As promptly as practicable following the Effective Date, Incyte ***, "Novartis Information Rights"). Without limiting the foregoing, Incyte *** the Novartis Information Rights. Incyte shall ***. If *** the Novartis Information Rights ***, Novartis shall ***. Incyte shall *** to the extent *** the Novartis Information Rights ***.

(ii) Subject to the exception set forth in subsection (iv) and unless and to the extent that Novartis previously agrees in writing, Incyte shall not enter into a ***,

in each case ***, unless such ***. As used above, the term ***.

(iii) Novartis shall exercise the Novartis Information Rights only under circumstances in which specified Incyte Know-How that would be encompassed within the Novartis Information Rights (including information that would be obtained through any audit, inspection, collection and retention of physical samples, interview of personnel and attendance and participation at meetings) has not been provided by Incyte pursuant to Section 4.1(b) and Novartis has requested such information in writing but has been unable to obtain such information promptly through exercise of its other rights hereunder. In the event that Novartis obtains Incyte Know-How through the exercise of Novartis Information Rights, Novartis shall limit its use of such Incyte Know-How to the JAK Program in the JAK Field and in the Novartis JAK Territory.

(iv) The provisions of subsection (ii) shall not apply to any Incyte Know-How arising out of agreements with Third Parties to the extent relating to a Clinical Trial or other Development activities that are the subject of a proposal by Incyte under Section 4.3(a) on which Novartis elects not to collaborate with Incyte, unless and until Novartis exercises its buy-in rights with respect to such Clinical Trial or Development activity under Section 4.3(c).

(d) Software Source Code. Following the Effective Date, Incyte shall upon request by Novartis and in any event no less frequently than every *** transfer to Novartis any Software Source Code that has not previously been provided to Novartis, including updates and bug fixes to previously provided Software Source Code.

(e) Right of Reference or Use. Incyte hereby grants to Novartis, solely for the purposes set forth in this Agreement, a Right of Reference or Use to any and all Regulatory Documentation Controlled by Incyte relating to Licensed Products and existing as of the Effective Date or generated from any Clinical Trial commenced by Incyte prior to the Effective Date, and agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by Novartis in order to effect such grant. Notwithstanding the foregoing, nothing in this Section 4.1 is intended to imply the existence of any particular data, information, drug master file or other Regulatory Documentation.

(f) Applicability of Bankruptcy Code. For the avoidance of doubt, rights granted under this ARTICLE IV shall be deemed to be license of rights to "intellectual property" as defined in Section 101 (35A) of the Bankruptcy Code and shall otherwise be subject to Section 2.4.

4.2 Conduct of Development Activities.

(a) Generally.

(i) From and after the Effective Date, (A) Novartis will, subject to the terms of this Agreement, be responsible, at its expense, for the Development of (1) the c-MET Licensed Products in the c-MET Field in the Novartis Territory and (2) the JAK Licensed Products in the JAK Field in the Novartis JAK Territory; and (B) Incyte will remain responsible, at its expense, for the Development of the JAK Licensed Products in the JAK Field in the Incyte Territory. While the Parties may choose, at their sole discretion, to work together on particular projects, except as otherwise provided in this Agreement, the Parties will operate independently in their activities for their respective Development and Commercialization of the Licensed Products, but will provide access to certain information related to the Development of c-MET Licensed Products to the c-MET JDC, the JSC and to each other as expressly described in this Agreement and certain information related to the Development and Commercialization of JAK Licensed Products to the JAK JDC, the JPT, the JCC, the JSC and to each other as expressly described in this Agreement.

(ii) The Development of Licensed Products shall be governed by Development plans that describe the proposed overall program of Development for c-MET Licensed Products and JAK Licensed Products (the "Development Plans"). The initial Development Plans are attached hereto as Exhibits D-1 and D-2 respectively (collectively, the "Initial Development Plan"). Novartis shall have the sole right and responsibility for preparing the Development Plan for each Licensed Product in the Field in the Novartis Territory. Except as otherwise provided in this Agreement (including as provided in Sections 4.2(b) and 4.3), with respect to Licensed Product in the Field in the Novartis Territory, all decisions with respect to the creation, modification and implementation of the Initial Development Plan, all other Development Plans and all Development activities shall be made by Novartis in its sole discretion; provided that Novartis will present a draft Development Plan for each Licensed Product and any material changes to the Initial Development Plan to, as applicable, the c-MET JDC or the JAK JDC and will give due consideration to any comments of Incyte thereto.

(iii) Notwithstanding the foregoing, prior to commencing any Clinical Trial or other clinical study as part of the JAK Program, the Party that proposes to conduct such Clinical Trial or other clinical study shall first submit to the JPT the proposed protocol for such proposed Clinical Trial or clinical study and a written summary, in a form mutually agreed by the Parties, of such Clinical Trial or clinical study for review by the JPT; provided that neither Party may proceed with such Clinical Trial or clinical study if the other Party reasonably determines that the Clinical Trial or clinical study is reasonably likely to have a material adverse impact on the Development and/or Commercialization of JAK Licensed Products in its territory. Notwithstanding the foregoing, any disputes regarding whether an activity is reasonably likely to have a material adverse impact on the Development and/or Commercialization of JAK Licensed Products in a Party's territory shall be resolved in accordance with Section 3.5.

(iv) Novartis shall use Commercially Reasonable Efforts to (A) conduct the studies and Development activities described in Exhibit D; and (B) Develop Licensed Compounds and Licensed Products in accordance with the applicable Development Plan.

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(v) Incyte shall use Commercially Reasonable Efforts to conduct study 351 in accordance with the protocol existing on the Effective Date.

(b) Specific Incyte c-MET Licensed Compound Development Responsibilities. Notwithstanding anything to the contrary above, Incyte will be responsible and shall bear all costs for the conduct of the studies described in Exhibit E. For the avoidance of doubt, Novartis shall be responsible for conducting and shall bear all costs for all c-MET Development activities other than the studies described in Exhibit E and as provided in Section 4.4.

(c) Studies 352 and 351.

(i) The Parties acknowledge that (A) Incyte shall be responsible for conducting and shall bear the Out-of-Pocket Costs for the toxicology studies as described in Exhibit F-1; (B) Novartis shall bear the Out-of-Pocket Costs for the toxicology studies as described in Exhibit F-1; and (C) Novartis shall be responsible for conducting and shall bear all Out-of-Pocket Costs for the Clinical Trial as described in Exhibit F-2, in addition to all Development Costs incurred by Novartis with respect to study 352 after the Effective Date of the Agreement. A Party seeking reimbursement of Out-of-Pocket Costs hereunder shall submit an itemized invoice together with reasonable back-up documentation, and the other Party shall pay such invoice within *** of receipt. Each Party shall have the right to possess, retain and use all clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of studies 352 and 351 (which studies are described in Exhibit D and for which the costs are described in Exhibit F) in order to Develop, obtain Regulatory Approval for and Commercialize Licensed Product in the Field in such Party's territory, in accordance with the terms of this Agreement. Each Party shall disclose to the other Party on a quarterly basis (and without further financial consideration) all clinical data (including the data from interim reviews), internal and external reports, and related Regulatory Documentation Controlled by such Party and generated in the course of such Clinical Trials and hereby grants to the other Party a Right of Reference or Use to any and all such clinical data, reports and Regulatory Documentation, and agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by such other Party in order to effect such grant.

(ii) Incyte shall make available to Novartis, at Novartis' expense, all material clinical data generated in the course of study 351 as required by Novartis to support Novartis' registration of INCB018424 for the Indication of Myelofibrosis as well as for any subsequent needs related to the Development of JAK Licensed Compounds, including safety updates, and responses to requests from Regulatory Authorities, and Novartis shall make available to Incyte, at Incyte's expense, all material clinical data generated in the course of study 352 as required by Incyte to support Incyte's registration of INCB018424 for the Indication of Myelofibrosis as well as for any subsequent needs related to the Development of JAK Licensed Compounds, including safety updates, and responses to requests from Regulatory Authorities. ***. Incyte shall provide Novartis

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with at least *** prior notice from the date of data cut-off. Novartis shall provide such data set within *** following the date of data cut-off and shall also provide Incyte with ***. At its own discretion, Novartis may also choose to provide by this same date, the Tables, Listings and Figures for such study, provided that all analyses defined in the protocol have been performed as defined in such study's Statistical Analysis Plan. The Statistical Analysis Plan for study 352 shall be the responsibility of Novartis, but may be reviewed upon request by Incyte. The Statistical Analysis Plan for study 351 shall be the responsibility of Incyte, but may be reviewed upon request by Novartis. Unless otherwise agreed by both Parties, Incyte shall provide to Novartis a final clinical study report of Study 351 within *** of the last patient's last visit to be included in the database for the clinical study report and unless otherwise agreed by both Parties, Novartis shall provide to Incyte a final clinical study report of Study 352 within *** of the last patient's last visit to be included in the database for the clinical study report. Following submission to Regulatory Authorities, if the Regulatory Authority requests a safety update, the Party providing such data set shall provide an electronic data set to the requesting Party at the requesting Party's cost and expense not more than *** days after receipt of a written request from the requesting Party.

4.3 Development Activity Proposals.

(a) Joint Development Activities.

(i) Either Party may at any time submit to the JPT a proposal to collaborate with the other Party to conduct Clinical Trials or other Development activities in connection with the Development of a JAK Licensed Product; provided that such proposal is submitted in writing as far in advance as reasonably practicable and in any event not later than three (3) months before the planned FPFV. Such proposal shall contain, at a minimum, information supporting the rationale for the proposed activity related to the JAK Licensed Product from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path and an estimate of the cost of such Development.

(ii) At any time during the period between when the proposal has been presented to the JPT and the JPT has approved the Clinical Trial or Development activity, and prior to six (6) months after such proposal is received by the JPT, the other Party may elect to participate in such Clinical Trial or other Development activity.

(iii) In the event (A) the JPT determines that such Clinical Trial or Development activity may support the worldwide Development of JAK Licensed Products; (B) the JPT approves such proposal; and (C) the Parties agree to collaborate to conduct such Clinical Trial or other Development activity with respect to JAK Licensed Products (the "Joint Development Activity"), then the Parties shall, through the JPT, amend the Development Plan for JAK Licensed Products to include a detailed description of the Joint Development Activity to be undertaken by the Parties and develop a detailed annual budget for all Development Costs for such activities to be included in the applicable Development Plan (the "Development Budget"). Each Party shall use Commercially Reasonable Efforts to perform the obligations allocated to such Party under a Development Plan for a Joint Development Activity. *** Development Costs

set forth in the applicable Development Budget *** set forth in the applicable Development Budget). At the time such Development Plan and Development Budget is created by the JPT and approved by the JSC, the Parties shall agree upon a quarterly reporting and payment structure to implement the cost sharing set forth in the preceding sentence. In the event either Party fails to timely make an undisputed payment under the agreed upon payment plan, the payment amount shall be reflected as a credit against the monies due by the other Party under ARTICLE VIII, or, if no such credit is available as no such monies are due, shall be paid within *** after invoice.

(b) Right to Proceed with Development Activity. If the other Party declines or does not elect to participate in such proposed Development activity prior to the planned FPFV (so long as such FPFV does not occur less than three (3) months after receipt by the JPT of a written proposal in accordance with Section 4.3(a)(i)), the submitting Party may proceed with such Clinical Trial or Development activity for its territory; provided that neither Party may proceed with such Clinical Trial or Development activity if a Party reasonably determines that the activity is reasonably likely to have a material adverse impact on the Development and/or Commercialization of JAK Licensed Products in its territory. Any disputes regarding whether an activity is reasonably likely to have a material adverse impact on the Development and/or Commercialization of JAK Licensed Products in a Party's territory shall be resolved in accordance with Section 3.5.

(c) Buy-In Right.

(i) If a Party fails to elect to participate in a Clinical Trial or Development activity pursued by the other Party pursuant to Section 4.3(b) within the *** period following receipt by the JPT of a written proposal in accordance with Section 4.3(a)(i) relating thereto, such Party (the "Buy-In Party") may obtain access to and use of the clinical data generated pursuant to the relevant Clinical Trial or Development activity in accordance with the following procedure: At least on a *** basis, the Party participating in a Clinical Trial or Development activity pursuant to Section 4.3(b) shall update the Buy-In Party on the status of such Clinical Trial or Development activity, including a summary of relevant data. At any time, the Buy-In Party may provide the other Party with notice of its election to participate in such Clinical Trial or Development activity, and promptly thereafter the other Party shall provide the Buy-In Party with an invoice for *** of the Development Costs incurred by the other Party in the generation of such clinical data as of the date of the Buy-In Party's written request, which invoice the Buy-In Party shall pay within *** after receipt. Thereafter, to the extent the Development activity has not been completed, the Buy-In Party shall be responsible for *** of the Development Costs incurred by the other Party. Such payment shall entitle the Buy-In Party to use only the data so paid for. The other Party shall, as applicable, provide copies of, and/or a Right of Reference or Use of, the requested clinical data to the Buy-In Party promptly after receipt of the invoiced amount.

(ii) In the event Novartis is the Buy-In Party and has exercised the buy-in right with respect to a Clinical Trial that would qualify for a milestone set forth in Section

8.2, then in addition to the Development Costs set forth in Section 4.3(a)(i) above, Incyte shall invoice Novartis for the applicable milestone payment(s) set forth in Section 8.2 and Novartis shall pay such milestone payment(s) in accordance with Section 8.2(i).

(iii) For the avoidance of doubt, the buy-in right pursuant to this Section 4.3(c) does not include the right to operational participation in the conduct of the Clinical Trial or Development activity unless, at the sole discretion of the Party that initiated the Clinical Trial or Development activity, such Party grants operational participation to the Buy-In Party.

(iv) In the event the Buy-In Party fails to meet any payment obligation pursuant to this Section 4.3(c), and such failure continues for *** after the original due date of the payment, until such delinquency is cured, the data generated pursuant to the Clinical Trial or Development activity shall not be shared with the Buy-In Party. In the event such delinquency is not cured within ***, the Buy-In Party's notice of election to participate shall be considered void.

(d) Rights to Data and Documentation. With respect to any Joint Development Activities:

(i) Subject to Section 4.3(c), each Party shall have the right to possess, retain and use all clinical and non-clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of such Development activities in order to Develop, obtain Regulatory Approval for and Commercialize JAK Licensed Products in the JAK Field in such Party's territory in accordance with the terms of this Agreement. For the avoidance of doubt, Novartis' right to possess, retain and use pre-clinical and clinical data related to JAK Licensed Compounds and JAK Licensed Products and Controlled by Incyte that exist as of the Effective Date or that are generated from Study INCB018424-256 for all Polycythemia Vera filings to a Regulatory Authority for JAK Licensed Compounds and JAK Licensed Products, shall not be subject to Section 4.3(c);

(ii) each Party hereby grants to the other Party a Right of Reference or Use to any and all such Regulatory Documentation, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by such other Party in order to effect such grant;

(iii) each Party shall maintain complete and accurate records of all results, data, Development Costs and developments made pursuant to its efforts under the Development Plan. Such records shall appropriately reflect all work done and results achieved in the performance of Development activities in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes; and

(iv) in any agreement between either Party and a clinical research organization related to a Joint Development Activity, the contracting Party shall use reasonable efforts to name the other Party as a third party beneficiary for the purpose of receiving data derived from Clinical Trials related to such Joint Development Activity from such clinical research organization in the event of a Bankruptcy Event of such Party.

4.4 c-MET Licensed Compound Co-Development Option.

(a) Within *** prior to the anticipated initiation of a Phase III Study for the c-MET Licensed Compound INCB28060, Novartis shall notify Incyte of such anticipated initiation and shall provide Incyte with the following information: all material pre-clinical and clinical data and related analysis and regulatory information submitted to any Regulatory Authorities prior to the applicable time-period mentioned above, and Novartis' then current Development plans and budgets with respect to such c-MET Licensed Compound. Incyte shall have the option, exercisable by (A) providing Novartis written notice within *** after receipt of such information and (B) co-funding *** of Novartis' global Development Costs for such c-MET Licensed Compound incurred after the date of such notice.

(b) If Incyte timely delivers such notice, within *** following the end of each Calendar Quarter after Incyte has delivered such notice, Novartis shall prepare and deliver to Incyte a quarterly report detailing its Development Costs incurred during such period with respect to such c-MET Licensed Compound. Novartis shall submit any supporting information reasonably requested by Incyte related to such Development Costs included in its report within *** after its receipt of such request. Novartis shall issue an invoice to Incyte for *** of the Development Costs identified in such report. Incyte shall pay all amounts payable under any such invoice within *** after its receipt of such invoice. Incyte shall have the right to audit the records of Novartis with respect to any purported Development Costs included in such reports, in accordance with Section 8.6.

(c) If Incyte pays all Development Costs invoiced for such c-MET Licensed Compound as described above, the royalty rates set forth in Section 8.3(a) payable on any c-MET Licensed Product that contains INCB28060 shall *** will be ***. For purposes of clarity, the royalty rate shall not be changed unless and until payment of all such Development Costs have been received in cash by Novartis.

4.5 Potential JAK Back-Up Compounds.

(a) Either Party or its Affiliates may Develop a JAK2 Inhibitor Compound (that is not a JAK Excluded Compound or Incyte's compound INCB028050) in the JAK Field up to the point of, but not including, a Randomized Clinical Trial. The Party or its Affiliates Developing such JAK2 Inhibitor Compound shall be solely responsible for the cost of Development to such point. A Party shall provide written notice to the other if such Party or its Affiliates Develops a JAK2 Inhibitor Compound (that is not a JAK Excluded Compound or Incyte's compound INCB028050) prior to proceeding to the first clinical use of such compound in a human (a "JAK Candidate").

(b) If a Party elects to propose to the JSC that a JAK Candidate proceed to a Randomized Clinical Trial, such Party shall provide written notice to the JSC identifying such JAK Candidate (a "Potential JAK Back-Up Compound"). The submitting Party shall include

with such written notice information supporting the rationale for proceeding to a Randomized Clinical Trial with respect to such Potential JAK Back-Up Licensed Compound from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path and an estimate of the cost of such Development. Such Potential JAK Back-Up Compound may be further Developed either if:

(i) the JSC determines that the Development of INCB018424 has failed, whether due to unacceptable safety or tolerability, failure to meet the primary efficacy endpoint, or an adverse Regulatory Authority action; or

(ii) the JSC determines to conduct such Development for life cycle management purposes with respect to INCB018424 following receipt of Regulatory Approval for the first JAK Licensed Product that contains INCB018424; or

(iii) the Parties otherwise explicitly agree to the Development of such Potential JAK Back-Up Compound.

(c) If a Potential JAK Back-Up Compound is further Developed in accordance with Section 4.5(b), the following provisions shall apply, as applicable:

(i) if both Parties agree to participate in the Development of such Potential JAK Back-Up Compound prior to FPFV of a Randomized Clinical Trial, such Potential JAK Back-Up Compound will be deemed to be a JAK Licensed Compound for all purposes under this Agreement, including with respect to ARTICLE II and ARTICLE VIII (including Novartis' obligations thereunder to pay development milestones, regulatory milestones, sales milestones and royalties ***), except as set forth in subsection (iii) below.

(ii) if either Party declines to participate in the Development of such Potential Back-Up Compound prior to FPFV of a Randomized Clinical Trial, then the following provisions shall apply, as applicable:

A. If Incyte has declined to participate in such Development, then Novartis may proceed with such Development and the Commercialization in the JAK Field in the Novartis JAK Territory of any such Potential JAK Back-Up Compound proposed to the JSC by Novartis, to the extent that Novartis has the right to do so absent a license from Incyte under the Incyte IP. At Novartis' request, Incyte may, in its sole discretion, extend the license grant under the Incyte IP and Incyte's and its Affiliates' interests in Joint IP set forth in Section 2.1(b) (subject to Incyte's retained rights set forth in Section 2.5) to include such Potential JAK Back-Up Compound, and such Potential JAK Back-Up Compound shall be deemed a JAK Licensed Compound for the purposes of ARTICLE II and ARTICLE VIII, in which event Novartis shall pay to Incyte the development milestones, regulatory milestones, sales milestones and royalties payable by Novartis pursuant to ARTICLE VIII;

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B. If Novartis has declined to participate in such Development, then Incyte may proceed with such Development and the Commercialization in the JAK Field in the Incyte Territory of any such Potential JAK Back-Up Compound proposed to the JSC by Incyte, to the extent that Incyte has the right to do so absent a license from Novartis under the Novartis IP. At Incyte's request, Novartis may, in its sole discretion, extend the license grant under the Novartis IP set forth in Section 2.2 to include such Potential JAK Back-Up Compound, and such Potential JAK Back-Up Compound shall be deemed a JAK Licensed Compound for the purposes of ARTICLE II and ARTICLE VIII, ***; and

C. At any time after a Party declines to participate in such Development, then the non-participating Party may elect to obtain rights to such Potential JAK Back-Up Compound by buying-in to such Development in accordance with the procedure set forth in Section 4.3(c) as if such Development were a Joint Development Activity. In the event a Party exercises such option, such Potential JAK Back-Up Compound will be deemed to be a JAK Licensed Compound for all purposes under this Agreement, including with respect to ARTICLE II and ARTICLE VIII (including Novartis' obligations thereunder to pay development milestones, regulatory milestones, sales milestones and royalties ***), except as set forth in subsection (iii) below.

(iii) If, pursuant to Section 4.5(c)(i) or Section 4.5(c)(ii)(C), both Parties participate in the Development of a Potential JAK Back-Up Compound and both of the following are applicable:

A. There are no JAK Licensed Compounds, Potential JAK Back-Up Compounds or JAK Candidates Controlled by Incyte that are Viable Compounds; and

B. The Development, manufacture, Commercialization and/or other use of such Potential JAK Back-Up Compound is not Covered by a Valid Claim of Patent Rights Controlled by Incyte;

then certain of the payments under ARTICLE VIII with respect to such Potential JAK Back-Up Compound will be modified as follows: ***, it being understood that, except for the specific modifications set forth in subsections (1) and (2) above, all other payment obligations in ARTICLE VIII shall remain in effect.

4.6 Development Reports.

(a) Novartis shall provide, as applicable, the c-MET JDC and the JAK JDC with a written report at least quarterly summarizing in reasonable detail Novartis' and its Affiliates' activities and progress related to the Development of Licensed Products in the Field in the Novartis Territory, including information concerning the conduct of non-clinical activities and Clinical Trials, applications for and securing of Regulatory Approvals, First Commercial Sale of the Licensed Product on a country-by-country basis and any future planned Development

activities; provided that a presentation before the JSC, accompanied with written documentation such as slides, may substitute for such written report.

(b) Incyte shall provide, as applicable, the c-MET JDC and the JAK JDC with a written report at least quarterly summarizing in reasonable detail Incyte's and its Affiliates' activities and progress related to the Development of c-MET Licensed Products in accordance with Section 4.2(b) and the Development of JAK Licensed Products in the JAK Field in the Incyte Territory, including information concerning the conduct of non-clinical activities and Clinical Trials, applications for and securing of Regulatory Approvals, First Commercial Sale of JAK Licensed Product in the JAK Field in the Incyte Territory and any future planned Development activities; provided that a presentation before the JSC, accompanied with written documentation such as slides, may substitute for such written report.

4.7 Regulatory Matters Related to Licensed Products.

(a) Regulatory Submissions. Incyte shall oversee, monitor and coordinate all regulatory actions, communications and filings with, and submissions to, the FDA with respect to JAK Licensed Products in the JAK Field in the Incyte Territory. Novartis shall oversee, monitor and coordinate all regulatory actions, communications and filings with, and submissions to: (i) the EMEA, MHLW and other Regulatory Authorities in the Novartis JAK Territory with respect to the JAK Licensed Products in the JAK Field and (ii) all Regulatory Authorities with respect to the c-MET Licensed Products in the c-MET Field in the Novartis Territory. Each Party shall keep the JAK JDC reasonably informed in connection with the preparation of all Regulatory Documentation, Regulatory Authority review of Regulatory Documentation, and Regulatory Approvals, annual reports, annual re-assessments, and variations

and labeling, in each case with respect to the JAK Licensed Product in the Field; provided that the providing Party shall have the right to redact any information to the extent not related to JAK Licensed Product in the Field. Each Party shall respond within a reasonable time frame to all reasonable inquiries by the other Party with respect to any information provided pursuant to this Section 4.7(a). Unless already the Confidential Information of a Party, any information disclosed pursuant to this Section 4.7(a) shall be the Confidential Information of the disclosing Party. For the purposes of this Section 4.7(a), each Party grants the other Party a royalty-free license to use, copy and distribute any articles, clinical study summaries or other materials that it has prepared solely for the purposes of preparing and pursuing its regulatory submissions and filings and communication with the Regulatory Authorities. The Parties shall use Commercially Reasonable Efforts to promptly take the actions described in this Section 4.7(a)

(b) Regulatory Meetings and Correspondence.

(i) Incyte shall be responsible for interfacing, corresponding and meeting with the FDA with respect to JAK Licensed Products in the JAK Field in the Incyte Territory. Novartis shall be responsible for interfacing, corresponding and meeting with: (i) the EMEA, MHLW and other Regulatory Authorities with respect to the JAK Licensed Products in the JAK Field in the Novartis JAK Territory and (ii) FDA, EMEA, MHLW and other Regulatory Authorities with respect to the c-MET Licensed Products in the c-MET Field in the Novartis Territory.

*** Confidential material redacted and filed separately with the Commission.

(ii) The Party not responsible for interfacing, corresponding and meeting with the applicable Regulatory Authorities in a country with respect to the JAK Licensed Products in the JAK Field shall have the right to have a senior, experienced employee reasonably acceptable to the responsible Party, participate as an observer in material or scheduled face-to-face meetings, video conferences and any teleconferences, involving participation of personnel beyond regulatory experts, with the FDA, EMEA, and MHLW, and shall be provided with advance access to the responsible Party's material documentation prepared for such meetings. Prior to submission of material correspondence to the applicable Regulatory Authority, the responsible Party shall, sufficiently in advance for the other Party to review and comment, provide the other Party any material correspondence with the FDA, EMEA and MHLW related to such meetings. The responsible Party shall also provide the other Party with copies of any material correspondence with the FDA, EMEA, and MHLW relating to Development of, or the process of obtaining Regulatory Approval for, JAK Licensed Products in the JAK Field, and respond within a reasonable time frame to all reasonable inquiries by the other Party with respect thereto.

(c) Global Safety Database; Pharmacovigilance Agreement. Contemporaneous with Novartis' assumption of responsibility for study 352, Novartis shall establish, hold and maintain the global safety databases for each Licensed Product (the "Global Safety Database") into which it shall enter information on all adverse events concerning the Licensed Product occurring anywhere in the world and reported to either of the Parties in accordance with a pharmacovigilance agreement for each Licensed Product in substantially the same form as the draft agreements attached in Exhibit I (each, "Pharmacovigilance Agreement"), which the Parties shall execute on the Effective Date. Pursuant to the terms of the Pharmacovigilance Agreement, such database shall comply in all material respects with all Laws reasonably applicable to pharmacovigilance anywhere where the Licensed Products are being or have been Developed or Commercialized. The Pharmacovigilance Agreement shall, among other things, govern cooperation between the Parties that will enable each of them to comply with its respective obligations under applicable Laws with regard to adverse event data collection, analysis and reporting and to enable each Party to satisfy its duty of care, and to govern the Global Safety Database.

ARTICLE V

CLINICAL AND COMMERCIAL SUPPLY

5.1 Clinical Supply.

(a) Manufacture and Supply of JAK Licensed Product for Study 352. Except as specifically provided in that letter agreement dated November 13, 2009, Incyte shall remain responsible for the supply of preclinical and clinical material of JAK Licensed Product for use in the conduct of study 352, until such time as the JAK JDC determines that Novartis should assume responsibility for study 352. Within *** after the Effective Date, Novartis shall reimburse Incyte the Out-of-Pocket Costs for the supply of Drug Substance and Drug Product for JAK Licensed Compounds and JAK Licensed Products as described in Exhibit C-1 and that have been incurred as of the Effective Date.

*** Confidential material redacted and filed separately with the Commission.

(b) On-Going Clinical Supply by Incyte. In the event that Novartis determines that Incyte should provide the supply of Drug Substance and Drug Product for Licensed Product for Novartis Development activities, the Parties shall enter into a clinical supply agreement in the form attached as Exhibit C-2 (the "Clinical Supply Agreement"), under which Incyte shall:

(i) use Commercially Reasonable Efforts to supply Novartis with such Drug Substance or Drug Product as requested in writing from Novartis, including API, Formulation, CMC and blister formulation work. Novartis shall reimburse Incyte's Out-of-Pocket Costs, subject to an agreed upon budget and payment schedule by the Parties;

(ii) use Commercially Reasonable Efforts to manufacture, handle and supply, and shall use Commercially Reasonable Efforts to cause its Third Party supplier(s), as applicable, to manufacture, handle and supply, all such Drug Substance or Drug Product for Licensed Compound and Licensed Product supplied by Incyte or its Affiliate to Novartis pursuant to the Clinical Supply Agreement (A) in accordance with then-current Good Manufacturing Practices, as defined in any applicable Regulatory Authority's rules and regulations, as the same may be amended from time to time ("GMP"); (B) in compliance with all applicable Laws; (C) in conformance with all specifications for such Drug Substance or Drug Product as determined by the Parties and as required by Regulatory Authorities, including specifications pertaining to manufacturing methods, testing, materials, facilities, release, labeling, packaging, storage, shipment, and shelf-life.

(iii) provide Novartis with access to all suppliers in Incyte's supply chain, as permitted under Incyte's agreement(s) with such parties, for the purposes of auditing and ensuring compliance with GMPs and HSE issues; and

(iv) at Novartis' request, Incyte shall use reasonable efforts to facilitate negotiations between Novartis and Incyte's Third Party manufacturer(s) that manufacture such Drug Product or Drug Substance to enable Novartis to discuss with such Third Party manufacturer(s) the direct supply of Drug Product or Drug Substance to Novartis.

5.2 Commercial Supply by Incyte. If requested by Novartis and agreed to by Incyte, Incyte shall provide commercial supply of Drug Product for Licensed Product to Novartis under the terms of a commercial quality and supply agreement. The Parties shall commence negotiations on the terms of such agreement *** prior to the anticipated filing date and shall make a good faith effort to have an executable agreement no later than *** prior to the anticipated date of first supply.

5.3 Supply by Novartis to Incyte. If requested by Incyte and agreed to by Novartis, Novartis shall supply bulk Drug Product to Incyte under the terms of a clinical supply agreement or under a commercial quality and supply agreement. The Parties shall commence negotiations on the terms of such agreement *** prior to the anticipated filing date and shall make a good faith effort to have an executable agreement no later than *** of prior to the anticipated date of first supply.

*** Confidential material redacted and filed separately with the Commission.

ARTICLE VI

COMMERCIALIZATION AND CO-DETAILING OPTION

6.1 Commercialization Diligence. Novartis shall use Commercially Reasonable Efforts, at its expense, to Commercialize Licensed Products in the Field in the Novartis Territory after receipt of Regulatory Approval therefor.

6.2 Marketing Responsibilities For Licensed Products.

(a) c-MET Licensed Products. Subject to the provisions of Section 6.1, all business decisions regarding Commercialization of c-MET Licensed Products in the c-MET Field in the Novartis Territory, including the design, sale, pricing, and promotion of c-MET Licensed Products in the c-MET Field in the Novartis Territory under this Agreement, shall be within the sole discretion of Novartis and its Affiliates. All materials used in the promotion of all c-MET Licensed Products in the c-MET Field in the Novartis Territory, including product packaging, materials used in detailing doctors, product messaging and content used in the promotion of such c-MET Licensed Products, shall be approved solely by Novartis.

(b) JAK Licensed Products. All business decisions regarding Commercialization of JAK Licensed Products in the JAK Field, including the design, sale, pricing, and promotion of JAK Licensed Products in the JAK Field under this Agreement, shall be within Incyte's discretion in the Incyte Territory and within Novartis' discretion in the Novartis Territory, both subject to JCC oversight pursuant to Section 3.2(d); provided that, to the extent commercially reasonable, Novartis and its Affiliates shall maintain separate sales forces for the Commercialization of any product that directly competes on the same Indications with the JAK Licensed Product in the EU Major Market Countries and Japan. All materials used in the promotion of all JAK Licensed Products in the JAK Field, including product packaging, materials used in detailing doctors, product messaging and content used in the promotion of such JAK Licensed Products, shall be within Incyte's discretion in the Incyte Territory and within Novartis' discretion in the Novartis Territory, both subject to JCC oversight pursuant to Section 3.2(d).

6.3 Incyte Co-Detailing Option.

(a) Co-Detailing Right. Incyte shall have a non-exclusive right to Detail the first c-MET Licensed Product in the first Indication which is marketed in the United States on the terms and conditions set forth in this Section 6.3 ("Co-Detailing Right"). Novartis shall notify Incyte at least *** prior to the anticipated launch of the first c-MET Licensed Product in the United States and shall provide Incyte with the following information: Novartis' then-current Commercialization plans ("Promotional Plan") with respect to such c-MET Licensed Product. Incyte's Co-Detailing Right is limited to specialists outlined in the Promotional Plan. Incyte may exercise its Co-Detailing Right by providing Novartis written notice at any time not later than *** or earlier than *** prior to the initial anticipated launch of such c-MET Licensed Product in the United States.

*** Confidential material redacted and filed separately with the Commission.

(b) Effects of Exercise of Co-Detailing Right. If Incyte exercises its Co-Detailing Right:

(i) The Parties shall, no later than four (4) months prior to the initial anticipated launch of such c-MET Licensed Product in the United States, set out the number of FTE sales representatives Primary Detailing such c-MET Licensed Product in the United States. In no event shall Incyte be responsible for a number of FTE sales representatives Primary Detailing such c-MET Licensed Product which exceeds *** of Novartis' total FTEs for such c-MET Licensed Product in the United States.

(ii) Incyte shall be responsible for its costs in conducting co-Detailing activities as well as all incremental training and meeting costs in accordance with Section 6.3(b)(iv); provided that Novartis shall reimburse Incyte at *** of the FTE Rate for each Incyte sale representative conducting the co-Detailing. Incyte shall provide an invoice to Novartis for such expense on a quarterly basis, and Novartis shall pay such invoice within *** after receipt.

(iii) The Parties shall establish a joint U.S. Commercialization Committee ("UCC") to oversee the Detailing of the relevant c-MET Licensed Product in the U.S. Incyte shall be entitled to have one (1) representative sit on the UCC or any group carrying out the UCC's function after the Effective Date but prior to the UCC's establishment. The UCC shall have responsibility for general oversight of all promotion and Detailing activities with respect to such c-MET Licensed Product in the United States. The UCC (or any group carrying out the UCC's function after the exercise of the Co-

Detailing Right but prior to the UCC's establishment) will meet quarterly or more frequently as agreed by the JSC. The term of the UCC will be determined by the JSC.

(iv) Incyte's sales representatives will be included in training programs with respect to the applicable c-MET Licensed Product that Novartis provides to its own sales representatives Detailing such c-MET Licensed Product. Such training shall be provided by Novartis to Incyte free of charge, provided that Incyte shall be responsible for meeting and training costs incremental to that provided to Novartis' sales representatives, including any travel, lodging or other similar expenses that may be incurred by Incyte in connection with the training.

(v) Incyte's sales representatives shall be provided, at Novartis' expense, with the same promotional materials, including literature and samples, as Novartis provides to its own similarly-situated representatives.

(vi) Novartis shall approve all training and promotional materials for such c-MET Licensed Product (including messaging) and shall present this information to the UCC. Incyte shall promote such c-MET Licensed Product in accordance with the standards reasonably established by Novartis for such c-MET Licensed Product; provided that if the standards Incyte normally uses are more stringent that the standards established by Novartis, Incyte may use its own standards, subject to Novartis' approval.

6.4 Novartis Co-Detailing Option.

*** Confidential material redacted and filed separately with the Commission.

(a) If at any time during the Term, Incyte, or any of its Affiliates, desires to commence negotiations with one or more Third Parties (other than a contract sales organization) to co-detail or co-promote JAK Licensed Products in the United States, Incyte shall promptly notify Novartis of its intent to commence negotiations and shall provide Novartis a summary of the proposed terms.

(b) Within *** after receipt of such notification, Novartis shall notify Incyte in writing either that (i) Novartis is interested in negotiating an agreement with Incyte with respect to such transaction or (ii) Novartis has no interest and therefore waives such right of first offer. If Novartis notifies Incyte within such *** period that Novartis desires to negotiate an agreement with respect to such transaction, then Incyte shall in good faith negotiate exclusively with Novartis for up to *** from the date of such notification from Novartis, or such longer period as agreed between the Parties, regarding the terms pursuant to which the Parties would enter into such transaction.

(c) Failure by Novartis to give notice of its interest or lack of interest in negotiating for such agreement within *** after receipt of written notice from Incyte as described in the first sentence of this Section 6.4 shall be deemed to constitute a waiver by Novartis of its right of first offer with respect to such transaction. In addition, failure of the Parties to agree within such *** negotiation period (or such longer period as agreed between the Parties) shall result in the termination of such right of first offer.

(d) If Novartis waives its right of first offer or such right of first offer terminates with respect to any such transaction, then Incyte shall be free to enter into a transaction for such JAK Licensed Product with a Third Party; provided that if Novartis has notified Incyte in writing of its interest in negotiating an agreement but the Parties have failed to reach agreement, then for a period of ***; provided further that if, ***.

(e) Should Novartis exercise the co-detailing option under this Section 6.4, and the Parties reach agreement on terms for such transaction, the terms of such transaction shall be reflected in a separate U.S. commercialization agreement entered into by the Parties or their Affiliates.

6.5 Global Branding; Trademarks.

(a) Global Branding Strategy. The JCC shall have the right, from time to time during the Term, to implement (and thereafter modify and update) a global branding strategy, including global positioning, for JAK Licensed Products for use in the Field throughout the world (the "Global Branding Strategy"). To the extent the JCC determines to utilize such Global

Branding Strategy, each Party shall adhere to the Global Branding Strategy in its Commercialization of the Licensed Product in its territory.

(b) Trademarks.

(i) Novartis and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "Incyte") and shall own such trademarks. Incyte and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "Novartis") and shall own such trademarks.

(ii) Notwithstanding Section 6.5(b)(i), consistent with the Global Branding Strategy, each Party shall, to the extent permitted by applicable regulatory and legal authorities, utilize the trademark or trademarks selected by the JCC in connection with the marketing and sale of the JAK Licensed Products in such Party's territory (each, a "JAK Mark" and collectively, the "JAK Marks"). Incyte shall own and shall be responsible for registering and maintaining the JAK Marks in the Incyte Territory. Novartis shall own and shall be responsible for registering and maintaining the JAK Marks in the Novartis Territory. As the owner of the JAK Marks in the Incyte Territory, Incyte shall be solely responsible for determining what, if any, action to take in response to any alleged infringement of such trademarks by Third Parties in the Incyte Territory. As the owner of the JAK Marks in the Novartis JAK Territory, Novartis shall be solely responsible for determining what, if any, action to take in response to any alleged infringement of such trademarks by Third Parties in the Novartis JAK Territory.

(c) Novartis shall use, in connection with all packaging, literature, labels and other printed matters, to the extent permitted by Law, and where reasonably practicable in light of space limitations, an expression to the effect that the Licensed Products were developed under license from Incyte, together with the Incyte logo. The provisions of this Section 6.5 shall not apply to primary packaging of the Licensed Products. Primary packaging

shall mean packaging that is in direct contact with the Licensed Products or the Licensed Products themselves, including but not limited to vials, blister packs, tablets and capsules.

ARTICLE VII

INTELLECTUAL PROPERTY OWNERSHIP, PROTECTION AND RELATED MATTERS

7.1 Inventorship; Ownership.

(a) Inventorship. Inventorship of Inventions conceived or reduced to practice during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with the patent Laws of the United States; provided however, that in the event that determining inventorship in accordance with such Laws would render any Patent Right that Covers such Invention invalid, inventorship shall be determined in accordance with the Laws of the jurisdiction where such Patent Right is filed.

*** Confidential material redacted and filed separately with the Commission.

(b) Ownership. As between the Parties, all Inventions made or information created, by a Party's or any of its Affiliates' employees, independent contractors or consultants, in the course of conducting activities under this Agreement, together with all Intellectual Property Rights therein, shall be owned by such Party. All inventions or discoveries made, or information created, jointly by each Party's (or any of its Affiliates') employees, independent contractors or consultants, in the course of conducting activities under this Agreement, together with all Intellectual Property Rights therein, shall be jointly owned by the Parties and are "Joint IP". Joint IP shall be owned jointly by Incyte and Novartis on the basis of an undivided interest without a duty to account to the other Party and shall be deemed to be Controlled by each Party. Notwithstanding anything to the contrary herein, each Party shall have the right to use such Joint IP, or license such Joint IP to its Affiliates or any Third Party, or sell or otherwise transfer its interest in such Joint IP to its Affiliates or a Third Party, in each case without the consent of the other Party, so long as such use, sale, license or transfer is subject to the licenses granted pursuant to this Agreement and is otherwise consistent with this Agreement. The Parties, through the JSC and in accordance with Section 7.2, shall determine which Party shall be responsible for the filing, prosecution and maintenance of Joint IP on a case-by-case basis. Each Party hereby authorizes and grants the other Party its permission and consent to assume, directly or through its authorized agents, attorneys, or representatives, the responsibilities set forth in Section 7.2.

7.2 Prosecution and Maintenance of Patent Rights.

(a) Novartis Patent Rights. At Novartis' expense, Novartis shall have the sole right to file, prosecute and maintain Novartis Patent Rights.

(b) c-MET Patent Rights. *** shall have the initial right to file, prosecute and maintain c-MET Patent Rights and Joint IP that Covers c-MET Licensed Compounds or c-MET Licensed Products (the "Joint c-MET IP"), at *** expense. If *** declines to file, prosecute or maintain any c-MET Patent Rights or Joint c-MET IP in any country of the world, or desires to allow any c-MET Patent Rights or Joint c-MET IP to lapse in any country of the world, or desires to abandon any c-MET Patent Rights or Joint c-MET IP in any country of the world before all appeals within the respective jurisdiction have been exhausted, then:

(i) *** shall provide *** with reasonable written notice of such decision so as to permit *** to decide whether to file, prosecute or maintain such c-MET Patent Rights or Joint c-MET IP and to take any necessary action.

(ii) Following notice from *** pursuant to subclause (i), *** may, by providing prompt written notice thereof to ***, assume control of the filing, prosecution and/or maintenance of such c-MET Patent Rights or Joint c-MET IP in the name of the owner(s) of such c-MET Patent Rights or Joint c-MET IP, at *** expense. Any such c-MET Patent Rights in such country shall no longer be exclusively licensed to *** and its Affiliates under Section 2.1 and instead shall be licensed on a non-exclusive basis, but otherwise shall remain *** Patent Right hereunder for all purposes.

(c) JAK Patent Rights.

*** Confidential material redacted and filed separately with the Commission.

(i) *** shall have the initial right to file, prosecute and maintain, at *** expense, the (x) Secondary Patent Rights in the *** and (y) the INCY0039 Patent Rights worldwide; provided that *** shall use a Third Party law firm selected by *** and reasonably acceptable to *** to conduct such filing, prosecution and maintenance; and provided further, that *** shall act promptly with respect to decisions *** on the filing and prosecution of priority applications. If *** determines to change the Third Party law firm initially selected to conduct such filing, prosecution and maintenance, *** shall select a replacement Third Party law firm reasonably acceptable to ***. If *** declines to file, prosecute or maintain any INCY0039 Patent Rights in ***, desires to allow to lapse any INCY0039 Patent Rights in ***, or desires to abandon any INCY0039 Patent Rights in *** before all appeals within the respective jurisdiction have been exhausted, then:

A. *** shall provide *** with reasonable written notice of such decision so as to permit *** to decide whether to file, prosecute or maintain such INCY0039 Patent Rights in *** and to take any necessary action.

B. Following notice from *** pursuant to clause (A), *** may, by providing prompt written notice thereof to ***, assume control of the filing, prosecution and/or maintenance of such INCY0039 Patent Rights in *** in the name of the owner(s) of such INCY0039 Patent Rights, at *** expense.

(ii) *** shall have the initial right to file, prosecute and maintain, at *** expense, the Secondary JAK Patent Rights in the ***. If *** declines to file, prosecute or maintain any Secondary JAK Patent Rights in ***, desires to allow any Secondary JAK Patent Rights to lapse in ***, or desires to abandon any Secondary JAK Patent Rights in *** before all appeals within the respective jurisdiction have been exhausted, then:

A. *** shall provide *** with reasonable written notice of such decision so as to permit *** to decide whether to file, prosecute or maintain such Secondary JAK Patent Right in *** and to take any necessary action.

B. Following notice from *** pursuant to clause (A), *** may, by providing prompt written notice thereof to ***, assume control of the filing, prosecution and/or maintenance of such Secondary JAK Patent Right in ***, at *** expense.

(d) Cooperation. Solely with respect to the rights and obligations described in Section 7.2(c), an individual Party responsible for the filing, prosecution and maintenance of a Patent Right will be referred to as the "Controlling Party" and the other Party will be referred to as the "Non-Controlling Party".

(i) The Non-Controlling Party shall, at the Controlling Party's expense and reasonable request, assist and cooperate in the filing, prosecution and maintenance

of or any related necessary action for, as applicable, the Novartis Patent Rights or Incyte Patent Rights.

(ii) The Controlling Party shall provide the Non-Controlling Party sufficiently in advance, where reasonable, for the Non-Controlling Party to comment, with copies of all patent applications and other material submissions and communications (including oral communications) with any patent counsel or patent authorities pertaining to the Incyte Patent Rights and, within the Incyte Territory, the Novartis Patent Rights.

(iii) Upon a request by the Non-Controlling Party, the Parties will discuss and consider in good faith filing separate Patent Rights for claims that Cover Licensed Products (e.g., methods of manufacturing and uses of such Licensed Product) specifically or generically and claims that Cover only other compounds and methods of making and using such other compounds.

(iv) The Controlling Party shall give due consideration to the Non-Controlling Party's comments, but shall have the final say in determining whether or not to incorporate such comments.

(v) Each Party shall provide the other with copies of all material communications received from any patent counsel or patent authorities pertaining to such Incyte Patent Rights.

(vi) "Material" for the purposes of this Section 7.2(d) means that the submission or communication could affect the patentability or scope of the patents Covering the Licensed Compounds or Products.

(e) Patent Term Extensions. *** may select which, if any, c-MET Patent Rights for which a Patent Term Extension is to be sought or obtained. *** may, in consultation with ***, select which, if any, JAK Patent Rights for which a Patent Term Extension is to be sought or obtained with respect to JAK Licensed Products in the ***. Except as set forth in the preceding sentence, *** may select which, if any, JAK Patent Rights for which a Patent Term Extension is to be sought or obtained.

7.3 Third Party Infringement.

(a) Notice. Each Party shall promptly provide the other Party with written notice reasonably detailing any known or alleged infringement by a Third Party of Joint IP, Incyte IP or any Novartis IP, including any "patent certification" filed in the United States under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions, and of any declaratory judgment, opposition, or similar action alleging the invalidity, unenforceability or non-infringement of any such Intellectual Property Rights (collectively "Third-Party Infringement"). Within *** after receipt of such notice, the Parties shall consult via the JSC to determine the response to any Third Party Infringement.

(b) Enforcement.

(i) If within *** after receipt of the notice set forth in Section 7.3(a) the JSC fails to agree on a joint course of action with respect to a Third Party Infringement, *** will have the initial right to determine and control a course of action designed to curtail such Third Party Infringement, whether legal or commercial in the *** in connection with the Third Party Infringement against a Third Party which is infringing the relevant Intellectual Property Rights by making, using or selling a product that competes with a Licensed Product in the Field in the ***, at its own expense as it reasonably determines appropriate. In the event such course of action includes litigation, *** may choose, at its own expense, to be represented in such action by counsel of its own choice; provided, however, that if *** is required as a necessary party to such action, *** shall pay *** reasonable expenses associated therewith. *** shall keep *** reasonably informed as to any legal or commercial courses of action it pursues pursuant to this subsection (i). At the request and expense of ***, *** shall provide reasonable assistance to *** in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action. In connection with any such proceeding, *** shall not enter into any settlement admitting the invalidity of, or otherwise impairing *** rights in, *** or Joint IP without the prior written consent of ***. Any recoveries resulting from such an action relating to a claim of Third Party Infringement shall be applied as follows:

A. First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

B. Second, ***.

(ii) If within *** after *** receipt of a notice of a Third Party Infringement with respect to Joint IP or ***, *** does not take any action as described in Section 7.3(b)(i) and permitted hereunder against a Third Party who is infringing such Intellectual Property Rights by making, using or selling a product that competes with a Licensed Product in the ***, *** may, subject to the following sentence, in its sole discretion, bring and control any legal action in connection therewith at its sole expense. If *** intends to bring any such legal action, it shall first notify *** in writing of such intent and the reasons therefor and provide *** with an opportunity to indicate to *** its reasons for not bringing such legal action; and if *** provides either a reasonable (x) legal basis for *** not bringing such legal action, or (y) explanation of how *** is taking commercial steps to curtail the Third Party Infringement, *** shall not bring such legal action. *** shall keep *** reasonably informed as to any legal or commercial courses of action it pursues pursuant to this subsection (ii). At the request and expense of ***, *** shall provide reasonable assistance to *** in connection therewith, including by executing reasonably appropriate documents, and cooperating in discovery; provided, however, that nothing herein shall require *** to join as a party or otherwise participate in such legal action, if in *** reasonable opinion such participation will damage any of *** commercial relationships. *** may choose, at its own expense, to be represented in any such action by counsel of its own choice; provided, however, that if *** is required as a necessary party to such action, *** shall pay *** reasonable expenses associated

therewith. In connection with any such proceeding, *** shall not enter into any settlement admitting the invalidity of or otherwise impairing *** rights under the Joint IP or such *** without the prior written consent of ***. Any recoveries resulting from such an action relating to a claim of Third Party Infringement (after payment of each Party's costs and expenses) will be retained by ***.

(iii) In the event of a Third Party Infringement of JAK Patent Rights that occurs only in the ***, ***, at its own expense, will have the right to bring and control any legal action in the *** in connection with such Third Party Infringement.

7.4 Patent Marking. If permitted and to the extent that Novartis does so with respect to its other products in the same geographic market, Novartis shall, and shall cause its Affiliates, distributors and licensees, to (a) mark the Licensed Products with the number of each issued patent under the Incyte Patent Rights that apply to the Licensed Product and (b) comply with the patent marking statutes in each country in which the Licensed Product is manufactured by or on behalf of Novartis or its Affiliates.

7.5 Third Party Licenses.

(a) If *** in good faith believes that it is necessary to obtain a license under any Patent Rights of a Third Party that would be infringed by the making, using, selling, offering for sale or importing by *** of a Licensed Compound in the Field in any country in the ***, then prior to commencing negotiations or entering into an agreement with respect to any such Third Party Patent Rights, *** shall promptly notify ***. The Parties shall thereafter conduct good faith discussions regarding whether such Third Party Patent Rights are necessary to make, use, sell, offer for sale or import Licensed Compound in the Field in any country in the ***. If the Parties agree that such Third Party Patent Rights are necessary to make, use, sell, offer for sale or import Licensed Compound in the Field in any country in the ***, the Parties shall meet to discuss and determine which Party will be primarily responsible for the negotiation and execution of the corresponding license agreement; provided, however, that *** shall have the first right to obtain a license and negotiate and execute a license agreement, in connection with the manufacture of Licensed Compounds and Licensed Products or with respect to any intellectual property applicable to the Licensed Compounds and Licensed Product. In the event the Parties agree that *** shall have the right to negotiate and execute such a license agreement, at the request of ***, any such license from a Third Party shall include a license to *** and its sublicensees with respect to the Licensed Compound in the *** in and/or outside the Field. Notwithstanding the foregoing, neither Party shall enter into a definitive license agreement with regard to such rights in the other Party's territory without the other Party's written consent. In the event that the Parties cannot agree on whether a license from a Third Party is necessary, *** shall make the final decision with respect to licenses covering all or part of the ***.

(b) To the extent the Parties have agreed or *** has determined in accordance with Section 7.5(a) that a license under such Third Party Patent Rights is necessary to avoid infringement based on the making, using, selling, offering for sale or importing of JAK Licensed Compound in the Field and such license agreement relates to worldwide rights for JAK

Licensed Compounds or JAK Licensed Products, *** of any up-front license fee or other acquisition cost and milestones based on the principle that such rights in the Incyte Territory constitute *** of such cost and such rights in the Novartis JAK Territory constitute *** of such cost. If such Third Party license rights are available only in one Party's territory, such Party shall be responsible for one hundred percent (100%) of such costs subject to the deductions permitted under Section 7.5(c) and (d).

(c) Regardless of which Party licenses such rights, (i) each Party shall pay to the applicable Third Party licensor (or as applicable, to the licensing Party for delivery to such Third Party) all royalties payable in respect of sales of products by such Party, its Affiliates, or sublicensees and (ii) to the extent the Parties agree or *** has determined in accordance with Section 7.5(a) that such in-licensed rights are necessary to make, use, sell, offer for sale or import Licensed Compound in the Field in any country in the *** without infringing such Third Party Patent Rights, *** shall be entitled to deduct up to *** of the royalties paid or payable to such Third Party (pursuant to a license under such Third Party's issued Valid Claim(s) that Cover the making, using, selling, offering for sale or importing of the applicable Licensed Compound in the Field in such country in the ***) with respect to sales of a Licensed Product that contains such Licensed Compound in such country in the *** from the royalties payable by *** to *** hereunder with respect to Net Sales of such Licensed Product in such country; provided, however, that in no event shall the royalties payable under Section 8.3(a) be reduced in the aggregate pursuant to this Section 7.5(c) by more than *** of the amounts set forth in Section 8.3(a).

(d) Notwithstanding the foregoing, solely with respect to patent application no. ***, Novartis shall be entitled to deduct up to *** of the royalties paid or payable to such Third Party (pursuant to a license under such Third Party's issued Valid Claim(s) that Cover the making, using, selling, offering for sale or importing by Novartis of the applicable c-MET Licensed Compound in the Field in any country in the Novartis Territory) with respect to sales of a c-MET Licensed Product that contains such c-MET Licensed Compound in such country in the Novartis Territory from the royalties payable by Novartis to Incyte hereunder with respect to Net Sales of such c-MET Licensed Product in such country; provided, however, that in no event shall the royalties payable under Section 8.3(a) be reduced in the aggregate pursuant to this Section 7.5(d) by more than *** of the amounts set forth in Section 8.3(a).

ARTICLE VIII

FINANCIAL PROVISIONS

8.1 License Fee. Within *** after the Effective Date, Incyte shall submit an invoice to Novartis for a one-time, non-creditable, non-refundable license fee of One Hundred Fifty Million U.S. Dollars (US$150,000,000), which Novartis shall pay within *** after receipt.

8.2 Milestone Payments. Novartis shall pay Incyte the following amounts after the first achievement by Novartis, its Affiliates or its sublicensees of the corresponding milestone events set forth below:

(a) c-MET Development Milestones.

c-MET Development Milestones	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***

* For purposes of clarity, a study conducted by Incyte pursuant to this Agreement shall qualify for the milestone set forth in this Section 8.2(a)(i)with respect to the *** for a c-MET Licensed Product.

(b) c-MET Regulatory Milestones.

c-MET Regulatory Milestones	***	***	***
***	***	***	***
***	***	***	***
	***	***	***
***	***	***	***

(c) JAK Development Milestones.

JAK Development Milestones	***	***	***
***	***	***	***
(ii) FPFV in a Phase III Study that is a Novartis Sponsored Study *	US$60,000,000	***	***

* For purposes of clarity, Study 352 as described in Exhibit F-1 shall qualify for the milestone set forth in this Section 8.2(c)(ii) with respect to the *** for a JAK Licensed Product.

(d) JAK Regulatory Milestones.

JAK Regulatory Milestones	***	***	***
***	***	***	***
***	***	***	***
	***	***	***
***	***	***	***

(e) Sales Milestones.

(i) c-MET Licensed Product Sales Milestones. Novartis shall make the non-refundable, non-creditable, one-time payments to Incyte of as set forth below upon the first achievement of aggregate Annual Net Sales of c-MET Licensed Products that meet or exceed the thresholds set forth below.

c-MET Licensed Product Annual Net Sales Threshold	Milestone Payment
(A) Annual Net Sales of c-MET Licensed Products equal to or greater than ***	***
(B) Annual Net Sales of c-MET Licensed Products equal to or greater than ***	***
(C) Annual Net Sales of c-MET Licensed Products equal to or greater than ***	***
(D) Annual Net Sales of c-MET Licensed Products equal to or greater than ***	***
(E) Annual Net Sales of c-MET Licensed Products equal to or greater than ***	***

(ii) JAK Licensed Product Sales Milestones. Novartis shall make the non-refundable, non-creditable, one-time payments to Incyte of as set forth below upon the first achievement of aggregate Annual Net Sales of JAK Licensed Products in the Novartis JAK Territory that meet or exceed the thresholds set forth below.

JAK Licensed Product Annual Net Sales Threshold	Milestone Payment
(A) Annual Net Sales of JAK Licensed Products equal to or greater than ***	***
(B) Annual Net Sales of JAK Licensed Products equal to or greater than ***	***
(C) Annual Net Sales of JAK Licensed Products equal to or greater than ***	***
(D) Annual Net Sales of JAK Licensed Products equal to or greater than ***	***

(iii) Achievement of the milestone events above in this Section 8.2(e) shall be determined based on Annual Net Sales of the Licensed Products made by Novartis and its Affiliates and sublicensees throughout the Novartis Territory. More than one of the sales milestone payments may be earned concurrently based on the same Annual Net Sales of the Licensed Products. By way of example, if in the first Calendar Year following the First Commercial Sale of a JAK Licensed Product, the Annual Net Sales for JAK Licensed Products is equal to or exceeds ***, then Novartis shall pay Incyte the milestone payments set forth in both Sections 8.2(e)(ii)(A) and (B) (total ***).

(f) Except as otherwise specified, none of the payments listed in this Section 8.2 shall be payable more than once, and each shall be payable at the first achievement of a milestone event for a Licensed Product and shall not be payable again if subsequently another Licensed Product achieves the same milestone event. ***.

(g) If a foreseen Development activity described in Section 8.2(a)(i), (a)(ii) or (c)(i) is not conducted in the course of accelerating the Development activities for an Indication, then, effective upon achievement of the later milestone with respect to the same Indication set forth in Section 8.2(a)(ii), (a)(iii) or (c)(ii) as the case may be, the previously unpaid payments that would be due for the preceding milestones shall also become due and payable even though the missing milestone has not been achieved.

(h) For purposes of clarity, the milestone payment set forth in Sections 8.2(b)(ii)(B) and 8.2(d)(ii)(B) shall be in addition to the milestone payment set forth in Sections 8.2(b)(ii)(A) and 8.2(d)(ii)(A).

(i) Novartis shall provide Incyte written notice of the achievement of each milestone event: (A) within *** after achievement of the milestone event set forth in Section 8.2(a), (b), (c) or (d); and (B) within *** after the end of any Calendar Quarter in which a milestone set forth in Section 8.2(e) is achieved. Incyte shall provide Novartis written notice of the achievement of the milestone event set forth in Section 8.2(d)(i) within *** after the achievement of such milestone. Novartis shall pay to Incyte, by wire transfer to an account designated by Incyte, the applicable non-refundable, non-creditable milestone payment listed above: (1) with respect to milestone events set forth in Section 8.2(a), (b), (c) or (d), within *** after Novartis' receipt of invoice and (2) with respect to all milestone events set forth in Section 8.2(e), within *** after the end of the applicable Calendar Quarter; provided that Incyte has issued the relevant invoice for such sales milestones within *** after Incyte's receipt of notice from Novartis of the achievement of such sales milestones. In the event Incyte fails to issue an invoice within such *** period as described above, Novartis's obligation to pay such amount within*** after the end of the applicable Calendar Quarter shall be extended by the

number of days that lapse between the date Incyte should have invoiced Novartis and the date Incyte actually invoices Novartis.

8.3 Royalties.

(a) Novartis Royalties to Incyte. Novartis shall pay to Incyte royalties on aggregate Net Sales of each Licensed Product, on a Licensed Product-by-Licensed Product basis, at the following rates:

(i) c-MET Licensed Products. Subject to Section 4.4(c), on a c-MET Licensed Product-by-c-MET Licensed Product basis, Novartis shall pay to Incyte royalties on Net Sales of each c-MET Licensed Product in the Novartis Territory as follows:

Annual Net Sales of c-MET Licensed Product	Royalty Rate
On Annual Net Sales less than or equal to ***	***%
On Annual Net Sales greater than *** and less than or equal to ***	***%
On Annual Net Sales greater than ***	***%

(ii) JAK Licensed Products. On a JAK Licensed Product-by-JAK Licensed Product basis, Novartis shall pay to Incyte royalties on Net Sales of each JAK Licensed Product in the JAK Field in the Novartis JAK Territory as follows:

Annual Net Sales of such JAK Licensed Product	Royalty Rate
On Annual Net Sales less than or equal to ***	***%
On Annual Net Sales greater than *** and less than or equal to ***	***%
On Annual Net Sales greater than *** and less than or equal to ***	***%
On Annual Net Sales greater than ***	***%

(b) ***.

(i) ***.

(ii) ***.

(c) Royalties payable under this Section 8.3 shall be paid by the applicable Party on a Licensed Product-by-Licensed Product and country-by-country basis from the date of First Commercial Sale of each Licensed Product with respect to which royalty payments are due for a period which is the longer of: (i) the last to expire of any Valid Claim of Licensed Patent Rights Covering such Licensed Product in such country; (ii) *** following the date of First Commercial Sale in such country; and (iii) the expiration of Regulatory Exclusivity for such Licensed Product in such country (each such term with respect to a Licensed Product and a country, a "Royalty Term"). Notwithstanding the foregoing, in the event that either (A) the Royalty Term continues solely due to clause (ii) (i.e. in a specific country the Licensed Product is neither Covered by a Valid Claim of Licensed Patent Rights nor is such Licensed Product subject to Regulatory Exclusivity) or (B) Generic Competition exists with respect to a Licensed Product in a country with respect to a royalty-reporting period, then the royalty rates in such country for such Licensed Product (for such royalty-reporting period, if applicable) will be *** the applicable rate in Section 8.3(a) ***, based on the weighted average annual royalty rate in the Novartis Territory or the Incyte Territory, as the case may be, beginning on January 1st of the Calendar Year following the first Calendar Year in which there exists a situation described in (A) or (B) of this sentence in the applicable country.

(d) Upon the expiration of the Royalty Term with respect to a Licensed Product in a country, (i) the licenses granted by Incyte to Novartis pursuant to Section 2.1 shall be deemed to be fully paid-up, irrevocable and perpetual with respect to such Licensed Product

in such country; and (ii) the licenses granted by Novartis to Incyte pursuant to Section 2.2 shall be deemed to be fully paid-up, irrevocable and perpetual with respect to such JAK Licensed Product in such country.

8.4 Royalty Reports; Payments. Within *** after the end of any Calendar Quarter, the Royalty Paying Party shall provide the Royalty Receiving Party with a report stating the sales in units and in value of the Licensed Product made by the Royalty Paying Party, its Affiliates, licensees and sublicensees, as applicable, in the Royalty Paying Party's territory, on a country-by-country basis, together with the calculation of the royalties due to the Royalty Receiving Party, including the method used to calculate the royalties and the exchange rates used. Royalty payments shall be made by the Royalty Paying Party to the bank account indicated by the Royalty Receiving Party within *** after the end of the applicable Calendar Quarter; provided that the Royalty Receiving Party has issued the relevant invoice for royalty payment within *** after the Royalty Receiving Party's receipt of the royalty report from the Royalty Paying Party. In the event the Royalty Receiving Party fails to issue an invoice within such *** period as described above, the Royalty Paying Party's obligation to pay such amounts within *** after the end of the applicable Calendar Quarter shall be extended by the number of days that lapse between the date the Royalty Receiving Party should have invoiced the Royalty Paying Party and the date the Royalty Receiving Party actually invoices the Royalty Paying Party.

8.5 Financial Records. The Parties shall keep complete and accurate books and records in accordance with the defined Accounting Standards. The parties will keep such books and records for at least *** following the end of the Calendar Year to which they pertain. Such books of accounts shall be kept at the principal place of business of the financial personnel with responsibility for preparing and maintaining such records. With respect to royalties, such records shall be in sufficient detail to support calculations of royalties due to either Party. Novartis and Incyte shall also keep complete and accurate records and books of accounts containing all data reasonably required for the calculation and verification of Development Costs, including internal FTEs utilized by either Party in jointly funded Clinical Trials or other Development activities and any amounts that are subject to reimbursement pursuant to Section 6.3(b)(ii).

8.6 Audits.

(a) Each Party may, upon request and at its expense (except as provided for herein), cause an internationally-recognized independent accounting firm selected by it (except one to whom the Auditee has a reasonable objection), (the "Audit Team") to audit during ordinary business hours the books and records of the other Party and the correctness of any payment made or required to be made to or by such Party, and any report underlying such payment (or lack thereof), pursuant to the terms of this Agreement. Prior to commencing its work pursuant to this agreement, the Audit Team shall enter into an appropriate confidentiality agreement with the Auditee.

(b) In respect of each audit of the Auditee's books and records: (i) the Auditee may be audited only ***, (ii) no records for any given year for an Auditee may be audited more than ***; provided that the Auditee's records shall still be made available if such

*** Confidential material redacted and filed separately with the Commission.

records impact another financial year which is being audited, (iii) the Audit Rights Holder shall only be entitled to audit books and records of an Auditee from the *** prior to the Calendar Year in which the audit request is made.

(c) In order to initiate an audit for a particular Calendar Year, the Audit Right Holder must provide written notice to the Auditee. The Audit Rights Holder exercising its audit rights shall provide the Auditee with notice of one or more proposed dates of the audit not less than *** prior to the first proposed date. The Auditee will reasonably accommodate the scheduling of such audit. The Auditee shall provide such Audit Team(s) with full and complete access to the applicable books and records and otherwise reasonably cooperate with such audit.

(d) The audit report and basis for any determination by an Audit Team shall be made available first for review and comment by the Auditee, and the Auditee shall have the right, at its expense, to request a further determination by such Audit Team as to matters which the Auditee disputes (to be completed no more than *** after the first determination is provided to such Auditee and to be limited to the disputed matters). If the Parties disagree as to such further determination, the Audit Right Holder and the Auditee shall mutually select an internationally-recognized independent accounting firm that shall make a final determination as to the remaining matters in dispute that shall be binding upon the Parties. Such accountants shall not disclose to the Audit Rights Holder any information relating to the business of the Auditee except that which should properly have been contained in any report required hereunder or otherwise required to be disclosed to such Party to the extent necessary to verify the payments required to be made pursuant to the terms of this Agreement.

(e) If the audit shows any under-reporting or underpayment, or overcharging by any Party, that under-reporting, underpayment or overcharging shall be reported to the Audit Rights Holder and the underpaying or overcharging Party shall remit such underpayment or reimburse such overcompensation (together with interest at the annual interest rate of *** as published in the *** or its successor on the last business day of the applicable calendar quarter prior to the audit) to the underpaid or overcharged Party within *** after receiving the audit report. Further, if the audit for an annual period shows an under-reporting or underpayment or an overcharge by any Party for that period in excess of *** of the amounts properly determined, the underpaying or overcharging Party, as the case may be, shall reimburse the applicable underpaid or overcharged Audit Rights Holder conducting the audit, for its respective audit fees and reasonable Out-of-Pocket Costs in connection with said audit, which reimbursement shall be made within *** after receiving appropriate invoices and other support for such audit-related costs.

(f) For the purposes of the audit rights described herein, an individual Party subject to an audit in any given year will be referred to as the "Auditee" and the other Party who has certain and respective rights to audit the books and records of the Auditee will be referred to as the "Audit Rights Holder".

8.7 Tax Matters. The royalties, milestones and other amounts payable by Novartis to Incyte pursuant to this Agreement ("Payments") shall not be reduced on account of any taxes

*** Confidential material redacted and filed separately with the Commission.

unless required by Law. Incyte alone shall be responsible for paying any and all taxes (other than withholding taxes required by Law to be deducted and paid on Incyte's behalf by Novartis) levied on account of, or measured in whole or in part by reference to, any Payments it receives. The Parties will cooperate in good faith to obtain the benefit of any relevant tax treaties to minimize as far as reasonably possible any taxes which may be levied on any Payments. Novartis shall deduct or withhold from the Payments any taxes that it is required by Law to deduct or withhold. Notwithstanding the foregoing, if Incyte is entitled under any applicable tax treaty to a reduction of the rate of, or the elimination of, applicable withholding tax, it may deliver to Novartis or the appropriate governmental authority (with the assistance of Novartis to the extent that this is reasonably required and is expressly requested in writing) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Novartis of its obligation to withhold tax, and Novartis shall apply the reduced rate of withholding tax, or dispense with withholding tax, as the case may be, provided that Novartis has received evidence of Incyte's delivery of all applicable forms (and, if necessary, its receipt of appropriate governmental authorization) *** prior to the time that the Payment is due. If, in accordance with the foregoing, Novartis withholds any amount, it shall make timely payment to the proper taxing authority of the withheld amount, and send to Incyte proof of such payment within *** following that latter payment. Notwithstanding the foregoing, Novartis represents that the payments to be paid by Novartis to Incyte pursuant to Sections 8.1, 8.2 and 8.3 hereof shall not be subject to withholding tax under conditions less favorable to Incyte than those applicable to treaty-eligible residents under the income tax treaty between the United States and Switzerland in force at the point of time such payments are paid.

8.8 Currency Exchange.

(a) Sales and Royalty Calculations. The currency exchange method set out in this Section 8.8(a) shall be applied for calculations of amounts for sales and royalties. With respect to amounts invoiced in United States Dollars, all such amounts shall be expressed in United States Dollars. With respect to amounts invoiced in a currency other than United States Dollars, all such amounts shall be expressed both in the currency in which the amount was invoiced and in the United States Dollar equivalent. The United States Dollar equivalent shall be calculated using the Novartis Standard Exchange Rate Methodology for the conversion of foreign currency sales into United States Dollars.

(b) Development Cost Calculations. The currency exchange method set out in this Section 8.8(b) shall be applied for calculations of amounts for Development Costs. For purposes of any Development cost sharing between the Parties under this Agreement, such costs shall be calculated on a quarterly basis. With respect to amounts invoiced in United States Dollars, all such amounts shall be expressed in United States Dollars. With respect to amounts invoiced in a currency other than United States Dollars, all such amounts shall be expressed both in the currency in which the amount was invoiced and in the United States Dollar equivalent. The United States Dollar equivalent shall be calculated using the average of the last (bid) U.S. dollar/foreign currency rates for the last Business Day of each month in the calendar quarter for which Development Costs are being reported, as reported by The Wall Street Journal, for the conversion of foreign currency sales into United States Dollars.

8.9 Late Payments. The paying Party shall pay interest to the receiving Party on the aggregate amount of any payments that are not paid on or before the date such payments are due under this Agreement at a rate per annum equal to the lesser of the ***, as reported by The Wall Street Journal, *** or the highest rate permitted by applicable Law, calculated on the number of days such payments are paid after the date such payments are due; provided, that with respect to any disputed payments, no interest payment shall be due until such dispute is resolved and the interest which shall be payable thereon shall be based on the finally-resolved amount of such payment, calculated from the original date on which the disputed payment was due through the date on which payment is actually made.

ARTICLE IX

TERM AND TERMINATION

9.1 Agreement Term. The term of this Agreement shall commence on the Effective Date and shall continue on a Program-by-Program basis until the earlier of (i) the termination of this Agreement or any program in accordance with Section 9.2; or (ii) following the First Commercial Sale of any Licensed Product, the expiration of the last-to-expire of all Royalty Terms with respect to all Licensed Compounds and Licensed Products within such Program (the "Term"). Notwithstanding the above, if there are any ongoing disputes at the end of the Term as set forth above, this Agreement shall remain in full force and effect until all such disputes are resolved.

9.2 Termination.

(a) Termination for Convenience. Novartis shall have the right to terminate this Agreement, in its entirety or on a Program-by-Program basis, for convenience upon *** prior written notice to Incyte.

(b) Termination for Material Breach. If either Party (the "Non-Breaching Party") believes that the other Party (the "Breaching Party") is in material breach of this Agreement, then the Non-Breaching Party may deliver notice of such breach to the Breaching Party. If the Breaching Party fails to cure such breach, or take such steps as would be considered reasonable to effectively cure such breach, within the *** period after delivery of such notice, the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party, which termination shall apply (x) solely with respect to a Program (and all Licensed Compounds and Licensed Products for such Program) if such breach is related solely to such Program, or (y) either on a Program-by-Program basis or to the Agreement in its entirety at the discretion of the Non-Breaching Party if such breach is not related solely to a Program.

(c) Termination if Novartis Challenges Incyte IP. If Novartis or any of its Affiliates, directly or indirectly, (i) initiates or requests an interference or opposition proceeding with respect to any Incyte Patent Right, (ii) makes, files or maintains any claim, demand, lawsuit, or cause of action to challenge the validity or enforceability of any Incyte Patent Right in a tribunal or forum, or (iii) opposes any extension of, or the grant of a supplementary protection certificate with respect to, any Incyte Patent Right, Incyte shall have the right to terminate this

Agreement upon *** written notice to Novartis. Any such termination shall only become effective if Novartis or its Affiliate, as applicable, has not withdrawn such action before the end of the above notice period.

(d) Termination if Novartis Abandons Program. If Incyte believes that Novartis has Abandoned either the JAK Program or the c-MET Program, Incyte may deliver written notice to Novartis setting out in reasonable detail the basis for Incyte's belief. Novartis shall have *** from receipt of such notice to take such steps as would be considered reasonably likely to result in Novartis not being deemed to have Abandoned such Program within a reasonable period following such actions. If Novartis fails to take such action and fails to dispute the facts giving rise to such notice within such *** period, then Incyte may within *** following the expiration of such *** period elect to terminate such Program by providing Novartis written notice of such termination, such termination to be effective immediately and otherwise effected in accordance with Section 9.3(a).

(e) Termination Disputes. If a Party gives notice of termination under this Section 9.2(b) or 9.2(d), and the other Party disputes whether such notice was proper, then the issue of whether or not this Agreement was properly terminated shall be resolved in accordance with ARTICLE XIII, and the Agreement shall remain in full force and effect until such dispute is resolved. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be deemed to be effective on the date on which such notice was first provided. On the other hand, if as a result of the dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall remain in full force and effect.

9.3 Effects Of Termination.

(a) Upon termination of this Agreement in whole or with respect to a Terminated Program in accordance with Section 9.2(a) or by Incyte under 9.2(b), 9.2(c) or 9.2(d):

(i) all licenses granted by Incyte to Novartis hereunder with respect to such Terminated Program(s) shall terminate and Novartis shall not have any rights to use or exercise any rights under the Incyte IP;

(ii) Novartis shall be released from its Development and Commercialization obligations with respect to such Terminated Program(s);

(iii) Novartis shall provide to Incyte a fair and accurate summary report of the status of the Development and Commercialization of the Licensed Products in such Terminated Program(s) in each country in the Novartis Territory through the effective date of termination within *** after such termination;

(iv) Incyte shall have no further obligation to *** if the Terminated Program is the JAK Program or if the Agreement is terminated in its entirety;

(v) if Incyte elects to continue such license, (A) the license granted to Incyte pursuant to Section 2.2(a) shall remain in effect and automatically be expanded to include, with respect to the Terminated Program(s) the right to research, Develop, make, have made, use, offer for sale, sell and import all applicable Licensed Products that formed a part of the Terminated Program(s) in the Novartis Territory, ***, and (B) the license granted to Incyte pursuant to Section 2.2(b) shall remain in effect ***;

(vi) in the event that Incyte terminates a Program pursuant to Section 9.2(d), then, irrespective of whether Incyte elects to continue the license granted to Incyte pursuant to Section 2.2(a), ***, and ***; provided that if subclause (v) and this subclause (vi) both apply, then *** either subclause (v) or this (vi) ***;

(vii) Novartis shall promptly transfer and assign to Incyte all of Novartis' and its Affiliates' rights, title and interests in and to the product trademark(s) (but not any Novartis house marks) owned by Novartis and used for the Licensed Products in the Terminated Program(s) in the Novartis Territory, in exchange for a payment to Novartis in an amount equal to reimbursement of Novartis' reasonable accumulated costs related to the development, clearance, registration, enforcement and maintenance of the applicable trademark throughout the Novartis Territory;

(viii) Novartis shall as soon as reasonably practicable transfer and assign to Incyte all Regulatory Documentation, the data comprising the Global Safety Database and other documented technical and other information or materials Controlled by Novartis' which are necessary or useful for the Development, manufacture and Commercialization of the Licensed Compounds or Licensed Products in Terminated Program(s) in the Novartis Territory; provided that Novartis may retain a single copy of such items for its records. Within *** after Incyte's receipt of an invoice therefor, Incyte shall reimburse Novartis for Novartis' and its Affiliates' reasonable Out-of-Pocket Costs incurred in connection with such transfers and assignment (but not the generation, creation or development of such information and materials);

(ix) Incyte shall have the option, exercisable within *** following the effective date of such termination, to obtain Novartis inventory of Licensed Products manufactured by a Third Party with respect to such Terminated Program(s) ***

for such inventory of Licensed Product. Incyte may exercise such option by written notice to Novartis during such *** period; provided that in the event Incyte exercises such right to purchase such inventory, Novartis shall grant, and hereby does grant, a royalty-free right and license to any trademarks, names and logos of Novartis contained therein *** to permit the orderly sale of such inventory;

(x) the provisions of ARTICLE VII (other than Section 7.1 and Section 7.2(a))shall be terminated with respect to such Terminated Program, provided that Novartis shall provide reasonable assistance to Incyte and cooperation in connection with the transition of prosecution, maintenance and enforcement responsibilities to Incyte, including execution of such documents as may be necessary to effect such transition; and

(xi) to the extent that Novartis is responsible for manufacturing a Licensed Product prior to termination of this Agreement for a Terminated Program, Novartis shall:

A. in accordance with the terms of the Supply Agreement, and in exchange for a payment equal to *** of Novartis' costs, including allocated overhead for the supply of product, and if Regulatory Approval has been obtained for such Licensed Product, use Commercially Reasonable Efforts to supply Incyte and its Affiliates with comparable quantities of the applicable Licensed Products in the dosage strength, formulation and presentation as were being Commercialized as of the effective date of termination until the earlier of *** after the effective date of the termination or establishment by Incyte of an alternative supply for such Licensed Product; provided that Incyte shall use its Commercially Reasonable Efforts to establish an alternative supply as promptly as reasonably practicable;

B. cooperate with Incyte in reasonable respects to transfer manufacturing documents and materials which are used (at the time of the termination) by Novartis in the Manufacture of the applicable Licensed Products; and

C. cooperate with Incyte in reasonable respects to transfer to Incyte, or Incyte's designated contract manufacturer, the manufacturing technologies (including all relevant Know-How) that are used and necessary (at the time of the termination) and Controlled by Novartis in the manufacture of the applicable Licensed Products, provided that Incyte shall reimburse Novartis for Novartis's reasonable Out-of-Pocket Costs to provide such requested assistance.

(b) Upon termination of this Agreement by Novartis in whole or with respect to a Terminated Program in accordance with Section 9.2(b):

(i) all licenses granted by Novartis to Incyte hereunder with respect to such Terminated Program(s) shall terminate and Incyte shall not have any rights to use or exercise any rights under the Novartis IP;

(ii) Novartis shall be released from its Development and Commercialization obligations with respect to such Terminated Program(s) and any exclusivity and non-compete obligations pertaining solely to such Terminated Program(s);

(iii) Incyte shall provide to Novartis a fair and accurate summary report of the status of the Development and Commercialization of the Licensed Products in such Terminated Program(s) in the Incyte Territory through the effective date of termination within *** after such termination;

(iv) ***;

(v) with respect to the Terminated Program(s), the license granted to Novartis pursuant to Section 2.1 shall remain in effect and all payment obligations under ARTICLE VIII shall remain in effect; provided that with respect to royalties arising after the effective date of termination, Novartis *** payable under Section 8.3(a) as they become due;

(vi) Novartis' rights and Incyte's obligations pursuant to Sections 7.2 and 7.3 shall survive; and

(vii) the provisions of Section 3.2(e) (Joint Intellectual Property Committee) shall remain in effect solely with respect to the INCY0039 Patent Rights; provided that if the JIPC fails to reach unanimous agreement on a matter before it for decision for a period in excess of thirty (30) days, the JIPC representatives appointed by Incyte shall have the deciding vote on such matter.

(c) ARTICLES I (Definitions), IX (Term and Termination), X (Indemnification and Limitation of Liability), XII (Confidentiality), XIII (Dispute Resolution) and XIV (Miscellaneous) and Sections 2.6(a)(iii), 7.1 (Inventorship; Ownership), 8.5 (Financial Records), 8.6 (Audits), 11.5) (Disclaimer of Warranty) and 11.6 (Standstill) shall survive termination or expiration (in accordance with Section 9.1 (Agreement Term) of this Agreement).

(d) Termination of this Agreement shall be in addition to, and shall not prejudice, the Parties' remedies at law or in equity, including the Parties' ability to receive legal damages and/or equitable relief with respect to any breach of this Agreement (including a breach of a representation or warranty set forth in ARTICLE XI), regardless of whether or not such breach was the reason for the termination.

ARTICLE X

INDEMNIFICATION; LIMITATION OF LIABILITY

10.1 By Novartis.

(a) Novartis agrees, at Novartis's cost and expense, to defend, indemnify and hold harmless Incyte and its Affiliates and their respective directors, officers, employees and

agents (the "Incyte Indemnified Parties") from and against any losses, costs, damages, fees or expenses arising out of any Third Party claim relating to (a) any breach by Novartis of any of its representations, warranties or obligations pursuant to this Agreement, (b) the gross negligence or willful misconduct of Novartis, and (c) the Development, manufacture, Commercialization, use, sale or other disposition by Novartis, its Affiliates or sublicensees of any Licensed Compound or Licensed Product; ***.

(b) In the event of any such claim against the Incyte Indemnified Parties by any Third Party, Incyte shall promptly, ***, notify Novartis in writing of the claim. Novartis shall have the right, exercisable by notice to Incyte within *** after receipt of notice from Incyte of the claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the claim (including the right to settle the claim solely for monetary consideration) with counsel selected by Novartis and reasonably acceptable to Incyte; ***. The Incyte Indemnified Parties shall cooperate with Novartis and may, at their option and expense, be separately represented in any such action or proceeding. Novartis shall not be liable for any litigation costs or expenses incurred by the Incyte Indemnified Parties without Novartis's prior written authorization. In addition, Novartis shall not be responsible for the indemnification or defense of any Incyte Indemnified Party to the extent arising from any negligent or intentional acts by any Incyte Indemnified Party or the breach by Incyte of any obligation or warranty under this Agreement, or any claims compromised or settled without its prior written consent.

(c) Notwithstanding anything to the contrary above, in the event of any such claim against the Incyte Indemnified Parties by a governmental or criminal action seeking an injunction against Incyte, Incyte shall have the right to control the defense, litigation, settlement, appeal or other disposition of the claim at Novartis' expense.

10.2 By Incyte.

(a) Incyte agrees, at Incyte's cost and expense, to defend, indemnify and hold harmless Novartis and its Affiliates and their respective directors, officers, employees and agents (the "Novartis Indemnified Parties") from and against any losses, costs, damages, fees or expenses arising out of any Third Party claim relating to (a) any breach by Incyte of any of its representations, warranties or obligations pursuant to this Agreement, or (b) the gross negligence or willful misconduct of Incyte, and (c) the Development, manufacture, Commercialization, use, sale or other disposition by Incyte, its Affiliates or sublicensees of any JAK Licensed Compound, JAK Licensed Product, c-MET Licensed Compound or c-MET Licensed Product; provided, however, that Incyte shall not defend, indemnify nor hold harmless Novartis Indemnified Parties from and against any losses, costs, damages, fees or expenses arising out of any Third Party claims pertaining directly to the Novartis IP.

(b) In the event of any such claim against the Novartis Indemnified Parties by any Third Party, Novartis shall promptly, and in any event within ***, notify Incyte in writing of the claim. Incyte shall have the right, exercisable by notice to Novartis within *** after receipt of notice from Novartis of the claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the claim (including the right to settle the claim solely for monetary consideration) with counsel selected by Incyte and reasonably acceptable to Novartis; provided that the failure to provide timely notice of a claim by a Third Party shall not limit a Novartis Indemnified Party's right for indemnification hereunder except to the extent such failure results in actual prejudice to Incyte; and provided further that before entering into a settlement, Incyte shall provide Novartis with a bond, or other evidence reasonably satisfactory to Novartis that Incyte has readily available funds, in either case in an amount sufficient to indemnify Novartis in full promptly thereafter. The Novartis Indemnified Parties shall cooperate with Incyte and may, at their option and expense, be separately represented in any such action or proceeding. Incyte shall not be liable for any litigation costs or expenses incurred by the Novartis Indemnified Parties without Incyte's prior written authorization. In addition, Incyte shall not be responsible for the indemnification or defense of any Novartis Indemnified Party to the extent arising from any negligent or intentional acts by any Novartis Indemnified Party, or the breach by Novartis of any representation, obligation or warranty under this Agreement, or any claims compromised or settled without its prior written consent.

(c) Notwithstanding anything to the contrary above: (i) in the event of any such claim against the Novartis Indemnified Parties by a governmental or criminal action seeking an injunction against Novartis, or (ii) if at the time that a claim for which indemnification may be sought under this Section 10.2, or at any time thereafter prior to the final resolution of such claim, a Bankruptcy Event of Incyte has occurred, Novartis shall have the right to control the defense, litigation, settlement, appeal or other disposition of the claim at Incyte's expense.

10.3 Limitation of Liability. EXCEPT WITH RESPECT TO A BREACH OF ARTICLE XII OR A PARTY'S LIABILITY PURSUANT TO ARTICLE X, NEITHER PARTY SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE OR OTHER INDIRECT OR REMOTE DAMAGES, OR, EXCEPT WITH RESPECT TO A BREACH OF ARTICLE II OR SECTION 4.1(A) OR (B), FOR LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES, IN EACH CASE ARISING IN ANY WAY OUT OF THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS HEREUNDER, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS.

10.4 Insurance. Each Party shall use all commercially reasonable efforts to maintain Third Party insurance and/or self-insurance, as applicable, including product liability insurance, with respect to its activities hereunder in amounts customary to such insurance and sufficient to meet its obligations under this Agreement, and shall claim upon such insurance policy according to such policy's relevant terms and conditions before relying upon indemnification from the other Party.

ARTICLE XI

REPRESENTATIONS AND WARRANTIES AND COVENANTS

11.1 Representation Of Authority; Consents. Incyte and Novartis each represents and warrants to the other Party that:

(a) as of the Effective Date, it has full right, power and authority to enter into this Agreement;

(b) as of the Effective Date, this Agreement has been duly executed by such Party and constitutes a legal, valid and binding obligation of such Party, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and by general equitable principles and public policy constraints (including those pertaining to limitations and/or exclusions of liability, competition Laws, penalties and jurisdictional issues including conflicts of Laws); and

(c) as of the Effective Date, all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by such Party in connection with the execution, delivery and performance of this Agreement have been and shall be obtained.

11.2 No Conflict. Each Party represents and warrants to the other Party that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate such Party's corporate charter and bylaws or any requirement of applicable Laws and (b) do not and shall not conflict with, violate or breach or constitute a default or require any consent under, any oral or written contractual obligation of such Party. Each Party agrees that it shall not during the term of this Agreement grant any right, license, consent or privilege to any Third Party or otherwise undertake any action, either directly or indirectly, that would conflict with the rights granted to the other Party or interfere with any obligations of such Party set forth in this Agreement.

11.3 Additional Incyte Representations and Warranties. Incyte represents and warrants that, as of the Effective Date, except as disclosed in Schedule 11.3:

(a) Neither it nor any of its Affiliates or any of its or their sublicensees has received written notice of any claim or litigation which alleges any Intellectual Property Rights of a Third Party are infringed by a Licensed Compound or the Development or Commercialization of any Licensed Compound; to the knowledge of Incyte and its Affiliates, none of Incyte or any of its Affiliates has in the past infringed or is currently infringing any Third Party Intellectual Property Rights through activities related to the Licensed Compounds; and to the knowledge of Incyte and its Affiliates, the Development and Commercialization activities contemplated by Incyte under this Agreement, will not infringe the Intellectual Property Rights of any Third Party;

(b) there are no claims, judgments or settlements against or owed by Incyte or any of its Affiliates, nor, to the knowledge of Incyte or any of its Affiliates, any pending reissue,

reexamination, interference, opposition or similar proceedings, with respect to any Licensed Compounds or Incyte IP, and Incyte has not received written notice of any threatened claims or litigation or any reissue, reexamination, interference, opposition or similar proceedings seeking to invalidate or otherwise challenge any Incyte IP;

(c) to the knowledge of Incyte and its Affiliates, no Third Party is infringing any Incyte Patent Rights;

(d) (i) Incyte is the legal and beneficial owner or has the right to grant to Novartis the rights granted herein, to all Incyte IP, (ii) no Third Party has any right, interest or claim in or to such rights that would limit the rights granted to Novartis under this Agreement and (iii) all assignments to Incyte of inventorship rights relating to the Incyte Patent Rights Controlled by Incyte are valid and enforceable;

(e) all fees due to date that are required to maintain the Incyte IP have been paid in full and to Incyte's knowledge, the Incyte IP is valid and enforceable;

(f) Incyte has not granted to any Third Party rights that are inconsistent with Novartis' rights hereunder, including a grant of rights that removed Incyte IP from Incyte's Control and limited the rights granted to Novartis under this Agreement, and there are no agreements or arrangements to which Incyte or any of its Affiliates is a party relating to Licensed Compounds or Incyte IP that would limit the rights granted to Novartis under this Agreement; and

(g) Incyte has disclosed to Novartis all material information known to it and its Affiliates with respect to the safety and efficacy of each of the Licensed Compounds.

11.4 Incyte Covenant. Incyte shall not grant to any Third Party rights that would be inconsistent with Novartis' rights hereunder, including a grant of rights that would remove Incyte IP from Incyte's Control and limit the rights granted to Novartis under this Agreement.

11.5 Disclaimer of Warranty. Nothing in this Agreement shall be construed as a representation made or warranty given by either Party that either Party will be successful in obtaining any Patent Rights, that any patents will issue based on pending applications or that any such pending applications or patents issued thereon will be valid. ALL INCYTE IP TRANSFERRED PURSUANT TO THIS AGREEMENT SHALL BE PROVIDED ON AN "AS IS" BASIS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY EXPRESSLY DISCLAIMS, WAIVES, RELEASES AND RENOUNCES ANY WARRANTY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

11.6 Standstill. Novartis agrees that, for a period commencing on the Effective Date and ending *** after the Effective Date, unless specifically invited in writing to do so by Incyte, Novartis and each of its Affiliates (as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934 (the "Exchange Act") will not in any manner, directly or indirectly:

(a) effect, or seek, offer or propose to effect (whether publicly or otherwise) or cause or participate in, (i) any acquisition of (A) any Voting Stock of Incyte, (B) direct or indirect rights or options to acquire any Voting Stock of Incyte, or (C) assets or securities of Incyte or any of its subsidiaries, (ii) any merger, consolidation, tender or exchange offer, or other business combination involving Incyte or any Affiliate thereof, (iii) any restructuring, recapitalization, liquidation, dissolution or similar transaction with respect to Incyte or any Affiliate thereof, or (iv) any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) or consents with respect to any Voting Stock of Incyte, any "election contest" (as such term is defined or used in Rule 14a-11 of the Exchange Act) with respect to Incyte, or any demand for a copy of Incyte's stock ledger, list of its stockholders, or other books and records;

(b) form, join, participate in or encourage the formation of any "group" (within the meaning of Section 13(d)(3) of the Exchange Act) ("13D Group") with respect to any Voting Stock of Incyte;

(c) otherwise act (other than as contemplated under this Agreement), alone or in concert with others (including by providing financing for another party), to seek or offer to control or influence, in any manner, the management, Board of Directors or policies of Incyte;

(d) take any action that might force Incyte to make a public announcement regarding any of the types of matters set forth in Section 11.6(a) above;

(e) make (publicly or to Incyte, or its directors, officers, employees, agents or security holders, directly or indirectly) any request or proposal to amend, waive or terminate any provision of this Agreement or any inquiry or statement relating thereto; or

(f) instigate, encourage or assist any Third Party to do any of the foregoing; provided that Novartis and its Affiliates may acquire, hold or sell, through their respective treasury departments, an aggregate amount not to exceed *** of the voting power represented by Incyte's Voting Stock solely for the purposes of investment in the ordinary course of business (so long as any decision to make such acquisition or sale is in compliance with United States securities law), *** and provided further that the restrictions set forth in this Section 11.6 shall terminate immediately if: (i) a Person or 13D Group not including Novartis or its Affiliates ***, either (x) Incyte publicly announces its

willingness to consider such proposal or alternative proposals for a transaction described in clause (ii)(A) or (B) below, or (y) the Board of Directors of Incyte determines to engage in negotiations with such Person or 13D Group or any other party other than Novartis or its Affiliates with respect to a transaction described in clause (ii)(A) or (B) below ***, (ii) Incyte or its Affiliates enters in to a letter of intent or definitive agreement with any party other than Novartis

or its Affiliates (A) ***; or (B) which would result in all or substantially all of Incyte's assets being sold to any Person or 13D Group not including Novartis or its Affiliates; (iii) Incyte announces its determination to pursue (w) a transaction described in clause (ii)(A) or (B) above, (x) *** that represents more than *** of the voting power of the outstanding Voting Stock of Incyte, (y) the sale, transfer or disposition of all or substantially all of Incyte's assets or *** with any party other than Novartis or its Affiliates; ***; or (vi) the sale, transfer or disposition to ***; provided, however, that any termination pursuant to clause (i)(B) above shall not permit Novartis or its Affiliates to take any action described in Section 11.6(a)(iv), Section 11.6(b) or Section 11.6(f). In the event that the transactions contemplated by clauses (i), (ii) and/or (iii) shall have been terminated or abandoned, and such termination or abandonment is demonstrable by a press release issued by Incyte (or, in the case of clause ***), then this Section 11.6 shall again be applicable for the remainder of the period specified herein.

Further, nothing in this Section 11.6 shall obligate Novartis or its Affiliates to cause Novartis' or its Affiliates' advisors (including financial advisors, attorneys, accountants and consultants) to comply with the terms of this Section 11.6 when acting on their own behalf or on behalf of Third Parties.

ARTICLE XII

CONFIDENTIALITY

12.1 Confidential Information. All Confidential Information of a Party ("Disclosing Party") shall not be used by the other Party (the "Receiving Party") except in performing its obligations or exercising rights explicitly granted under this Agreement and shall be maintained

in confidence by the Receiving Party and shall not otherwise be disclosed by the Receiving Party to any Third Party, without the prior written consent of the Disclosing Party with respect to such Confidential Information, except to the extent that the Confidential Information:

(a) was known by the Receiving Party or its Affiliates prior to its date of disclosure to the Receiving Party; or

(b) is lawfully disclosed to the Receiving Party or its Affiliates by sources other than the Disclosing Party rightfully in possession of the Confidential Information; or

(c) becomes published or generally known to the public through no fault or omission on the part of the Receiving Party, its Affiliates or its sublicensees; or

(d) is independently developed by or for the Receiving Party or its Affiliates without reference to or reliance upon such Confidential Information, as established by written records.

Specific information shall not be deemed to be within any of the foregoing exclusions merely because it is embraced by more general information falling within those exclusions.

12.2 Permitted Disclosure. The Receiving Party may provide the Disclosing Party's Confidential Information:

(a) to the Receiving Party's respective employees, consultants and advisors, and to the employees, consultants and advisors of such Party's Affiliates, who have a need to know such information and materials for performing obligations or exercising rights expressly granted under this Agreement and have an obligation to treat such information and materials as confidential;

(b) to patent offices in order to seek or obtain Patent Rights or to Regulatory Authorities in order to seek or obtain approval to conduct Clinical Trials or to gain Regulatory Approval with respect to the Licensed Product as contemplated by this Agreement; provided, that such disclosure may be made only following reasonable notice to the Disclosing Party and to the extent reasonably necessary to seek or obtain such Patent Rights or approvals; or

(c) if such disclosure is required by Law or to defend or prosecute litigation or arbitration; provided, that prior to such disclosure, to the extent permitted by Law, the Receiving Party promptly notifies the Disclosing Party of such requirement and furnishes only that portion of the Disclosing Party's Confidential Information that the Receiving Party is legally required to furnish.

12.3 Publicity; Attribution; Terms of this Agreement; Non-Use of Names.

(a) Except as required by judicial order or applicable Law or as set forth below, neither Party shall make any public announcement concerning this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. The Party preparing any such public announcement shall provide the other Party with a draft thereof at least *** prior to the date on which such Party would like

to make the public announcement. Notwithstanding the foregoing, the Parties shall each issue a separate press release, in the forms attached as Exhibit G, within one (1) Business Day after the Effective Date to announce the execution of this Agreement and describe the material financial and operational terms of this Agreement. Neither Party shall use the name, trademark, trade name or logo of the other Party or its employees in any publicity or news release relating to this Agreement or its subject matter, without the prior express written permission of the other Party.

(b) Notwithstanding the terms of this ARTICLE XII,

(i) either Party shall be permitted to disclose the existence and terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable Laws, including the rules and regulations promulgated by the SEC or any other governmental authority. Notwithstanding the foregoing, before disclosing this Agreement or any of the terms hereof pursuant to this Section 12.3(b), the Parties will coordinate in advance with each other in connection with the redaction of certain provisions of this Agreement with respect to any filings with the SEC, London Stock Exchange, the UK Listing Authority, NYSE, the NASDAQ Stock Market or any other stock exchange on which securities issued by a Party or a Party's Affiliate are traded, and each Party will use Commercially Reasonable Efforts to seek confidential treatment for such terms as may be reasonably requested by the other Party; provided that each Party will ultimately retain control over what information that Party discloses to their relevant exchange, and provided further that the Parties will use their Commercially Reasonable Efforts to file redacted versions with any governing bodies which are consistent with redacted versions previously filed with any other governing bodies. Other than such obligation, neither Party (nor its Affiliates) will be obligated to consult with or obtain approval from the other Party with respect to any filings to the SEC, London Stock Exchange, the UK Listing Authority, NYSE, the NASDAQ Stock Market or any other stock exchange

(ii) Either Party may disclose the existence and terms of this Agreement in confidence to its attorneys and advisors, and to potential acquirers (and their respective professional attorneys and advisors), in connection with a potential merger, acquisition or reorganization and to existing and potential investors or lenders of such Party, as a part of their due diligence investigations, or to existing and potential licensees or sublicensees or to permitted assignees, in each case under an agreement to keep the terms of confidentiality and non-use substantially no less rigorous than the terms contained in this Agreement and to use such information solely for the purpose permitted pursuant to this Section 12.3(b).

(iii) Either Party may issue a press release or make a public disclosure relating to this Agreement or the Supply Agreement or the Parties' activities under this Agreement to the extent that such disclosure describes the commencement and/or "top-line" results of Clinical Trials of the Licensed Product, the achievement of any Development events with respect to the Licensed Product or the filing for or receipt of Regulatory Approval with respect to the Licensed Product, amounts paid to either Party in respect of the achievement of any milestone events, or the termination of this Agreement. Prior to making any such disclosure, the Party making the disclosure shall provide the other Party with a draft of such proposed disclosure at least *** (or, to the extent timely disclosure of a material event is required by Law or stock exchange or stock market rules, such period of time sufficiently in advance of the disclosure so that the other Party will have the opportunity to comment upon the

disclosure) prior to making any such disclosure, for the other Party's review and comment, which shall be considered in good faith by the disclosing Party.

(c) For purposes of clarity, either Party may issue a press release or public announcement or make such other disclosure relating to this Agreement if the contents of such press release, public announcement or disclosure (i) has previously been made public other than through a breach of this Agreement by the issuing Party or its Affiliates or (ii) is contained in such Party's financial statements prepared in accordance with Accounting Standards.

12.4 Publications. Each Party and its Affiliates shall have the right to make disclosures pertaining to Licensed Compound or Licensed Product to Third Parties in Publications in accordance with the following procedure: The publishing Party shall provide the non-publishing Party with an advance copy of the proposed Publication, and each Party shall then have *** prior to submission for any Publication in which to recommend any changes it reasonably believes are necessary to preserve any Patent Rights or Know-How belonging in whole or in part to the non-publishing Party. If the non-publishing Party informs the publishing Party that such Publication, in the non-publishing Party's reasonable judgment, could be expected to have a material adverse effect on any patentable invention owned by or licensed, in whole or in part, to the non-publishing Party (other than pursuant to a license granted under this Agreement), or on any Know-How which is Confidential Information of the non-publishing Party, the publishing Party shall delay or prevent such Publication as follows: (i) with respect to a patentable invention, such Publication shall be delayed sufficiently long (not to exceed ***) to permit the timely preparation and filing of a patent application; and (ii) with respect to Know-How which is Confidential Information of such non-publishing Party, such Know-How shall be deleted from the Publication. Each Party shall have the right to present its Publications, which Publications shall be subject to the requirements in this Section 12.4, at scientific conferences, including at any conferences in any country in the world.

12.5 Term. All obligations under this ARTICLE XII shall expire (i) *** following expiration of this Agreement pursuant to Section 9.1, (ii) *** following termination of this Agreement pursuant to Section 9.2(b), or (iii) *** following termination of this Agreement pursuant to Section 9.2(a) or 9.2(c).

12.6 Return of Confidential Information. Upon the expiration or termination of this Agreement, the Receiving Party shall return to the Disclosing Party all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof). In addition, the Receiving Party shall destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, upon written request of the Disclosing Party, the Receiving Party shall destroy all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof) and any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party. Nothing in this Section 12.6 shall require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided that the Receiving Party shall continue to be bound by its obligations of

confidentiality and other obligations under this ARTICLE XII with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information shall be certified in writing to the Disclosing Party by an authorized officer of the Receiving Party supervising such destruction. Notwithstanding the foregoing, (i) the Receiving Party's legal counsel may retain one copy of the Disclosing Party's Confidential Information solely for the purpose of determining the Receiving Party's continuing obligations under this ARTICLE XII and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents (A) to the extent reasonably required (i) to exercise the rights and licenses of the Receiving Party expressly surviving expiration or termination of this Agreement; (ii) to perform the obligations of the Receiving Party expressly surviving expiration or termination of this Agreement; or (B) to the extent it is impracticable to do so

without incurring disproportionate cost. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE XII.

ARTICLE XIII

DISPUTE RESOLUTION

13.1 Dispute Resolution Process. Matters before the JSC and subcommittees shall be governed by the process specified in Section 3.5. Any controversy, claim or dispute arising out of or relating to this Agreement that is not subject to Section 3.5, shall be settled, if possible, through good faith negotiations between the Parties. If the Parties are unable to settle such dispute within ***, and a Party wishes to pursue the matter, the matter may be referred by either Party to the Executive Officers, who shall meet to attempt to resolve the dispute in good faith. Such resolution, if any, of a referred issue shall be final and binding on the Parties. All negotiations pursuant to this Section 13.1 are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Executive Officers are unable to settle the dispute within *** after referral thereto pursuant to Section 13.1, then each Party reserves its right to any and all remedies available under law or equity with respect to the dispute, subject to Section 13.2.

13.2 Injunctive Relief. Notwithstanding anything to the contrary in this ARTICLE XIII, any Party may seek immediate injunctive or other interim relief from any court of competent jurisdiction as necessary to enforce the provisions of Section 11.6 or ARTICLE XII and to enforce and prevent infringement or misappropriation of the Patent Rights, Know-How or Confidential Information Controlled by such Party.

ARTICLE XIV

MISCELLANEOUS

14.1 Governing Law. This Agreement (and any claims or disputes arising out of or related thereto or to the transactions contemplated thereby or to the inducement of any party to enter therein, whether for breach of contract, tortious conduct, or otherwise and whether predicated on common law, statute or otherwise) shall in all respects be governed by and

construed in accordance with the laws of the State of New York, including all matters of construction, validity and performance, in each case without reference to any conflict of law rules that might lead to the application of the laws of any other jurisdiction.

14.2 Consent to Jurisdiction. Each Party irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or the United States District Court for the District of Delaware, for the purposes of any suit, action or other proceeding arising out of the Transaction. Each Party agrees to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or the United States District Court for the District of Delaware or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each Party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth in Section 14.6 shall be effective service of process for any action, suit or proceeding in New York or Delaware with respect to any matters to which it has submitted to jurisdiction in this Section 14.2. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in (i) the United States District Court for the Southern District of New York or (ii) the United States District Court for the District of Delaware, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

14.3 Assignment.

(a) Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party, except that without prior written consent of the other Party (A) Novartis may make such assignment to a Novartis Group Member, (B) Incyte may make such assignment to an Incyte Group Member, and (C) either Party may make such assignment to a Third Party to whom a Party is required to, or reasonably believes that it will be required to, divest any Novartis IP or Incyte IP, as the case may be, to the extent necessary to comply with Law or the order of any governmental authority as a result of such transaction (so long as in each such case such Party shall remain jointly and severally liable with such assignee with respect to all obligations so assigned). Any request for consent to assignment shall not be unreasonably withheld or delayed. Any purported assignment in contravention of this Section 14.3 shall, at the option of the non-assigning Party, be null and void and of no effect. No assignment shall release either Party from responsibility for the performance of any accrued obligation of such Party hereunder. This Agreement shall be binding upon and enforceable against the successor to or any permitted assignee from either of the Parties.

(b) Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary:

(i) either Party may assign this Agreement and the rights, obligations and licenses granted hereunder to a Third Party in connection with a sale or transfer of all or substantially all of the assigning Party's business to which this Agreement relates or if a Party merges or consolidates with a Third Party.

*** Confidential material redacted and filed separately with the Commission.

(ii) in the event that this Agreement is assigned by either Party in connection with a sale or transfer of all or substantially all of the assigning Party's business to which this Agreement relates, such assignment shall not provide (A) the non-assigning Party with rights or access to Intellectual Property Rights of the assignee or acquirer of such Party, nor (B) the assignee or acquirer with rights or access to Intellectual Property Rights of the non-assigning Party.

14.4 Change of Control.

(a) In the event of any Change of Control of Incyte, Incyte shall notify Novartis promptly, but in no event later than *** following such Change of Control. Novartis shall have the right, by providing written notice within *** following any such notice of Change of Control, to elect to terminate any or all of Incyte's rights under, or delete, in whole or in part, from this Agreement: Sections *** and ***. If Novartis makes any election as provided in this Section 14.4 to delete any Section, the Parties agree to adopt the replacement provisions set forth in Exhibit H in place of the relevant Sections in this Agreement, and no Party shall have any further obligations with respect to any such deleted Section. For the avoidance of doubt, Novartis shall be entitled, in its sole discretion, to make the elections provided for in this Section 14.4(a) upon each occurrence of a Change of Control.

(b) In the event of any Change of Control of Novartis, Novartis shall notify Incyte promptly, but in no event later than *** following such Change of Control. Incyte shall have the right, by providing written notice within*** following any such notice of Change of Control, to elect to terminate any or all of Novartis' rights under, or delete, in whole or in part, from this Agreement: Sections *** and ***. If Incyte makes any election as provided in this Section 14.4 to delete any Section, the Parties agree to adopt the replacement provisions set forth in Exhibit H in place of the relevant Sections in this Agreement, and no Party shall have any further obligations with respect to any such deleted Section. For the avoidance of doubt, Incyte shall be entitled, in its sole discretion, to make the elections provided for in this Section 14.4(b) upon each occurrence of a Change of Control.

(c) In the event of a Change of Control of a Party, the Development or Commercialization of a compound or product that, as of the date of such Change of Control, is being Developed or Commercialized by the acquirer of such Party or any Affiliate controlled by (as "controlled by" is defined in Section 1.3) such acquirer, shall not constitute a breach of this Agreement; provided that (i) such acquirer or Affiliate keeps such Development or Commercialization program for such other product separate from the Development and Commercialization programs for Licensed Products and (ii) the Party that experienced the Change of Control continues to meet its obligations hereunder.

(d) In the event that any Group Company of a Party enters into an agreement with any Person pursuant to which a Change of Control would occur upon the closing of the transactions contemplated by such agreement, then during the period between entry into such agreement and the occurrence of the related Change of Control, the Party not entering into such agreement may elect to suspend the sharing of information and conduct of meetings

contemplated in Sections *** and ***, in whole or in part, provided that if such agreement is subsequently terminated without the occurrence of the related Change of Control, then the Party not entering into such agreement may no longer elect to suspend such sharing of information and conduct of meetings.

14.5 Entire Agreement; Amendments. This Agreement, the Supply Agreement and the Exhibits referred to in this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous arrangements with respect to the subject matter hereof, whether written or oral, including the Prior Confidentiality Agreement. Any amendment or modification to this Agreement shall be made in writing signed by both Parties.

14.6 Notices. Notices to Incyte shall be addressed to:

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road
Wilmington, Delaware 19880
Attention: Chief Commercial Officer
Facsimile No.: ***

with a copy to:

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road
Building E336
Wilmington, Delaware 19880
Attention: General Counsel
Facsimile No.: ***

Notices to Novartis shall be addressed to:

Novartis International Pharmaceutical Ltd.
Attention: Board of Directors

Physical Address:

131 Front Street, Hamilton HM12
Bermuda

Mailing Address:
P.O.Box 2899
Hamilton HM LX
Bermuda
Facsimile No.: ***

with a copy to:

Allen & Overy LLP
1221 Avenue of the Americas
New York, New York 10020
Attention: Eric Shube
Facsimile No.: ***

Either Party may change its address to which notices shall be sent by giving notice to the other Party in the manner herein provided. All reports, approvals, and notices required or permitted by this Agreement to be given to a Party (each a "Notice") shall be given in writing, by personal delivery, telecopy or overnight courier, to the Party concerned at its address as set forth above (or at such other address as a Party may specify by written notice pursuant to this Section 14.6 to the other). All Notices shall be deemed effective, delivered and received (a) if given by personal delivery, or by overnight courier, when actually delivered and signed for, or (b) if given by facsimile, when such facsimile is transmitted to the facsimile number specified above and receipt therefor is confirmed.

14.7 Force Majeure. No failure or omission by either Party in the performance of any obligation of this Agreement shall be deemed a breach of this Agreement or create any liability if the same shall arise from any Force Majeure Event; provided that the Party affected by such Force Majeure Event promptly notifies the other Party and uses diligent efforts to cure such failure or omission as soon as is practicable after the occurrence of one or more Force Majeure Events.

14.8 Compliance With Laws. Each Party shall perform its obligations under this Agreement in compliance with all applicable Laws.

14.9 Use Of Names, Logos Or Symbols. Subject to Sections 6.5 and 12.3, no Party shall use the name, trademarks, logos, physical likeness, employee names or owner symbol of the other Party for any purpose, including private or public securities placements, without the prior written consent of the affected Party. Nothing contained in this Agreement shall be construed as granting either Party any rights or license to use any of the other Party's trademarks or trade names or the names of any employees thereof, without separate, express written permission of the owner of such trademark or trade name or name.

14.10 Independent Contractors. It is understood and agreed that the relationship between the Parties is that of independent contractors and that nothing in this Agreement shall be construed to create a joint venture or any relationship of employment, agency or partnership between the Parties to this Agreement. Neither Party is authorized to make any representations, commitments, or statements of any kind on behalf of the other Party or to take any action that would bind the other Party except as explicitly provided in this Agreement. Furthermore, none of the transactions contemplated by this Agreement shall be construed as a partnership for any tax purposes.

14.11 Headings. The captions or headings of the sections or other subdivisions hereof are inserted only as a matter of convenience or for reference and shall have no effect on the meaning of the provisions hereof.

14.12 No Implied Waivers; Rights Cumulative. No failure on the part of Incyte or Novartis to exercise, and no delay by either Party in exercising, any right, power, remedy or privilege under this Agreement, or provided by statute or at law or in equity or otherwise, shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege by such Party or be construed as a waiver of any breach of this Agreement or as an acquiescence therein by such Party, nor shall any single or partial exercise of any such right, power, remedy or privilege by a Party preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege.

14.13 Severability. If, under applicable Laws, any provision of this Agreement is invalid or unenforceable, or otherwise directly or indirectly affects the validity of any other material provision(s) of this Agreement (such invalid or unenforceable provision, a "Severed Clause"), this Agreement shall endure except for the Severed Clause. The Parties shall consult one another and use good faith efforts to agree upon a valid and enforceable provision that is a reasonable substitute for the Severed Clause in view of the intent of this Agreement.

14.14 Execution In Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures provided by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail shall be deemed to be original signatures.

14.15 No Third Party Beneficiaries. No Person other than Novartis and Incyte (and their respective assignees) shall be deemed an intended beneficiary hereunder or have any right to enforce any obligation of this Agreement.

14.16 Exhibits. In the event of inconsistencies between this Agreement and any exhibits or attachments hereto, the terms of this Agreement shall control.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute and acknowledge this Agreement as of the date first written above.

NOVARTIS INTERNATIONAL PHARMACEUTICAL LTD. INCYTE CORPORATION

By: /s/ Simon Zivi
Name: Simon Zivi
Title: Director

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: CEO

NOVARTIS INTERNATIONAL PHARMACEUTICAL LTD.

By: /s/ Michael Jones
Name: Michael Jones
Title: Director

Exhibit A

Incyte Patent Rights

*** Confidential material redacted and filed separately with the Commission.

A-1

c-MET Patent Rights

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*** Confidential material redacted and filed separately with the Commission.

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A-2

JAK Patent Rights

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Exhibit B

Initial Information Transfer to Novartis

Described below are the items to be provided to Novartis by Incyte pursuant to Section 4.1(a)(i) of the Agreement, which include the material documents, information and data listed in this Exhibit B that are recorded in tangible form that are Incyte Know-How for c-MET Licensed Products and JAK Licensed Products, to the extent each of which exists as of the Effective Date and has not already been provided to Novartis. Within sixty (60) days after the Effective Date, Novartis will confirm in writing to Incyte whether Incyte's initial data transfer obligations, as described in Section 4.1(a)(i) of the Agreement, have been achieved. Subject to Section 4.3(c) of the Agreement, additional data may be requested by Novartis, and such requests as reasonably agreed will be addressed by Incyte in a timely fashion.

Clinical & Regulatory Documents and Information

- Clinical study related documents, information and data that are recorded in tangible form, including those currently possessed by CROs and other third party vendors
- Regulatory Authority submissions, correspondence and all communications, including minutes from teleconferences and contact reports (US and ex-US)
- Regulatory Authority meeting briefing documents and related minutes (US and ex-US)
- Pre-IND submissions
- IND submissions
- Annual reports to IND(s)
- CTA/IMPD submissions
- Annual Safety Reports submissions
- Investigator's Brochures and any updates thereto
- Safety reports (CIOMSs and/or Medwatch reports)
- Documents related to serious adverse events ("SAEs")
- Investigator Safety Letters, actions taken for safety reasons, and other relevant safety information
- Safety pharmacology and toxicology study related documents, information and data that are recorded in tangible form
- Pharmacology and Absorption, Distribution, Metabolism, and Excretion (ADME) related documents, information and data that are recorded in tangible form

c-MET Licensed Compound Documents

Incyte may retain (x) copies of all documents, information and data, including regulatory submissions, correspondence, and clinical trial data; (y) originals of regulatory submissions, correspondence, and clinical trial data until fifteen (15) Business Days after responsibility for the relevant regulatory filing or clinical trial has been transferred to Novartis in accordance with the Agreement and this Exhibit B, and (z) any other original documents, information and data to the extent, and only for as long as, required by Incyte to carry out its research and Development responsibilities under the Agreement, including Incyte's conduct of the Phase I study for INCB-28060 ("Study 28060-101"). Incyte will provide both a shared electronic depository and paper copies of all requested documents, information and data where both electronic and paper versions are currently available.

JAK Licensed Compound Documents

Incyte may retain (x) originals of all documents, information and data, including regulatory submissions, correspondence, and clinical trial data and (y) originals of regulatory submissions, correspondence, and clinical trial data directly related to Study 352 until fifteen (15) Business Days after responsibility for the relevant regulatory filing or clinical trial has been transferred to Novartis in accordance with the Agreement and this Exhibit B. Incyte will provide both a shared electronic depository and paper copies of all requested documents, information and data where both electronic and paper versions are currently available.

Manufacturing Know-How

Incyte will prepare and compile an inventory of relevant documents and transfer all Incyte Know-How for manufacturing c-MET Licensed Products and JAK Licensed Products including, but not limited to: laboratory notebook data, batch records, process data, stability data, summary reports, formulation folders, analytical methods, development reports, quality and regulatory documentation, validation reports and other material data related to the development, manufacturing, and/or distribution of Drug Substance and Drug Product. As part of the Know-How transfer, Incyte shall cooperate with Novartis to establish

a transfer protocol and make resources available at Incyte's cost to enable the successful execution of the transfer protocol. Additionally, Incyte will disclose and transfer as necessary, any vendor sourcing and/or contracting information that Novartis may request.

Exhibit C

*** Confidential material redacted and filed separately with the Commission.

C-1

Out-of-Pocket Costs

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C-2

Clinical Supply Agreement

This Clinical Supply Agreement (this "Supply Agreement") is entered into as of [ ] between Incyte Corporation, a Delaware corporation having an office at Experimental Station, Route 141 & Henry Clay Road, Wilmington, Delaware ("Incyte"), and **[**Novartis International Pharmaceuticals Ltd.**]**, a [ ] having an office at [ ] ("Novartis"). Novartis and Incyte are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

WHEREAS, Incyte and Novartis have entered into a Collaboration and License Agreement, dated , 2009 ("Collaboration and License Agreement"); and

WHEREAS, Pursuant to the Collaboration and License Agreement, Incyte (or its designees) has agreed to manufacture, handle and supply the Drug Substance or the Drug Substance intermediate and Drug Product required by Novartis for use in Clinical Trials in accordance with the Development Plan on the terms and conditions set out in (i) this Supply Agreement and (ii) the Collaboration and License Agreement.

NOW THEREFORE, the Parties hereby agree as follows:

1. Defined Terms

Terms defined in the Collaboration and License Agreement shall have the same meaning when used in this Supply Agreement, unless expressly stated otherwise.

2. Supply and Packaging

2.1 In accordance with Section 5.1(b) of the Collaboration and License Agreement, Incyte agrees to use Commercially Reasonable Efforts to supply Novartis with any agreed Drug Substance intermediate, the Drug Substance and the Drug Product for use in the Clinical Trials on and subject to the terms and conditions of: (a) this Supply Agreement and (b) the Collaboration and License Agreement.

2.2 The Drug Substance intermediate, the Drug Substance and Drug Product delivered by Incyte pursuant to this Supply Agreement shall have attached an agreed form of label.

2.3 Incyte may either itself package the Drug Substance and Drug Product ("Clinical Supplies"), or use a Third Party or Affiliate subcontractor. The Out-of-Pocket cost and expense of packaging will be charged by Incyte to Novartis. Alternatively, Novartis may undertake the packaging itself or through a Third Party contractor at its own expense

2.4 For Clinical Supplies other than for Study 352, Incyte (or alternatively, Novartis) shall manufacture or purchase from a Third Party or Affiliate subcontractor the labels and packaging materials for the Clinical Supplies, in accordance with specifications to be agreed between the Parties in writing, and shall conduct quality assurance testing as

stipulated in a separate SOP agreed between the Parties. Both Parties shall be responsible for the design of all art work for such labels and packaging materials.

2.5 Each Party shall at all times comply with all Laws applicable to it in connection with the importation, supply and use of the Clinical Supplies.

3. Forecasts and Orders

3.1 Incyte and Novartis will mutually agree, on a monthly basis, to a rolling forecast of the quantities of Clinical Supplies required to carry out the Clinical Trials in accordance with the relevant Development Plan (each a "**Clinical Trial Forecast**").

3.2 Incyte and Novartis will mutually agree in the applicable JDC on a Clinical Supply plan for the Drug Substance intermediate, Drug Substance, and Drug Product and on the responsibilities of each Party in implementing the Clinical Supply plan, including a delivery date for each batch of Clinical Supplies to be delivered by Incyte to Novartis in accordance with paragraph 4.2. Based on this agreed Clinical Supply plan, Novartis will provide Incyte with a written signed request for Clinical Supplies, which shall constitute a binding order by Novartis (a "**Clinical Trial Order**"). The JDC shall track the actual use of the Clinical Supplies in accordance with the Development Plan to determine if any significant deviation occurs between the quantity used in the Clinical Trials and the Clinical Trial Forecast. If mutually agreed by Incyte and Novartis, Novartis may request changes to the delivery date(s), and the quantities of Clinical Supplies to be delivered on each delivery date, provided it gives Incyte at least *** written notice in advance of the agreed delivery date.

3.3 Incyte shall use Commercially Reasonable Efforts to meet all orders placed by Novartis which are within the Clinical Trial Forecast by the delivery dates agreed on by the Parties, in accordance with Incyte's standard terms of delivery. Novartis agrees to purchase from Incyte all Clinical Supplies manufactured for Novartis by Incyte according to the Clinical Trial Orders, and use the Drug Substance intermediate, Drug Substance and Drug Product supplied by Incyte for the Clinical Trials.

3.4 Where a shortage in Clinical Supplies occurs while clinical trials in the Novartis Territory are ongoing, Incyte shall use Commercially Reasonable Efforts to supply Clinical Supplies as necessary for the conduct of all ongoing Clinical Trials of the Clinical Supplies.

4. Allocation, delivery and acceptance testing

4.1 Incyte shall be responsible for and shall conduct either by itself or by assigning a Third Party or Affiliate subcontractor the allocation of Clinical Supplies before delivery to Novartis. All costs and expenses relating to the allocation of Clinical Supplies shall be charged by Incyte to Novartis in accordance with paragraph 6.

4.2 Incyte (or any of its Affiliates) shall deliver the Clinical Supplies to Novartis, at Novartis's cost and expense. For the avoidance of doubt, Novartis shall be responsible for delivery of the Clinical Supplies to the site(s) of the Clinical Trials, and for all costs

and expenses relating thereto. Incyte shall use Commercially Reasonable Efforts to deliver the Clinical Supplies specified in Novartis's firm order to meet the requirements of the Development Plan.

4.3 Incyte shall conduct at Novartis's cost and expense appropriate release tests for the Drug Substance intermediate, Drug Substance and Drug Product as agreed between the Parties in a Quality Agreement.

4.4 Before delivery to Novartis, Incyte shall at its cost and expense conduct an acceptance test to check the quality of the Clinical Trial Order in order to determine whether the Clinical Trial Order has any observable defects. Incyte shall not package or deliver to Novartis any Clinical Supplies which have observable defects.

5. Clinical Products Standards

Incyte shall manufacture, handle and supply, or shall require its Third Party or Affiliate manufacturer, as applicable, to manufacture, handle and supply, all Clinical Supplies supplied by Incyte or its Affiliate to Novartis pursuant to this Supply Agreement and in conformance with appropriate international and country specific regulatory standards for cGMP compliance.

6. Fees, costs and expenses

6.1 Incyte (or Incyte Affiliate) shall invoice Novartis upon each delivery of the Clinical Supplies, for Incyte's *** for the supply of Clinical Supplies under this Supply Agreement, which Novartis shall pay in full within *** after receipt.

7. Duration and Termination

7.1 Without prejudice to paragraph 7.2, this Supply Agreement shall commence on the date of this Supply Agreement and shall continue in force until the earlier of: (i) Novartis' written notice of a termination of this Supply Agreement for convenience; (ii) the completion of all Clinical Trials and completion of performance of the obligations of both Parties hereunder; (iii) commercial launch of a JAK Licensed Product in the Novartis Territory for a myeloproliferative disease; or (iv) termination or the expiry of the Collaboration and License Agreement, whereupon it shall terminate.

7.2 If this Supply Agreement terminates as a result of (i) paragraph 7.1(i) or (ii) termination (but not expiry) of the Collaboration and License Agreement, the terms of this Supply Agreement shall continue to apply to all outstanding orders for Clinical Supplies that have been accepted by

Incyte and Novartis shall pay Incyte in accordance with the terms of this Supply Agreement for all Clinical Supplies delivered to it in accordance with such outstanding orders.

8. General

ARTICLE XI (Representations and Warranties), Section 12.1 (Confidential Information), Section 12.2 (Permitted Disclosure), Section 12.6 (Return of Confidential Information),

ARTICLE XIII (Dispute Resolution) and ARTICLE XIV (Miscellaneous) of the Collaboration and License Agreement shall be incorporated into this Supply Agreement, *mutatis mutandis*.

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute and acknowledge this Supply Agreement as of the date first written above.

NOVARTIS INTERNATIONAL PHARMACEUTICAL LTD.	INCYTE CORPORATION
By: _____	By: _____
Name:	Name:
Title:	Title:

Exhibit D

Initial Development Plans

Exhibit D-1

c-MET Development Plan

Conduct of study in accordance with the protocol existing as of the Effective Date for c-MET Licensed Compound INCB28060, Study 101.

*** Confidential material redacted and filed separately with the Commission.

Exhibit D-2

JAK Development Plan

A. Conduct of study in accordance with the protocol existing as of the Effective Date for JAK Licensed Compound INCB018424, Study 352.

B. ***.

C. ***.

Exhibit E

c-MET Studies

A. Initial Phase I Study in cancer patients, such study to be conducted in accordance with a mutually agreeable protocol. Incyte shall be responsible for all decisions with respect to the conduct of such Phase 1 Study and shall pay all costs in connection with such study until achievement of (i) plasma IC90, (ii) demonstrated IC90 tumor inhibition in at least three (3) subjects and (iii) completion of the food effect portion of the study as outlined in the protocol for study INCB28060 101. Thereafter, Novartis shall become responsible for any further Development as well as any additional costs.

B. 3-month toxicology study in rat, such study to be conducted in accordance with a mutually agreeable protocol

Exhibit F

Study 351 and Study 352

*** Confidential material redacted and filed separately with the Commission.

Exhibit F-1

Out-of-Pocket Costs for Toxicology Studies

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*** Confidential material redacted and filed separately with the Commission.

Exhibit F-2

Study 352

Out-of-Pocket Costs for EMEA Registration Study

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Exhibit G

Press Release

Pamela M. Murphy
Vice President, Investor Relations/Corporate Communications
302/498-6944

Incyte Announces Major Collaboration and License Agreement for Two Hematology-Oncology Programs

Novartis to Develop and Commercialize Incyte's Lead JAK1/JAK2 Inhibitor, INCB18424, for Territories Outside the US and Incyte's cMET inhibitor, INCB28060, Worldwide

Incyte May Receive Over $1 Billion in Payments, including $150 Million Upfront Plus an Immediate $60 Million Development Milestone in Addition to Future Potential Milestones and Royalties

WILMINGTON, DE, November 25, 2009 — Incyte Corporation (NASDAQ: INCY) announced today that it has entered into a collaboration and license agreement with Novartis for two of its investigational hematology-oncology therapies: INCB18424, an oral JAK1/JAK2 inhibitor that is in Phase III development for myelofibrosis, a serious life-threatening neoplastic condition characterized by varying degrees of bone marrow failure, splenic enlargement and debilitating constitutional symptoms, and INCB28060, an oral cMET inhibitor that is about to enter Phase I development as a potential treatment for multiple cancers.

Paul A. Friedman, Incyte's president and CEO, stated, "This agreement reflects our objective to retain US rights to INCB18424 and puts us in a strong position to transition Incyte into a successful commercial company with sufficient resources to continue to advance other promising compounds in our pipeline. Additionally, the appreciation from Novartis for INCB18424's potential to treat the unmet patient need in myelofibrosis and other cancers, and their proven success in rapidly commercializing new targeted oncology treatments, were determining factors in our decision to choose Novartis as our collaborative partner."

Under the terms of the agreement, Incyte will retain exclusive rights for the development and potential commercialization of INCB18424 in the US. Novartis will have responsibility for the future development and commercialization of INCB18424 in all hematology—oncology indications outside of the US. Novartis will also be responsible for the future worldwide development of INCB28060.

Novartis will make an upfront payment of $150 million to Incyte plus an immediate $60 million milestone payment for the initiation of the European Phase III trial of INCB18424, COMFORT-II, that began in July of this year. Novartis will receive ex-US commercialization rights for Incyte's lead JAK inhibitor and global commercialization rights for the cMET inhibitor. Each company will be responsible for costs in their respective territories for the JAK inhibitor, with costs of collaborative studies shared

equally. Incyte may also be eligible over time for additional payments of up to approximately $1.1 billion if future contingent development and commercialization milestones are achieved. Incyte is also eligible to receive tiered, double-digit royalty payments on future ex-US INCB18424 sales. Novartis will be responsible for all costs and activities for the cMET inhibitor after the Phase I clinical trial. Incyte is eligible to receive royalties on future sales of INCB28060 and has retained an option to co-develop and co-promote INCB28060.

About Myeloproliferative Neoplasms (MPNs)

MPNs are a related group of hematological neoplasms characterized by dysfunction of the bone marrow resulting in either over production of blood cells or ineffective hematopoiesis leading to production of blood cells in the spleen and resulting in massive splenomegaly. The three main MPNs are polycythemia vera (PV), essential thrombocythemia (ET) and myelofibrosis (MF). Approximately 10 to 20% of patients with PV and ET progress to MF and MF can also develop without a prior history of PV or ET. There are no adequately effective therapies to treat these disorders.

About INCB18424

INCB18424 is Incyte's lead internally developed JAK1/JAK2 inhibitor that has shown positive clinical activity in a number of hematology and inflammatory conditions. The compound is currently in Phase III for patients with MF and Phase II for patients with advanced PV and ET. Incyte has retained rights to develop a topical formulation of INCB18424 which has demonstrated positive clinical results in a recently completed Phase IIb trial in patients with mild to moderate psoriasis.

About INCB28060

cMET is a validated target with significant potential in multiple major oncology indications. INCB28060 is a potent cMET inhibitor that has demonstrated favorable pharmacologic activity in relevant cell and animal models and has demonstrated in those models that it can be dosed safely to achieve levels of cMET inhibition that are associated with tumor regression in multiple solid tumors. The investigational new drug application has been cleared by the US Food and Drug Administration.

About Incyte

Incyte Corporation is a Wilmington, Delaware-based drug discovery and development company focused on developing proprietary small molecule drugs for oncology, inflammation and diabetes. Incyte's most advanced compound, INCB18424, is in Phase III development for myelofibrosis. For additional information on Incyte, visit the Company's web site at www.incyte.com.

Forward-Looking Statements

Except for the historical information contained herein, the matters set forth in this press release, including statements with respect to the potential to receive up to approximately $1.1 billion in future contingent milestone payments, plans and timing for

INCB28060 to enter Phase I development as a potential treatment for multiple cancers, statements regarding being put in a strong position to transition into a successful commercial company with sufficient resources to continue to advance other promising compounds in the pipeline, the potential indications and benefits of INCB18424 and INCB28060, 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 the parties not to achieve some or all of the commercial and developmental milestones set forth in the collaboration agreement and that may otherwise cause Incyte's actual results and timing to differ materially, including the high degree of risk and uncertainty associated with drug development and clinical trials, the uncertainty associated with the regulatory approval processes, risks related to the timing of and patient enrollment in clinical trials, risks related to the potential failure of INCB18424 and INCB28060 to demonstrate safety and efficacy in clinical testing; risks and uncertainty associated with the therapeutic and commercial value of INCB18424 and INCB28060; risks relating to market competition, risks associated with Incyte's dependence on its relationship with its collaboration partners, and other risks detailed from time to time in Incyte's filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009. Incyte disclaims any intent or obligation to update these forward-looking statements.

Novartis gains rights to two oral targeted investigational therapies focusing on patients with life-threatening blood disorders and cancers

- *Ex-US rights acquired for JAK inhibitor INCB18424 in Phase III development as first-in-class treatment for myelofibrosis, a life-threatening blood disorder*
- *Global rights acquired for early-stage cMET inhibitor INCB28060 targeting tumor invasion and drug resistance in certain cancers including gastric, kidney and lung*
- *Novartis to make payments of USD 150 million upfront and first milestone of USD 60 million; Incyte eligible for milestone payments and royalties on future sales*

Basel, November 25, 2009 — Novartis has gained exclusive rights to two oral targeted investigational therapies for patients with a range of life-threatening blood disorders and cancers that currently do not have effective treatment options.

Under a licensing agreement with Incyte Corporation, Novartis will have responsibility for the future development of Incyte's investigational JAK inhibitor outside the US and for future development of an early-stage cMET inhibitor globally.

- The lead compound is a Janus kinase (JAK) inhibitor with the investigational name INCB18424. This oral targeted therapy is in Phase III clinical trials for the treatment of myelofibrosis, a life-threatening neoplastic condition with no effective medical treatment(1) that is characterized by varying degrees of bone marrow failure, splenomegaly (enlarged spleen) and debilitating symptoms. INCB18424 has the potential of becoming a first-in-class therapeutic agent for the treatment of this and other hematologic diseases.

- The second compound covered in the licensing agreement, a mesenchymal-epithelial transition factor kinase (cMET) inhibitor with the investigational name INCB28060, is entering Phase I development. Compounds in this class are envisioned to become effective cancer therapies through their ability to block molecular signals leading to tumor cell angiogenesis, proliferation, survival, invasion and metastasis. Multiple cancers have shown to be dependent on activation of molecular signals by genetic alterations of the cMET gene(2). Emerging evidence indicates that cMET inhibition may be useful in the treatment of certain cancers, including gastric and kidney cancer(2), and may help to overcome resistance to some targeted therapies, such as gefitinib in non-small cell lung cancer(3).

"A key Novartis priority is to bring innovative medicines to patients as quickly as possible," said David Epstein, President and CEO, Novartis Oncology and Novartis Molecular Diagnostics. "This agreement leverages these two promising investigational drugs with Novartis Oncology's global development and commercialization expertise and our wide range of multi-targeted approaches to cancer treatment."

Terms of the agreement

Novartis will make an upfront payment of USD 150 million to Incyte and a first milestone payment of USD 60 million for initiation of the European Phase III trial of the JAK inhibitor INCB18424 that began in July of this year. The agreement covers ex-US commercialization rights for the JAK inhibitor and global commercialization rights for the cMET inhibitor INCB28060. Each company will be responsible for costs in their respective territories for the JAK inhibitor,

with costs of collaborative studies shared equally. Novartis will be responsible for all costs and activities for the cMET inhibitor after the Phase I clinical trial. After the first milestone, Incyte will be eligible for additional payments based on achieving defined development and commercialization milestones and to receive royalties on future sales. Incyte also has an option to co-promote the cMET inhibitor in the US and to participate in the cMET inhibitor's global development.

Disclaimer

This release contains certain forward-looking statements relating to the exclusive agreement concluded between Novartis and Incyte. Such forward-looking statements are not historical facts and can generally be identified by the use of forward-looking terminology such as "to make," "eligible," "will," "potential," "about to enter," "envisioned to become," "may," "promising," or similar expressions, or by express or implied discussions regarding potential future sales or earnings of Novartis; or by discussions of strategy, plans, expectations or intentions or potential synergies, strategic benefits or opportunities that may result from the proposed acquisition. Such forward-looking statements reflect the current plans, expectations, objectives, intentions or views of Novartis with respect to future events and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. In particular, there can be no guarantee that the proposed acquisition will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that Novartis will achieve any particular future financial results or future growth rates or that Novartis will be able to realize any of the potential synergies, strategic benefits or opportunities as a result of the proposed acquisition. Among other things, the expectations of Novartis could be affected by unexpected regulatory actions or delays or government regulation generally, as well as other risks and factors referred to in Novartis AG's Forms 20-F on file with the US Securities and Exchange Commission. Novartis is providing the information in this release as of this date and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

About Novartis

Novartis provides healthcare solutions that address the evolving needs of patients and societies. Focused solely on healthcare, Novartis offers a diversified portfolio to best meet these needs: innovative medicines, cost-saving generic pharmaceuticals, preventive vaccines, diagnostic tools and consumer health products. Novartis is the only company with leading positions in each of these areas. In 2008, the Group's continuing operations achieved net sales of USD 41.5 billion and net income of USD 8.2 billion. Approximately USD 7.2 billion was invested in R&D activities throughout the Group. Headquartered in Basel, Switzerland, Novartis Group companies employ approximately 99,000 full-time-equivalent associates and operate in more than 140 countries around the world. For more information, please visit http://www.novartis.com.

# # #

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(1) Hellman AJ. Myeloproliferative syndromes: diagnosis and therapeutic options. Pol Arch Med Wewn. 2008;118:756-759.
(2) Gentile A, Trusolino L, Comoglio PM. The Met tyrosine kinase receptor in development and cancer. Cancer Metastasis Rev. 2008 Mar;27(1):85-94.
(3) Zucali PA, Ruiz MG, Giovannetti E, et al. Role of cMET expression in non-small-cell lung cancer patients treated with EGFR tyrosine kinase inhibitors. Ann Oncol. 2008 Sep;19(9):1605-12.

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Exhibit H

Replacement Provisions

1. The following shall replace the entirety of ARTICLE III upon a Change of Control (with the Party experiencing the Change of Control referred to as the "CoC Party" and the other Party being referred to as the "Non-CoC Party"):

"GOVERNANCE

1.1 Joint Steering Committee.

(a) Establishment. The joint steering committee ("JSC") will have the responsibility for the overall coordination and oversight of the Parties' activities under this Agreement. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XII. A representative from the Non-CoC Party shall act as the chairperson of the JSC. The chairperson shall not have any greater authority than any other representative on the JSC and shall conduct the following activities of the JSC: (i) calling meetings of the JSC; (ii) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (iii) ensuring that any decision-making delegated to the JSC is carried out in accordance with Section 3.5; and (iv) preparing and circulating an agenda for the upcoming meeting; provided that the chairperson shall include any agenda items proposed by the CoC Party. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any JSC meeting; provided, however, that each Party shall ensure that at all times during the existence of the JSC, its representatives on the JSC are appropriate in terms of expertise and seniority (including at least one member of senior management) for the then-current stage of Development and Commercialization of the Licensed Products and have the authority to bind such Party with respect to matters within the purview of the JSC.

(b) Responsibilities. The JSC shall have responsibility for the ongoing exchange of information and cooperation necessary after the Change of Control.

1.2 Subcommittees. The JSC may establish and disband such subcommittees as deemed necessary by the JSC; provided, however, that the JIPC shall continue its responsibilities at least with respect to the INCY0039 Patent Rights in the Novartis Territory. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any subcommittee meeting; provided, however, that each Party shall ensure that at all times during the existence of any subcommittee, its representatives on such subcommittee are appropriate in terms of expertise and seniority for the then-current stage of Development and Commercialization of the Licensed Product in the Field in the Territory and have the authority to bind such Party with respect to matters within the purview of the relevant subcommittee. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XII. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to, and any decisions shall be made by, the JSC.

1.3 Committee Meetings. Except where a Party fails to appoint a member or members to the JSC or its subcommittees or fails to participate in meetings of the JSC or its subcommittees pursuant to Section 3.6, meetings of the JSC and the subcommittees, respectively, shall be effective only if at least one (1) representative of each Party is present or participating. The JSC and its subcommittees may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; provided that no less than one (1) meeting during each Calendar Year shall be conducted in person. Other representatives of each Party involved with the Licensed Product may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in ARTICLE XII. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

1.4 Authority. The JSC and any subcommittee shall have only the powers assigned expressly to it in this ARTICLE III and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JSC or any subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing."

1. The following shall replace Section 4.3 upon a Change of Control:

"4.3 Development Activities.

(a) Termination of Joint Development Activities. The Non-CoC Party shall, in its sole discretion, have the option to terminate any ongoing Joint Development Activities. In the event any ongoing Joint Development Activities are terminated,

(i) Each Party shall have the right to possess, retain and use all clinical and non-clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of Joint Development Activities prior to the termination of such Joint Development Activity in order to Develop, obtain Regulatory Approval for and Commercialize JAK Licensed Products in the JAK Field in such Party's territory in accordance with the terms of this Agreement; and

(ii) each Party hereby grants to the other Party a Right of Reference or Use to any and all such Regulatory Documentation, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by such other Party in order to effect such grant.

(b) Ongoing Joint Development Activities. With respect to ongoing Joint Development Activities which are not terminated pursuant to 4.3(a),

(i) Each Party shall have the right to possess, retain and use all clinical and non-clinical data and related Regulatory Documentation Controlled by either Party and generated in the course of Joint Development Activities in order to Develop, obtain Regulatory Approval for and Commercialize JAK

Licensed Products in the JAK Field in such Party's territory in accordance with the terms of this Agreement.

(ii) each Party hereby grants to the other Party a Right of Reference or Use to any and all such Regulatory Documentation, and agrees to sign, and cause its Affiliates to sign, from time to time, promptly upon request, any instruments reasonably requested by such other Party in order to effect such grant;

(iii) each Party shall maintain complete and accurate records of all results, data, and developments made pursuant to its efforts under the Development Plan. Such records shall appropriately reflect all work done and results achieved in the performance of Development activities in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes; and

(iv) in any agreement between either Party and a clinical research organization related to a Joint Development Activity, the contracting Party shall use reasonable efforts to name the other Party as a third party beneficiary for the purpose of receiving data derived from Clinical Trials related to such Joint Development Activity from such clinical research organization in the event of a Bankruptcy Event of such Party."

Exhibit I

Pharmacovigilance Agreement

NOVARTIS

Pharmacovigilance Agreement for c-MET and JAK Licensed Products

PHARMACOVIGILANCE AGREEMENT

[ ] November 2009

between

Incyte Corporation
Experimental Station,
Route 141 & Henry Clay Road
Wilmington, Delaware
USA
("Incyte")

and

Novartis Pharma AG
Lichtstrasse 35
4056 Basel
Switzerland
("Novartis")

relating to Product(s): c-MET Licensed Products
JAK Licensed Products
(together "the Product")

Confidential

Table of contents

1 Purpose

WHEREAS, Incyte and Novartis International Pharmaceutical Ltd. (“NIP”) entered into a Collaboration and License Agreement dated as of November , 2009 (the “Collaboration Agreement”);

WHEREAS, the Collaboration Agreement required that Incyte enter into this Pharmacovigilance Agreement with Novartis;

WHEREAS, the purpose of this Phamacovigilance Agreement is to define how the Parties are to cooperate to enable each of them to comply with its respective obligations under applicable laws, regulations and guidelines with regard to Adverse Event data collection, analysis and reporting for the Product, and to enable each Party to satisfy its duty of care;

WHEREAS, under this agreement each Party is obliged to inform the other Party immediately in case of Pharmacovigilance issues (such as risk management communication, Dear Doctor Letters, urgent safety restrictions) to ensure that communication between the Parties is aligned, especially if any Regulatory Authorities are involved;

WHEREAS, nothing in this Pharmacovigilance Agreement is intended to limit or restrict either of the Parties’ obligations under applicable laws, regulations and guidelines; and

WHEREAS, nothing in this Pharmacovigilance Agreement is intended to prevent either of the Parties from taking any action that it reasonably considers to be necessary to comply with applicable laws, regulations and guidelines.

NOW, THEREFORE, the Parties hereto hereby agree as follows:

2 Term

This Pharmacovigilance Agreement shall become effective on the date hereof and, unless earlier terminated in accordance with the Collaboration Agreement, shall continue in force for as long as both of the Parties have a legitimate interest in receiving the information, reports, and notifications provided for. This applies to the c-MET program as long as Incyte holds the relevant c-MET IND and is responsible for the conduct of clinical studies.

At the latest this Pharmacovigilance Agreement shall be updated before product launch and in time to meet the requirements for handling and reporting spontaneous reports from marketed use.

3 Definitions and Abbreviations

The definitions of terms and abbreviations used in this Pharmacovigilance Agreement are set out in Appendix 1. If any of the relevant regulatory definitions of the corresponding terms are amended (for example those in the ICH E2A and ICH E2C Guidelines, or in the US CFR (21 CFR Part 314.80(a) and 312.32(a)), then the Parties shall assess whether the definitions in this Pharmacovigilance Agreement need to be amended to make them consistent and, if any

amendments are necessary, shall seek to reach written agreement in good faith on such amendments.

The language of all communications and exchanges under this Pharmacovigilance Agreement shall be English.

4 Databases

Novartis shall establish, hold and maintain the global safety database for the Product, into which it shall enter information on all SAE/SRs concerning the Product occurring anywhere in the world and reported to either of the Parties. For the term of this Pharmacovigilance Agreement, this shall be the reference database for signal detection. Such database shall comply in all material respects with all laws reasonably applicable to pharmacovigilance anywhere where the Products are being or have been Developed or Commercialized (each as defined in the Collaboration Agreement). Appropriate personnel at Incyte shall have access to updated data in the database within *** after such data are entered in the database. Incyte shall be authorized to submit such data to applicable regulatory authorities as required or permitted by law.

The Parties acknowledge that, prior to signature of this Pharmacovigilance Agreement, Incyte provided to Novartis all SAEs (including expected, unrelated, placebo and comparator cases) reported to Incyte for the product as of the date of such transfer, on CIOMS forms or in another format acceptable to Novartis allowing Novartis to complete the global safety database.

Incyte may hold and maintain a parallel safety database for the Product as needed or required according to local laws, regulations and other legal requirements.

Each Party is responsible for ensuring that all applicable reports are dispatched to the other Party in accordance with this Pharmacovigilance Agreement. Novartis and Incyte will perform routine verification and reconciliation according to their respective SOPs to ensure that all adverse event reports, both initial and follow up, have been exchanged per Section 9 of this Pharmacovigilance Agreement.

If discrepancies are noted either through the verification process, reconciliation, or during the course of routine business, both Novartis and Incyte will work to remediate the discrepancy until resolved to the mutual satisfaction of both Parties.

5 Detailed Description of the Pharmacovigilance System (DDPS)

If required, Incyte shall provide Novartis, within *** from the date requested, with a Detailed Description of its Pharmacovigilance System in the format specified by the EMEA (Volume 9A of Rules Governing Medicinal Products in the European Union; Section 2.2) which may be submitted to the Regulatory Authorities as required. The DDPS should comprise an overview of Incyte's Pharmacovigilance System, providing information on the key elements of the System. Such descriptions should include all vendors and contracted third parties who have direct involvement in the collection of adverse events for the Product.

Each Party shall inform the other in a timely manner of any significant changes to the Pharmacovigilance System as documented.

EU-QPPV: Novartis has an established and dedicated EU-QPPV. In case of any change, Novartis shall inform Incyte of the new appointment within ***.

6 Signal Detection (internally identified safety issues)

Using the global safety database, Novartis shall be primarily responsible for signal detection activities according to its SOP.

In case either of the Parties becomes aware of:

a) potential signals for new adverse reactions;
b) increased incidence of known adverse reactions;
c) increased severity of known adverse reactions;
d) major findings from newly completed animal studies; or
e) any proposed changes in the labeling documents,

that Party shall promptly notify the other Party in writing (as soon as possible but no later than *** after the Party becoming aware of the issue), for discussion and comment and to agree whether any further action is required.

A safety committee with clinical and safety and regulatory representatives from each Party shall be established and shall discuss on a regular basis, or as required, the handling of specific or general safety and process issues (eg. reviewing safety signals, issuing Dear Doctor Letters, ASR preparation meeting *** prior to the data lock point, etc.). Each Party shall keep the other Party informed of any newly identified safety signal, which then will be evaluated by the Parties in close cooperation, including updates to core safety information. No measures will be taken without prior consultation and discussion except in situations where immediate action is required to protect the health of patients.

7 Maintenance of Labeling Documents

Investigator's Brochure: The Parties shall use an Investigator's Brochure with a common core safety section.

8 Exchange of Individual Case Reports

8.1 Scope

Individual Case Safety Reports concerning the Product which shall be exchanged under this Pharmacovigilance Agreement include:

8.1.1 Solicited Reports:

All Serious Adverse Events (SAEs) occurring in clinical trials which are received by either of the Parties, including blinded, comparator and placebo cases.

8.1.2 Other including final study reports:

In addition, the Parties shall exchange all other clinical safety-related information concerning the Product as may be required or reasonably requested by the Parties to fulfill the purpose of this Pharmacovigilance Agreement, including the timely exchange of safety information contained in interim or final clinical study reports.

Data or special arrangements required to fulfill a Risk Management Plan, if necessary, shall also be included.

8.2 Format

Individual Case Reports shall be exchanged on CIOMS forms and sent by fax or secure e-mail if available and mutually agreed upon.

Each Party shall assign a company case identification number to each case on which information is exchanged under this Pharmacovigilance Agreement, and shall identify each piece of information concerning that case with this number.

The receiving Party shall maintain the integrity of the sending Party's narrative, but shall add to the case narrative the name of the sending Party and the sending Party's case identification number to aid identification of duplicate reports.

8.3 Unblinding

Unless otherwise agreed with applicable regulatory authorities, for company sponsored studies, the blind will be broken for serious, unexpected suspected/related ADRs on an ongoing basis as reasonably required for regulatory reporting by the sponsor in real time to meet the exchange timelines specified below. All other SAE's (not suspected and/or expected) will be exchanged as blinded during the ongoing clinical trial. Details of the treatment given shall be distributed only on a need-to-know basis.

In exceptional circumstances such as upon receipt of a request from a Regulatory Authority or a safety data monitoring committee to do so, the Party receiving the request may need to break the code for any case type(s), or request the Party sponsoring the relevant clinical trial to do so. In such an event, details of the treatment given shall be distributed only on a need-to-know basis.

At the conclusion of Novartis sponsored clinical trials, Novartis shall transmit the unblinded ICSRs to Incyte within a reasonable time frame but no later than *** of receipt of randomization codes by the safety group, unless study size or complexity requires a longer period, to be notified within *** of receipt of randomization codes.

At the conclusion of Incyte sponsored clinical trials, Incyte will provide Novartis with the randomization codes within a reasonable time frame but no later than *** of receipt of randomization codes by the safety group. ICRS exchange will not apply in this situation.

8.4 Follow-up

The Party first receiving the SAE or any other kind of report falling within the scope of this Pharmacovigilance Agreement shall be responsible for obtaining any follow-up information

from the reporter, which shall be processed as described for the corresponding type of initial report in this Section 9. This shall include any targeted follow up required for risks included in the Risk Management Plan.

Each Party may request the other Party to contact the reporter and obtain additional information if necessary, including missing reporter causality. Follow-up information shall be exchanged with the same company case identification number as the original report.

8.5 Timelines

SAEs from clinical trials received by Novartis:

Novartis shall notify Incyte of all SAEs from clinical trials which are received by Novartis or its Affiliates according to the following timelines:

a) Causally Suspected and/or study-related fatal or Life-threatening SAEs (irrespective of labelling) within 4 (four) calendar days of first notification of the event to any employee of Novartis or its Affiliates;

b) Other Causally Suspected and/or study-related SAEs (irrespective of labelling) within 8 (eight) calendar days of first notification of the event to any employee of Novartis or its Affiliates; and

c) Causally Non-suspected SAEs (i.e. there is no suspected connection between the study and the SAE) within twenty (20) calendar days or more rapidly if required for the data-lock for the IND annual safety report preparation.

SAE reports from clinical trials received by Incyte:

Incyte shall notify Novartis of all SAEs from clinical trials which are received by Incyte or its Affiliates according to the following timelines:

a) Causally Suspected and/or study-related fatal or Life-threatening SAEs (irrespective of labelling) within four (4) calendar days of first notification of the event to any employee of Incyte or its Affiliates;

b) Other Casually Suspected and/or study-related SAEs (irrespective of labelling) within 8 (eight) calendar days of first notification of the event to any employee of Incyte or its Affiliates; and

c) Causally Non-suspected SAEs (i.e. there is no suspected connection between the Product and the SAE) within twenty (20) calendar days.

9 Individual Report Assessment

It is agreed between the Parties that each will follow its own procedures for seriousness, causality and expectedness assessment.

9.1 Labelling

Assessment of Listedness/Expectedness:

For purposes of databasing in the global safety database, the assessment of whether the SAE or other kind of report is Listed/Expected shall be made by Novartis against the Investigator's Brochure.

For the purposes of reporting to the Regulatory Authorities, the assessment of expectedness shall be made according to the appropriate Investigator's Brochure by the Party responsible for submitting the report to the Regulatory Authority.

Assessment of expectedness for comparator and placebo associated reports shall be made by the Parties according to their respective SOPs.

9.2 Requirement for Study Protocols:

Interventional Trials: At the first occurrence of an SAE in a particular clinical trial at the latest, the Party reporting the SAE shall make available to the other Party a copy of the relevant study protocol or summary of the study design. This is to provide a clear understanding of the nature of the exposure to the Product and to allow a meaningful interpretation of the SAE.

10 Regulatory Reporting Responsibilities

10.1 Individual Case Safety Reports

The Party holding the Regulatory Authority Authorisation for the Product for clinical trials in a country shall be responsible for submitting SAE reports to the Regulatory Authority in that country according to the current applicable laws, regulations and guidelines, regardless of whether the report originated from that Party or not. Information on which Party holds the Regulatory Authority Authorisation for the clinical trials will be exchanged and updated at the time of the transfer of the reports to the other Party.

The Party holding the Regulatory Authority Authorisation for clinical trials shall be responsible for the electronic submission to the EMEA of all reportable cases for the Product to Clinical Trial Modules, as required.

10.2 Investigator Notifications

Each Party shall prepare and distribute Investigator Notifications according to their respective SOPs and applicable laws, regulations and guidelines. Each Party shall make reasonable efforts to notify the other Party of an IN, allowing *** for comment. Each Party shall exchange the final Investigator Notifications to the other Party no more than *** after receipt of the original report which prompted the Investigator Notification.

10.3 Preparation and Submission of Annual Reports from Clinical Trials and other Cumulative Safety Reports

As long as Incyte holds an IND for the Product, Incyte will have the responsibility for the compilation of the IND annual safety reports for the Product using its own data and data provided by Novartis as required.

Novartis shall prepare a common European Union Annual Safety Report for clinical studies. All relevant studies, including investigator initiated studies, shall be included. Upon request to support preparation of these reports for Incyte or Novartis studies. Incyte or Novartis shall provide data, including

- A list of studies (including IIT) that are planned, initiated or ongoing with a synopsis of the study , phase and the countries involved
- Planned and total number of patients enrolled in Incyte or Novartis sponsored studies (including IIT), the actual enrollment and number of patients receiving active drug during the reporting period.
- A list of Incyte or Novartis studies that have been analyzed during the reporting period, including a summary of new safety findings
- Any new study safety results with potential impact on risk-benefit profile

The request for information shall be made at least *** prior to each Data Lock-Point, and be provided so that it is received no later than *** after the Data Lock-Point. The final report shall be provided to Incyte allowing *** for review/ comment.

The same report shall be submitted by both companies, if both companies have study sponsorship in the EU.

10.4 Periodic SUSAR Reports

Novartis will be responsible for the preparation of periodic SUSAR reports and for the submission of the report to investigators, competent authorities and Ethics Committees, where and when applicable. Incyte has the right to review and comment.

10.5 Responses to Regulatory Authority Questions

Each Party shall attempt to immediately notify the other (via their respective appointed pharmacovigilance representatives) upon being contacted by a Regulatory Authority on any significant regulatory matter pertaining to the safety profile of the Product or to the subject-matter of this Pharmacovigilance Agreement, including but not limited to risk management communication, Dear Doctor Letters, urgent safety restrictions or labelling changes, to ensure that communication between the Parties is aligned. Each Party shall allow the other to review its proposed response to any question or request prior to submission to the Regulatory Authority, unless there is a public health need to respond immediately.

If requested to do so, Novartis shall assist Incyte to respond to questions or requests for information by Regulatory Authorities by promptly providing data from the master safety database.

Each Party shall copy to the other all significant communication regarding clinical safety information concerning the Product.

10.6 Risk Management Plans

The Parties agree that there will be one Global Risk Management Plan for each Licensed Product, authored by Novartis. The Global Risk Management Plan will be prepared by Novartis in collaboration with Incyte. Incyte shall provide feedback within *** of receipt from Novartis, or such other time as the Parties mutually agree.

If a REMS (Risk Evaluation and Mitigation Strategy) is required for the Products by the FDA, Incyte shall be responsible for the authorship and submission. There shall be no material differences in the description of the important safety risks between the Global Risk Management Plan and REMS, as the risks are considered the same in all territories. The REMS will be prepared in collaboration between Novartis and Incyte. Novartis shall provide feedback within *** of receipt from Incyte, or such other time as the Parties may mutually agree.

The Parties will exchange all information reasonably requested by a Party that is necessary to fulfill regulatory requirements (e.g. mandatory PSUR updates) for the Global Risk Management Plan. These include, but are not limited to, providing updates on: safety studies and other pharmacovigilance measures, progress in implementing risk minimization activities, and assessment of the performance of any aspect of risk management/minimization related to the

Products. Prior to submission of the Global Risk Management Plan to a Regulatory Authority, Novartis shall provide such plan to Incyte for review and Incyte shall have *** to provide comments, which Novartis shall reasonably consider.

10.7 PSUR

The Parties agree that Novartis will be responsible for the authoring of the PSUR, the Core Data Sheet and Investigator Brochure. Novartis shall provide drafts of such documents to Incyte within *** after the data lock point, and Incyte shall have *** to review and provide comments, which Novartis shall reasonably consider.

11 SOPs

Each Party shall adhere to its own SOPs unless otherwise explicitly stated here in this Pharmacovigilance Agreement.

12 Audits

The Parties agree that its pharmacovigilance systems/operations or contracted pharmacovigilance activities will be audited at reasonable intervals to ensure elements set forth in the pharmacovigilance agreement are being fulfilled for the appropriate product. Both Parties will discuss and agree in good faith on how such an audit will be conducted (audit plan, duration of audit, audit report and corrective actions). Each Party's routine audit will be scheduled no more frequently than once every ***, with a minimum of *** notice.

Audits must be reasonable in scope and in relationship to the Product and must take place during normal business hours. Parties will correct audit observations in a timely manner and communicate those actions to the other Party.

In the case of a serious suspected breach of compliance with this Pharmacovigilance Agreement, a directed audit will be performed by either Party or *an independent* third party with notification only and a minimum of ***. The possibility of a directed audit for serious breach is therefore agreed upon by way of execution of this agreement.

Parties shall allow foreign and local health authorities to inspect their pharmacovigilance operations as it is necessary for either Party to maintain registration in the countries where the Product is marketed. A representative from the other Party may participate in such inspections.

Parties shall communicate urgent or critical issues affecting the other Parties pharmacovigilance activities within *** of receipt of documented findings cited during a health authority inspection. Once corrective actions are determined, the inspected Party will provide a summary of the relevant inspection findings with associated corrective actions where the other Party is impacted.

13 Dispute Resolution

In case of dispute over PSURs, responses to queries or labelling activities, for example CCSI, every effort will be made to achieve a consensus and resolve the dispute by the pharmacovigilance department of each Party. If disputes cannot be resolved they will be referred to upper drug safety management of the Parties for resolution. If disputes cannot be resolved at the upper management level they will be resolved in accordance with the Collaboration Agreement.

14 Contact Persons

The contact persons for each Party are identified in Appendix 2.

Each Party may change its contact persons by notifying the other Party in writing in accordance with Section 15.6 of the Collaboration Agreement.

15 Miscellaneous

The provisions of Sections 15.1-15.3, 15.5 and 15.7-15.16 of the Collaboration Agreement shall be deemed incorporated into this Pharmacovigilance Agreement to the same extent as if set forth herein.

This Pharmacovigilance Agreement has been agreed and signed in duplicate by the following respective Parties.

Place/Date: Place/Date:

16 APPENDIX 1 - Definitions and Abbreviations

16.1 Definitions

16.1.1 "Spontaneous Reports" from Patient Support Programs or Marketing Research Programs includes all Adverse Reactions reported from any program designed to encourage the HCP or consumer to voluntarily contact the company for educational material or support. Any program which does not systematically include any questions that request safety information in response.

16.1.2 "Solicited Reports" from Patient Support Programs or Marketing Research Programs includes all Adverse Reactions reported from a program where targeted safety questions are systematically included (in either the script or contact form).

16.1.3 “Adverse Drug Reaction” means all noxious and unintended responses to a medicinal product related to any dose. The ‘responses to a medicinal product’ means that a causal relationship between a medicinal product and an adverse event is at least a reasonable possibility.

16.1.4 “Adverse Event” means any untoward medical occurrence in a patient or clinical investigation subject administered a pharmaceutical product and that does not necessarily have a causal relationship with this treatment. An adverse event can therefore be any unfavorable and unintended sign (including an abnormal laboratory finding), symptom, or disease temporally associated with the use of a medicinal (investigational) product, whether or not related to the medicinal (investigational) product.

16.1.5 “Causally Suspected Adverse Event” means an Adverse Event (experience) for which a causal relationship between a medicinal product and itself is at least a reasonable possibility. In general, all SRs are considered suspected for expediting purposes.

16.1.6 “Causally Non-suspected Adverse Event” means an Adverse Event (experience) for which a causal relationship between a medicinal product and itself is not a reasonable possibility. In general, all SRs are considered “suspected” for expediting purposes.

16.1.7 “Collaboration Agreement” shall have the meaning set forth in Section 1 of this Pharmacovigilance Agreement.

16.1.8 “Company Core Safety Information” means all relevant safety information contained in the Company Core Data Sheet prepared by the Marketing Authorisation Holder and which the Marketing Authorisation Holder requires to be listed in all countries where the company markets the drug, except when the local regulatory authority specifically requires a modification.

16.1.9 “Expected Adverse Event” means an adverse event (experience), the specificity or severity of which is consistent with the Investigator’s Brochure for an unapproved investigational product.

16.1.10 “International Birthdate” means the date of the first marketing authorisation for the drug or product granted in any country.

16.1.11 “Investigator’s Brochure” means a compilation of the clinical and non-clinical data about an investigational drug or product that is relevant to its study in humans.

16.1.12 “Investigator Notification” or “IN” means a notification for all participating investigators of any Serious Adverse Event (experience) which is unexpected and suspected or any findings that suggest a significant risk for the patient.

16.1.13 “Labelled Adverse Event” means any Adverse Event (experience), the specificity or severity of which is consistent with the local package insert for an approved product.

16.1.14 “Life-threatening Adverse Event” means an Adverse Event (experience) that places the patient or subject in the view of the Investigator, at immediate risk of death from the event (experience) as it occurred, i.e. does not include an Adverse Event (experience) that, had it occurred in a more serious form, might have caused death. “Life-threatening Serious Adverse Event” shall have the corresponding meaning in relation to Serious Adverse Events.

16.1.15 “Listed” means any Adverse Event (experience), the specificity or severity of which is consistent with the Company Core Safety Information.

16.1.16 “Party” means one of the parties set forth in the heading to this Pharmacovigilance Agreement, and “Parties” means both parties.

16.1.17 “Product” means the product defined in the heading of this Pharmacovigilance Agreement.

16.1.18 “Regulatory Authority” means any governmental agency responsible for granting health or pricing approvals, registrations, import permits, and other approvals required before the Product may be used in a clinical trial or marketed in any country.

16.1.19 “Regulatory Authority Authorisation” means an approval granted by a Regulatory Authority to conduct a clinical trial (e.g. IND) or to market a product (NDA) in a particular country.

16.1.20 “Serious Adverse Event” means any untoward medical occurrence that at, any dose:
(a) results in death;
(b) is life-threatening;
(c) requires inpatient hospitalization or prolongation of existing hospitalization;
(d) results in persistent or significant disability/incapacity; or
(e) is a congenital anomaly/birth defect.

In the case of other significant events, medical and scientific judgment should be exercised in deciding whether expedited reporting is appropriate. Such events may be important medical events that may not be immediately life-threatening or result in death or hospitalization but which may jeopardize the patient or may require intervention to prevent one of the other outcomes listed in the definition above. Such events should usually be considered Serious Adverse Events.

16.1.21 “Spontaneous Adverse Event Report” means any Adverse Event (experience) spontaneously reported by health professionals, consumers, Health Authorities or other regulatory bodies, scientific papers, poison centres, pharmacovigilance institutes, lawyers, or any other source

16.1.22 “Study Protocol” means a document that describes the objective(s), design, methodology, statistical considerations, and organization of a trial. The protocol usually also gives the background and rationale for the trial. This term includes all amendments to the protocol.

16.1.23 “Unexpected Adverse Event” means an adverse event (experience), the specificity or severity of which is not consistent with the Investigator’s Brochure for an unapproved investigational product.

16.1.24 "Unlabelled" means any Adverse Event (experience), the specificity or severity of which is not consistent with the local package insert for an approved product.

16.1.25 "Unlisted" means any Adverse Event (experience), the specificity or severity of which is/is not consistent with the Company Core Safety Information.

16.2 Acronyms

16.2.1	ASR	Annual Safety Report for the EMEA (Clinical Studies)
16.2.2	CFR	Code of Federal Regulations
16.2.3	CIOMS	Council for International Organisations of Medical Sciences
16.2.4	FDA US	Food and Drug Administration
16.2.5	EMEA	European Medicines Evaluation Agency
16.2.6	GCP	Good Clinical Practice
16.2.7	IB	Investigator's Brochure
16.2.8	ICH	International Conference on Harmonisation of the Technical Requirements for Registration of Pharmaceuticals for Human Use
16.2.9	IN	Investigator's Notification
16.2.10	IND	Investigational New Drug
16.2.11	NDA	New Drug Application
16.2.12	PSUR	Periodic Safety Update Report
16.2.13	SAE	Serious Adverse Event
16.2.14	SOP	Standard Operating Procedure
16.2.15	SR	Spontaneous Adverse Event Report

*** Confidential material redacted and filed separately with the Commission.

17 APPENDIX 2 — Contact Persons

Incyte
***

*** Confidential material redacted and filed separately with the Commission.

Novartis
***

*** Confidential material redacted and filed separately with the Commission.

Schedule 1.14

c-MET Licensed Back-Up Compounds

***

*** Confidential material redacted and filed separately with the Commission.

Schedule 1.60

JAK Licensed Back-Up Compounds

***

*** Confidential material redacted and filed separately with the Commission.

Schedule 4.1

***

*** Confidential material redacted and filed separately with the Commission.

Schedule 4.1(c)(i)

***

*** Confidential material redacted and filed separately with the Commission.

Schedule 11.3

Exceptions to Representations and Warranties

***

*** Confidential material redacted and filed separately with the Commission.

***

*** Confidential material redacted and filed separately with the Commission.

***

*** Confidential material redacted and filed separately with the Commission.

***

*** Confidential material redacted and filed separately with the Commission.

***

Exhibit 10.22

Confidential Treatment Requested. Confidential portions of this document have been redacted and have been separately filed with the Commission.

LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT

by and between

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road
Wilmington, Delaware

and

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

TABLE OF CONTENTS

*** Confidential material redacted and filed separately with the Commission.

Exhibit E: Hematology Field and Oncology Field

Schedules

Schedule 1.43: ***
Schedule 1.48: Initial Licensed Back-Up Compounds

*** Confidential material redacted and filed separately with the Commission.

LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT

THIS LICENSE, DEVELOPMENT AND COMMERCIALIZATION AGREEMENT (the "Agreement") is entered into as of the 18th day of December, 2009 ("Effective Date"), by and between Incyte Corporation, a Delaware corporation having an office at Experimental Station, Route 141 & Henry Clay Road, Wilmington, Delaware ("Incyte"), and Eli Lilly and Company, an Indiana corporation having an office at Lilly Corporate Center, Indianapolis, Indiana 46285 ("Lilly").

WHEREAS, Incyte and Lilly are each in the business of discovering, developing and commercializing pharmaceutical products;

WHEREAS, Incyte has discovered and commenced Development of the Licensed Compounds (as defined below);

WHEREAS, Incyte has agreed to grant to Lilly a license to develop and commercialize the Licensed Compounds;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

When used in this Agreement, each of the following terms shall have the meanings set forth in this ARTICLE I:

1.1 "Accounting Standards" with respect to a Party means that such Party shall maintain records and books of accounts in accordance with (a) US GAAP (United States Generally Accepted Accounting Principles) or (b) to the extent applicable, IFRS (International Financial Reporting Standards).

1.2 "Affiliate" means any Person that, directly or indirectly, controls, is controlled by or is under common control with a Party. For the purposes of this Section 1.2, the word "control" (including, with correlative meaning, the terms "controlled by" or "under common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct the management and policies of such entity, whether by the ownership of *** of the Voting Stock of such entity, by contract or otherwise. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than ***, and that in such case such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management and policies of such entity.

1.3 "Annual Net Sales" means aggregate Net Sales of a Licensed Product by Lilly or its Affiliates or sublicensees in any Calendar Year, or in the first and last years of the term of this Agreement, the portion of such Calendar Year during which this Agreement is in effect.

1.4 "Business Day" means a day other than a Saturday or Sunday or Federal holiday in Wilmington, Delaware or Indianapolis, Indiana.

1.5 "Calendar Quarter" means a calendar quarter ending on the last day of March, June, September or December.

1.6 "Calendar Year" means a period of time commencing on January 1 and ending on the following December 31.

1.7 "Clinical Trial" means a Phase I Study, a Phase II Study, a Phase IIb Study, a Phase III Study, a Phase IV Study or a combination of two (2) of any of the foregoing studies.

1.8 "Commercialization" or "Commercialize" means any activities directed to obtaining pricing and/or reimbursement approvals, marketing, promoting, distributing, importing, offering to sell, and/or selling a product (including establishing the price for such product).

1.9 "Commercially Reasonable Efforts" of a Party means, with respect to an objective, the reasonable, diligent, good faith efforts of a Party, (including the efforts of its Affiliates, and sublicensees) of the type to accomplish such objective as a similarly situated (with respect to size, stage of development, and assets) biotechnology or pharmaceutical company, as the case may be, would normally use to accomplish a similar objective under similar circumstances, it being understood and agreed that, with respect to efforts to be expended in relation to a product (including implementation of Development and Commercialization strategies to support the pursuit of multiple Indications in accordance with Exhibit C), such efforts shall be substantially equivalent to those efforts and resources that a similarly situated biotechnology or pharmaceutical company, as the case may be, would typically devote to its own internally discovered compound or product, which compound or product is at a similar stage in its Development or product life and is of similar market and economic potential as products expected to result from the Licensed Compounds at a similar stage in their Development or product life, taking into account the risks of development, the commercial potential for the Product, its proprietary position and other relevant factors.

1.10 "Confidential Information" means (a) all confidential or proprietary information relating to Licensed Compounds, and (b) all other confidential or proprietary documents, technology, Know-How or other information (whether or not patentable) actually disclosed by one Party to the other pursuant to this Agreement or the Prior Confidentiality Agreement.

1.11 "Control" or "Controlled" means, with respect to any (a) material, document, item of information, method, data or other Know-How or (b) Patent Rights or other Intellectual Property Rights, the possession by a Party or its Affiliates (whether by ownership or license (other than by a license granted under this Agreement)), of the ability to grant to the other Party access, a license and/or a sublicense as provided herein without requiring the consent of a Third Party or violating the terms of any agreement or other arrangement with any Third Party, in each

case as of the Effective Date, or if any of the same are acquired or created after the Effective Date, at the date it is acquired or created by the relevant Party or its Affiliate.

1.12 "Cover", "Covering" or "Covered" with respect to a product, technology, process or method, means that, but for a license granted to a Person under a Valid Claim included in the Patent Rights under which such license is granted, the Development, manufacture, Commercialization and/or other use of such product or the practice of such technology, process or method, by such Person would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

1.13 "CPI" means the Consumer Price Index — Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-84 = 100, published by the United States Department of Labor, Bureau of Statistics (or its successor equivalent index).

1.14 "Detail" means face-to-face discussions or other direct communication (e.g. *e*detailing) with physicians and other health care practitioners who are permitted under applicable Laws to prescribe a Licensed Product for the purpose of promoting a Licensed Product to such physicians or practitioners.

1.15 "Development" or "Develop" means, with respect to a compound, preclinical and clinical drug development activities, including, among other things: the conduct of Clinical Trials, test method development and stability testing, toxicology, formulation and delivery system development, process development, pre-clinical and clinical drug substance and clinical drug product supply, manufacturing scale-up, development-stage manufacturing, quality assurance/quality control procedure development and performance with respect to clinical materials, statistical analysis and report writing and clinical studies, regulatory affairs, and all other pre-Regulatory Approval activities. When used as a verb, "Develop" means to engage in Development.

1.16 "Development Costs" means the costs and expenses incurred by or on behalf of a Party attributable to, or reasonably allocable to, the Development of Licensed Products and that are materially consistent, as applicable, with the Development Plan and Development Budget. Development Costs shall not include ***. "Development Costs" shall include (a) the costs of Clinical Trials, the preparation, collation and/or validation of data from such Clinical Trials and the preparation of medical writing and publishing; (b) the FTE costs of the relevant Party or its Affiliates; (c) all Out-of-Pocket Costs incurred by the Parties or their Affiliates, including payments made to Third Parties with respect to any of the foregoing (except to the extent that such costs have been included in FTE costs); (d) Out-of-Pocket Costs incurred by or on behalf of a Party in connection with the preparation and filing of regulatory submissions for Licensed Product and obtaining of Regulatory Approvals; and (e) the cost of contract research organizations (CROs) and clinical supply, including: (i) costs, packaging and distribution of Licensed Products used in Clinical Trials; (ii) expenses incurred to purchase and/or package comparator drugs; and (iii) costs and expenses of disposal of clinical samples.

1.17 "EMEA" means the European Medicines Agency, or a successor agency thereto.

1.18 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.19 "Excluded Field" means any and all Indications in humans and animals in the Hematology Field and the Oncology Field.

1.20 "Executive Officers" means the Chief Executive Officer of Incyte (or a senior executive officer of Incyte designated by Incyte's Chief Executive Officer) and the Vice President Autoimmune Product Development of Lilly (or a senior executive officer of Lilly or its Affiliate as designated by the Vice President Autoimmune Product Development of Lilly).

1.21 "FDA" means the United States Food and Drug Administration, or a successor agency thereto.

1.22 "Field" means the treatment, control, management, mitigation, prevention or cure of any and all Inflammatory Disease Indications in humans and animals in any formulation or dosage form, process or delivery method, but not including the Topical Field.

1.23 "First Commercial Sale" means, with respect to a Licensed Product, the first sale of commercially relevant quantities of such Licensed Product intended for use by a patient, to a Third Party by, as applicable, Lilly or its Affiliates or sublicensees in a country following applicable Regulatory Approval (other than applicable governmental price and reimbursement approvals) of such Licensed Product in such country. For the avoidance of doubt, sales or transfers of Licensed Product for Clinical Trial or other Development purposes, or for compassionate or similar use, shall not be considered a First Commercial Sale.

1.24 "Force Majeure Event" means an event, act, occurrence, condition or state of facts, in each case outside the reasonable control of a Party, including acts of God; acts of any government; any rules, regulations or orders issued by any governmental authority or by any officer, department, agency or instrumentality thereof; fire; storm; flood; earthquake; accident; war; rebellion; insurrection; riot; terrorism and invasion, that interfere with the normal business operations of such Party.

1.25 "FTE" means a full-time equivalent person year (consisting of a total of *** hours per year) of scientific or technical work undertaken by a Party's or its Affiliates' employees, or a Third Party licensee/sublicensee to the extent (a) mutually agreed by the Parties and (b) permitted and in accordance with the terms and conditions of this Agreement.

1.26 "FTE Rate" means the rate per FTE (which may be prorated on a daily basis as necessary) of *** and ***, with respect to Development and manufacturing activities conducted pursuant to this Agreement, subject to annual adjustment by the rate of the Employment Cost Index for total compensation for the "management, professional and related" occupational group, as published by the United States Department of Labor, Bureau of Labor Statistics (or any similar index agreed upon by the Parties if such index ceases to be compiled and published).

1.27 "Generic Competition" means, with respect to a Licensed Product in any country in a given Calendar Year, if, during such Calendar Year one or more Generic Products shall be commercially available in such country and such Generic Products shall in the aggregate have a market share of *** of the aggregate market share of such Licensed Product and Generic Products (based on data provided by IMS International or, if such data is not available, such other reliable data source as agreed by the Parties (such agreement not to be unreasonably withheld)) as measured by unit sales in such country.

1.28 "Generic Product" means any pharmaceutical product that (a) contains a Licensed Compound; (b) is sold by a Third Party that is not a licensee or sublicensee of Lilly or its Affiliates, under a marketing authorization granted by a Regulatory Authority to such Third Party; ***.

1.29 "Hematology Field" means the treatment, control, mitigation, prevention, cure, or diagnosis of all hematologic Indications as defined in subsections 280 — 289 (Diseases of the blood and blood-forming organs) of the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM), as set forth in Exhibit E.

1.30 "HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (15 U.S.C. §18a), and the rules and regulations promulgated thereunder.

1.31 "Incyte IP" means Incyte Know-How and Incyte Patent Rights.

1.32 "Incyte Know-How" means all Know-How that (a) is Controlled by Incyte or any of its Affiliates as of the Effective Date or during the Term; and (b) is necessary or useful to Develop, manufacture or Commercialize any Licensed Compounds or Licensed Products.

1.33 "Incyte Patent Rights" means all Patent Rights that (a) are Controlled by Incyte or any of its Affiliates as of the Effective Date or during the Term; and (b) (i) Covers a Licensed Compound or Licensed Product, a composition containing Licensed Compound, a formulation containing a Licensed Product or (ii) are otherwise necessary to Develop, manufacture or Commercialize any Licensed Compounds or Licensed Products. The Incyte Patent Rights that exist as of the Effective Date are set forth in Exhibit A (A-1 and A-2).

1.34 "IND" means an Investigational New Drug Application filed with the FDA under 21 C.F.R. Part 312 or similar non-United States application or submission in any country or group of countries for permission to conduct human clinical investigations.

1.35 "Indication" means any disease, condition or syndrome.

1.36 "Inflammatory Disease" means any inflammatory disease, including the following Indications: rheumatoid arthritis (and other arthritides including juvenile RA, ankylosing spondylitis, sero-negative spondyloarthropathies and psoriatic arthritis), inflammatory bowel disease (ulcerative colitis and Crohn's Disease), asthma, chronic obstructive pulmonary disease, multiple sclerosis, systemic lupus erythmatosus and psoriasis. Notwithstanding the foregoing, Inflammatory Disease specifically excludes any Indication included in the Excluded Field.

1.37 "Intellectual Property Rights" means Patent Rights, trade secrets, copyrights and other forms of proprietary or industrial rights pertaining to inventions, Know-How, original works, and other forms of intellectual property.

1.38 "Inventions" means all patentable inventions, discoveries, improvements and other technology and any Patent Rights based thereon, that are discovered, made or conceived during and in connection with the research, Development, manufacture and Commercialization of Licensed Compounds or Licensed Products.

1.39 "JAK" means human Jak Tyrosine Kinase.

1.40 "JAK1" means Jak1 Tyrosine Kinase.

1.41 "JAK2" means Jak2 Tyrosine Kinase.

1.42 "JAK Excluded Compound" means ***.

1.43 "JAK2 Inhibitor Compound" means *** in Schedule 1.43.

1.44 "Know-How" means any information, ideas, data, inventions, works of authorship, trade secrets, technology, or materials, including formulations, molecules, assays, reagents, compounds, compositions, human or animal tissue, samples or specimens, and combinations or components

thereof, whether or not proprietary or patentable, or public or confidential, and whether stored or transmitted in oral, documentary, electronic or other form, including all Regulatory Documentation, but excluding any such information or materials publicly disclosed in Patent Rights.

1.45 "Law" means any law, statute, rule, regulation, ordinance or other pronouncement having the effect of law, of any federal, national, multinational, state, provincial, county, city or other political subdivision, including (a) good clinical practices and adverse event reporting requirements, guidance from the International Conference on Harmonization or other generally accepted conventions, and all other rules, regulations and requirements of the FDA and other applicable Regulatory Authorities; (b) the Foreign Corrupt Practices Act of 1977, as amended, or any comparable laws in any country; and (c) all export control laws.

1.46 "Lead Compound" means (a) the Initial Lead Compound or (b) the first Licensed Back-Up Compound to achieve initiation of a Phase IIb Study (the "Follow-On Lead Compound").

1.47 "Licensed Back-Up Compounds" means all Licensed Compounds other than the Initial Lead Compound.

1.48 "Licensed Compounds" means (a) the compound known as INCB28050 (the chemical structure of which has been previously disclosed to Lilly) (the "Initial Lead

*** Confidential material redacted and filed separately with the Commission.

Compound"); (b) the back-up compounds set forth on Schedule 1.48 (the chemical structures of which have previously been disclosed to Lilly) (each an "Initial Licensed Back-Up Compounds"); (c) all other JAK2 Inhibitor Compounds (other than JAK Excluded Compounds) Covered ***, within the Selection Patent Rights that exist as of the Effective Date; (d) all salts, prodrugs, esters, metabolites, solvates, stereoisomers and polymorphs of the foregoing; and (e) all derivatives of the foregoing containing one or more atoms substituted with a radio isotope (including derivatives containing deuterium).

1.49 "Licensed Product" means a product or product candidate that contains one or more Licensed Compounds in any formulation as the active ingredient, including all dosages of such Licensed Compounds and all processes and delivery systems that incorporate such Licensed Compounds, but not including the Topical Field.

1.50 "Major EU Countries" means ***.

1.51 "Major Market Country" means ***.

1.52 "Marketing and Sales Support" means any direct support (internal or external, but excluding any allocation of general, corporate or administrative overhead) relating to the sale, promotion and marketing of Licensed Products, including: (a) Detailing or such other contact regarding Licensed Products; (b) sample drops and any activities performed by medical information scientists, market development specialists, managed care account directors and other personnel; (c), market research, marketing communications, managed care, sales meetings, sales force training, product hotlines, reimbursement support, contracting, pricing, and telemarketing services; (d) advertising through any means, including television and radio advertisements, advertisements appearing in journals, newspapers, magazines or other media, packaging design, visual aids and other selling materials, hospital formulary committee presentations and presentations to state and other governmental formulary committees; and (e) any public relations activity relating to a Licensed Product.

1.53 "MHLW" means the Japanese Ministry of Health, Labor and Welfare, or a successor agency thereto.

1.54 "NDA" means (a) (i) a New Drug Application submitted to the FDA, or any successor application or procedure, as more fully defined in 21 C.F.R. § 314.50 et. seq.; or (ii) any non-United States counterpart of such a New Drug Application; and (b) all supplements and amendments, including supplemental New Drug Applications (and any non-United States counterparts) that may be filed with respect to the foregoing.

1.55 "Net Sales" means, with respect to any Licensed Product, the gross amount invoiced by Lilly or its Affiliates, or sublicensees on sales or other dispositions of Licensed Product to Third Parties, or otherwise directly or indirectly paid to or earned by Lilly or its Affiliates or sublicensees with respect to the sale of Licensed Product, less the following:

(a) trade, cash and/or quantity discounts not already reflected in the amount invoiced, to the extent related to the gross amount invoiced;

(b) allowances and adjustments credited or payable, including credit for spoiled, damaged, outdated, recalled and returned Licensed Product, to the extent related to the gross amount invoiced and substantiated by reasonable documentation;

(c) freight, insurance and other transportation charges incurred in shipping a Product to Third Parties, to the extent identified as such in the invoice to the Third Party, to the extent included in the gross amount invoiced;

(d) amounts repaid or credited by reason of rejections, defects, recalls or returns or because of chargebacks, refunds, rebates (including wholesaler inventory management fees, retroactive price reductions, commissions, discounts or billing errors, and any other allowances which effectively reduce the net selling price);

(e) all tariffs, duties, excises, sales taxes, or other taxes (including VAT) and custom duties imposed on Licensed Products, in each case to the extent invoiced to customers or otherwise included within gross amounts invoiced;

(f) allowance for distribution expenses; and

(g) other similar and customary deductions which are in accordance with US GAAP.

Net Sales will not include sales between or among Lilly and its Affiliates and/or sublicensees; provided, however, that any resale to Third Parties shall be included in Net Sales.

Net Sales shall be calculated in accordance with Lilly's standard internal policies and procedures, which must be in accordance with Accounting Standards. In the case of any sale or other disposal for value, such as barter or counter-trade, of Licensed Product, or part thereof, other than in an arm's length transaction exclusively for cash, Net Sales shall be calculated as above on the value of the non-cash consideration received or the fair market price (if higher) of the Licensed Product in the country of sale or disposal, as determined in accordance with Accounting Standards. Donated product will be excluded from Net Sales.

In the event the Licensed Product is sold in a finished dosage form containing the Licensed Product in combination with one or more other active ingredients (a "Combination Product"), the Net Sales of the Licensed Product, for the purposes of determining royalty payments, shall be determined by multiplying the Net Sales (as defined above in this Section) of the Combination Product by the fraction, A/(A+B) where A is the weighted (by sales volume) average sale price in a particular country of the Licensed Product in the prior Calendar Year when sold separately in finished form and B is the weighted average sale price in that country in the prior Calendar Year of the other product(s) sold separately in finished form.

In the event that the weighted average sale price of the Licensed Product can be determined but the weighted average sale price of the other product(s) cannot be determined, Net Sales for purposes of determining royalty payments shall be calculated by multiplying the Net Sales of the Combination Product by the fraction A / C where A is the weighted average sale price of the Licensed Product when sold separately in finished form and C is the weighted average sale price of the Combination Product.

In the event that the weighted average sale price of the other product(s) can be determined but the weighted average sale price of the Licensed Product cannot be determined, Net Sales for purposes of determining royalty payments shall be calculated by multiplying the Net Sales of the Combination Product by the following formula: one (1) minus B / C where B is the weighted average sale price of the other product(s) when sold separately in finished form and C is the weighted average sale price of the Combination Product.

In the event that such average sale price cannot be determined for both the Licensed Product and the other product(s) in combination, Net Sales for purposes of determining royalty payments shall be agreed by the Parties based on the relative value contributed by each component, such agreement shall not be unreasonably withheld.

In the initial Calendar Year, a forecasted weighted average sale price will be used for the Licensed Product, other product(s), or Combination Product. Any over or under payment due to a difference between forecasted and actual weighted average sale prices will be paid or credited in the first royalty payment of the following Calendar Year.

1.56 "Oncology Field" means the treatment, control, mitigation, prevention, cure, or diagnosis of any oncology Indications as defined in subsections 140 — 239 (Neoplasms) of the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM) as set forth in Exhibit E, including all hematologic malignancies, solid tumors and myeloproliferative diseases (including Myelofibrosis, Polycythemia Vera and Essential Thrombocythemia) as listed in ICD-9-CM.

1.57 "Out-of-Pocket Costs" means, with respect to certain activities hereunder, direct expenses paid or payable by either Party or its Affiliates to Third Parties (other than employees of such Party or its Affiliates) that are specifically identifiable and incurred to conduct such activities for Licensed Products and have been recorded in accordance with Accounting Standards.

1.58 "Party" means Lilly or Incyte. "Parties" means Lilly and Incyte.

1.59 "Patent Rights" means all patents and patent applications in any country in the world, including any continuations, continuations-in-part, divisions, provisionals or any substitute applications, any patent issued with respect to any such patent applications, any reissue, reexamination, renewal, term adjustment, restoration, or extension (including any supplemental protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all non-United States counterparts of any of the foregoing.

1.60 "Patent Term Extension" means any patent term extension, adjustment or restoration or supplemental protection certificates.

1.61 "Person" means any natural person, general or limited partnership, corporation, limited liability company, limited liability partnership, firm, association or organization or other legal entity.

1.62 "Phase I Study" means a study in humans which provides for the first introduction into humans of a product, conducted in healthy volunteers or patients to obtain information on product safety, tolerability, pharmacological activity or pharmacokinetics, as more fully defined in 21 C.F.R. § 312.21(a) (or the non-United States equivalent thereof).

1.63 "Phase II Study" means a study in humans of the safety, dose ranging and efficacy of a product, which is prospectively designed to generate sufficient data (if successful) to commence pivotal clinical trials, as further defined in 21 C.F.R. § 312.21(b) (or the non-United States equivalent thereof).

1.64 "Phase IIb Study" means a well-controlled, dose ranging, multicenter Phase II Study in patients with the disease or condition under study which is conducted after a proof of concept study and that is adequately powered to further evaluate efficacy and safety and define the dosage regimen of a product in the target indication and which is intended to be among the last clinical trials in the patient population performed prior to the initiation of Phase III Studies. A Phase IIb Study could include several hundred patients but not to the extent required for registration.

1.65 "Phase III Study" means a controlled study in humans of the efficacy and safety of a product, which is prospectively designed to demonstrate statistically whether such product is effective and safe for use in a particular Indication in a manner sufficient to file an NDA to obtain regulatory approval to market the product, as further defined in 21 C.F.R. § 312.21(c) (or the non-United States equivalent thereof).

1.66 "Phase IV Study" means a human clinical trial which is conducted on a product after Regulatory Approval of the product has been obtained from an appropriate Regulatory Authority, and includes (a) trials conducted voluntarily for enhancing marketing or scientific knowledge of an approved Indication or (b) trials conducted after Regulatory Approval due to request or requirement of a Regulatory Authority or as a condition of a previously granted Regulatory Approval.

1.67 "Prior Confidentiality Agreement" means the Confidentiality Agreement between Incyte and Lilly, dated April 23, 2009.

1.68 "Publication" means any publication in a scientific journal, any abstract to be presented to any scientific audience, any presentation at any scientific conference, including slides and texts of oral or other public presentations, any other scientific presentation and any other oral, written or electronic disclosure directed to a scientific audience which pertains to the Licensed Compound, the Licensed Product or the use of the Licensed Product.

1.69 "Regulatory Approval" means all approvals (including any applicable governmental price and reimbursement approvals), licenses, registrations, and authorizations of any federal, national, multinational, state, provincial or local Regulatory Authority, department, bureau and other governmental entity that are necessary for the marketing and sale of a Licensed Product in a country or group of countries.

1.70 "Regulatory Authority" means, with respect to a country, the regulatory authority or regulatory authorities of such country with authority over the testing, manufacture, use,

storage, importation, promotion, marketing, pricing or sale of a pharmaceutical product in such country.

1.71 "Regulatory Documentation" means, with respect to the Licensed Compounds and Licensed Products, all INDs and other regulatory applications submitted to any Regulatory Authority, copies of Regulatory Approvals, regulatory materials, drug dossiers, master files (including Drug Master Files, as defined in 21 C.F.R. 314.420 and any non-United States equivalents), and any other reports, records, regulatory correspondence and other materials relating to Regulatory Approval of a Licensed Compound or Licensed Product, or required to manufacture, distribute or sell the Licensed Products, including any information that relates to pharmacology, toxicology, chemistry, manufacturing and controls data, batch records, safety and efficacy, and any safety database required to be maintained for Regulatory Authorities.

1.72 "Regulatory Exclusivity" means that Third Parties are prevented from legally Developing, manufacturing or Commercializing a product that could compete with a Licensed Product in a country, either through data exclusivity rights, orphan drug designation, or such other rights conferred by a Regulatory Authority in such country, other than through Patent Rights.

1.73 "Right of Reference or Use" means a "Right of Reference or Use" as that term is defined in 21 C.F.R. §314.3(b) or any successor regulatory scheme, and any non-United States equivalents.

1.74 "Selection Patent Rights" means the Incyte Patent Rights that are designated as INCY0086 and Joint IP Covering the Licensed Compounds and Licensed Products. The Selection Patent Rights that exist as of the Effective Date are set forth on Exhibit A-*2*.

1.75 "Territory" means the entire world.

1.76 "Third Party" means any Person other than a Party or any of its Affiliates.

1.77 "Topical Field" means any topical, intranasal, ophthalmic or other non-systemic formulations or dosage forms (e.g. cream, ointment, lotion, solution, spray, suspension, emulsion, etc.) that are administered with the intent to achieve a local/non-systemic pharmacologic activity that provides a localized treatment ***. For avoidance of doubt, Topical Field does not include the administration of a drug through any route if the primary intent of said administration is to achieve a systemic pharmacologic effect.

1.78 "Valid Claim" means (a) a claim of an issued patent that has not expired or been abandoned, or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period) or (b) a claim within a patent application *** and which claim has not been revoked, cancelled, withdrawn, held invalid or abandoned.

1.79 "Voting Stock" means securities of any class or series of a corporation, limited liability company, association or other entity, the holders of which are ordinarily, in the absence of contingencies, entitled to vote generally in matters put before the shareholders or members of such corporation, limited liability company, association or other entity, including the right to vote for the election of directors or members of an equivalent governing body.

1.80 Additional Definitions. Each of the following definitions is set forth in the section of this Agreement indicated below:

DEFINITION	SECTION

Abandoned Commercialization	5.1(b)
Abandoned Development	4.2(b)(iii)
Additional Field	2.4
Agreement	Preamble
Bankruptcy Code	2.3
Breaching Party	8.2(b)
Combination Product	1.55
Co-Promotion Option	5.4(a)
Development Budget	4.2(a)(iii)C
Development Plan	4.2(a)(iii)
Disclosing Party	11.1
Effective Date	Preamble
Follow-On Lead Compound	1.46
Future Incyte Patent Rights	6.2(a)
Genus Patent Rights	6.2(a)
Global Safety Database	4.5(c)
Incyte	Preamble
Incyte Indemnified Parties	9.1(a)
Incyte Phase IIa Study	4.2(a)(ii)
Initial Development Plan	4.2(a)(iii)
Initial Lead Compound	1.48
Initial Licensed Back-Up Compound	1.48
JDC	3.1(a)
Joint IP	6.1(b)
Lilly	Preamble
Lilly Indemnified Parties	9.2(a)
***	2.4
***	2.4
Non-Breaching Party	8.2(b)
Notice	13.5
Ongoing Studies	4.2(a)(i)
Promotional Plan	5.4(a)
Receiving Party	11.1
Royalty Term	7.3(b)
SEC	11.3(b)
Severed Clause	13.12

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DEFINITION	SECTION
Subcommittee	3.2
Term	8.1
Third-Party Infringement	6.3(a)
UCC	5.4(b)(iii)
Voting Securities	10.5(a)(i)

1.81 Construction. In construing this Agreement, unless expressly specified otherwise:

(a) references to Articles, Sections, Exhibits and Schedules are to articles and sections of, and exhibits and schedules to, this Agreement;

(b) except where the context otherwise requires, use of either gender includes the other gender, and use of the singular includes the plural and vice versa;

(c) headings and titles are for convenience only and do not affect the interpretation of this Agreement;

(d) any list or examples following the word “including” shall be interpreted without limitation to the generality of the preceding words;

(e) except where the context otherwise requires, the word “or” is used in the inclusive sense;

(f) all references to “dollars” or “$” herein shall mean U.S. Dollars; and

(g) each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions.

ARTICLE II

LICENSES

2.1 Rights Granted by Incyte to Lilly. Subject to the terms of this Agreement, Incyte hereby grants Lilly, during the Term, an exclusive (even as to Incyte and its Affiliates), royalty-bearing, non-transferable (except in accordance with Section 13.3) license, with the right to sublicense (subject to Section 2.2), under Incyte IP, to research, Develop, Commercialize, make, have made, use, offer for sale, sell and import Licensed Compounds and Licensed Products in the Territory in the Field.

2.2 Sublicense Rights. Lilly shall have the right to grant sublicenses within the scope of the license under Section 2.1 solely to its Affiliates and to (a) Bona Fide Collaborators; (b) Third Parties for the purpose of distributing, importing, marketing, promoting and selling a Licensed Product in the Field (i) in any country other than a Major Market Country and (ii) in a Major Market Country ***;

or (c) Third Parties for the purpose of engaging such Third Parties as contract research organizations, contract manufacturers, contract sales forces and academic institutions in connection with Development and/or Commercialization of Licensed Compounds and Licensed Products in the Field in the Territory; provided that any sublicense granted under this Agreement shall be pursuant to a written agreement that subjects such sublicensee to all relevant restrictions and limitations set forth in this Agreement. If Lilly grants a sublicense to a Third Party pursuant to subclause (a) or (b) to research, Develop or Commercialize Licensed Products in the United States, Major EU Countries or Japan, as permitted by Section 2.2(a) or (b), then Lilly shall provide Incyte with prompt written notice thereof and shall provide Incyte with an executed copy of any such sublicense (redacted as necessary to protect confidential or commercially sensitive information). Except as otherwise agreed by the Parties in writing, Lilly shall be jointly and severally responsible with its sublicensees to Incyte for failure by its sublicensees to comply with, and Lilly guarantees the compliance by each of its sublicensees with, all such applicable restrictions and limitations in accordance with the terms and conditions of this Agreement. For the purposes this Section 2.2, a "Bona Fide Collaborator" means a Third Party that has entered into a collaboration with Lilly for the research, Development or Commercialization of Licensed Compounds and/or Licensed Products in which Lilly plays a significant role in the decision-making process with respect to the Development and/or Commercialization of such Licensed Compound and/or Licensed Product. For purposes of clarity, a Third Party that is granted a sublicense in accordance with Section 2.2(b) or 2.2(c) shall not be deemed a Bona Fide Collaborator.

2.3 Section 365(n) of The Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement, including the licenses granted under this ARTICLE II and the rights granted under Section 4.1(c), are and will otherwise be deemed to be for purposes of Section 365(n) of the United States Bankruptcy Code (Title 11, U.S. Code), as amended (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined in Section 101(35A) of the Bankruptcy Code. Lilly will retain and may fully exercise all of its respective rights and elections under the Bankruptcy Code. Incyte agrees that Lilly, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code or any other provisions of applicable Law outside the United States that provide similar protection for "intellectual property." Incyte further agree that, in the event of the commencement of a bankruptcy proceeding by or against Incyte under the Bankruptcy Code or analogous provisions of applicable Law outside the United States, Lilly will be entitled to a complete duplicate of (or complete access to, as Lilly deems appropriate) such intellectual property and all embodiments of such intellectual property, which, if not already in Lilly's possession, will be promptly delivered to it upon Lilly's written request thereof. Any agreements supplemental hereto will be deemed to be "agreements supplementary to" this Agreement for purposes of Section 365(n) of the Bankruptcy Code.

2.4 Field Expansion. From time to time during the Term, Lilly shall have the right, upon written notice to Incyte, to request to expand the Field to *** (each an "Additional Field") in which Lilly has a good faith intention to seek to Develop and Commercialize Licensed Compounds and Licensed Products, which right shall be subject to any agreement which Incyte may have entered into with a Third Party with respect to such

Additional Field(s). Following Incyte's receipt of such written notice, and upon mutual agreement of the Parties, the Field may be expanded to include such Additional Field(s). The milestone payments set forth in Section 7.2(a)(i) shall apply as follows for the Lead Compound and in Section 7.2(a)(ii) for a Licensed Back-Up Compound when Developed for such Additional Field: (a) *** payments shall apply for *** means an *** in ***; and (b) *** payments shall apply for *** means an *** in ***.

2.5 Retained Rights.

(a) No Implied Licenses or Rights. Except as expressly provided in Section 2.1 or elsewhere in this Agreement, all rights in and to the Incyte IP, and any other Patent Rights or Know-How of Incyte and its Affiliates, are hereby retained by Incyte and its Affiliates.

(b) Other Retained Rights.

(i) Notwithstanding the exclusive licenses granted to Lilly pursuant to Section 2.1, Incyte retains the right to practice under the Incyte IP solely to perform (and to sublicense Third Parties to perform) its obligations under this Agreement (including the manufacture and supply of Licensed Compound and Licensed Product to Lilly).

(ii) For purposes of clarity, the license granted to Lilly in Section 2.1 shall not require Incyte to remove any Licensed Compounds from Incyte's compound library, provided, however, that Incyte shall have no right to Develop or Commercialize any Licensed Compound or Licensed Product, even if included in Incyte's compound library.

2.6 Non-Compete.

(a) Incyte agrees not to, and shall cause its Affiliates not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), (i) Develop prior to the First Commercial Sale of the first Licensed Product; and (ii) Commercialize prior to the First Commercial Sale of the first Licensed Product and for a period of *** from the First Commercial Sale of the

first Licensed Product, any JAK2 Inhibitor Compound in the Field anywhere in the world, other than a Licensed Compound in accordance with the terms of this Agreement.

(b) Incyte shall cause its licensees of the Incyte Patent Rights (other than Lilly with respect to Licensed Compounds pursuant to this Agreement) not to use such Incyte Patent Rights to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), (i) Develop prior to the First Commercial Sale of the first Licensed Product; and (ii) Commercialize prior to the First Commercial Sale of the first Licensed Product and for a period of *** from the First Commercial Sale of the first Licensed Product, any JAK2 Inhibitor

Compound in the Field anywhere in the world, other than a Licensed Compound in accordance with the terms of this Agreement.

(c) Lilly agrees not to, and shall cause its Affiliates and sublicensees not to, directly or indirectly, including through any ownership interest in any other entity (other than through an ownership interest of *** or less of a public company), (i) Develop prior to the First Commercial Sale of the first Licensed Product; and (ii) Commercialize prior to the First Commercial Sale of the first Licensed Product and for a period of *** from the First Commercial Sale of the first Licensed Product, any JAK2 Inhibitor Compound in the Field anywhere in the world, other than a Licensed Compound in accordance with the terms of this Agreement.

(d) Notwithstanding the foregoing: (i) nothing in this Agreement shall prohibit either Party from Developing or Commercializing any JAK Excluded Compound (other than any JAK Excluded Compound Covered ***) in any field anywhere in the world and (ii) neither Party shall Develop or Commercialize any JAK Excluded Compound Covered *** anywhere in the world in or outside the Field.

(e) During the Term, Lilly shall not, nor shall Lilly allow its Affiliates or sublicensees to, Develop or Commercialize any Licensed Compounds anywhere in the world in the Excluded Field.

(f) During the Term, Incyte shall not, nor shall Incyte allow its Affiliates or its licensees of the Incyte Patent Rights (other than Lilly in the Field in the Territory) to use such Incyte Patent Rights to, Develop or Commercialize any Licensed Compounds anywhere in the world in or outside the Field.

(g) In the event that this Agreement is assigned by Incyte in connection with the sale or transfer of all or substantially all of the business and assets of Incyte or Incyte merges with or is consolidated with a Third Party, the Development, manufacture or Commercialization of a compound or product that, as of the date of such sale, transfer, merger or consolidation, is being Developed, manufactured or Commercialized by the assignee or acquirer of Incyte or any Affiliate controlled by (as "controlled by" is defined in Section 1.2) such assignee or acquirer, shall not constitute a breach of this Agreement; provided that (i) such compound or product is not a Licensed Product or Licensed Compound; (ii) such assignee or acquirer or Affiliate keeps such Development, manufacture or Commercialization program for such other product separate from the Development, manufacture and Commercialization programs for Licensed Products, and ensures that no Lilly Confidential Information is utilized in such program; (iii) ***; and (iv) Incyte continues to meet its obligations hereunder.

(h) In the event Lilly acquires control of any Third Party, the activities of such Third Party shall not constitute a breach of this Agreement provided that (i) within no later than ***,

Lilly takes appropriate action, through divestiture of assets or otherwise, to cause Lilly to come into compliance with the terms of this Agreement; (ii) Lilly keeps such activities separate from the Development, manufacture and Commercialization programs for Licensed Products, and ensures that no Incyte Confidential Information is utilized in such activities; and (iii) Lilly continues to meet its other obligations hereunder.

(i) Notwithstanding the foregoing, nothing in this Agreement shall prohibit either Party or an Affiliate of the Party from having or controlling separate Development and/or Commercialization programs directed toward the use of a JAK2 Inhibitor Compound outside the Field, provided that the JAK2 Inhibitor Compound is not a Licensed Product or Licensed Compound, and the separate Development and/or Commercialization program activities are separate from the Development and Commercialization programs for Licensed Products, and such Party ensures that no Confidential Information received from the other Party or Joint IP is utilized in such activities.

ARTICLE III

GOVERNANCE

3.1 Joint Development Committee.

(a) Establishment. The Parties shall establish a joint development committee ("JDC") within thirty (30) days after the Effective Date that will have the responsibility for the overall coordination and oversight of the Development of Licensed Compounds and Licensed Products under this Agreement. As soon as practicable following the Effective Date (but in no event more than thirty (30) days following the Effective Date), each Party shall designate its initial three (3) representatives on the JDC. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XI. A representative from Lilly shall act as the chairperson of the JDC. The chairperson shall not have any greater authority than any other representative on the JDC and shall conduct the following activities of the JDC: (i) calling meetings of the JDC; (ii) preparing and issuing minutes of each such meeting within thirty (30) days thereafter; (iii) ensuring that any decision-making delegated to the JDC is carried out in accordance with Section 3.5; and (iv) preparing and circulating an agenda for the upcoming meeting; provided that the chairperson shall include any agenda items proposed by Incyte. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any JDC

meeting; provided, however, that each Party shall ensure that at all times during the existence of the JDC, its representatives on the JDC are appropriate in terms of expertise and seniority for the then-current stage of Development of the Licensed Products.

(b) Responsibilities. The JDC shall have responsibility for: (i) overseeing the initial transfer of information and designated activities from Incyte to Lilly relating to the clinical Development of Licensed Compounds and Licensed Products; (ii) the general oversight of the Development of Licensed Compounds and Licensed Products, including the periodic review and approval of the Development Plans (and any material updates, amendments and modifications thereto) and the review and evaluation of the progress under the Development Plans; (iii)

reviewing, amending and approving the Development Budget(iv) selecting Indications for Development in the Field; (v) reviewing the regulatory approach and filing strategy with respect to seeking and obtaining Regulatory Approval of Licensed Products in the Field in the Territory; and (vi) performing such other functions as appropriate to further the purposes of this Agreement, as mutually agreed upon by the Parties in writing.

3.2 Subcommittees. The JDC may establish and disband such subcommittees as deemed necessary by the JDC (each a "Subcommittee"). Each Subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on notice to the other or to send a substitute representative to any Subcommittee meeting; provided, however, that each Party shall ensure that at all times during the existence of any Subcommittee, its representatives on such Subcommittee are appropriate in terms of expertise and seniority for the then-current stage of Development of the Licensed Product in the Field in the Territory and have the authority to bind such Party with respect to matters within the purview of the relevant Subcommittee. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in ARTICLE XI. Except as expressly provided in this Agreement, no Subcommittee shall have the authority to bind the Parties hereunder and each Subcommittee shall report to, and any decisions shall be made by, the JDC.

3.3 Committee Meetings. The JDC and each of the Subcommittees shall each hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as the chairperson elects to do so. Except where a Party fails to appoint a member or members to the JDC or the Subcommittees or fails to participate in meetings of the JDC or the Subcommittees pursuant to Section 3.6, meetings of the JDC and the Subcommittees, respectively, shall be effective only if at least one (1) representative of each Party is present or participating. The JDC and the Subcommittees may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; provided that no less than one (1) meeting during each Calendar Year shall be conducted in person. Other representatives of each Party involved with Licensed Products (including representatives of such Party's alliance management function) may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in ARTICLE XI. Additional meetings of the JDC and the Subcommittees may also be held with the consent of each Party, or as required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

3.4 Authority. The JDC and any Subcommittee shall have only the powers assigned expressly to it in this ARTICLE III and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JDC or any Subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

3.5 Decisions.

(a) Initial Dispute Resolution Procedures. Subject to the provisions of this Section 3.5, actions to be taken by the JDC and each of the Subcommittees shall be taken only following a unanimous vote, with each Party having one (1) vote. If any Subcommittee fails to reach unanimous agreement on a matter before it for decision for a period in excess of thirty (30) days, either Party shall have the right to refer the matter to the JDC.

(b) Final Decision-Making. If the JDC fails to reach unanimous agreement on a matter properly before it (in accordance with this ARTICLE III) for decision for a period in excess of thirty (30) days, the JDC representatives appointed by Lilly shall have the deciding vote on any matter. Incyte shall have the right to appeal any such decision of the JDC to the Lilly Executive Officer or a designee of the Lilly Executive Officer with decision-making authority for resolution. In such case, the Lilly Executive Officer or designee shall have the final decision-making authority on such issue.

(c) Notwithstanding the foregoing, Lilly shall not exercise its right to finally resolve a dispute pursuant to Section 3.5(b): (i) in a manner that expands Lilly's rights or excuses Lilly from any of its obligations specifically enumerated under this Agreement; (ii) in a manner that negates any consent rights or other rights specifically allocated to Incyte under this Agreement; (iii) to resolve any dispute regarding whether a milestone event set forth in Section 7.2 has been achieved; or (iv) in a manner that would require Incyte to perform any act that it reasonably believes to be inconsistent with any Law or any approval, order, policy or guidelines of a Regulatory Authority.

3.6 Committee Membership.

(a) Appointment is a Right. The appointment of members of the JDC and any Subcommittees is a right of each Party and not an obligation and shall not be a "deliverable" as referenced in any existing authoritative accounting literature. Each Party shall be free to determine not to appoint members to the JDC or any Subcommittee.

(b) Consequence of Non-Appointment. If a Party does not appoint members of the JDC or any Subcommittee, it shall not be a breach of this Agreement, nor shall any consideration be required to be returned, and unless and until such members are appointed, the Party that has made the requisite appointments may unilaterally discharge the roles of the JDC or any Subcommittee for which members were not appointed, provided that neither Party shall unilaterally discharge the roles of the JDC or any Subcommittee as permitted under this Section 3.6(b) unless the other Party has not appointed any members within thirty (30) days after the first Party has completed its appointment of its members.

3.7 Future Adjustments in Governance. The Parties may at any time by mutual agreement create or delete governance committees or subcommittees or make other modifications to the governance structures contemplated by this Agreement in order to promote the efficient operation of the

collaboration.

*** Confidential material redacted and filed separately with the Commission.

ARTICLE IV

DEVELOPMENT; REGULATORY MATTERS; SUPPLY

4.1 Initial Transfer.

(a) Initial Information Transfer to Lilly. (i) Within a reasonable period not to exceed *** after the Effective Date, Incyte shall make available to Lilly, in a mutually-agreed upon format, the material clinical data and manufacturing Know-How included in the Incyte Know-How and that is described in Exhibit B; and (ii) from the Effective Date through ***, Incyte shall make its relevant scientific and technical personnel reasonably available to Lilly at Incyte's offices, at reasonable times during Incyte's normal business hours and upon reasonable prior notice, to answer any questions or provide instruction as reasonably requested by Lilly concerning the information delivered pursuant to this Section 4.1. Thereafter, with respect to any information that constitutes Incyte Know-How not transferred to Lilly as contemplated above, Incyte will, upon request by Lilly, use its good faith efforts to make available to Lilly such Incyte Know-How as Lilly may reasonably request.

(b) Transfer of Regulatory Documentation. Upon Lilly's request after payment of the license fee in accordance with Section 7.1, Incyte shall transfer ownership to Lilly of any Regulatory Documentation Controlled by Incyte and existing as of the Effective Date.

(c) Right of Reference or Use. Incyte hereby grants to Lilly, solely for the purposes set forth in this Agreement, a Right of Reference or Use to any and all Regulatory Documentation Controlled by Incyte relating to Licensed Products and existing as of the Effective Date or generated from any Clinical Trial commenced by Incyte prior to the Effective Date, and agrees to sign, and cause its Affiliates to sign, any instruments reasonably requested by Lilly in order to effect such grant. Notwithstanding the foregoing, nothing in this Section 4.1 is intended to imply the existence of any particular data, information, drug master file or other Regulatory Documentation.

(d) Applicability of Bankruptcy Code. For the avoidance of doubt, rights granted under this ARTICLE IV shall be deemed to be license of rights to "intellectual property" as defined in Section 101 (35A) of the Bankruptcy Code and shall otherwise be subject to Section 2.3.

4.2 Conduct of Development Activities.

(a) Generally.

(i) Except as provided in Section 4.2(a)(ii), from and after the Effective Date, Lilly will, subject to the terms of this Agreement, be responsible, at its expense, for the Development of Licensed Products in the Field in the Territory. Without limiting the foregoing, except as provided in Section 4.2(a)(ii), Lilly shall be responsible for all Out-of-Pocket Costs, including costs for contract research organizations and drug substance and drug product costs, associated with studies 28050-103, 102 and 110 (the "Ongoing Studies") that are incurred after the Effective Date, it being understood that Incyte shall be responsible for all costs

*** Confidential material redacted and filed separately with the Commission.

incurred prior to the Effective Date, whether billed prior to the Effective Date or thereafter. Incyte shall transfer the Ongoing Studies to Lilly within *** after the Effective Date. Incyte shall invoice Lilly for Incyte's Out-of-Pocket Costs incurred after the Effective Date and FTE costs in connection with the management and supervision of such Ongoing Studies after the Effective Date.

(ii) Incyte shall continue to advance, at its expense, all clinical Development conducted by Incyte for the Initial Lead Compound through the completion of the ongoing Phase IIa trial, Study INCB28050-201 (the "Incyte Phase IIa Study").

(iii) The Development of Licensed Products shall be governed by Development plans that describe the proposed overall program of Development for Licensed Products (the "Development Plan"); including:

A. overall goals of the program;

B. the activities to be performed (including all Clinical Trials and Regulatory Approvals required for manufacturing, marketing and selling Licensed Products in the Territory), as well as the characterization of studies;

C. a detailed budget of Development Costs, including the overall costs for each study, annualized over the course of each such study ("Development Budget");

D. anticipated timelines for performance; and

E. specific deliverables.

(iv) A current draft of a summary development plan for the Initial Lead Compound is attached hereto as Exhibit C (the "Initial Development Plan"). Lilly shall have the sole right and responsibility for preparing the Development Plan for each Licensed Product in the Field in the Territory. Except as otherwise provided in this Agreement, with respect to Licensed Product in the Field in the Territory, all decisions with respect to the creation, modification and implementation of the Initial Development Plan, all other Development Plans and all Development activities shall be made by Lilly in its sole discretion; provided that Lilly will present a draft Development Plan for each Licensed Product and any material changes to the Initial Development

Plan to the JDC and will give due consideration to any comments of Incyte thereto. Notwithstanding the foregoing, each Development Plan, as initially prepared and as created, modified and implemented, will reflect and be consistent with the use of Commercially Reasonable Efforts to Develop Licensed Products.

(b) Diligence.

(i) Lilly shall use Commercially Reasonable Efforts to (A) Develop Licensed Compounds and Licensed Products in the Field in the Territory in accordance with the Development Plans; and (B) seek and obtain Regulatory Approval for Licensed Products in the Field in the Territory. Incyte shall reasonably cooperate with Lilly to obtain Regulatory

Approval for Licensed Products in the Field in the Territory, including by providing Lilly access to Incyte Know-How and Incyte personnel and consultants.

(ii) Within either the later of (A) *** after receipt of the *** clinical study results generated in the Phase IIa Study INCB28050-201 for rheumatoid arthritis; or (B) *** after receipt of the *** clinical study results generated in the Phase IIa Study INCB28050-201 for rheumatoid arthritis, Lilly shall initiate a Phase IIb Study; provided that (1) the Phase IIa Study INCB28050-201 supports initiation; (2) the clinical trial protocol is approved and does not require any specialized equipment, testing, or site preparation; (3) the clinical trial material is acceptable; (4) there are no delays caused by a Regulatory Authority; and (5) there are no other factors that cause a delay that could not have been reasonably avoided by Lilly.

(iii) Lilly shall Develop, including seeking Regulatory Approval for, at least ***. If at any point in time prior to First Commercial Sale of a Licensed Product, no Development activities conducted in good faith with the intention of advancing at least *** (and not for the sole purpose of preserving rights hereunder), have occurred during at least the preceding *** and (x) no significant constraints on such Development imposed by a Regulatory Authority or a Force Majeure Event have been in effect during such period and (y) during such period Lilly has not engaged in bona fide sublicensing negotiations with a Third Party with respect to the Development of Licensed Compounds and Licensed Products in the United States and the Major EU Countries (provided that the time period in which such negotiations have taken place does not exceed ***), then Lilly shall be deemed to have abandoned Development of Licensed Compounds and Licensed Product ("Abandoned Development"). For purposes of clarity, ***. If Incyte concludes that Lilly has Abandoned Development, then Incyte shall deliver written notice to Lilly setting out the basis for Incyte's conclusion. If Lilly disagrees with Incyte's conclusion that Lilly has Abandoned Development, then the Parties will meet within *** to discuss the disagreement. If the Parties cannot agree after such discussion, then the terms of 8.2(e) shall apply to resolve the dispute. If Lilly has Abandoned Development, then:

A. If Lilly has not previously been properly deemed to have Abandoned Development, then within *** from receipt of notice from Incyte that Lilly has Abandoned Development, Lilly shall either: (1) ***; or (2) provide Incyte with written notice that ***, in which case Incyte shall have the right to terminate this Agreement in accordance with Section 8.2(d). In the event that Lilly elects to take the actions described in this subclause (A), Lilly shall have an additional *** from the delivery of *** to initiate and diligently pursue such steps that will result in Lilly not being deemed to have Abandoned Development. If Lilly fails to take such actions within such *** period, then Incyte may terminate this Agreement in accordance with Section 8.2(d).

B. If Lilly has previously been properly deemed to have Abandoned Development and had previously elected to take the actions described in subclause (A) above, Incyte shall have the right to terminate this Agreement in accordance with Section 8.2(d).

4.3 Development Reports. Lilly shall provide the JDC with a written report at least *** summarizing in reasonable detail Lilly's and its Affiliates' activities and progress related to the Development of Licensed Products in the Field in the Territory, including information concerning the conduct of non-clinical activities and Clinical Trials, applications for and securing of Regulatory Approvals, First Commercial Sale of the Licensed Product on a country-by-country basis and any future planned Development activities.

4.4 Licensed Product Co-Development Option. On a Licensed Product-by-Licensed Product basis, for each Indication for which (x) Lilly anticipates initiating a Phase IIb Study and (y) there is a means to separately track the Annual Net Sales of such Licensed Product for such Indication (each a "Co-Development Indication") based on a new formulation or a new targeted prescribing specialist group ***, and provided that Incyte has not exercised the Incyte Development Opt Out in accordance with Section 4.4(c)(ii) for any Licensed Product, Incyte shall have the option to co-fund Development of such Co-Development Indication (the "Co-Development Option") as follows:

(a) Within *** prior to the anticipated initiation of a Phase IIb Study for the Co-Development Indication, Lilly shall notify Incyte of such anticipated initiation and shall provide Incyte with the following information: all material pre-clinical and clinical data and related analysis and regulatory information submitted to any Regulatory Authorities prior to the applicable time-period mentioned above, and Lilly's then current Development Plans and total global Development Budget (including the overall costs for each study, annualized over the course of each such study) with respect to such Co-Development Indication (the "Co-Development Indication Budget"). Incyte shall have the option to co-fund Development of such Co-Development Indication, exercisable by (i) providing Lilly written notice within *** after receipt of such information and (ii) co-funding thirty percent (30%) of Lilly's total global Development Costs for such Co-Development Indication incurred after the date of such notice through the Regulatory Approval of such Co-Development Indication on a country by country basis ("Incyte Target Global Funding"). As used herein in this Section 4.4, Regulatory Approval costs include costs for any post-launch studies required by a Regulatory Authority.

(b) If Incyte timely delivers such notice, within *** following the end of each Calendar Quarter after Incyte has delivered such notice, Lilly shall prepare and deliver to Incyte a quarterly report detailing its Development Costs incurred during such period with respect to such Co-Development Indication. Lilly shall submit any supporting information reasonably requested by Incyte related to such Development Costs included in its report within *** after its receipt of such request. Lilly shall issue an invoice to Incyte for thirty percent (30%) of the Development Costs identified in such report. Incyte shall

pay all amounts payable under any such invoice within *** after its receipt of such invoice, subject to Section 4.4(c). Incyte shall have the right to audit the records of Lilly with respect to any purported Development Costs included in such reports, in accordance with Section 7.6.

(c) If Incyte exercises its Co-Development Option with respect to a Licensed Product, in addition to the royalty rates set forth in Section 7.3, Lilly shall pay Incyte an incremental *** royalty (the "Target Co-Development Royalty") on Annual Net Sales of such Licensed Product for the Co-Development Indication, provided that:

(i) The JDC shall review and, as necessary, amend the Co-Development Indication Budget no later than October 30th of each year and any interim changes must be reviewed and approved by the JDC. In the event that the actual global Development Costs in a Calendar Year exceed (A) *** of the annualized Co-Development Indication Budget approved by the JDC for such Calendar Year no later than October 30th of the preceding year or (B) *** of the projected total Development Costs for a particular study as set forth in the Co-Development Indication Budget approved by the JDC that was in effect immediately prior to the initiation of such study (the "Development Cap"), then Incyte may elect, by providing Lilly with written notice of such election within *** after receipt of an invoice pursuant to 4.4(b) that would result in a payment above the Development Cap, not to fund the Co-Development Indication Budget for that year above the Development Cap (the "Funding Cap Option"). Except where the Development Cap has been reached pursuant to Section 4.4(c)(i)(B), Incyte shall resume its payment obligation pursuant to 4.4(b) on January 1 following each such election of the Funding Cap Option. In the event that Incyte elects the Funding Cap Option, such election of the Funding Cap Option shall not constitute a violation of this Section 4.4. Such Funding Cap Option does not impact the Target Co-Development Royalty for the Co-Development Indication; however, Incyte agrees to reimburse Lilly for all unpaid Incyte Target Global Funding pursuant to this Section 4.4(c)(i) solely in the form of a reduction of future milestone payments and/or royalty payments as requested by Lilly; and

(ii) In the event that Incyte provides Lilly with written notice within *** after receipt of an invoice pursuant to 4.4(b) of its election not to fund the entire amount of Incyte Target Global Funding for a Licensed Product ("Incyte Development Opt Out"), then the Target Co-Development Royalty will be adjusted based on the formula:

***

By way of example, if ***.

(iii) Further, election of the Incyte Development Opt Out for a Licensed Product thereby terminates Incyte's option to co-fund further Development Costs for any Licensed Product and Incyte's contribution to actual global Development Costs is determined upon notice to Lilly that Incyte elects to exercise the Incyte Development Opt Out.

4.5 Regulatory Matters Related to Licensed Products.

(a) Regulatory Submissions. Lilly shall oversee, monitor and coordinate all regulatory actions, communications and filings with, and submissions to all Regulatory Authorities with respect to Licensed Products in the Field in the Territory. Lilly shall keep the JDC reasonably informed in connection with the preparation of all Regulatory Documentation, Regulatory Authority review of Regulatory Documentation, and Regulatory Approvals, annual reports, annual re-assessments, and variations and labeling, in each case with respect to the Licensed Product in the Field; provided that Lilly shall have the right to redact any information to the extent not related to Licensed Product in the Field. Lilly shall respond within a reasonable time frame to all reasonable inquiries by Incyte with respect to any information provided pursuant to this Section 4.5(a). Unless already the Confidential Information of Incyte, any information disclosed pursuant to this Section 4.5(a) shall be the Confidential Information of Lilly. Lilly shall use Commercially Reasonable Efforts to promptly take the actions described in this Section 4.5(a).

(b) Regulatory Meetings and Correspondence.

(i) Lilly shall be responsible for interfacing, corresponding and meeting with the FDA, EMEA, MHLW and other Regulatory Authorities with respect to Licensed Products in the Field in the Territory.

(ii) Incyte shall have the right to have a senior, experienced employee reasonably acceptable to Lilly, participate as an observer in material or scheduled face-to-face meetings, video conferences and any teleconferences, involving participation of personnel beyond regulatory experts, with the FDA, EMEA, and MHLW, and shall be provided with advance access to Lilly's material documentation prepared for such meetings. Prior to submission of material correspondence to the applicable Regulatory Authority, Lilly shall, sufficiently in advance for Incyte to review and comment, provide Incyte any material correspondence with the FDA, EMEA and MHLW related to such meetings. Lilly shall also provide Incyte with copies of any material correspondence with the FDA, EMEA, and MHLW relating to Development of, or the process of obtaining Regulatory Approval for, Licensed Products in the Field, and respond within a reasonable time frame to all reasonable inquiries by Incyte with respect thereto.

(c) Global Safety Database. Following the Effective Date, Lilly shall establish, hold and maintain the global safety databases for each Licensed Product (the "Global Safety Database") into which it shall enter information on all serious adverse events and suspected reactions concerning the Licensed Product occurring anywhere in the world and reported to either of the Parties. Such database shall comply in all material respects with all Laws

reasonably applicable to pharmacovigilance anywhere where the Licensed Products are being or have been Developed or Commercialized.

4.6 Manufacture and Supply.

(a) As soon as reasonably practicable after the Effective Date, Incyte and Lilly shall agree upon an appropriate manufacturing transfer plan and Incyte shall use Commercially Reasonable Efforts to transition the responsibility for manufacturing Licensed Compound and Licensed Product to Lilly in accordance with such plan. Lilly shall have the option, exercisable within *** following the Effective Date, to obtain Incyte's existing inventory of Licensed Product and any related raw materials or supplies at a price equal to *** of Incyte's Out-of-Pocket Costs for such inventory of Licensed Product. Lilly may exercise such option by written notice to Incyte during such *** period. In addition, to the extent Incyte has contracts with Third Party contract manufacturers or others relating to its manufacturing operations for Licensed Compounds and Licensed Products, if Lilly so requests, Incyte will use its Commercially Reasonable Efforts to assign such agreements to Lilly or otherwise facilitate Lilly's efforts to continue to utilize such manufacturers or suppliers.

(b) Without limiting the foregoing, if Lilly does not assume direct responsibilities for the manufacture of Licensed Compound and Licensed Product within *** after the Effective Date, Incyte will invoice Lilly for all Out-of-Pocket Costs incurred by Incyte after the Effective Date for the manufacture and supply of Licensed Compound and Licensed Product for Lilly as well as Incyte's FTEs required to manage and supervise such manufacture and supply.

(c) Notwithstanding anything in this Agreement to the contrary, Incyte shall not conduct any manufacturing related activities following the Effective Date without the express written consent of Lilly, except for those activities incidental to the transfer of manufacturing responsibility to Lilly in accordance with the manufacturing transfer plan contemplated above. If requested by Lilly and agreed to by Incyte, Incyte shall supply Lilly with clinical supplies of Licensed Product under the terms of a mutually acceptable manufacturing agreement, quality agreement, and manufacturing requirements document relating to Incyte's activities, all upon commercially reasonable terms consistent with this Agreement.

ARTICLE V

COMMERCIALIZATION

5.1 Commercialization Diligence. During the Term, Lilly shall be solely responsible for Commercializing Licensed Products in the Territory for use in the Field.

(a) Lilly shall use Commercially Reasonable Efforts, at its expense, to Commercialize Licensed Products in the Field in the Territory after receipt of Regulatory Approval therefor. Notwithstanding the foregoing, Lilly shall (i) Commercialize *** after receipt of the relevant Regulatory Approval; (ii) Commercialize *** in at least ***

after receipt of the relevant Regulatory Approval; (iii) maintain minimum combined Marketing and Sales Support (aggregated for all markets) per each *** period following First Commercial Sale for such Licensed Product of the lesser of *** or *** of total sales of such Licensed Product in such Calendar; and (iv) reach or contact, the top *** of highest prescribing rheumatologists or other appropriate specialist in the United States and the Major EU Countries on average *** times or more per Calendar Year, beginning in the second full Calendar Year following First Commercial Sale, provided that there are no significant constraints on such Commercialization or contacts imposed by a Regulatory Authority in the respective jurisdictions. These provisions will apply for the first Regulatory Approval of the Licensed Product, and not per Indication. These provisions will not apply in the event that there are any outstanding negotiations related to Regulatory Approval with any Regulatory Authority (REMS, label(s), marketing materials or other related matters), or in the event that Lilly is prevented from meeting the obligations by any other factors that could not have been reasonably avoided by Lilly. In the event that this Agreement is assigned by Lilly in connection with the sale or transfer of all or substantially all of the business and assets of Lilly or an Affiliate controlled by (as "controlled by" is defined in Section 1.2) Lilly merges with or is consolidated with a Third Party, and such sale, transfer, merger or consolidation results in the stockholders of Lilly immediately prior to such transaction owning less than *** of the voting power of the Voting Stock of the acquirer or surviving entity, as the case may be, immediately after such transaction, then for *** following such sale, transfer, merger or consolidation, Lilly shall maintain Marketing and Sales Support for each Licensed Product in each country in the Territory equal to no less than the level of Marketing and Sales Support that Lilly maintained with respect to such Licensed Product in such country in the *** prior to such sale, transfer, merger or consolidation, unless the relevant Licensed Product is within *** of the anticipated end of the Royalty Term for such country.

(b) If at any point in time after First Commercial Sale of a Licensed Product, Lilly does not promote such Licensed Product in at least *** during the preceding *** and during that period (i) Lilly has not reasonably determined that promotion in at least ***, as applicable, is likely to reduce the overall commercial viability of such Licensed Product in the Territory; (ii) no significant constraint on such promotion imposed by a Regulatory Authority have been in effect in the jurisdictions in which such promotion failed to occur; (iii) no Force Majeure Event has been in effect in any jurisdictions in which such promotion failed to occur; and (iv) Lilly is not actively seeking Regulatory Approval (including pricing and reimbursement approval) in at least ***, as applicable in the jurisdiction in which such promotion failed to occur; then Lilly shall be deemed to have abandoned Commercialization of Licensed Compounds and Licensed Products in that country ("Abandoned Commercialization"). For purposes of clarity, ***. If Incyte concludes that Lilly has Abandoned Commercialization, then Incyte shall deliver written notice to Lilly setting out the basis for Incyte's conclusion. If Lilly disagrees with Incyte's conclusion that Lilly has Abandoned Commercialization, then the Parties will meet within *** to discuss the

disagreement. If the Parties cannot agree after such discussion, then the terms of 8.2(e) shall apply to resolve the dispute. If Lilly has Abandoned Commercialization, then:

(i) If Lilly has not previously been properly deemed to have Abandoned Commercialization, then within *** from receipt of notice from Incyte that Lilly has Abandoned Commercialization, Lilly shall either (1) *** not being deemed to have ***; or (2) provide Incyte with written notice that it chooses not to provide ***, in which case Incyte shall have the right to terminate this Agreement in accordance with Section 8.2(d). In the event that Lilly elects to take the actions described in this subclause (i), Lilly shall have an additional *** from the delivery of *** to initiate and diligently pursue such steps that will result in Lilly not being deemed to have Abandoned Commercialization. If Lilly fails to take such actions within such *** period, then Incyte may terminate this Agreement in accordance with Section 8.2(d).

(ii) If Lilly has previously been properly deemed to have Abandoned Commercialization and had previously elected to take the actions described in subclause (i) above, Incyte shall have the right to terminate this Agreement in accordance with Section 8.2(d).

5.2 Marketing Responsibilities For Licensed Products. Subject to the provisions of Section 5.1, all business decisions regarding Commercialization of Licensed Products in the Field in the Territory, including the design, sale, pricing, and promotion of Licensed Products in the Field in the Territory under this Agreement, shall be within the sole discretion of Lilly and its Affiliates. All materials used in the promotion of all Licensed Products in the Field in the Territory, including product packaging, materials used in Detailing doctors, product messaging and content used in the promotion of such Licensed Products, shall be approved solely by Lilly.

5.3 Trademarks.

(a) Lilly and its Affiliates shall select their own trademarks under which they will market Licensed Products (provided that no such trademark shall contain the word "Incyte") and shall own such trademarks.

(b) Lilly shall use, in connection with all packaging, literature, labels and other printed matters, to the extent permitted by Law, an expression to the effect that the Licensed Products were developed under license from Incyte, together with the Incyte logo.

5.4 Co-Promotion.

(a) Co-Promotion Option. *** Incyte shall have the option to co-promote Licensed Products on a Licensed Product-by-Licensed Product basis in the United States on the terms and conditions set forth in this Section 5.4 ("Co-Promotion Option"). Lilly shall notify Incyte at least *** prior to the anticipated launch of each Licensed Product in the United States and shall provide Incyte with the following information: Lilly's then-current Commercialization plans ("Promotional Plan") with respect to each such Licensed Product, which plan shall include (i) a description of the short- and long-term vision for

the Licensed Product and Licensed Product positioning; (ii) a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis; (iii) a summary of the minimum level of sales efforts to be dedicated to the promotion of the Licensed Product, including the anticipated number of Details and targets of such Details; and (iv) a detailed budget for the Commercialization activities. Incyte may exercise its Co-Promotion Option by providing Lilly written notice at any time after receipt of Lilly's notice and not later than *** prior to the initial anticipated launch of such Licensed Product in the United States.

(b) Effects of Exercise of Co-Promotion Option. If Incyte exercises its Co-Promotion Option:

(i) The Parties shall, no later than *** prior to the initial anticipated launch of such Licensed Product in the United States, set out the number of FTE sales representatives Detailing such Licensed Product in the United States. In no event shall Incyte be responsible for a number of FTE sales representatives Detailing such Licensed Product which exceeds *** of the total FTEs for such Licensed Product in the United States.

(ii) Incyte shall be responsible for its costs in conducting co-Detailing activities; provided that Lilly shall reimburse Incyte ***. Incyte shall provide an invoice to Lilly for such expense on a quarterly basis, and Lilly shall pay such invoice within *** after receipt.

(iii) The Parties shall establish a joint U.S. Commercialization Committee ("UCC") to oversee the Detailing of the relevant Licensed Product in the U.S. Incyte shall be entitled to have one (1) representative sit on the UCC or any group carrying out the UCC's function after the Effective Date but prior to the UCC's establishment. The UCC shall have responsibility for general oversight of all promotion and Detailing activities with respect to such Licensed Product in the United States. The UCC (or any group carrying out the UCC's function after the exercise of the Co-Promotion Option but prior to the UCC's establishment) will meet quarterly or more frequently as agreed by the Parties. The term of the UCC will be determined by the Parties. Lilly shall have the right to make the final decision with respect to all matters within the purview of the UCC related to Commercialization of the relevant Licensed Product.

(iv) Incyte's sales representatives will be included in training programs with respect to the applicable Licensed Product that Lilly provides to its own sales representatives Detailing such Licensed Product. Such training shall be provided by Lilly to Incyte ***, but Incyte shall be responsible for all of its costs related to such training programs, including travel and lodging, for its sales representatives.

(v) Incyte's sales representatives shall be provided, at Lilly's expense, with the same promotional materials, including literature and samples, as Lilly provides to its own similarly-situated representatives.

(vi) Prior to the initiation of the co-promotion efforts contemplated hereby, the Parties shall enter into a mutually acceptable co-promotion agreement containing terms consistent with this Agreement. Such co-promotion agreement shall require Incyte to comply with all applicable

Laws, with Lilly's Good Promotional Practices and other compliance related practices and procedures, and with the terms of any order or consent decree applicable to Lilly's promotional activities.

ARTICLE VI

INTELLECTUAL PROPERTY OWNERSHIP, PROTECTION AND RELATED MATTERS

6.1 Inventorship; Ownership.

(a) Inventorship. Inventorship of Inventions conceived or reduced to practice during the course of the performance of activities pursuant to this Agreement shall be determined in accordance with the patent Laws of the United States.

(b) Ownership. As between the Parties, all Inventions made or information created by a Party's or any of its Affiliates' employees, independent contractors or consultants, in the course of conducting activities under this Agreement, together with all Intellectual Property Rights therein, shall be owned by such Party. All inventions or discoveries made, or information created, jointly by each Party's (or any of its Affiliates') employees, independent contractors or consultants, in the course of conducting activities under this Agreement, together with all Intellectual Property Rights therein, shall be jointly owned by the Parties and are "Joint IP". Joint IP shall be owned jointly by Incyte and Lilly on the basis of an undivided interest without a duty to account to the other Party and shall be deemed to be Controlled by each Party. Notwithstanding anything to the contrary herein, each Party shall have the right to use such Joint IP, or license such Joint IP to its Affiliates or any Third Party, or sell or otherwise transfer its interest in such Joint IP to its Affiliates or a Third Party, in each case without the consent of the other Party, so long as such use, sale, license or transfer is subject to the licenses granted pursuant to this Agreement and is otherwise consistent with this Agreement. The Parties, through the JDC, shall determine which Party shall be responsible for the filing, prosecution and maintenance of Joint IP on a case-by-case basis; provided that Lilly shall have the first right to prosecute such Joint IP in accordance with Section 6.2(b) if such Joint IP Covers Licensed Products. Each Party hereby authorizes and grants the other Party its permission and consent to assume, directly or through its authorized agents, attorneys, or representatives, the responsibilities set forth in Section 6.2.

6.2 Prosecution and Maintenance of Patent Rights.

(a) *** Prosecution and Maintenance of Incyte Patent Rights. *** shall have the sole right to file, prosecute and maintain, at *** expense, the Incyte Patent Rights designated as INCY0039 (the "Genus Patent Rights") (the Genus Patent Rights that exist as of the Effective Date are set forth on Exhibit A-1). *** shall, subject to Section 6.2(a)(i), have the sole right to file, prosecute and maintain, at *** expense, the Incyte Patent Rights other than the Genus Patent Rights and the Selection Patent Rights (the "Future Incyte Patent Rights")

*** Confidential material redacted and filed separately with the Commission.

in the Territory. If *** declines to file, prosecute or maintain any Future Incyte Patent Rights in any country in the Territory, desires to allow any Future Incyte Patent Rights to lapse in any country in the Territory, or desires to abandon any Future Incyte Patent Rights in any country in the Territory before all appeals within the respective jurisdiction have been exhausted, then:

(i) *** may, in its sole discretion, provide *** with reasonable written notice of such decision so as to permit *** to decide whether to file, prosecute or maintain such Future Incyte Patent Right in such country and to take any necessary action.

(ii) Following notice from *** pursuant to clause (i), *** may, by providing prompt written notice thereof to ***, assume control of the filing, prosecution and/or maintenance of such Future Incyte Patent Right in such country, at *** expense.

(b) *** Prosecution and Maintenance of Selection Patent Rights. *** shall have the first right to file, prosecute and maintain, at Lilly's expense, the Selection Patent Rights in the Territory ***. If *** declines to file, prosecute or maintain any Selection Patent Rights in any country in the Territory, desires to allow any Selection Patent Rights to lapse in any country in the Territory, or desires to abandon any Selection Patent Rights in any country in the Territory before all appeals within the respective jurisdiction have been exhausted, then:

(i) *** shall provide *** with reasonable written notice of such decision so as to permit *** to decide whether to file, prosecute or maintain such Selection Patent Right in such country and to take any necessary action.

(ii) Following notice from *** pursuant to clause (i), *** may, by providing prompt written notice thereof to ***, assume control of the filing, prosecution and/or maintenance of such Selection Patent Right in such country, at *** expense.

(c) Cooperation. For the purposes of rights and obligations described in Section 6.2, an individual Party responsible for the filing, prosecution and maintenance of a Selection Patent Right will be referred to as the "Controlling Party" and the other Party will be referred to as the "Non-Controlling Party".

(i) The Non-Controlling Party shall, at the Controlling Party's expense and reasonable request, assist and cooperate in the filing, prosecution and maintenance of or any related necessary action for Future Incyte Patent Rights and Selection Patent Rights.

(ii) The Controlling Party shall provide the Non-Controlling Party sufficiently in advance, where reasonable, for the Non-Controlling Party to comment, with copies of all patent applications and other material submissions and communications (including oral communications) with any patent counsel or patent authorities pertaining to Future Incyte Patent Rights and Selection Patent Rights.

(iii) The Controlling Party shall give due consideration to the Non-Controlling Party's comments, but shall have the final say in determining whether or not to incorporate such comments.

(iv) *** shall whenever possible provide *** in advance with copies of all material submissions or other communications with patent authorities relating to the Genus Patent Rights, or, to the extent that *** has the right to do so, to communications with Third Parties relating to enforcement of the Genus Patent Rights, in each case to the extent the same may be material to Selection Patent Rights or Future Incyte Patent Rights, and consider in good faith any comments *** may make.

(v) Each Party shall provide the other with copies of all material communications received from any patent counsel or patent authorities pertaining to such Future Incyte Patent Rights and Selection Patent Rights.

(vi) As used in this Section 6.2(c) "material" means that the submission or communication could affect the patentability or scope of the patents Covering the Licensed Compounds or Licensed Products.

(d) Patent Term Extensions. *** may select which, if any, Selection Patent Rights for which a Patent Term Extension is to be sought or obtained. *** may select which, if any, Genus Patent Rights and Future Incyte Patent Rights for which a Patent Term Extension is to be sought or obtained.

6.3 Third Party Infringement.

(a) Notice. Each Party shall immediately provide the other Party with written notice reasonably detailing any (i) known or alleged infringement of Joint IP or any Selection Patent Rights by a Third Party which is infringing the Joint IP or any Selection Patent Rights by making, using or selling a product that competes with a Licensed Product in the Field in the Territory; (ii) "patent certification" filed in the United States under 21 U.S.C. §355(b)(2) or 21 U.S.C. §355(j)(2) or similar provisions in other jurisdictions; and (iii) any declaratory judgment, opposition, or similar action alleging the invalidity, unenforceability or non-infringement of any such Intellectual Property Rights (collectively "Third-Party Infringement"). Within *** after receipt of such notice, the Parties shall consult to determine the response to any Third Party Infringement.

(b) Enforcement.

(i) If within *** after meeting pursuant to Section 6.3(a) the Parties fail to agree on a joint course of action with respect to a Third Party Infringement, *** will have the first right to bring and control any legal action in the Territory in connection with the Third Party Infringement against a Third Party which is infringing the relevant Intellectual Property Rights by making, using or selling a product that competes with a Licensed Product in the Field in the Territory, at its own expense as it reasonably determines appropriate, and *** may choose, at its own expense, to be represented in any such action by counsel of its own choice. If required, *** agrees to be joined as a necessary party to such action, wherein as a necessary party, *** agrees to be joined only to the extent necessary, and *** shall not actively direct, control or otherwise participate in the legal action; provided that *** shall pay *** reasonable expenses associated therewith. At the request and expense of ***, *** shall provide reasonable assistance to *** in connection therewith, including by executing

reasonably appropriate documents, cooperating in discovery and joining as a party to the action. In connection with any such proceeding, *** shall not enter into any settlement admitting the invalidity of, or otherwise impairing *** rights in, Joint IP or any Selection Patent Rights without the prior written consent of ***. Any recoveries resulting from such an action relating to a claim of Third Party Infringement shall be applied as follows:

A. First, to reimburse each Party for all Out-of-Pocket Costs in connection with such proceeding (on a pro rata basis, based on each Party's respective litigation costs, to the extent the recovery was less than all such litigation costs); and

B. ***

(ii) If within *** after *** receipt of a notice of a Third Party Infringement with respect to Joint IP or any Selection Patent Rights, *** does not bring legal action as permitted hereunder against a Third Party who is infringing such Intellectual Property Rights by making, using or selling a product that competes with a Licensed Product in the Territory, *** may, subject to the following sentence, in its sole discretion, bring and control any legal action in connection therewith at its sole expense. At the request and expense of ***, *** shall provide reasonable assistance to *** in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action. In connection with any such proceeding, *** shall not enter into any settlement admitting the invalidity of or otherwise impairing *** rights under the Joint IP or such Selection Patent Rights without the prior written consent of ***. Any recoveries resulting from such an action relating to a claim of Third Party Infringement (after payment of each Party's costs and expenses) will be retained by ***.

6.4 Patent Marking. If permitted and to the extent that Lilly does so with respect to its other products in the same geographic market, Lilly shall, and shall cause its Affiliates, distributors and sublicensees, to (a) mark the Licensed Products with the number of each issued patent under the Incyte Patent Rights that apply to the Licensed Product and which Lilly determines reasonably should be listed or marked and (b) comply with the patent marking statutes in each country in which the Licensed Product is manufactured by or on behalf of Lilly or its Affiliates.

ARTICLE VII

FINANCIAL PROVISIONS

7.1 License Fee. Within *** after the Effective Date, Lilly shall pay to Incyte a one-time, non-creditable, non-refundable license fee of Ninety Million U.S. Dollars (US$90,000,000).

7.2 Milestone Payments.

(a) Development and Regulatory Milestones.

*** Confidential material redacted and filed separately with the Commission.

(i) Lilly shall pay Incyte the following one-time, non-refundable, non-creditable milestone payments within *** after the first achievement by Lilly, its Affiliates or its sublicensees, or with respect to the milestone event in Section 7.2(a)(i)(A), Incyte or one of Incyte's Affiliates, of the corresponding milestone events set forth below with respect to a Lead Compound (provided that with respect to the Follow-On Lead Compound, such Follow-On Lead Compound shall only be eligible for the milestone payments set forth below if such payments have not previously been made with respect to the Initial Lead Compound):

Milestone Event	***	***	***
***	***	***	***
***	***	***	***
***	***		
***	***		
***	***	***	***
***	***	***	***
***	***	***	***

With respect to the milestone set forth in ***, the milestone payment shall be contingent *** with a

*** Confidential material redacted and filed separately with the Commission.

***.

***	***[*]	***[*]
***	***	***
***	***	***
***	***	***

[*] ***

(ii) Lilly shall pay Incyte the following non-refundable, non-creditable (subject to Section 7.2(c)) milestone payments within *** after the first achievement by Lilly, its Affiliates or its sublicensees of the corresponding milestone events set forth below with respect to a Licensed Back-Up Compound (provided that with respect to the Follow-On Lead Compound, such Follow-On Lead Compound shall only be eligible for any such milestone payment if it is not eligible for the comparable one-time Lead Compound milestone payment set forth in Section 7.2(a)(i)):

Milestone Event	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***

*** Confidential material redacted and filed separately with the Commission.

(iii) For the avoidance of doubt, the registrations of line extensions (i.e., different dosage forms or delivery) shall not be eligible for milestone payments set forth in this Section 7.2(a). Additionally, any Combination Products containing a Lead Compound and a Licensed Back-Up Compound, wherein the Licensed Back-Up Compound is only available in combination with such Lead Compound, shall be solely eligible for the one-time Lead Compound milestone payments set forth in Section 7.2(a)(i) and shall not additionally be eligible for a Licensed Back-Up Compound milestone set forth in Section 7.2(a)(ii).

(b) Sales Milestones.

(i) Lilly shall make the following non-refundable, non-creditable, one-time payments to Incyte within *** upon the first achievement of aggregate Annual Net Sales of all Licensed Products in the Territory that meet or exceed the thresholds set forth below if such Licensed Products contain or incorporate a Lead Compound:

Annual Net Sales of Licensed Products in the Territory Threshold	**Milestone Payment**
(A) Annual Net Sales of Licensed Products equal to or greater than ***	***
(B) Annual Net Sales of Licensed Products equal to or greater than ***	***
(C) Annual Net Sales of Licensed Products equal to or greater than ***	***

(ii) Lilly shall make the following non-refundable, non-creditable, one-time payments to Incyte within *** upon the first achievement of aggregate Annual Net Sales of all Licensed Products in the Territory that meet or exceed the thresholds set forth below if such Licensed Products contain or incorporate a Licensed Back-Up Compound (other than the Follow-On Lead Compound which, for purposes of clarity, is subject to subsection (i) above):

Annual Net Sales of Licensed Products in the Territory Threshold	**Milestone Payment**
(A) Annual Net Sales of Licensed Products equal to or greater than ***	***
(B) Annual Net Sales of Licensed Products equal to or greater than ***	***
(C) Annual Net Sales of Licensed Products equal to or greater than ***	***

Achievement of the milestone events above in this Section 7.2(b) shall be determined based on Annual Net Sales of the Licensed Products made by Lilly and its Affiliates and sublicensees throughout the Territory. More than one of the sales milestone payments may be earned concurrently based on the same Annual Net Sales of the Licensed Products. By way of example, if in the first Calendar Year following the First Commercial Sale of a Licensed Product, the Annual Net Sales for Licensed Products that contain the Lead Compound is equal to or exceeds ***, but is less than ***, then Lilly shall pay Incyte the milestone payments set forth in both Sections 7.2(b)(i)(A) and (B) (total ***).

(c) Except as otherwise specified, none of the payments listed in this Section 7.2 shall be payable more than once, and each shall be payable at the first achievement of a milestone event for a Licensed Product and shall not be payable again if subsequently another Licensed Product achieves the same milestone event. For clarification, if a milestone is paid for a Licensed Compound, that milestone will not be paid again for a back-up compound.

(d) In the event that a milestone event described in Section 7.2(a) is achieved, all milestones prior to that stage of Development for that Indication shall be deemed to have been achieved as well, and if the related payment for any such preceding milestone has not been previously paid, the previously unpaid payments that would be due for the preceding milestones shall also become due and payable, even though the missing milestone has not been achieved; provided that the foregoing shall not apply to Section 7.2(a)(i)(A) milestone 1b.

7.3 Royalties.

(a) Royalty Rates.

(i) Lilly shall pay to Incyte royalties on aggregate worldwide Net Sales of all Licensed Products that contain or incorporate a Lead Compound in the Territory, on a Licensed Product-by-Licensed Product basis, at the following rates:

Annual Net Sales of Licensed Product in the Territory	**Royalty Rate**
On Annual Net Sales less than or equal to ***	***
On Annual Net Sales greater than *** and less than or equal to ***	***
On Annual Net Sales greater than *** and less than or equal to ***	***
On Annual Net Sales greater than ***	20%

(ii) Lilly shall pay to Incyte royalties on aggregate worldwide Net Sales of all Licensed Products that contain or incorporate a Licensed Back-Up Compound (other than the Follow-On Lead Compound which, for purposes of clarity, is subject to subsection (i) above) in the Territory, on a Licensed Product-by-Licensed Product basis, at the following rates:

Annual Net Sales of Licensed Product in the Territory	**Royalty Rate**
On Annual Net Sales less than or equal to ***	***
On Annual Net Sales greater than *** and less than or equal to ***	***
On Annual Net Sales greater than *** and less than or equal to ***	***
On Annual Net Sales greater than ***	***

(iii) ***

(iv) The royalty rates set forth in Section 7.3(a)(i) (and not Section 7.3(a)(ii)) shall apply to Annual Net Sales of any Combination Products containing a Lead Compound and a Licensed Back-Up Compound, wherein the Licensed Back-Up Compound is only available in combination with such Lead Compound.

(b) Royalties payable under this Section 7.3 shall be paid by Lilly on a Licensed Product-by-Licensed Product and country-by-country basis from the date of First

Commercial Sale of each Licensed Product with respect to which royalty payments are due for a period which is the longer of: (i) the last to expire of any Valid Claim of Incyte Patent Rights Covering such Licensed Product in such country; (ii) *** following the date of First Commercial Sale of such Licensed Product in such country; and (iii) the expiration of Regulatory Exclusivity for such Licensed Product in such country (each such term with respect to a Licensed Product and a country, a "Royalty Term").

(c) Notwithstanding the foregoing, in the event that either (i) the Royalty Term continues solely due to Section 7.3(b)(ii) (i.e. in a specific country the Licensed Product is not Covered by a Valid Claim of Incyte Patent Rights nor is such Licensed Product protected by Regulatory Exclusivity); or (ii) Generic Competition exists with respect to a Licensed Product in the Field in a country in the Territory in a Calendar Year, then the royalty rates in such country for such Licensed Product for such Calendar Year will be reduced to *** of the applicable rate in Section 7.3(a); provided that any reduction of the applicable rate in Section 7.3(a) pursuant to subclause (ii) due to the existence of Generic Competition shall be retroactively applied for the relevant Calendar Year.

(d) If Lilly (i) determines in good faith that, in order to avoid infringement of any Patent Right not licensed hereunder, it is reasonably necessary to obtain a license from a Third Party in order to Develop, Commercialize, make, have made, use, offer for sale, sell or import the Licensed Product in the Field in a country in the Territory and to pay a royalty or other consideration under such license (including in connection with the settlement of a patent infringement claim); or (ii) shall be subject to a final court or other binding order or ruling requiring any payments, including the payment of a royalty to a Third Party patent holder in respect of the Development, Commercialization, making, having made, using, offering for sale, selling and importing of a Licensed Product in the Field in a country in the Territory, then the amount of Lilly's royalty payments under Section 7.3(a) with respect to Net Sales for such Licensed Product in such country shall be reduced by *** of the amount payable by Lilly to such Third Party that are reasonably and appropriately allocable to the Licensed Product in the Field in the Territory, provided, however, that in no event shall the aggregate deductions under this Section 7.3(d) reduce any royalty payment made by Lilly in respect of Net Sales of such Licensed Product pursuant to Section 7.3(a) by more than ***.

(e) Upon the expiration of the Royalty Term with respect to a Licensed Product in a country, the licenses granted by Incyte to Lilly pursuant to Section 2.1 shall be deemed to be fully paid-up, irrevocable and perpetual with respect to such Licensed Product in such country.

7.4 Royalty Reports; Payments. Lilly shall deliver to Incyte, within *** after the end of each Calendar Quarter, a royalty report for such Calendar Quarter, together with the required payments. Such reports shall indicate, on a country-by-country basis, the Net Sales and the calculation of royalties from Net Sales with respect thereto, each determined in accordance with this Agreement and, with respect to sales of Licensed Product in the United States, such reports shall include gross sales and all deductions taken from gross sales. All payments due to Incyte pursuant to this Agreement shall be made in United States dollars by wire transfer in immediately available funds from a Lilly account in the United States to an account designated in advance by Incyte.

7.5 Financial Records. Lilly shall keep complete and accurate books and records in accordance with Accounting Standards. Lilly will keep such books and records for at least *** following the end of the Calendar Year to which they pertain. Such books of accounts shall be kept at the principal place of business of the financial personnel with responsibility for preparing and maintaining such records. With respect to royalties, such records shall be in sufficient detail to support calculations of royalties due to Incyte.

7.6 Audits. *** during each Calendar Year for the Term, Incyte may retain an independent certified public accountant reasonably acceptable to Lilly to audit the records described in Section 7.5, upon at least *** prior notice to Lilly. Incyte shall bear the costs of such audit, except as provided below. The results of such audit shall be made available to both Parties, but shall be considered Lilly's Confidential Information. If the audit demonstrates that the payments owed under this Agreement have been understated, Lilly shall pay the balance to Incyte, together with interest in accordance with Section 7.9. Further, if the amount of the understatement is greater than *** of the amount owed to Incyte with respect to the audited period, then Lilly shall reimburse Incyte for the reasonable cost of the audit. If the audit demonstrates that the payments owed under this Agreement have been overstated, Lilly shall be entitled to credit such amount against payments due to Incyte. All payments owed by Lilly under this Section 7.6 shall be made within *** after the results of the audit are delivered to the Parties.

7.7 Tax Matters. The royalties, milestones and other amounts payable by Lilly to Incyte pursuant to this Agreement shall not be reduced on account of any taxes unless required by Law. Lilly shall inform Incyte of any withholding tax obligation on payments due to Incyte under this Agreement as soon as Lilly becomes aware of the withholding tax obligation. The Parties shall meet promptly thereafter to discuss how best to minimize the amount of such withholding tax obligation in accordance with Law, and Lilly shall take all reasonable and lawful steps to minimize the amount of any such withholding tax obligation. The Parties agree to cooperate in good faith to provide one another with such documents and certifications as are reasonably necessary to enable Lilly and Incyte to minimize and/or recover any withholding tax obligation. Lilly shall provide to Incyte documentation of the payment of any withholding tax that is paid pursuant to this Section 7.7. Notwithstanding the foregoing, Lilly represents that the payments to be paid by Lilly to Incyte pursuant to Sections 7.1, 7.2 and 7.3 hereof shall not be subject to withholding tax under conditions less favorable to Incyte than those applicable to treaty-eligible residents under the income tax treaty between the United States and the country of payment origination in force at the point of time such payments are paid. Payments to Incyte will be made from the United States unless Incyte receives notice from Lilly that payments will be made from either Puerto Rico or Ireland.

7.8 Currency Exchange. All payments to be made by Lilly to Incyte shall be made in U.S. Dollars. In the case of sales of Licensed Product outside the United States, royalty payments by Lilly to Incyte shall be converted to U.S. Dollars in accordance with the following: the rate of currency conversion shall be calculated using the average of the daily foreign exchange rates as published by The Wall Street Journal, Eastern Edition, for the Calendar Quarter in which such payments occurred.

7.9 Late Payments. The paying Party shall pay interest to the receiving Party on the aggregate amount of any payments that are not paid on or before the date such payments are due under this Agreement at a rate per annum equal to the lesser of ***, as reported by The Wall Street Journal, Eastern Edition, *** or the highest rate permitted by applicable Law, calculated on the number of days such payments are paid after the date such payments are due; provided, that with respect to any disputed payments, no interest payment shall be due until such dispute is resolved and the interest which shall be payable thereon shall be based on the finally-resolved amount of such payment, calculated from the original date on which the disputed payment was due through the date on which payment is actually made.

ARTICLE VIII

TERM AND TERMINATION

8.1 Agreement Term. The term of this Agreement shall commence on the Effective Date and shall continue until the earlier of (i) the termination of this Agreement in accordance with Section 8.2; or (ii) following the First Commercial Sale of any Licensed Product, the expiration of the last-to-expire of all Royalty Terms with respect to all Licensed Compounds and Licensed Products (the "Term"). Notwithstanding the above, if there are any ongoing disputes at the end of the Term as set forth above, this Agreement shall remain in full force and effect until all such disputes are resolved.

8.2 Termination.

(a) Termination for Convenience. Prior to the first anniversary of the Effective Date, Lilly may elect to terminate this Agreement at any time by providing *** prior written notice to Incyte; provided, that at any time after such notice by Lilly, Incyte may accelerate the effective date of such termination by providing *** prior written notice to Lilly of such accelerated effective date. After the first anniversary of the Effective Date, Lilly may elect to terminate this Agreement at any time by providing *** prior written notice to Incyte; provided, that at any time after such notice by Lilly, Incyte may accelerate the effective date of such termination by providing *** prior written notice to Lilly of such accelerated effective date.

(b) Termination for Material Breach. If either Party (the "Non-Breaching Party") believes that the other Party (the "Breaching Party") is in material breach of this Agreement, then the Non-Breaching Party may deliver notice of such breach to the Breaching Party. If the Breaching Party fails to cure such breach, or to initiate such steps as would be considered reasonable to effectively cure such breach (and thereafter diligently pursues such cure), within *** after receipt of such notice of breach, the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party. Notwithstanding the foregoing, if a Party disputes the termination, then 8.2(e) shall apply.

(c) Termination if Lilly Challenges Incyte IP. If Lilly or any of its Affiliates or sublicensees, directly or indirectly, (i) initiates or requests an interference or opposition proceeding with respect to any Incyte Patent Right; (ii) makes, files or maintains any claim,

demand, lawsuit, or cause of action to challenge the validity or enforceability of any Incyte Patent Right; or (iii) opposes any extension of, or the grant of a supplementary protection certificate with respect to, any Incyte Patent Right, Incyte shall have the right to terminate this Agreement upon *** written notice to Lilly. Any such termination shall only become effective if Lilly or its Affiliate or sublicensee, as applicable, has not withdrawn such action before the end of the above notice period.

(d) Termination for Lilly's Abandonment of Development or Commercialization. Subject to Section 4.2(b)(iii)A and 5.1(b)(i), if Lilly has Abandoned Development or Abandoned Commercialization in accordance with Section 4.2(a)(iii) or 5.1(b), as applicable, Incyte may elect to terminate this Agreement by providing Lilly written notice of such termination, such termination to be effective immediately. Notwithstanding the foregoing, if Lilly disputes the termination, then 8.2(e) shall apply.

(e) Termination Disputes. If a Party gives notice of termination under Section 8.2(b), if the Parties dispute whether Lilly has Abandoned Development or Abandoned Commercialization in accordance with Section 4.2(b)(iii) or 5.1(b), as applicable, or Incyte gives notice of termination under 8.2(d), and the other Party disputes whether such notice was proper, then the issue of whether or not Lilly has Abandoned Development, Abandoned Commercialization, or if this Agreement was properly terminated shall be resolved in accordance with ARTICLE XII, and the Agreement shall remain in full force and effect until such dispute is resolved. If as a result of such dispute resolution process it is determined that the notice of termination was proper, then such termination shall be deemed to be effective on the date on which such dispute is resolved. On the other hand, if as a result of the dispute resolution process it is determined that the notice of termination was improper, then no termination shall have occurred and this Agreement shall remain in full force and effect.

8.3 Effects Of Termination.

(a) Upon termination of this Agreement by Lilly under Section 8.2(a) or by Incyte under Sections 8.2(b), 8.2(c) or 8.2(d):

(i) all licenses granted by Incyte to Lilly hereunder shall terminate and Lilly shall not have any rights to use or exercise any rights under the Incyte IP;

(ii) Lilly shall provide to Incyte a fair and accurate summary report of the status of the Development and Commercialization of the Licensed Products in each country in the Territory through the effective date of termination within *** after such termination;

(iii) Lilly hereby grants to Incyte, exercisable from and after such termination, an exclusive, worldwide, perpetual, irrevocable, royalty-free, fully-paid license, with the right to grant sublicenses, under Lilly and its Affiliates' interest in the Joint IP and any Know-How or Patent Rights Controlled by Lilly or its Affiliates as of the date of such termination solely to the extent that such licenses are necessary to research, Develop, make, have made, use, offer for sale, sell and import Licensed Products in the Field in the Territory, and Lilly shall retain all other remaining rights;

(iv) Lilly shall promptly transfer and assign to Incyte all of Lilly's and its Affiliates' rights, title and interests in and to the product trademark(s) (but not any Lilly house marks or any trademark containing the word "Lilly" owned by Lilly and used for the Licensed Products in the Field in the Territory) owned by Lilly and used for the Licensed Products in the Field in the Territory;

(v) Lilly shall as soon as reasonably practicable transfer and assign to Incyte all Regulatory Documentation, the Global Safety Database and other documented technical and other information or materials Controlled by Lilly which are necessary or useful for the Development, manufacture and Commercialization of the Licensed Compounds or Licensed Products; provided that Lilly may retain a single copy of such items for its records. Within *** after Incyte's receipt of an invoice therefor, Incyte shall reimburse Lilly for Lilly's and its Affiliates' reasonable Out-of-Pocket Costs incurred in connection with such transfers and assignment (but not the generation, creation or development of such information and materials);

(vi) Incyte shall have the option, exercisable within *** following the effective date of such termination, to obtain Lilly inventory of Licensed Products at a price equal to *** of Lilly's non-auditable "standard cost" that Lilly uses for internal accounting purposes. Lilly's "standard cost" does not include the research and development costs to develop the molecule or costs not associated with Licensed Products. Incyte may exercise such option by written notice to Lilly during such *** period; provided that in the event Incyte exercises such right to purchase such inventory, Lilly shall grant, and hereby does grant, a royalty-free right and license to any trademarks, names and logos of Lilly contained therein for a period of *** solely to permit the orderly sale of such inventory, except where Lilly reasonably believes that continued sales would pose an unreasonable safety risk, and any materials having a Lilly logo (a housemark or the word "Lilly") that are released by Lilly must meet the Lilly quality assurance standards;

(vii) to the extent that Lilly is responsible for manufacturing a Licensed Product prior to termination of this Agreement, Lilly shall:

A. in exchange for a payment equal to *** of Lilly's "standard costs", use Commercially Reasonable Efforts to supply Incyte and its Affiliates with comparable quantities of the Licensed Products in the dosage strength, formulation and presentation as were being Commercialized as of the effective date of termination until the earlier of *** after the effective date of the termination or establishment by Incyte of an alternative supply for such Licensed Product, it being understood that Lilly is not obligated to manufacture itself if Lilly reasonably believes that such manufacture and/or Licensed Product would pose an unreasonable safety risk, and unless Lilly was manufacturing itself immediately prior to termination, and in the event Lilly was utilizing a contract manufacturer, Lilly's obligation is to use Commercially Reasonable Efforts to cooperate with Incyte to obtain Licensed Product from such manufacturer; provided that Incyte shall use its Commercially Reasonable Efforts to establish an alternative supply as promptly as reasonably practicable;

B. cooperate with Incyte in reasonable respects to transfer

manufacturing documents and materials which are used (at the time of the termination) by Lilly in the Manufacture of the applicable Licensed Products; and

C. cooperate with Incyte in reasonable respects to transfer to Incyte, or Incyte's designated contract manufacturer, the manufacturing technologies (including all relevant Know-How) that are used and necessary (at the time of the termination) and Controlled by Lilly in the manufacture of the applicable Licensed Products, provided that Incyte shall reimburse Lilly for Lilly's reasonable Out-of-Pocket Costs to provide such requested assistance;

(viii) in the event that Incyte terminates this Agreement pursuant to Section 8.2(d) or Lilly terminates pursuant to 8.2(a) and such termination occurs after Lilly has initiated a Phase III Study for a Licensed Product, ***); and

(ix) Section 8.3(d) shall apply.

(b) Upon termination of this Agreement by Lilly in accordance with Section 8.2(b):

(i) the license granted to Lilly pursuant to Section 2.1 and the rights and obligations of the Parties pursuant to Sections 6.2 and 6.3 shall remain in effect and Lilly shall continue to pay to Incyte all royalties due under Section 7.3 and 4.4 and all milestones due under Section 7.2 in accordance with the terms of this Agreement;

(ii) until the last to expire of all Royalty Terms with respect to Licensed Compounds and Licensed Products, the rights and obligations of the Parties pursuant to Sections 2.6(d), 2.6(e), 2.6(f) shall survive; provided however, that if the First Commercial Sale of a Licensed Product has not occurred at the time of termination, then the rights and obligations of the Parties pursuant to Sections 2.6(d), 2.6(e), 2.6(f) shall survive for *** after the effective date of such termination provided further that if a First Commercial Sale of a Licensed Product takes place within such *** period, Sections 2.6(d), 2.6(e), 2.6(f) shall survive until the last to expire of all Royalty Terms; and

(iii) Section 8.3(d) shall apply.

(c) ARTICLE I (Definitions), IX (Indemnification and Limitation of Liability), XI (Confidentiality), XII (Dispute Resolution) and XIII (Miscellaneous) and Sections 6.1 (Inventorship; Ownership), 7.5 (Financial Records), 7.6 (Audits), 8.3 (Effects of Termination), 10.4 (Disclaimer of Warranty) and 10.5 (Standstill) shall survive termination or expiration of this Agreement.

(d) Termination of this Agreement shall be in addition to, and shall not prejudice, the Parties' remedies at law or in equity, including the Parties' ability to receive legal damages and/or equitable relief with respect to any breach of this Agreement, regardless of whether or not such breach was the reason for the termination.

***Confidential material redacted and filed separately with the commission.

ARTICLE IX

INDEMNIFICATION; LIMITATION OF LIABILITY

9.1 By Lilly.

(a) Lilly agrees, at Lilly's cost and expense, to defend, indemnify and hold harmless Incyte and its Affiliates and their respective directors, officers, employees and agents (the "Incyte Indemnified Parties") from and against any losses, costs, damages, fees or expenses arising out of any Third Party claim relating to (i) any breach by Lilly of any of its representations, warranties or obligations pursuant to this Agreement; (ii) the gross negligence or willful misconduct of Lilly; and (iii) the Development, manufacture, Commercialization, use, sale or other disposition by Lilly, its Affiliates or sublicensees of any Licensed Compound or Licensed Product.

(b) In the event of any such claim against the Incyte Indemnified Parties by any Third Party, Incyte shall promptly notify Lilly in writing of the claim and Lilly shall have the right, exercisable by notice to Incyte within *** after receipt of notice from Incyte of the claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the claim (including the right to settle the claim solely for monetary consideration) with counsel selected by Lilly and reasonably acceptable to Incyte. The Incyte Indemnified Parties shall cooperate with Lilly and may, at their option and expense, be separately represented in any such action or proceeding. Lilly shall not be liable for any litigation costs or expenses incurred by the Incyte Indemnified Parties without Lilly's prior written authorization. In addition, Lilly shall not be responsible for the indemnification or defense of any Incyte Indemnified Party to the extent arising from any negligent or intentional acts by any Incyte Indemnified Party or the breach by Incyte of any obligation or warranty under this Agreement, or any claims compromised or settled without its prior written consent. Notwithstanding the foregoing, Lilly shall not settle a Third Party claim without the written consent of Incyte, if such settlement would impose any monetary obligation on Incyte or require Incyte to submit to an injunction.

(c) Notwithstanding anything to the contrary above, in the event of any such claim against the Incyte Indemnified Parties by a governmental or criminal action seeking an injunction against Incyte, Incyte shall have the right to control the defense, litigation, settlement, appeal or other disposition of the claim at Lilly's expense.

9.2 By Incyte.

(a) Incyte agrees, at Incyte's cost and expense, to defend, indemnify and hold harmless Lilly and its Affiliates and their respective directors, officers, employees and agents (the "Lilly Indemnified Parties") from and against any losses, costs, damages, fees or expenses arising out of any Third Party claim relating to (a) any breach by Incyte of any of its representations, warranties or obligations pursuant to this Agreement, or (b) the gross negligence or willful misconduct of Incyte, and (c) the Development, manufacture, Commercialization, use, sale or other disposition by Incyte, its Affiliates or sublicensees of any Licensed Compound or Licensed Product.

*** Confidential material redacted and filed separately with the Commission.

(b) In the event of any such claim against the Lilly Indemnified Parties by any Third Party, Lilly shall promptly notify Incyte in writing of the claim. Incyte shall have the right, exercisable by notice to Lilly within *** after receipt of notice from Lilly of the claim, to assume direction and control of the defense, litigation, settlement, appeal or other disposition of the claim (including the right to settle the claim solely for monetary consideration) with counsel selected by Incyte and reasonably acceptable to Lilly. The Lilly Indemnified Parties shall cooperate with Incyte and may, at their option and expense, be separately represented in any such action or proceeding. Incyte shall not be liable for any litigation costs or expenses incurred by the Lilly Indemnified Parties without Incyte's prior written authorization. In addition, Incyte shall not be responsible for the indemnification or defense of any Lilly Indemnified Party to the extent arising from any negligent or intentional acts by any Lilly Indemnified Party, or the breach by Lilly of any representation, obligation or warranty under this Agreement, or any claims compromised or settled without its prior written consent. Notwithstanding the foregoing, Incyte shall not settle a Third Party claim without the written consent of Lilly, if such settlement would impose any monetary obligation on Lilly or require Lilly to submit to an injunction.

(c) Notwithstanding anything to the contrary above, in the event of any such claim against the Lilly Indemnified Parties by a governmental or criminal action seeking an injunction against Lilly, Lilly shall have the right to control the defense, litigation, settlement, appeal or other disposition of the claim at Incyte's expense.

9.3 Limitation of Liability. EXCEPT WITH RESPECT TO A BREACH OF ARTICLE XI, OR A PARTY'S LIABILITY PURSUANT TO ARTICLE IX, NEITHER PARTY SHALL BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, MULTIPLE OR OTHER INDIRECT OR REMOTE DAMAGES, OR, EXCEPT WITH RESPECT TO A BREACH OF SECTION 2.6, FOR LOSS OF PROFITS, LOSS OF DATA OR LOSS OF USE DAMAGES ARISING IN ANY WAY OUT OF THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS HEREUNDER, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS.

ARTICLE X

REPRESENTATIONS AND WARRANTIES AND COVENANTS

10.1 Representation Of Authority; Consents. Incyte and Lilly each represents and warrants to the other Party that:

(a) as of the Effective Date, it has full right, power and authority to enter into this Agreement;

(b) as of the Effective Date, this Agreement has been duly executed by such Party and constitutes a legal, valid and binding obligation of such Party, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to or affecting

creditors' rights generally and by general equitable principles and public policy constraints (including those pertaining to limitations and/or exclusions of liability, competition Laws, penalties and jurisdictional issues including conflicts of Laws); and

(c) as of the Effective Date, and except as otherwise contemplated in this Agreement, all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by such Party in connection with the execution, delivery and performance of this Agreement have been and shall be obtained.

10.2 No Conflict. Each Party represents and warrants to the other Party that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate such Party's corporate charter and bylaws or any requirement of applicable Laws and (b) do not and shall not conflict with, violate or breach or constitute a default or require any consent under, any material oral or written contractual obligation of such Party. Each Party agrees that it shall not during the term of this Agreement grant any right, license, consent or privilege to any Third Party or otherwise undertake any action, either directly or indirectly, that would conflict with the rights granted to the other Party or interfere with any obligations of such Party set forth in this Agreement.

10.3 Additional Incyte Representations and Warranties. Incyte represents and warrants that, as of the Effective Date, except as previously disclosed to Lilly:

(a) Neither it nor any of its Affiliates has received written notice of any claim or litigation which alleges any Intellectual Property Rights of a Third Party are infringed by a Licensed Compound or the Development or Commercialization of any Licensed Compound; to the knowledge of Incyte and its Affiliates, none of Incyte or any of its Affiliates has in the past infringed or is currently infringing any Third Party Intellectual Property Rights through activities related to the Licensed Compounds;

(b) there are no claims, judgments or settlements against or owed by Incyte or any of its Affiliates, nor, to the knowledge of Incyte or any of its Affiliates, any pending reissue, reexamination, interference, opposition or similar proceedings, with respect to any Licensed Compounds or Incyte IP, and Incyte has not received written notice of any threatened claims or litigation or any reissue, reexamination, interference, opposition or similar proceedings seeking to invalidate or otherwise challenge any Incyte IP;

(c) to the knowledge of Incyte and its Affiliates, no Third Party is infringing any Incyte Patent Rights;

(d) (i) Incyte is the legal and beneficial owner or has the right to grant to Lilly the rights granted herein, to all Incyte IP; (ii) no Third Party has any right, interest or claim in or to such rights that would limit the rights granted to Lilly under this Agreement; and (iii) all assignments to Incyte of inventorship rights relating to the Incyte Patent Rights Controlled by Incyte are valid and enforceable;

(e) all fees due to date that are required to maintain the Incyte IP have been paid in full and to Incyte's knowledge, the Incyte IP is valid and enforceable;

*** Confidential material redacted and filed separately with the Commission.

(f) Incyte has not granted and shall not grant any Third Party rights that are or would be inconsistent with Lilly's rights hereunder and there are no agreements or arrangements to which Incyte or any of its Affiliates is a party relating to Licensed Compound or Incyte IP that would limit the rights granted to Lilly under this Agreement; and

(g) Incyte has disclosed to Lilly all material information known to it and its Affiliates with respect to the safety and efficacy of each of the Licensed Compounds.

(h) Neither Incyte nor any of its Affiliates Controls any Patent Rights or Know-How necessary to Develop, manufacture or Commercialize Licensed Products and not included in the licenses granted hereunder to Lilly. Subject to Section 13.3(b)(ii), in the event Incyte subsequently determines that any Patent Rights or Know-How necessary to Develop, manufacture or Commercialize Licensed Products is Controlled by any Affiliate of Incyte, and not Incyte, Incyte shall immediately cause such Affiliate to grant to Incyte, a license (that is sublicenseable to Lilly hereunder) to, or ownership of, such Patent Rights or Know-How in a manner consistent with this Agreement.

(i) None of the Incyte IP has been licensed or sublicensed from any Third Party, and there are no royalties or other payments that would be due to Third Parties on account of Development or Commercialization of Licensed Compounds or Licensed Products hereunder as a result of any agreement entered into by Incyte or any of its Affiliates.

10.4 Disclaimer of Warranty. Nothing in this Agreement shall be construed as a representation made or warranty given by Incyte that Lilly will be successful in obtaining any Patent Rights, that any patents will issue based on pending applications or that any such pending applications or patents issued thereon will be valid. ALL INCYTE IP TRANSFERRED PURSUANT TO THIS AGREEMENT SHALL BE PROVIDED ON AN "AS IS" BASIS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY EXPRESSLY DISCLAIMS, WAIVES, RELEASES AND RENOUNCES ANY WARRANTY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

10.5 Standstill.

(a) Lilly agrees that, for a period commencing on the Effective Date and ending *** after the Effective Date, unless specifically invited in writing to do so by Incyte, Lilly and each of its Affiliates will not in any manner, directly or indirectly:

(i) effect, or seek, offer or propose to effect (whether publicly or otherwise) or cause or participate in, (A) any acquisition of (1) any Voting Stock of Incyte or any securities that at such time are convertible or exchangeable into or exercisable for any Voting Stock of Incyte (collectively, "Voting Securities"); (2) any direct or indirect rights or options to acquire any Voting Securities; or (3) any assets or securities of Incyte or any of its subsidiaries; (B) any merger, consolidation, tender or exchange offer, or other business combination involving Incyte or any Affiliate thereof; (C) any restructuring, recapitalization, liquidation, dissolution or similar transaction with respect to Incyte or any Affiliate thereof; (D) any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) or

consents with respect to any Voting Securities, any "election contest" (as such term is defined or used in Rule 14a-11 of the Exchange Act) with respect to Incyte, or any demand for a copy of Incyte's stock ledger, list of its stockholders, or other books and records; or (E) any action inconsistent with the terms of this Section 10.5;

(ii) form, join, participate in or encourage the formation of any "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any Voting Securities;

(iii) otherwise act, alone or in concert with others (including by providing financing for another party), to seek or offer to control or influence, in any manner, the management, Board of Directors or policies of Incyte;

(iv) take any action that might force Incyte to make a public announcement regarding any of the types of matters set forth in Section 10.5(a)(i);

(v) make (publicly or to Incyte, or its directors, officers, employees, agents or security holders, directly or indirectly) any request or proposal to amend, waive or terminate any provision of this Section 10.5 or any inquiry or statement relating thereto; or

(vi) instigate, encourage or assist any Third Party to do any of the foregoing.

(b) Notwithstanding anything in this Section 10.5 to the contrary, the provisions of this Section 10.5 shall immediately cease to be of any effect as to Lilly and its Affiliates and shall be deemed to be waived in the event (i) ***; or (ii) a person or 13D Group not including Lilly or its Affiliates ***. In the event that the transactions contemplated by this clause shall have been terminated or abandoned, and such termination or abandonment is demonstrable by objective, written evidence provided by Incyte to Lilly, all of the restrictions in this Section 10.5 shall again be applicable as to the activities Lilly or its Affiliates initiate thereafter for the remainder of the period specified herein.

(c) Notwithstanding anything in the Section 10.5 to the contrary, Lilly and its Affiliates may acquire an aggregate amount of Voting Securities that would represent less than *** of the voting power represented by Incyte's Voting Stock solely for the purposes of investment in the ordinary course of business (so long as any decision to make such acquisition is in compliance with United States securities laws). Nothing in this Section 10.5 shall ***.

(d) This Section 10.5 shall not apply to any of the activities with respect to Licensed Compounds or Licensed Products contemplated by this Agreement.

(e) incyte *** upon (i) ***; and (ii) ***.

ARTICLE XI

CONFIDENTIALITY

11.1 Confidential Information. All Confidential Information of a Party (the "Disclosing Party") shall not be used by the other Party (the "Receiving Party") except in performing its obligations or exercising rights explicitly granted under this Agreement and shall be maintained in confidence by the Receiving Party and shall not otherwise be disclosed by the Receiving Party to any Third Party, without the prior written consent of the Disclosing Party with respect to such Confidential Information, except to the extent that the Confidential Information:

(a) was known by the Receiving Party or its Affiliates prior to its date of disclosure to the Receiving Party; or

(b) is lawfully disclosed to the Receiving Party or its Affiliates by sources other than the Disclosing Party rightfully in possession of the Confidential Information; or

(c) becomes published or generally known to the public through no fault or omission on the part of the Receiving Party, its Affiliates or its sublicensees; or

(d) is independently developed by or for the Receiving Party or its Affiliates without reference to or reliance upon such Confidential Information, as established by written records.

Specific information shall not be deemed to be within any of the foregoing exclusions merely because it is embraced by more general information falling within those exclusions.

11.2 Permitted Disclosure. The Receiving Party may provide the Disclosing Party's Confidential Information:

(a) to the Receiving Party's respective employees, consultants and advisors, and to the employees, consultants and advisors of such Party's Affiliates, who have a need to know such information and materials for performing obligations or exercising rights expressly granted under this Agreement and have an obligation to treat such information and materials as confidential;

(b) to patent offices in order to seek or obtain Patent Rights or to Regulatory Authorities in order to seek or obtain approval to conduct Clinical Trials or to gain Regulatory Approval with respect to the Licensed Product as contemplated by this Agreement; provided, that such disclosure may be made only to the extent reasonably necessary to seek or obtain such Patent Rights or approvals; or

(c) if such disclosure is required by Law or to defend or prosecute litigation or arbitration; provided that prior to such disclosure, to the extent permitted by Law, the Receiving Party promptly notifies the Disclosing Party of such requirement and furnishes only that portion of the Disclosing Party's Confidential Information that the Receiving Party is legally required to furnish.

11.3 Publicity; Attribution; Terms of this Agreement; Non-Use of Names.

(a) Except as required by judicial order or applicable Law or as set forth below, neither Party shall make any public announcement concerning this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. The Party preparing any such public announcement shall provide the other Party with a draft thereof at least *** prior to the date on which such Party would like to make the public announcement. Notwithstanding the foregoing, the Parties shall issue a press release, in the form attached as Exhibit D, within one (1) Business Day after the Effective Date to announce the execution of this Agreement and describe the material financial and operational terms of this Agreement. For purposes of disclosure to the investor community during conference calls, investor presentations, and analyst meetings, the Parties acknowledge that Incyte can disclose the following information, (i) base royalty: tiered, double digit royalty payments on future global sales with rates ranging up to twenty percent, (ii) Development expenditure of thirty percent (30%) of Co-Development costs through Regulatory Approval if Incyte fully participates in co-funding Development, (iii) increased royalties payments on potential future global sales with tiered rates ranging from twenty percent up to the high twenties, (iv) the ability for Incyte to defer Development Costs that exceed a predetermined level against future milestones and royalties, (v) the ability to terminate Co-Development at any time for an incremental royalty commensurate with Incyte's contribution, and (vi) based on the current Co-Development Budget, Incyte's option to fund thirty percent (30%) of Co-Development costs is expected to be primarily funded by the anticipated development and regulatory milestones associated with this collaboration. Neither Party shall use the name, trademark, trade name or logo of the other Party or its employees in any publicity or news release relating to this Agreement or its subject matter, without the prior express written permission of the other Party.

(b) Notwithstanding the terms of this ARTICLE XI,

(i) either Party shall be permitted to disclose the existence and terms of this Agreement to the extent required, based on the advice of such Party's legal counsel, to comply with applicable Laws, including the rules and regulations promulgated by the United States Securities and Exchange Commission (the "SEC") or any other governmental authority, or the rules or regulations of the New York Stock Exchange (the "NYSE"), The NASDAQ Stock Market ("NASDAQ") or any other stock exchange on which securities issued by a Party or a Party's Affiliate are traded. Notwithstanding the foregoing, before disclosing this Agreement or

any of the terms hereof pursuant to this Section 11.3(b), the Parties will coordinate in advance with each other in connection with the redaction of certain provisions of this Agreement with respect to any filings with the SEC, the NYSE, NASDAQ or any other stock exchange on which securities issued by a Party or a Party's Affiliate are traded, and each Party will use Commercially Reasonable Efforts to seek confidential treatment for such terms as may be reasonably requested by the other Party; provided that each Party will ultimately retain control over what information that Party discloses to their relevant exchange, and provided further that the Parties will use their Commercially Reasonable Efforts to file redacted versions with any governing bodies which are consistent with redacted versions previously filed with any other governing bodies. Other than such obligation, neither Party (nor its Affiliates) will be obligated to consult with or obtain approval from the other Party with respect to any filings to the SEC, the NYSE, NASDAQ or any other stock exchange.

(ii) Either Party may disclose the existence and terms of this Agreement in confidence to its attorneys and advisors, and to potential acquirers (and their respective professional attorneys and advisors), in connection with a potential merger, acquisition or reorganization and to existing and potential investors or lenders of such Party, as a part of their due diligence investigations, or to existing and potential licensees or sublicensees or to permitted assignees, in each case under an agreement to keep the terms of confidentiality and non-use substantially no less rigorous than the terms contained in this Agreement and to use such information solely for the purpose permitted pursuant to this Section 11.3(b).

(iii) Either Party may issue a press release or make a public disclosure relating to this Agreement or the Parties' activities under this Agreement to the extent that such disclosure describes the commencement and/or "top-line" results of Clinical Trials of the Licensed Product, the achievement of any Development events with respect to the Licensed Product or the filing for or receipt of Regulatory Approval with respect to the Licensed Product, amounts paid to Incyte in respect of the achievement of any milestone events, Incyte's exercise of the co-Development option or the termination of this Agreement; however, the Party responsible for particular Clinical Trials will coordinate press release information and disclosures to protect rights to the Licensed Product and communication strategies relating to the Licensed Product. Prior to making any such disclosure, the Party making the disclosure shall provide the other Party with a draft of such proposed disclosure at least *** (or, to the extent timely disclosure of a material event is required by Law or stock

exchange or stock market rules, such period of time sufficiently in advance of the disclosure so that the other Party will have the opportunity to comment upon the disclosure) prior to making any such disclosure, for the other Party's review and comment.

(c) For purposes of clarity, either Party may issue a press release or public announcement or make such other disclosure relating to this Agreement if the contents of such press release, public announcement or disclosure (i) has previously been made public other than through a breach of this Agreement by the issuing Party or its Affiliates or (ii) is contained in such Party's financial statements prepared in accordance with Accounting Standards.

11.4 Publications. Each Party and its Affiliates shall have the right to make disclosures pertaining to Licensed Compound or Licensed Product to Third Parties in Publications in accordance with the following procedure (provided that Incyte shall abide by such procedure to

the extent possible under any Clinical Trial agreement(s) that Incyte entered into prior to the Effective Date): The publishing Party shall provide the non-publishing Party with an advance copy of the proposed Publication, and each Party shall then have *** prior to submission for any Publication in which to recommend any changes it reasonably believes are necessary to preserve any Patent Rights or Know-How belonging in whole or in part to the non-publishing Party. If the non-publishing Party informs the publishing Party that such Publication, in the non-publishing Party's reasonable judgment, could be expected to have a material adverse effect on any patentable invention owned by or licensed, in whole or in part, to the non-publishing Party (other than pursuant to a license granted under this Agreement), or on any Know-How which is Confidential Information of the non-publishing Party, the publishing Party shall delay or prevent such Publication as follows: (i) with respect to a patentable invention, such Publication shall be delayed sufficiently long (not to exceed ***) to permit the timely preparation and filing of a patent application; and (ii) with respect to Know-How which is Confidential Information of such non-publishing Party, such Know-How shall be deleted from the Publication. Following the initiation of Phase III Clinical Trials with respect to a Licensed Product, all Publications relating to such Licensed Product shall be controlled by Lilly, and Incyte shall have no right (other than as required pursuant to any publication provisions contained in any Clinical Trial agreement(s) that Incyte entered into prior to the Effective Date) to publish without Lilly's prior written consent. Notwithstanding the foregoing, Lilly shall be permitted to disclose information on sites such as clinicaltrials.gov in accordance with Lilly's normal business practices.

11.5 Term. All obligations under this ARTICLE XI shall expire (a) *** following expiration of this Agreement pursuant to Section 8.1 or (b) *** following termination of this Agreement pursuant to Sections 8.2(a), 8.2(b), 8.2(c) or 8.2(d).

11.6 Return of Confidential Information. Upon the expiration or termination of this Agreement, upon request, the Receiving Party shall return to the Disclosing Party or destroy all Confidential Information received by the Receiving Party from the Disclosing Party (and all copies and reproductions thereof). In addition, the Receiving Party shall destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Nothing in this Section 11.6 shall require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided that the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE XI with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information shall be certified in writing to the Disclosing Party by an authorized officer of the Receiving Party supervising such destruction. Notwithstanding the foregoing, (i) the Receiving Party may retain one copy of the Disclosing Party's Confidential Information solely for the purpose of determining the Receiving Party's continuing obligations under this ARTICLE XI and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents to the extent reasonably required (x) to exercise the rights and licenses of the Receiving Party expressly surviving expiration or termination of this Agreement; (y) to perform the obligations of the Receiving Party expressly surviving expiration or termination of this Agreement, and for

regulatory or archival purposes. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party shall continue to be bound by its obligations of confidentiality and other obligations under this ARTICLE XI.

ARTICLE XII

DISPUTE RESOLUTION

12.1 Dispute Resolution Process. Matters before the JDC and Subcommittees shall be governed by the process specified in Section 3.5. Any controversy, claim or dispute arising out of or relating to this Agreement that is not subject to Section 3.5, shall be settled, if possible, through good faith negotiations between the Parties. If the Parties are unable to settle such dispute within ***, and a Party wishes to pursue the matter, the matter may be referred by either Party to the Executive Officers, who shall meet to attempt to resolve the dispute in good faith. Such resolution, if any, of a referred issue shall be final and binding on the Parties. All negotiations pursuant to this Section 12.1 are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Executive Officers are unable to settle the dispute within *** after referral thereto pursuant to Section 12.1, then each Party reserves its right to any and all remedies available under law or equity with respect to the dispute, subject to Section 12.2.

12.2 Injunctive Relief. Notwithstanding anything to the contrary in this ARTICLE XII, any Party may seek immediate injunctive or other interim relief from any court of competent jurisdiction as necessary to enforce the provisions of Section 10.5 or ARTICLE XI and to enforce and prevent infringement or misappropriation of the Patent Rights, Know-How or Confidential Information Controlled by such Party.

ARTICLE XIII

MISCELLANEOUS

13.1 Governing Law. This Agreement (and any claims or disputes arising out of or related thereto or to the transactions contemplated thereby or to the inducement of any party to enter therein, whether for breach of contract, tortious conduct, or otherwise and whether predicated on common law, statute or otherwise) shall in all respects be governed by and construed in accordance with the laws of the State of New York, including all matters of construction, validity and performance, in each case without reference to any conflict of law rules that might lead to the application of the laws of any other jurisdiction.

13.2 Consent to Jurisdiction. Each Party irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or the United States District Court for the District of Delaware, for the purposes of any suit, action or other proceeding arising out of the Transaction. Each Party agrees to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or the United States District Court for the District of Delaware or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each Party further agrees that service of any

process, summons, notice or document by U.S. registered mail to such Party's respective address set forth in Section 13.5 shall be effective service of process for any action, suit or proceeding in New York or Delaware with respect to any matters to which it has submitted to jurisdiction in this Section 13.2. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in (i) the United States District Court for the Southern District of New York or (ii) the United States District Court for the District of Delaware, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

13.3 Assignment.

(a) Neither Party may assign its rights and obligations under this Agreement without the prior written consent of the other Party, except that either Party may make such assignment without the prior written consent of the other Party to an Affiliate (so long as such Party shall remain jointly and severally liable with such Affiliate with respect to all obligations so assigned). Any request for consent to assignment shall not be unreasonably withheld or delayed. Any purported assignment in contravention of this Section 13.3 shall, at the option of the non-assigning Party, be null and void and of no effect. No assignment shall release either Party from responsibility for the performance of any accrued obligation of such Party hereunder. This Agreement shall be binding upon and enforceable against the successor to or any permitted assignee from either of the Parties.

(b) Each Party agrees that, notwithstanding any provisions of this Agreement to the contrary:

(i) Either Party may assign this Agreement and the rights, obligations and licenses granted hereunder to a Third Party in connection with a sale or transfer of all or substantially all of the assigning Party's business to which this Agreement relates or if a Party merges or consolidates with a Third Party.

(ii) In the event that this Agreement is assigned by either Party in connection with a sale or transfer of all or substantially all of the assigning Party's business to which this Agreement relates, such assignment shall not provide (A) the non-assigning Party with rights or access to Intellectual Property Rights of the assignee or acquirer of such Party, nor (B) the assignee or acquirer with rights or access to Intellectual Property Rights of the non-assigning Party.

13.4 Entire Agreement; Amendments. This Agreement and the Exhibits and Schedules referred to in this Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous arrangements with respect to the subject matter hereof, whether written or oral, including the Prior Confidentiality Agreement. Any amendment or modification to this Agreement shall be made in writing signed by both Parties.

13.5 Notices. Notices to Incyte shall be addressed to:

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road

*** Confidential material redacted and filed separately with the Commission.

Wilmington, Delaware 19880
Attention: Chief Commercial Officer
Facsimile No.: ***

with a copy to:

Incyte Corporation
Experimental Station, Route 141 & Henry Clay Road
Building E336
Wilmington, Delaware 19880
Attention: General Counsel
Facsimile No.: ***

Notices to Lilly shall be addressed to:

Eli Lilly and Company

Lilly Corporate Center
Indianapolis, Indiana 46285
Attention: Vice President and President, Established Markets

with a copy to:

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

Attention: General Patent Counsel

Facsimile No.:***

Either Party may change its address to which notices shall be sent by giving notice to the other Party in the manner herein provided. All reports, approvals, and notices required or permitted by this Agreement to be given to a Party (each a "Notice") shall be given in writing, by personal delivery, telecopy or overnight courier, to the Party concerned at its address as set forth above (or at such other address as a Party may specify by written notice pursuant to this Section 13.5 to the other). All Notices shall be deemed effective, delivered and received (a) if given by personal delivery, or by overnight courier, when actually delivered and signed for; or (b) if given by facsimile, when such facsimile is transmitted to the facsimile number specified above and receipt therefor is confirmed.

13.6 Force Majeure. No failure or omission by either Party in the performance of any obligation of this Agreement shall be deemed a breach of this Agreement or create any liability if the same shall arise from a Force Majeure Event; provided that the Party affected by such cause promptly notifies the other Party and uses diligent efforts to cure such failure or omission as soon as is practicable after the occurrence of one or more of the above mentioned causes.

13.7 Compliance With Laws. Each Party shall perform its obligations under this Agreement in compliance with all applicable Laws.

13.8 Use Of Names, Logos Or Symbols. Subject to Sections 5.3 and 11.3, no Party shall use the name, trademarks, logos, physical likeness, employee names or owner symbol of the other Party for any purpose, including private or public securities placements, without the prior written consent of the affected Party. Nothing contained in this Agreement shall be construed as granting either Party any rights or license to use any of the other Party's trademarks or trade names or the names of any employees thereof, without separate, express written permission of the owner of such trademark or trade name or name.

13.9 Independent Contractors. It is understood and agreed that the relationship between the Parties is that of independent contractors and that nothing in this Agreement shall be construed to create a joint venture or any relationship of employment, agency or partnership between the Parties to this Agreement. Neither Party is authorized to make any representations, commitments, or statements of any kind on behalf of the other Party or to take any action that would bind the other Party except as explicitly provided in this Agreement. Furthermore, none of the transactions contemplated by this Agreement shall be construed as a partnership for any tax purposes.

13.10 Headings. The captions or headings of the sections or other subdivisions hereof are inserted only as a matter of convenience or for reference and shall have no effect on the meaning of the provisions hereof.

13.11 No Implied Waivers; Rights Cumulative. No failure on the part of Incyte or Lilly to exercise, and no delay by either Party in exercising, any right, power, remedy or privilege under this Agreement, or provided by statute or at law or in equity or otherwise, shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege by such Party or be construed as a waiver of any breach of this Agreement or as an acquiescence therein by such Party, nor shall any single or partial exercise of any such right, power, remedy or privilege by a Party preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege.

13.12 Severability. If, under applicable Laws, any provision of this Agreement is invalid or unenforceable, or otherwise directly or indirectly affects the validity of any other material provision(s) of this Agreement (such invalid or unenforceable provision, a "Severed Clause"), this Agreement shall endure except for the Severed Clause. The Parties shall consult one another and use good faith efforts to agree upon a valid and enforceable provision that is a reasonable substitute for the Severed Clause in view of the intent of this Agreement.

13.13 Execution In Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Signatures provided by facsimile transmission or in Adobe™ Portable Document Format (PDF) sent by electronic mail shall be deemed to be original signatures.

13.14 No Third Party Beneficiaries. No Person other than Lilly and Incyte (and their respective assignees) shall be deemed an intended beneficiary hereunder or have any right to enforce any obligation of this Agreement.

13.15 Performance by Affiliates. Either Party may use one or more of its Affiliates to perform its obligations and duties hereunder and Affiliates of a Party are expressly granted certain rights herein; provided that each such Affiliate shall be bound by the corresponding obligations of such Party and the Parties shall remain liable hereunder for the prompt payment and performance of all their respective obligations hereunder.

13.16 Exhibits. In the event of inconsistencies between this Agreement and any exhibits, schedules or attachments hereto, the terms of this Agreement shall control.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused their duly authorized officers to execute and acknowledge this Agreement as of the date first written above.

ELI LILLY AND COMPANY		INCYTE CORPORATION	
By:	/s/ Steven M. Paul	By:	/s/ Paul A. Friedman
Name:	Steven M. Paul, M.D.	Name:	Paul A. Friedman
Title:	EVP, Science and Technology	Title:	President & CEO

Exhibit A

Incyte Patent Rights

*** Confidential material redacted and filed separately with the Commission.

Exhibit A-1

Genus Patent Rights

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*** Confidential material redacted and filed separately with the Commission.

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Exhibit A-2

Selection Patent Rights

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Exhibit B

Initial Information Transfer

Described below are the items to be provided to Lilly by Incyte pursuant to Section 4.1(a) of the Agreement, which include the material documents, information and data listed in this Exhibit B that are recorded in tangible form that are Incyte Know-How, to the extent each of which exists as of the Effective Date and has not already been provided to Lilly. Within sixty (60) days after the Effective Date, Lilly will confirm in writing to Incyte whether Incyte's initial data transfer obligations, as described in Section 4.1(a) of the Agreement, have been achieved.

Clinical & Regulatory Documents and Information

- Clinical study related documents, information and data that are recorded in tangible form, including those currently possessed by CROs and other third party vendors
- Regulatory Authority submissions, correspondence and all communications, including minutes from teleconferences and contact reports (US and ex-US)
- Regulatory Authority meeting briefing documents and related minutes (US and ex-US)
- Pre-IND submissions
- IND submissions
- Annual reports to IND(s)
- CTA/IMPD submissions
- Annual Safety Reports submissions
- Investigator's Brochures and any updates thereto

- Safety reports (CIOMSs and/or Medwatch reports)
- Documents related to serious adverse events ("SAEs")
- Investigator Safety Letters, actions taken for safety reasons, and other relevant safety information
- Safety pharmacology and toxicology study related documents, information and data that are recorded in tangible form
- Pharmacology and Absorption, Distribution, Metabolism, and Excretion (ADME) related documents, information and data that are recorded in tangible form

Licensed Compound Documents

Incyte may retain (x) originals of all documents, information and data, including regulatory submissions, correspondence, and clinical trial data and (y) originals of regulatory submissions, correspondence, and clinical trial data directly related to Study 201 until fifteen (15) Business Days after responsibility for the relevant regulatory filing or clinical trial has been transferred to Lilly in accordance with the Agreement and this Exhibit B. Incyte will provide both a shared electronic depository and paper copies of all requested documents, information and data where both electronic and paper versions are currently available.

Manufacturing Know-How

Incyte will prepare and compile an inventory of relevant documents and transfer all Incyte Know-How for manufacturing Licensed Products including: laboratory notebook data, batch

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records, process data, stability data, summary reports, formulation folders, analytical methods, development reports, quality and regulatory documentation, validation reports and other material data related to the development, manufacturing, and/or distribution of Licensed Compounds and/or Licensed Products. As part of the Know-How transfer, Incyte shall cooperate with Lilly to establish a transfer protocol and make resources available at Incyte's cost to enable the successful execution of the transfer protocol. Additionally, Incyte will disclose and transfer as necessary, any vendor sourcing and/or contracting information that Lilly may reasonably request.

Exhibit C

Initial Development Plans

*** Confidential material redacted and filed separately with the Commission.

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*** Confidential material redacted and filed separately with the Commission.

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*** Confidential material redacted and filed separately with the Commission.

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*** Confidential material redacted and filed separately with the Commission.

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Exhibit D

Press Release

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
U.S.A.
www.lilly.com

Date: December 21, 2009

For Release: Immediately

Refer to: (317) 276-5795 — Mark E. Taylor (Lilly)

(302) 498-6944 — Pamela Murphy (Incyte)

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Lilly and Incyte Announce Collaboration for Development and Commercialization of Oral Anti-Inflammatory and Autoimmune Therapies

Lilly Gains Worldwide Rights for Incyte's Novel JAK1/JAK2 Inhibitor, INCB28050, for Inflammatory and Autoimmune Diseases

Incyte to Receive $90 Million Upfront Payment and up to $665 Million in Potential Milestones, Plus Royalties on Future Sales

Incyte Retains Co-Development & Co-Promotion Options

INDIANAPOLIS, IN and WILMINGTON, DE — Eli Lilly and Company (NYSE:LLY) and Incyte Corporation (NASDAQ:INCY) announced today that they have entered into an exclusive worldwide license and collaboration agreement for the development and commercialization of Incyte's oral JAK1/JAK2 inhibitor, INCB28050, and certain follow on compounds, for inflammatory and autoimmune diseases. The lead compound, INCB28050, is currently being studied in a six-month dose-ranging Phase II trial for rheumatoid arthritis.

Under the terms of the agreement, Lilly will receive worldwide rights to develop and commercialize INCB28050 as an oral treatment for all inflammatory conditions. In exchange for these rights, Incyte will receive an initial payment of $90 million and is eligible for up to $665 million in additional potential development, regulatory, and commercialization milestones, as well as tiered, double-digit royalty payments on future global sales with rates ranging up to twenty percent if a product is successfully commercialized.

"This new alliance with Incyte reinforces Lilly's commitment to expand our presence in inflammation and autoimmunity through the development of a new class of oral anti-inflammatory therapies," said Eiry Roberts, M.D. Lilly vice president for autoimmune product development. "We look forward to continuing the development of INCB28050 in RA and initiating additional clinical studies to help address the unmet patient needs from debilitating autoimmune and inflammatory diseases."

Paul Friedman, Incyte's president and chief executive officer, stated, "Lilly's success in bringing novel therapies to market, their commitment to building a franchise in inflammation and autoimmunity, and their enthusiasm regarding the potential of JAK inhibition gives us confidence that the full therapeutic and commercial potential of INCB28050 in RA as well as other autoimmune and inflammatory conditions can be rapidly and effectively achieved through this agreement. This collaboration leverages the capabilities and strengths of each partner and achieves our objective to retain significant value for Incyte's shareholders."

Incyte will retain the option to co-develop its JAK1/JAK2 inhibitors with Lilly on a compound-by-compound and indication-by-indication basis beginning at the initiation of Phase IIb development. Under the agreement, if Incyte elects to co-develop any compounds and/or indications, Incyte would be responsible for funding thirty percent of the associated future global development costs from the initiation of a Phase IIb trial. Incyte would receive an incremental royalty rate increase across all tiers resulting in effective royalty rates ranging up to the high twenties on potential future global sales for compounds and/or indications that Incyte elects to co-develop. Incyte expects that the earliest it would consider exercising a co-development option would be in the second half of 2010, concurrent with the potential initiation of a Phase IIb trial with INCB28050.

Development of the JAK1/JAK2 inhibitors will be governed by a joint development committee. Incyte also has the option to co-promote products in the US.

As a result of this transaction, Lilly expects to incur a charge to earnings in the fourth quarter of 2009 of approximately $.05 per share. The company reconfirmed its full-year 2009 earnings-per-share guidance of $3.90 to $4.00 per share on a reported basis, or $4.30 to $4.40 per share on a pro forma non-GAAP basis.

About Rheumatoid Arthritis (RA)

Rheumatoid arthritis is an autoimmune disease, estimated to affect about 1% of the world's population. The disease is characterized by aberrant immune mechanisms that lead to joint inflammation and swelling with progressive destruction of joints. In addition to affecting the joints, RA can affect connective tissue in the skin and organs of the body. Current treatments include the non-steroidal anti-inflammatory drugs, disease-modifying anti-rheumatic drugs such as methotrexate, and the newer injectable biological response modifiers that target tumor necrosis factor alpha, a pro-inflammatory cytokine implicated in the pathogenesis of rheumatoid arthritis. None of these treatments is curative and RA remains a disease for which there is still a significant unmet clinical need.

About JAK Inhibition

There are four known JAK enzymes: JAK1, 2, 3 and TYK2. These enzymes are critical components of signaling mechanisms utilized by a number of cytokines and growth factors, including those that are elevated in RA patients. Cytokines such as interleukin-6, -12, and -23

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signal through the JAK pathway and have been clinically validated as therapeutic targets in inflammatory diseases. Additional JAK-dependent cytokines have also been implicated in a number of inflammatory and autoimmune diseases suggesting that JAK inhibitors may be useful for the treatment of a broad range of inflammatory conditions.

About INCB28050

INCB28050 is an orally-available, potent and selective JAK1/JAK2 inhibitor that is currently in Phase II development as a treatment for RA. In previously conducted Phase II studies, Incyte's JAK1/JAK2 inhibitors have demonstrated efficacy and have been well tolerated in clinical studies to date.

About Incyte

Incyte Corporation is a Wilmington, Delaware-based drug discovery and development company focused on developing proprietary small molecule drugs for oncology, inflammation and diabetes. Incyte's most advanced compound, INCB18424, is in Phase III development for myelofibrosis. For additional information on Incyte, visit the Company's web site at www.incyte.com.

About Eli Lilly and Company

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers — through medicines and information — for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com. C-LLY

Lilly Safe Harbor Statement

This press release contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. There are significant risks and uncertainties in pharmaceutical research and development. There can be no guarantees with respect to pipeline products (including the compounds discussed in this press release) that the products will receive the necessary clinical and manufacturing regulatory approvals or that they will prove to be commercially successful. The company's results may also be affected by such factors as competitive developments affecting current products; the rate of sales growth of recently launched products; the timing of anticipated regulatory approvals and launches of new products; other regulatory developments and government investigations; patent disputes and other litigation involving current and future products; the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals; business development transactions; changes in tax law; asset impairments and restructuring charges and the impact of exchange rates. For additional information about the factors that affect the company's business, please see the company's latest Form 10-K, filed February 2009, and Form 10-Q filed October 2009. The company undertakes no duty to update forward-looking statements.

Incyte Safe Harbor Statement

Except for the historical information contained herein, the matters set forth in this press release, including statements with respect to with respect to the potential for Incyte to receive up to $665 million in additional potential milestones, Incyte's expectation for the earliest time for it to consider exercising a co-development option, Incyte's confidence that the full therapeutic and commercial potential of INCB28050 in RA as well as other inflammatory conditions can be rapidly and effectively achieved through the collaboration agreement, and the potential for JAK inhibitors to be useful for the treatment of a broad range of inflammatory conditions, 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 the parties not to achieve some or all of the commercial and developmental milestones set forth in the collaboration agreement and that may otherwise cause Incyte's actual results and timing to differ materially, including the high degree of risk and uncertainty associated with drug development and clinical trials, the uncertainty associated with the regulatory approval processes, risks related to the timing of and patient enrollment in clinical trials, risks related to the potential failure of INCB28050 to demonstrate safety and efficacy in clinical testing, risks and uncertainty associated with the therapeutic and commercial value of INCB28050, risks relating to Lilly's and Incyte's abilities to successfully develop and commercialize drug candidates, risks relating to market competition, risks associated with

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Incyte's dependence on its relationship with its collaboration partners, and other risks detailed from time to time in Incyte's filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended September 30, 2009. Incyte disclaims any intent or obligation to update these forward-looking statements.

# # #

Exhibit E

Hematology Field and Oncology Field (ICD-9CM)

2. NEOPLASMS (140-239)

1. Content:

This chapter contains the following broad groups:

140-195	Malignant neoplasms, stated or presumed to be primary, of specified sites, except of lymphatic and hematopoietic tissue
196-198	Malignant neoplasms, stated or presumed to be secondary, of specified sites
199	Malignant neoplasms, without specification of site
200-208	Malignant neoplasms, stated or presumed to be primary, of lymphatic and hematopoietic tissue
209	Neuroendocrine tumors
210-229	Benign neoplasms
230-234	Carcinoma in situ
235-238	Neoplasms of uncertain behavior [see Note, at beginning of section 235-238]
239	Neoplasms of unspecified nature

2. Functional activity

All neoplasms are classified in this chapter, whether or not functionally active. An additional code from Chapter 3 may be used to identify such functional activity associated with any neoplasm, e.g.:
catecholamine-producing malignant pheochromocytoma of adrenal:
code 194.0, additional code 255.6
basophil adenoma of pituitary with Cushing's syndrome:
code 227.3, additional code 255.0

3. Morphology [Histology]

For those wishing to identify the histological type of neoplasms, a comprehensive coded nomenclature, which comprises the morphology rubrics of the ICD-Oncology, is given after the E-code chapter.

4. Malignant neoplasms overlapping site boundaries

Categories 140-195 are for the classification of primary malignant neoplasms according to their point of origin. A malignant neoplasm that overlaps two or more subcategories within a three-digit rubric and whose point of origin cannot be determined should be classified to the subcategory .8 "Other." For example, "carcinoma involving tip and ventral surface of tongue" should be assigned to 141.8. On the other hand, "carcinoma of tip of tongue, extending to involve the ventral surface" should be coded to 141.2, as the point of origin, the tip, is known. Three subcategories (149.8, 159.8, 165.8) have been provided for malignant neoplasms that overlap the boundaries of three-digit rubrics within certain systems. Overlapping malignant neoplasms that cannot be classified as indicated above should be assigned to the appropriate subdivision of category 195 (Malignant neoplasm of other and ill-defined sites).

MALIGNANT NEOPLASM OF LIP, ORAL CAVITY, AND PHARYNX (140-149)

Excludes: carcinoma in situ (230.0)

140 Malignant neoplasm of lip

Excludes: skin of lip (173.0)

140.0 Upper lip, vermilion border
Upper lip:
NOS
external
lipstick area

140.1 Lower lip, vermilion border
Lower lip:
NOS
external

lipstick area

140.3 Upper lip, inner aspect
Upper lip:
buccal aspect
frenulum
mucosa
oral aspect

140.4 Lower lip, inner aspect
Lower lip:
buccal aspect
frenulum
mucosa
oral aspect

140.5 Lip, unspecified, inner aspect
Lip, not specified whether upper or lower:
buccal aspect
frenulum
mucosa
oral aspect

140.6 Commissure of lip
Labial commissure

140.8 Other sites of lip
Malignant neoplasm of contiguous or overlapping sites of lip whose point of origin cannot be determined

140.9 Lip, unspecified, vermilion border
Lip, not specified as upper or lower:
NOS
external
lipstick area

141 Malignant neoplasm of tongue

141.0 Base of tongue
Dorsal surface of base of tongue
Fixed part of tongue NOS

141.1 Dorsal surface of tongue
Anterior two-thirds of tongue, dorsal surface
Dorsal tongue NOS

Midline of tongue

Excludes: dorsal surface of base of tongue (141.0)

141.2 Tip and lateral border of tongue

141.3 Ventral surface of tongue
Anterior two-thirds of tongue, ventral surface
Frenulum linguae

141.4 Anterior two-thirds of tongue, part unspecified
Mobile part of tongue NOS

141.5 Junctional zone
Border of tongue at junction of fixed and mobile parts at insertion of anterior tonsillar pillar

141.6 Lingual tonsil

141.8 Other sites of tongue
Malignant neoplasm of contiguous or overlapping sites of tongue whose point of origin cannot be determined

141.9 Tongue, unspecified
Tongue NOS

142 Malignant neoplasm of major salivary glands

Includes: salivary ducts

Excludes: malignant neoplasm of minor salivary glands:
NOS (145.9)
buccal mucosa (145.0)
soft palate (145.3)
tongue (141.0-141.9)
tonsil, palatine (146.0)

142.0 Parotid gland

142.1 Submandibular gland
Submaxillary gland

142.2 Sublingual gland

142.8 Other major salivary glands
Malignant neoplasm of contiguous or overlapping sites of salivary glands and ducts whose point of origin cannot be determined

142.9 Salivary gland, unspecified
Salivary gland (major) NOS

143 Malignant neoplasm of gum

Includes: alveolar (ridge) mucosa
gingiva (alveolar) (marginal)
interdental papillae

Excludes: malignant odontogenic neoplasms (170.0-170.1)

143.0 Upper gum

143.1 Lower gum

143.8 Other sites of gum
Malignant neoplasm of contiguous or overlapping sites of gum whose point of origin cannot be determined

143.9 Gum, unspecified

144 Malignant neoplasm of floor of mouth

144.0 Anterior portion
Anterior to the premolar-canine junction

144.1 Lateral portion

144.8 Other sites of floor of mouth
Malignant neoplasm of contiguous or overlapping sites of floor of mouth whose point of origin cannot be determined

144.9 Floor of mouth, part unspecified

145 Malignant neoplasm of other and unspecified parts of mouth

Excludes: mucosa of lips (140.0-140.9)

145.0 Cheek mucosa
Buccal mucosa
Cheek, inner aspect

145.1 Vestibule of mouth
Buccal sulcus (upper) (lower)
Labial sulcus (upper) (lower)

145.2 Hard palate

145.3 Soft palate

Excludes: nasopharyngeal [posterior] [superior] surface of soft palate (147.3)

145.4 Uvula

145.5 Palate, unspecified
Junction of hard and soft palate

Roof of mouth

145.6 Retromolar area

145.8 Other specified parts of mouth
Malignant neoplasm of contiguous or overlapping sites of mouth whose point of origin cannot be determined

145.9 Mouth, unspecified
Buccal cavity NOS
Minor salivary gland, unspecified site
Oral cavity NOS

146 Malignant neoplasm of oropharynx

146.0 Tonsil
Tonsil:
NOS
faucial

palatine

Excludes: lingual tonsil (141.6)
pharyngeal tonsil (147.1)

146.1 Tonsillar fossa

146.2 Tonsillar pillars (anterior) (posterior)
Faucial pillar
Glossopalatine fold
Palatoglossal arch
Palatopharyngeal arch

146.3 Vallecula
Anterior and medial surface of the pharyngoepiglottic fold

146.4 Anterior aspect of epiglottis
Epiglottis, free border [margin]
Glossoepiglottic fold(s)

Excludes: epiglottis:
NOS (161.1)
suprahyoid portion (161.1)

146.5 Junctional region
Junction of the free margin of the epiglottis, the aryepiglottic fold, and the pharyngoepiglottic fold

146.6 Lateral wall of oropharynx

146.7 Posterior wall of oropharynx

146.8 Other specified sites of oropharynx
Branchial cleft
Malignant neoplasm of contiguous or overlapping sites of oropharynx whose point of origin cannot be determined

146.9 Oropharynx, unspecified

147 Malignant neoplasm of nasopharynx

147.0 Superior wall
Roof of nasopharynx

147.1 Posterior wall
Adenoid
Pharyngeal tonsil

147.2 Lateral wall
Fossa of Rosenmüller
Opening of auditory tube
Pharyngeal recess

147.3 Anterior wall
Floor of nasopharynx

Nasopharyngeal [posterior] [superior] surface of soft palate
Posterior margin of nasal septum and choanae

147.8 Other specified sites of nasopharynx

Malignant neoplasm of contiguous or overlapping sites of nasopharynx whose point of origin cannot be determined

147.9 Nasopharynx, unspecified
Nasopharyngeal wall NOS

148 Malignant neoplasm of hypopharynx

148.0 Postcricoid region

148.1 Pyriform sinus
Pyriform fossa

148.2 Aryepiglottic fold, hypopharyngeal aspect
Aryepiglottic fold or interarytenoid fold:
NOS
marginal zone

Excludes: aryepiglottic fold or interarytenoid fold, laryngeal aspect (161.1)

148.3 Posterior hypopharyngeal wall

148.8 Other specified sites of hypopharynx
Malignant neoplasm of contiguous or overlapping sites of hypopharynx whose point of origin cannot be determined

148.9 Hypopharynx, unspecified
Hypopharyngeal wall NOS
Hypopharynx NOS

149 Malignant neoplasm of other and ill-defined sites within the lip, oral cavity, and pharynx

149.0 Pharynx, unspecified

149.1 Waldeyer's ring

149.8 Other
Malignant neoplasms of lip, oral cavity, and pharynx whose point of origin cannot be assigned to any one of the categories 140-148

Excludes: "book leaf" neoplasm [ventral surface of tongue and floor of mouth] (145.8)

149.9 Ill-defined

MALIGNANT NEOPLASM OF DIGESTIVE ORGANS AND PERITONEUM (150-159)

Excludes: carcinoma in situ (230.1-230.9)

150 Malignant neoplasm of esophagus

150.0 Cervical esophagus

150.1 Thoracic esophagus

150.2 Abdominal esophagus

Excludes: adenocarcinoma (151.0)
cardio-esophageal junction (151.0)

150.3 Upper third of esophagus
Proximal third of esophagus

150.4 Middle third of esophagus

150.5 Lower third of esophagus
Distal third of esophagus

Excludes: adenocarcinoma (151.0)
cardio-esophageal junction (151.0)

150.8 Other specified part
Malignant neoplasm of contiguous or overlapping sites of esophagus whose point of origin cannot be determined

150.9 Esophagus, unspecified

151 Malignant neoplasm of stomach

Excludes: benign carcinoid tumor of stomach (209.63)
malignant carcinoid tumor of stomach (209.63)

151.0 Cardia
Cardiac orifice
Cardio-esophageal junction

Excludes: squamous cell carcinoma (150.2, 150.5)

151.1 Pylorus
Prepylorus
Pyloric canal

151.2 Pyloric antrum
Antrum of stomach NOS

151.3 Fundus of stomach

151.4 Body of stomach

151.5 Lesser curvature, unspecified
Lesser curvature, not classifiable to 151.1-151.4

151.6 Greater curvature, unspecified
Greater curvature, not classifiable to 151.0-151.4

151.8 Other specified sites of stomach
Anterior wall, not classifiable to 151.0-151.4
Posterior wall, not classifiable to 151.0-151.4
Malignant neoplasm of contiguous or overlapping sites of stomach whose point of origin cannot be determined

151.9 Stomach, unspecified
Carcinoma ventriculi
Gastric cancer

152 Malignant neoplasm of small intestine, including duodenum

Excludes: benign carcinoid tumor of small intestine and duodenum (209.40-209.43)
malignant carcinoid tumor of small intestine and duodenum (209.00-209.03)

152.0 Duodenum

152.1 Jejunum

152.2 Ileum

Excludes: ileocecal valve (153.4)

152.3 Meckel’s diverticulum

152.8 Other specified sites of small intestine
Duodenojejunal junction
Malignant neoplasm of contiguous or overlapping sites of small intestine whose point of origin cannot be determined

152.9 Small intestine, unspecified

153 Malignant neoplasm of colon

Excludes: benign carcinoid tumor of colon (209.50-209.56)
malignant carcinoid tumor of colon (209.10-209.16)

153.0 Hepatic flexure

153.1 Transverse colon

153.2 Descending colon
Left colon

153.3 Sigmoid colon
Sigmoid (flexure)

Excludes: rectosigmoid junction (154.0)

153.4 Cecum
Ileocecal valve

153.5 Appendix

153.6 Ascending colon
Right colon

153.7 Splenic flexure

153.8 Other specified sites of large intestine
Malignant neoplasm of contiguous or overlapping sites of colon whose point of origin cannot be determined

Excludes: ileocecal valve (153.4)
rectosigmoid junction (154.0)

153.9 Colon, unspecified
Large intestine NOS

154 Malignant neoplasm of rectum, rectosigmoid junction, and anus

Excludes: benign carcinoid tumor of rectum (209.57)
malignant carcinoid tumor of rectum (209.17)

154.0 Rectosigmoid junction
Colon with rectum
Rectosigmoid (colon)

154.1 Rectum
Rectal ampulla

154.2 Anal canal
Anal sphincter

Excludes: skin of anus (172.5, 173.5)

154.3 Anus, unspecified

Excludes: anus:
margin (172.5, 173.5)
skin (172.5, 173.5)
perianal skin (172.5, 173.5)

154.8 Other
Anorectum
Cloacogenic zone
Malignant neoplasm of contiguous or overlapping sites of rectum, rectosigmoid junction, and anus whose point of origin cannot be determined

155 Malignant neoplasm of liver and intrahepatic bile ducts

155.0 Liver, primary
Carcinoma:
liver, specified as primary
hepatocellular
liver cell
Hepatoblastoma

155.1 Intrahepatic bile ducts
Canaliculi biliferi
Interlobular:

bile ducts
biliary canals
Intrahepatic:
biliary passages
canaliculi
gall duct

Excludes: hepatic duct (156.1)

155.2 Liver, not specified as primary or secondary

156 Malignant neoplasm of gallbladder and extrahepatic bile ducts

156.0 Gallbladder

156.1 Extrahepatic bile ducts
Biliary duct or passage
NOS
Common bile duct
Cystic duct
Hepatic duct
Sphincter of Oddi

156.2 Ampulla of Vater

156.8 Other specified sites of gallbladder and extrahepatic bile ducts
Malignant neoplasm of contiguous or overlapping sites of gallbladder and extrahepatic bile ducts whose point of origin cannot be determined

156.9 Biliary tract, part unspecified

Malignant neoplasm involving both intrahepatic and extrahepatic bile ducts

157 Malignant neoplasm of pancreas

157.0 Head of pancreas

157.1 Body of pancreas

157.2 Tail of pancreas

157.3 Pancreatic duct
Duct of:
Santorini
Wirsung

157.4 Islets of Langerhans
Islets of Langerhans, any part of pancreas

Use additional code to identify any functional activity

157.8 Other specified sites of pancreas
Ectopic pancreatic tissue
Malignant neoplasm of contiguous or overlapping sites of pancreas whose point of origin cannot be determined

157.9 Pancreas, part unspecified

158 Malignant neoplasm of retroperitoneum and peritoneum

158.0 Retroperitoneum
Periadrenal tissue
Perinephric tissue
Perirenal tissue
Retrocecal tissue

158.8 Specified parts of peritoneum
Cul-de-sac (of Douglas)
Mesentery
Mesocolon
Omentum
Peritoneum:
parietal

pelvic
Rectouterine pouch
Malignant neoplasm of contiguous or overlapping sites of retroperitoneum and peritoneum whose point of origin cannot be determined

158.9 Peritoneum, unspecified

159 Malignant neoplasm of other and ill-defined sites within the digestive organs and peritoneum

159.0 Intestinal tract, part unspecified
Intestine NOS

159.1 Spleen, not elsewhere classified
Angiosarcoma of spleen
Fibrosarcoma of spleen

Excludes: Hodgkin's disease (201.0-201.9)

lymphosarcoma (200.1)
reticulosarcoma (200.0)

159.8 Other sites of digestive system and intra-abdominal organs
Malignant neoplasm of digestive organs and peritoneum whose point of origin cannot be assigned to any one of the categories 150-158

Excludes: anus and rectum (154.8)
cardio-esophageal junction (151.0)
colon and rectum (154.0)

159.9 Ill-defined
Alimentary canal or tract NOS
Gastrointestinal tract NOS

Excludes: abdominal NOS (195.2)
intra-abdominal NOS (195.2)

MALIGNANT NEOPLASM OF RESPIRATORY AND INTRATHORACIC ORGANS (160-165)

Excludes: carcinoma in situ (231.0-231.9)

160 Malignant neoplasm of nasal cavities, middle ear, and accessory sinuses

160.0 Nasal cavities
Cartilage of nose
Conchae, nasal
Internal nose
Septum of nose
Vestibule of nose

Excludes: nasal bone (170.0)
nose NOS (195.0)
olfactory bulb (192.0)
posterior margin of septum and choanae (147.3)
skin of nose (172.3, 173.3)
turbinates (170.0)

160.1 Auditory tube, middle ear, and mastoid air cells
Antrum tympanicum
Eustachian tube
Tympanic cavity

Excludes: auditory canal (external) (172.2, 173.2)
bone of ear (meatus) (170.0)
cartilage of ear (171.0)
ear (external) (skin) (172.2, 173.2)

160.2 Maxillary sinus
Antrum (Highmore) (maxillary)

160.3 Ethmoidal sinus

160.4 Frontal sinus

160.5 Sphenoidal sinus

160.8 Other

Malignant neoplasm of contiguous or overlapping sites of nasal cavities, middle ear, and accessory sinuses whose point of origin cannot be determined

160.9 Accessory sinus, unspecified

161 Malignant neoplasm of larynx

161.0 Glottis
Intrinsic larynx
Laryngeal commissure (anterior) (posterior)
True vocal cord
Vocal cord NOS

161.1 Supraglottis
Aryepiglottic fold or interarytenoid fold, laryngeal aspect
Epiglottis (suprahyoid portion) NOS
Extrinsic larynx
False vocal cords
Posterior (laryngeal) surface of epiglottis
Ventricular bands

Excludes: anterior aspect of epiglottis (146.4)
aryepiglottic fold or interarytenoid fold:
NOS (148.2)
hypopharyngeal aspect (148.2)
marginal zone (148.2)

161.2 Subglottis

161.3 Laryngeal cartilages
Cartilage:
arytenoid
cricoid
cuneiform
thyroid

161.8 Other specified sites of larynx
Malignant neoplasm of contiguous or overlapping sites of larynx whose point of origin cannot be determined

161.9 Larynx, unspecified

162 Malignant neoplasm of trachea, bronchus, and lung

Excludes: benign carcinoid tumor of bronchus (209.61)
malignant carcinoid tumor of bronchus (209.21)

162.0 Trachea
Cartilage of trachea
Mucosa of trachea

162.2 Main bronchus
Carina
Hilus of lung

162.3 Upper lobe, bronchus or lung

162.4 Middle lobe, bronchus or lung

162.5 Lower lobe, bronchus or lung

162.8 Other parts of bronchus or lung
Malignant neoplasm of contiguous or overlapping sites of bronchus or lung whose point of origin cannot be determined

162.9 Bronchus and lung, unspecified

163 Malignant neoplasm of pleura

163.0 Parietal pleura

163.1 Visceral pleura

163.8 Other specified sites of pleura
Malignant neoplasm of contiguous or overlapping sites of pleura whose point of origin cannot be determined

163.9 Pleura, unspecified

164 Malignant neoplasm of thymus, heart, and mediastinum

164.0 Thymus

Excludes: benign carcinoid tumor of the thymus (209.62)
malignant carcinoid tumor of the thymus (209.22)

164.1 Heart
Endocardium
Epicardium
Myocardium
Pericardium

Excludes: great vessels (171.4)

164.2 Anterior mediastinum

164.3 Posterior mediastinum

164.8 Other
Malignant neoplasm of contiguous or overlapping sites of thymus, heart, and mediastinum whose point of origin cannot be determined

164.9 Mediastinum, part unspecified

165 Malignant neoplasm of other and ill-defined sites within the respiratory system and intrathoracic organs

165.0 Upper respiratory tract, part unspecified

165.8 Other
Malignant neoplasm of respiratory and intrathoracic organs whose point of origin cannot be assigned to any one of the categories 160-164

165.9 Ill-defined sites within the respiratory system
Respiratory tract NOS

Excludes: intrathoracic NOS (195.1)
thoracic NOS (195.1)

MALIGNANT NEOPLASM OF BONE, CONNECTIVE TISSUE, SKIN, AND BREAST (170-176)

Excludes: carcinoma in situ:
breast (233.0)
skin (232.0-232.9)

170 Malignant neoplasm of bone and articular cartilage

Includes: cartilage (articular) (joint)
periosteum

Excludes: bone marrow NOS (202.9)
cartilage:
ear (171.0)
eyelid (171.0)
larynx (161.3)
nose (160.0)
synovia (171.0-171.9)

170.0 Bones of skull and face, except mandible
Bone:
ethmoid
frontal
malar

nasal
occipital
orbital
parietal
sphenoid
temporal
zygomatic
Maxilla (superior)
Turbinate
Upper jaw bone
Vomer

Excludes: carcinoma, any type except intraosseous or odontogenic:
maxilla, maxillary (sinus) (160.2)
upper jaw bone (143.0)
jaw bone (lower) (170.1)

170.1 Mandible
Inferior maxilla
Jaw bone NOS
Lower jaw bone

Excludes: carcinoma, any type except intraosseous or odontogenic:
jaw bone NOS (143.9)
lower (143.1)
upper jaw bone (170.0)

170.2 Vertebral column, excluding sacrum and coccyx
Spinal column
Spine
Vertebra

Excludes: sacrum and coccyx (170.6)

170.3 Ribs, sternum, and clavicle
Costal cartilage

Costovertebral joint
Xiphoid process

170.4 Scapula and long bones of upper limb
Acromion
Bones NOS of upper limb
Humerus
Radius
Ulna

170.5 Short bones of upper limb
Carpal
Cuneiform, wrist
Metacarpal
Navicular, of hand
Phalanges of hand
Pisiform
Scaphoid (of hand)
Semilunar or lunate
Trapezium
Trapezoid
Unciform

170.6 Pelvic bones, sacrum, and coccyx
Coccygeal vertebra
Ilium
Ischium
Pubic bone
Sacral vertebra

170.7 Long bones of lower limb
Bones NOS of lower limb
Femur
Fibula
Tibia

170.8 Short bones of lower limb
Astragalus [talus]
Calcaneus
Cuboid
Cuneiform, ankle
Metatarsal
Navicular (of ankle)
Patella
Phalanges of foot
Tarsal

170.9 Bone and articular cartilage, site unspecified

171 Malignant neoplasm of connective and other soft tissue

Includes: blood vessel
bursa
fascia
fat
ligament, except uterine
muscle
peripheral, sympathetic, and parasympathetic nerves and ganglia

synovia
tendon (sheath)

Excludes: cartilage (of):
articular (170.0-170.9)
larynx (161.3)
nose (160.0)
connective tissue:
breast (174.0-175.9)
internal organs code to malignant neoplasm of the site [e.g., leiomyosarcoma of stomach, 151.9]
heart (164.1)
uterine ligament (183.4)

171.0 Head, face, and neck
Cartilage of:
ear
eyelid

171.2 Upper limb, including shoulder
Arm
Finger
Forearm
Hand

171.3 Lower limb, including hip
Foot
Leg
Popliteal space
Thigh
Toe

171.4 Thorax
Axilla
Diaphragm
Great vessels

Excludes: heart (164.1)
mediastinum (164.2-164.9)
thymus (164.0)

171.5 Abdomen
Abdominal wall
Hypochondrium

Excludes: peritoneum (158.8)
retroperitoneum (158.0)

171.6 Pelvis

Buttock
Groin
Inguinal region
Perineum

Excludes: pelvic peritoneum (158.8)
retroperitoneum (158.0)
uterine ligament, any (183.3-183.5)

171.7 Trunk, unspecified
Back NOS

Flank NOS

171.8 Other specified sites of connective and other soft tissue
Malignant neoplasm of contiguous or overlapping sites of connective tissue whose point of origin cannot be determined

171.9 Connective and other soft tissue, site unspecified

172 Malignant melanoma of skin

Includes: melanocarcinoma
melanoma in situ of skin
melanoma (skin) NOS

Excludes: skin of genital organs (184.0-184.9, 187.1-187.9)
sites other than skin - code to malignant neoplasm of the site

172.0 Lip

Excludes: vermilion border of lip (140.0-140.1, 140.9)

172.1 Eyelid, including canthus

172.2 Ear and external auditory canal
Auricle (ear)
Auricular canal, external
External [acoustic] meatus
Pinna

172.3 Other and unspecified parts of face
Cheek (external)
Chin
Eyebrow
Forehead
Nose, external
Temple

172.4 Scalp and neck

172.5 Trunk, except scrotum
Axilla
Breast
Buttock
Groin
Perianal skin
Perineum
Umbilicus

Excludes: anal canal (154.2)
anus NOS (154.3)
scrotum (187.7)

172.6 Upper limb, including shoulder
Arm
Finger
Forearm
Hand

172.7 Lower limb, including hip
Ankle
Foot

Heel
Knee
Leg
Popliteal area
Thigh
Toe

172.8 Other specified sites of skin
Malignant melanoma of contiguous or overlapping sites of skin whose point of origin cannot be determined

172.9 Melanoma of skin, site unspecified

173 Other malignant neoplasm of skin

Includes: malignant neoplasm of:
sebaceous glands
sudoriferous, sudoriparous glands
sweat glands

Excludes: Kaposi's sarcoma (176.0-176.9)
malignant melanoma of skin (172.0-172.9)
skin of genital organs (184.0-184.9, 187.1-187.9)

173.0 Skin of lip

Excludes: vermilion border of lip (140.0-140.1, 140.9)

173.1 Eyelid, including canthus

Excludes: cartilage of eyelid (171.0)

173.2 Skin of ear and external auditory canal
Auricle (ear)
Auricular canal, external
External meatus
Pinna

Excludes: cartilage of ear (171.0)

173.3 Skin of other and unspecified parts of face
Cheek, external
Chin
Eyebrow
Forehead
Nose, external
Temple

173.4 Scalp and skin of neck

173.5 Skin of trunk, except scrotum
Axillary fold
Perianal skin
Skin of:
abdominal wall
anus
back
breast
buttock
chest wall
groin

perineum
Umbilicus

Excludes: anal canal (154.2)

anus NOS (154.3)
skin of scrotum (187.7)

173.6 Skin of upper limb, including shoulder
Arm
Finger
Forearm
Hand

173.7 Skin of lower limb, including hip
Ankle
Foot
Heel
Knee
Leg
Popliteal area
Thigh
Toe

173.8 Other specified sites of skin
Malignant neoplasm of contiguous or overlapping sites of skin whose point of origin cannot be determined

173.9 Skin, site unspecified

174 Malignant neoplasm of female breast

Includes: breast (female)
connective tissue
soft parts
Paget's disease of:
breast
nipple

Use additional code to identify estrogen receptor status (V86.0, V86.1)

Excludes: skin of breast (172.5, 173.5)

174.0 Nipple and areola

174.1 Central portion

174.2 Upper-inner quadrant

174.3 Lower-inner quadrant

174.4 Upper-outer quadrant

174.5 Lower-outer quadrant

174.6 Axillary tail

174.8 Other specified sites of female breast
Ectopic sites
Inner breast
Lower breast
Midline of breast

Outer breast
Upper breast
Malignant neoplasm of contiguous or overlapping sites of breast whose point of origin cannot be determined

174.9 Breast (female), unspecified

175 Malignant neoplasm of male breast

Use additional code to identify estrogen receptor status (V86.0, V86.1)

Excludes: skin of breast (172.5, 173.5)

175.0 Nipple and areola

175.9 Other and unspecified sites of male breast
Ectopic breast tissue, male

176 Kaposi's sarcoma

176.0 Skin

176.1 Soft tissue
Blood vessel
Connective tissue
Fascia
Ligament
Lymphatic(s) NEC
Muscle

Excludes: lymph glands and nodes (176.5)

176.2 Palate

176.3 Gastrointestinal sites

176.4 Lung

176.5 Lymph nodes

176.8 Other specified sites
Oral cavity NEC

176.9 Unspecified
Viscera NOS

MALIGNANT NEOPLASM OF GENITOURINARY ORGANS (179-189)

Excludes: carcinoma in situ (233.1-233.9)

179 Malignant neoplasm of uterus, part unspecified

180 Malignant neoplasm of cervix uteri

Includes: invasive malignancy [carcinoma]
Excludes: carcinoma in situ (233.1)

180.0 Endocervix
Cervical canal NOS
Endocervical canal

Endocervical gland

180.1 Exocervix

180.8 Other specified sites of cervix
Cervical stump
Squamocolumnar junction of cervix
Malignant neoplasm of contiguous or overlapping sites of cervix uteri whose point of origin cannot be determined

180.9 Cervix uteri, unspecified

181 Malignant neoplasm of placenta
Choriocarcinoma NOS
Chorioepithelioma NOS

Excludes: chorioadenoma (destruens) (236.1)
hydatidiform mole (630)
malignant (236.1)
invasive mole (236.1)
male choriocarcinoma NOS (186.0-186.9)

182 Malignant neoplasm of body of uterus

Excludes: carcinoma in situ (233.2)

182.0 Corpus uteri, except isthmus
Cornu
Endometrium
Fundus

Myometrium

182.1 Isthmus
Lower uterine segment

182.8 Other specified sites of body of uterus
Malignant neoplasm of contiguous or overlapping sites of body of uterus whose point of origin cannot be determined

Excludes: uterus NOS (179)

183 Malignant neoplasm of ovary and other uterine adnexa

Excludes: Douglas' cul-de-sac (158.8)

183.0 Ovary
Use additional code to identify any functional activity

183.2 Fallopian tube
Oviduct
Uterine tube

183.3 Broad ligament
Mesovarium
Parovarian region

183.4 Parametrium
Uterine ligament NOS
Uterosacral ligament

183.5 Round ligament

183.8 Other specified sites of uterine adnexa
Tubo-ovarian
Utero-ovarian
Malignant neoplasm of contiguous or overlapping sites of ovary and other uterine adnexa whose point of origin cannot be determined

183.9 Uterine adnexa, unspecified

184 Malignant neoplasm of other and unspecified female genital organs

Excludes: carcinoma in situ (233.30-233.39)

184.0 Vagina
Gartner's duct
Vaginal vault

184.1 Labia majora
Greater vestibular [Bartholin's] gland

184.2 Labia minora

184.3 Clitoris

184.4 Vulva, unspecified
External female genitalia NOS
Pudendum

184.8 Other specified sites of female genital organs
Malignant neoplasm of contiguous or overlapping sites of female genital organs whose point of origin cannot be determined

184.9 Female genital organ, site unspecified
Female genitourinary tract NOS

185 Malignant neoplasm of prostate

Excludes: seminal vesicles (187.8)

186 Malignant neoplasm of testis

Use additional code to identify any functional activity

186.0 Undescended testis

Ectopic testis
Retained testis

186.9 Other and unspecified testis
Testis:
NOS
descended
scrotal

187 Malignant neoplasm of penis and other male genital organs

187.1 Prepuce
Foreskin

187.2 Glans penis

187.3 Body of penis
Corpus cavernosum

187.4 Penis, part unspecified
Skin of penis NOS

187.5 Epididymis

187.6 Spermatic cord
Vas deferens

187.7 Scrotum
Skin of scrotum

187.8 Other specified sites of male genital organs
Seminal vesicle
Tunica vaginalis
Malignant neoplasm of contiguous or overlapping sites of penis and other male genital organs whose point of origin cannot be determined

187.9 Male genital organ, site unspecified
Male genital organ or tract NOS

188 Malignant neoplasm of bladder

Excludes: carcinoma in situ (233.7)

188.0 Trigone of urinary bladder

188.1 Dome of urinary bladder

188.2 Lateral wall of urinary bladder

188.3 Anterior wall of urinary bladder

188.4 Posterior wall of urinary bladder

188.5 Bladder neck
Internal urethral orifice

188.6 Ureteric orifice

188.7 Urachus

188.8 Other specified sites of bladder
Malignant neoplasm of contiguous or overlapping sites of bladder whose point of origin cannot be determined

188.9 Bladder, part unspecified
Bladder wall NOS

189 Malignant neoplasm of kidney and other and unspecified urinary organs

Excludes: benign carcinoid tumor of kidney (209.64)

malignant carcinoid tumor of kidney (209.64)

189.0 Kidney, except pelvis

Kidney NOS
Kidney parenchyma

189.1 Renal pelvis

Renal calyces
Ureteropelvic junction

189.2 Ureter

Excludes: ureteric orifice of bladder (188.6)

189.3 Urethra

Excludes: urethral orifice of bladder (188.5)

189.4 Paraurethral glands

189.8 Other specified sites of urinary organs
Malignant neoplasm of contiguous or overlapping sites of kidney and other urinary organs whose point of origin cannot be determined

189.9 Urinary organ, site unspecified
Urinary system NOS

MALIGNANT NEOPLASM OF OTHER AND UNSPECIFIED SITES (190-199)

Excludes: carcinoma in situ (234.0-234.9)

190 Malignant neoplasm of eye

Excludes: carcinoma in situ (234.0)

dark area on retina and choroid (239.81)
eyelid (skin) (172.1, 173.1)
cartilage (171.0)
optic nerve (192.0)
orbital bone (170.0)
retinal freckle (239.81)

190.0 Eyeball, except conjunctiva, cornea, retina, and choroid
Ciliary body
Crystalline lens
Iris
Sclera
Uveal tract

190.1 Orbit
Connective tissue of orbit
Extraocular muscle
Retrobulbar

Excludes: bone of orbit (170.0)

190.2 Lacrimal gland

190.3 Conjunctiva

190.4 Cornea

190.5 Retina

190.6 Choroid

190.7 Lacrimal duct
Lacrimal sac

Nasolacrimal duct

190.8 Other specified sites of eye
Malignant neoplasm of contiguous or overlapping sites of eye whose point of origin cannot be determined

190.9 Eye, part unspecified

191 Malignant neoplasm of brain

Excludes: cranial nerves (192.0)

retrobulbar area (190.1)

191.0 Cerebrum, except lobes and ventricles
Basal ganglia
Cerebral cortex
Corpus striatum
Globus pallidus
Hypothalamus
Thalamus

191.1 Frontal lobe

191.2 Temporal lobe
Hippocampus
Uncus

191.3 Parietal lobe

191.4 Occipital lobe

191.5 Ventricles
Choroid plexus
Floor of ventricle

191.6 Cerebellum NOS
Cerebellopontine angle

191.7 Brain stem
Cerebral peduncle
Medulla oblongata
Midbrain
Pons

191.8 Other parts of brain
Corpus callosum
Tapetum
Malignant neoplasm of contiguous or overlapping sites of brain whose point of origin cannot be determined

191.9 Brain, unspecified
Cranial fossa NOS

192 Malignant neoplasm of other and unspecified parts of nervous system

Excludes: peripheral, sympathetic, and parasympathetic nerves and ganglia (171.0-171.9)

192.0 Cranial nerves

Olfactory bulb

192.1 Cerebral meninges
Dura (mater)
Falx (cerebelli) (cerebri)
Meninges NOS
Tentorium

192.2 Spinal cord
Cauda equina

192.3 Spinal meninges

192.8 Other specified sites of nervous system
Malignant neoplasm of contiguous or overlapping sites of other parts of nervous system whose point of origin cannot be determined

192.9 Nervous system, part unspecified
Nervous system (central) NOS

Excludes: meninges NOS (192.1)

193 Malignant neoplasm of thyroid gland

Thyroglossal duct
Use additional code to identify any functional activity

194 Malignant neoplasm of other endocrine glands and related structures

Excludes: islets of Langerhans (157.4)
neuroendocrine tumors (209.00-209.69)
ovary (183.0)
testis (186.0-186.9)
thymus (164.0)

194.0 Adrenal gland
Adrenal cortex
Adrenal medulla
Suprarenal gland

194.1 Parathyroid gland

194.3 Pituitary gland and craniopharyngeal duct
Craniobuccal pouch
Hypophysis
Rathke's pouch
Sella turcica

194.4 Pineal gland

194.5 Carotid body

194.6 Aortic body and other paraganglia
Coccygeal body
Glomus jugulare
Para-aortic body

194.8 Other
Pluriglandular involvement NOS

Note: If the sites of multiple involvements are known, they should be coded separately.

194.9 Endocrine gland, site unspecified

195 Malignant neoplasm of other and ill-defined sites

Includes: malignant neoplasms of contiguous sites, not elsewhere classified, whose point of origin cannot be determined

Excludes: malignant neoplasm:

lymphatic and hematopoietic tissue (200.0-208.9)
secondary sites (196.0-198.8)
unspecified site (199.0-199.1)

195.0 Head, face, and neck
Cheek NOS
Jaw NOS
Nose NOS
Supraclavicular region NOS

195.1 Thorax
Axilla
Chest (wall) NOS
Intrathoracic NOS

195.2 Abdomen
Intra-abdominal NOS

195.3 Pelvis

Groin
Inguinal region NOS
Presacral region
Sacrococcygeal region
Sites overlapping systems within pelvis, as:
rectovaginal (septum)
rectovesical (septum)

195.4 Upper limb

195.5 Lower limb

195.8 Other specified sites
Back NOS
Flank NOS
Trunk NOS

196 Secondary and unspecified malignant neoplasm of lymph nodes

Excludes: any malignant neoplasm of lymph nodes, specified as primary (200.0-202.9)

Hodgkin's disease (201.0-201.9)
lymphosarcoma (200.1)
reticulosarcoma (200.0)
other forms of lymphoma (202.0-202.9)
secondary neuroendocrine tumor of (distant) lymph nodes (209.71)

196.0 Lymph nodes of head, face, and neck
Cervical
Cervicofacial
Scalene
Supraclavicular

196.1 Intrathoracic lymph nodes
Bronchopulmonary
Intercostal
Mediastinal
Tracheobronchial

196.2 Intra-abdominal lymph nodes
Intestinal
Mesenteric
Retroperitoneal

196.3 Lymph nodes of axilla and upper limb
Brachial
Epitrochlear
Infraclavicular
Pectoral

196.5 Lymph nodes of inguinal region and lower limb
Femoral
Groin
Popliteal
Tibial

196.6 Intrapelvic lymph nodes
Hypogastric
Iliac
Obturator
Parametrial

196.8 Lymph nodes of multiple sites

196.9 Site unspecified
Lymph nodes NOS

197 Secondary malignant neoplasm of respiratory and digestive systems

Excludes: lymph node metastasis (196.0-196.9)

secondary neuroendocrine tumor of liver (209.72)

secondary neuroendocrine tumor of respiratory organs (209.79)

197.0 Lung
Bronchus

197.1 Mediastinum

197.2 Pleura

197.3 Other respiratory organs
Trachea

197.4 Small intestine, including duodenum

197.5 Large intestine and rectum

197.6 Retroperitoneum and peritoneum

197.7 Liver, specified as secondary

197.8 Other digestive organs and spleen

198 Secondary malignant neoplasm of other specified sites

Excludes: lymph node metastasis (196.0-196.9)
secondary neuroendocrine tumor of other specified sites (209.79)

198.0 Kidney

198.1 Other urinary organs

198.2 Skin
Skin of breast

198.3 Brain and spinal cord

198.4 Other parts of nervous system
Meninges (cerebral) (spinal)

198.5 Bone and bone marrow

198.6 Ovary

198.7 Adrenal gland
Suprarenal gland

198.8 Other specified sites

198.81 Breast

Excludes: skin of breast (198.2)

198.82 Genital organs

198.89 Other

Excludes: retroperitoneal lymph nodes (196.2)

199 Malignant neoplasm without specification of site

Excludes: malignant carcinoid tumor of unknown primary site (209.20)
malignant (poorly differentiated) neuroendocrine carcinoma, any site (209.30)
malignant (poorly differentiated) neuroendocrine tumor, any site (209.30)
neuroendocrine carcinoma (high grade), any site (209.30)

199.0 Disseminated
Carcinomatosis unspecified site (primary) (secondary)
Generalized:
cancer unspecified site (primary) (secondary)
malignancy unspecified site (primary) (secondary)
Multiple cancer unspecified site (primary) (secondary)

199.1 Other

Cancer unspecified site (primary) (secondary)
Carcinoma unspecified site (primary) (secondary)
Malignancy unspecified site (primary) (secondary)

199.2 Malignant neoplasm associated with transplanted organ
Code first complication of transplanted organ (996.80-996.89)
Use additional code for specific malignancy

MALIGNANT NEOPLASM OF LYMPHATIC AND HEMATOPOIETIC TISSUE (200-208)

Excludes: **autoimmune lymphoproliferative syndrome (279.41)**
secondary neoplasm of:
bone marrow (198.5)
spleen (197.8)
secondary and unspecified neoplasm of lymph nodes (196.0-196.9)

The following fifth-digit subclassification is for use with categories 200-202:

0 unspecified site, extranodal and solid organ sites
1 lymph nodes of head, face, and neck
2 intrathoracic lymph nodes
3 intra-abdominal lymph nodes
4 lymph nodes of axilla and upper limb
5 lymph nodes of inguinal region and lower limb
6 intrapelvic lymph nodes
7 spleen
8 lymph nodes of multiple sites

200 Lymphosarcoma and reticulosarcoma and other specified malignant tumors of lymphatic tissue

Requires fifth digit. See note before section 200 for codes and definitions.

200.0 Reticulosarcoma
[0-8]

Lymphoma (malignant):
histiocytic (diffuse):
nodular
pleomorphic cell type
reticulum cell type
Reticulum cell sarcoma:
NOS
pleomorphic cell type

200.1 Lymphosarcoma
[0-8]

Lymphoblastoma (diffuse)
Lymphoma (malignant):
lymphoblastic (diffuse)
lymphocytic (cell type) (diffuse)
lymphosarcoma type
Lymphosarcoma:
NOS
diffuse NOS
lymphoblastic (diffuse)
lymphocytic (diffuse)
prolymphocytic

Excludes: lymphosarcoma:
follicular or nodular (202.0)
mixed cell type (200.8)
lymphosarcoma cell leukemia (207.8)

200.2 Burkitt’s tumor or lymphoma
[0-8]

Malignant lymphoma, Burkitt’s type

200.3 Marginal zone lymphoma
[0-8]

Extranodal marginal zone B cell lymphoma
Mucosa associated lymphoid tissue [MALT]
Nodal marginal zone B cell lymphoma
Splenic marginal zone B cell lymphoma

200.4 Mantle cell lymphoma
[0-8]

200.5 Primary central nervous system lymphoma
[0-8]

200.6 Anaplastic large cell lymphoma
[0-8]

200.7 Large cell lymphoma
[0-8]

200.8 Other named variants
[0-8]

Lymphoma (malignant):
lymphoplasmacytoid type
mixed lymphocytic-histiocytic (diffuse)
Lymphosarcoma, mixed cell type (diffuse)
Reticulolymphosarcoma (diffuse)

201 Hodgkin's disease

Requires fifth digit. See note before section 200 for codes and definitions.

201.0 Hodgkin's paragranuloma
[0-8]

201.1 Hodgkin's granuloma
[0-8]

201.2 Hodgkin's sarcoma
[0-8]

201.4 Lymphocytic-histiocytic predominance
[0-8]

201.5 Nodular sclerosis
[0-8]

Hodgkin's disease, nodular sclerosis:
NOS
cellular phase

201.6 Mixed cellularity
[0-8]

201.7 Lymphocytic depletion
[0-8]

Hodgkin's disease, lymphocytic depletion:
NOS
diffuse fibrosis
reticular type

201.9 Hodgkin's disease, unspecified

[0-8]

Hodgkin's:
disease NOS
lymphoma NOS
Malignant:

lymphogranuloma
lymphogranulomatosis

202 Other malignant neoplasms of lymphoid and histiocytic tissue

Requires fifth digit. See note before section 200 for codes and definitions.

202.0 Nodular lymphoma
[0-8]

Brill-Symmers disease
Lymphoma:
follicular (giant) (large cell)
lymphocytic, nodular
Lymphosarcoma:
follicular (giant)
nodular

202.1 Mycosis fungoides
[0-8]

Excludes: peripheral T-cell lymphoma (202.7)

202.2 Sézary's disease
[0-8]

202.3 Malignant histiocytosis
[0-8]

Histiocytic medullary reticulosis
Malignant:
reticuloendotheliosis
reticulosis

202.4 Leukemic reticuloendotheliosis
[0-8]

Hairy-cell leukemia

202.5 Letterer-Siwe disease
[0-8]

Acute:
differentiated progressive histiocytosis
histiocytosis X (progressive)
infantile reticuloendotheliosis
reticulosis of infancy

Excludes: Hand-Schüller-Christian disease (277.89)
histiocytosis (acute) (chronic) (277.89)
histiocytosis X (chronic) (277.89)

202.6 Malignant mast cell tumors
[0-8]

Malignant:
mastocytoma
mastocytosis
Mast cell sarcoma

Systemic tissue mast cell disease

Excludes: mast cell leukemia (207.8)

202.7 Peripheral T cell lymphoma
[0-8]

202.8 Other lymphomas
[0-8]

Lymphoma (malignant):
NOS

diffuse

Excludes: benign lymphoma (229.0)

202.9 Other and unspecified malignant neoplasms of lymphoid and histiocytic tissue
[0-8]

Follicular dendritic cell sarcoma
Interdigitating dendritic cell sarcoma
Langerhans cell sarcoma
Malignant neoplasm of bone marrow NOS

203 Multiple myeloma and immunoproliferative neoplasms

The following fifth-digit subclassification is for use with category 203:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

203.0 Multiple myeloma
[0-2]

Kahler's disease
Myelomatosis

Excludes: solitary myeloma (238.6)

203.1 Plasma cell leukemia
[0-2]

Plasmacytic leukemia

203.8 Other immunoproliferative neoplasms
[0-2]

204 Lymphoid leukemia

Includes: leukemia:
lymphatic
lymphoblastic
lymphocytic
lymphogenous

The following fifth-digit subclassification is for use with category 204:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

204.0 Acute
[0-2]

Excludes: acute exacerbation of chronic lymphoid leukemia (204.1)

204.1 Chronic
[0-2]

204.2 Subacute
[0-2]

204.8 Other lymphoid leukemia
[0-2]

Aleukemic leukemia:
lymphatic
lymphocytic
lymphoid

204.9 Unspecified lymphoid leukemia

[0-2]

205 Myeloid leukemia

Includes: leukemia:
granulocytic
myeloblastic
myelocytic
myelogenous
myelomonocytic
myelosclerotic
myelosis

The following fifth-digit subclassification is for use with category 205:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

205.0 Acute
[0-2]

Acute promyelocytic leukemia

Excludes: acute exacerbation of chronic myeloid leukemia (205.1)

205.1 Chronic
[0-2]

Eosinophilic leukemia
Neutrophilic leukemia

205.2 Subacute
[0-2]

205.3 Myeloid sarcoma
[0-2]

Chloroma
Granulocytic sarcoma

205.8 Other myeloid leukemia
[0-2]

Aleukemic leukemia:
granulocytic
myelogenous

myeloid
Aleukemic myelosis

205.9 Unspecified myeloid leukemia
[0-2]

206 Monocytic leukemia

Includes: leukemia:
histiocytic
monoblastic
monocytoid

The following fifth-digit subclassification is for use with category 206:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

206.0 Acute
[0-2]

Excludes: acute exacerbation of chronic monocytic leukemia (206.1)

206.1 Chronic
[0-2]

206.2 Subacute
[0-2]

206.8 Other monocytic leukemia
[0-2]

Aleukemic:
monocytic leukemia
monocytoid leukemia

206.9 Unspecified monocytic leukemia
[0-2]

207 Other specified leukemia

Excludes: leukemic reticuloendotheliosis (202.4)
plasma cell leukemia (203.1)

The following fifth-digit subclassification is for use with category 207:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

207.0 Acute erythremia and erythroleukemia
[0-2]

Acute erythremic myelosis
Di Guglielmo's disease
Erythremic myelosis

207.1 Chronic erythremia
[0-2]

Heilmeyer-Schöner disease

207.2 Megakaryocytic leukemia
[0-2]

Megakaryocytic myelosis
Thrombocytic leukemia

207.8 Other specified leukemia
[0-2]

Lymphosarcoma cell leukemia

208 Leukemia of unspecified cell type

The following fifth-digit subclassification is for use with category 208:

0 without mention of having achieved remission
failed remission
1 in remission
2 in relapse

208.0 Acute
[0-2]

Acute leukemia NOS
Blast cell leukemia
Stem cell leukemia

Excludes: acute exacerbation of chronic unspecified leukemia (208.1)

208.1 Chronic

[0-2]

Chronic leukemia NOS

208.2 Subacute
[0-2]

Subacute leukemia NOS

208.8 Other leukemia of unspecified cell type
[0-2]

208.9 Unspecified leukemia
[0-2]

Leukemia NOS

NEUROENDOCRINE TUMORS (209)

209 Neuroendocrine tumors

Code first any associated multiple endocrine neoplasia syndrome (258.01-258.03)
Use additional code to identify associated endocrine syndrome, such as:
carcinoid syndrome (259.2)

Excludes: benign pancreatic islet cell tumors (211.7)
malignant pancreatic islet cell tumors (157.4)

209.0 Malignant carcinoid tumors of the small intestine

209.00 Malignant carcinoid tumor of the small intestine, unspecified portion

209.01 Malignant carcinoid tumor of the duodenum

209.02 Malignant carcinoid tumor of the jejunum

209.03 Malignant carcinoid tumor of the ileum

209.1 Malignant carcinoid tumors of the appendix, large intestine, and rectum

209.10 Malignant carcinoid tumor of the large intestine, unspecified portion
Malignant carcinoid tumor of the colon NOS

209.11 Malignant carcinoid tumor of the appendix

209.12 Malignant carcinoid tumor of the cecum

209.13 Malignant carcinoid tumor of the ascending colon

209.14 Malignant carcinoid tumor of the transverse colon

209.15 Malignant carcinoid tumor of the descending colon

209.16 Malignant carcinoid tumor of the sigmoid colon

209.17 Malignant carcinoid tumor of the rectum

209.2 Malignant carcinoid tumors of other and unspecified sites

209.20 Malignant carcinoid tumor of unknown primary site

209.21 Malignant carcinoid tumor of the bronchus and lung

209.22 Malignant carcinoid tumor of the thymus

209.23 Malignant carcinoid tumor of the stomach

209.24 Malignant carcinoid tumor of the kidney

209.25 Malignant carcinoid tumor of the foregut NOS

209.26 Malignant carcinoid tumor of the midgut NOS

209.27 Malignant carcinoid tumor of the hindgut NOS

209.29 Malignant carcinoid tumors of other sites

209.3 Malignant poorly differentiated neuroendocrine tumors

209.30 Malignant poorly differentiated neuroendocrine carcinoma, any site
High grade neuroendocrine carcinoma, any site
Malignant poorly differentiated neuroendocrine tumor NOS

Excludes: Merkel cell carcinoma (209.31-209.36)

209.31 Merkel cell carcinoma of the face
Merkel cell carcinoma of the ear
Merkel cell carcinoma of the eyelid, including canthus
Merkel cell carcinoma of the lip

209.32 Merkel cell carcinoma of the scalp and neck

209.33 Merkel cell carcinoma of the upper limb

209.34 Merkel cell carcinoma of the lower limb

209.35 Merkel cell carcinoma of the trunk

209.36 Merkel cell carcinoma of other sites
Merkel cell carcinoma of the buttock
Merkel cell carcinoma of the genitals
Merkel cell carcinoma NOS

209.4 Benign carcinoid tumors of the small intestine

209.40 Benign carcinoid tumor of the small intestine, unspecified portion

209.41 Benign carcinoid tumor of the duodenum

209.42 Benign carcinoid tumor of the jejunum

209.43 Benign carcinoid tumor of the ileum

209.5 Benign carcinoid tumors of the appendix, large intestine, and rectum

209.50 Benign carcinoid tumor of the large intestine, unspecified portion
Benign carcinoid tumor of the colon NOS

209.51 Benign carcinoid tumor of the appendix

209.52 Benign carcinoid tumor of the cecum

209.53 Benign carcinoid tumor of the ascending colon

209.54 Benign carcinoid tumor of the transverse colon

209.55 Benign carcinoid tumor of the descending colon

209.56 Benign carcinoid tumor of the sigmoid colon

209.57 Benign carcinoid tumor of the rectum

209.6 Benign carcinoid tumors of other and unspecified sites

209.60 Benign carcinoid tumor of unknown primary site
Carcinoid tumor NOS
Neuroendocrine tumor NOS

209.61 Benign carcinoid tumor of the bronchus and lung

209.62 Benign carcinoid tumor of the thymus

209.63 Benign carcinoid tumor of the stomach

209.64 Benign carcinoid tumor of the kidney

209.65 Benign carcinoid tumor of the foregut NOS

209.66 Benign carcinoid tumor of the midgut NOS

209.67 Benign carcinoid tumor of the hindgut NOS

209.69 Benign carcinoid tumors of other sites

209.7 Secondary neuroendocrine tumors
Secondary carcinoid tumors

209.70 Secondary neuroendocrine tumor, unspecified site

209.71 Secondary neuroendocrine tumor of distant lymph nodes

Mesentery metastasis of neuroendocrine tumor

209.72 Secondary neuroendocrine tumor of liver

209.73 Secondary neuroendocrine tumor of bone

209.74 Secondary neuroendocrine tumor of peritoneum

209.75 Secondary Merkel cell carcinoma
Merkel cell carcinoma nodal presentation
Merkel cell carcinoma visceral metastatic presentation
Secondary Merkel cell carcinoma, any site

209.79 Secondary neuroendocrine tumor of other sites

BENIGN NEOPLASMS (210-229)

210 Benign neoplasm of lip, oral cavity, and pharynx

Excludes: cyst (of):
jaw (526.0-526.2, 526.89)
oral soft tissue (528.4)
radicular (522.8)

210.0 Lip
Frenulum labii
Lip (inner aspect) (mucosa) (vermilion border)

Excludes: labial commissure (210.4)
skin of lip (216.0)

210.1 Tongue
Lingual tonsil

210.2 Major salivary glands
Gland:
parotid
sublingual
submandibular

Excludes: benign neoplasms of minor salivary glands:
NOS (210.4)
buccal mucosa (210.4)
lips (210.0)
palate (hard) (soft) (210.4)
tongue (210.1)
tonsil, palatine (210.5)

210.3 Floor of mouth

210.4 Other and unspecified parts of mouth
Gingiva
Gum (upper) (lower)
Labial commissure
Oral cavity NOS

Oral mucosa
Palate (hard) (soft)
Uvula

Excludes: benign odontogenic neoplasms of bone (213.0-213.1)

developmental odontogenic cysts (526.0)
mucosa of lips (210.0)
nasopharyngeal [posterior] [superior] surface of soft palate (210.7)

210.5 Tonsil
Tonsil (faucial) (palatine)

Excludes: lingual tonsil (210.1)
pharyngeal tonsil (210.7)
tonsillar:
fossa (210.6)
pillars (210.6)

210.6 Other parts of oropharynx
Branchial cleft or vestiges
Epiglottis, anterior aspect
Fauces NOS
Mesopharynx NOS
Tonsillar:
fossa
pillars
Vallecula

Excludes: epiglottis:
NOS (212.1)
suprahyoid portion (212.1)

210.7 Nasopharynx
Adenoid tissue
Lymphadenoid tissue
Pharyngeal tonsil
Posterior nasal septum

210.8 Hypopharynx
Arytenoid fold
Laryngopharynx
Postcricoid region
Pyriform fossa

210.9 Pharynx, unspecified
Throat NOS

211 Benign neoplasm of other parts of digestive system

Excludes: benign stromal tumors of digestive system (215.5)

211.0 Esophagus

211.1 Stomach
Body of stomach
Cardia of stomach
Fundus of stomach
Cardiac orifice
Pylorus

Excludes: benign carcinoid tumors of the stomach (209.63)

211.2 Duodenum, jejunum, and ileum
Small intestine NOS

Excludes: ampulla of Vater (211.5)

benign carcinoid tumors of the small intestine (209.40-209.43)
ileocecal valve (211.3)

211.3 Colon
Appendix
Cecum
Ileocecal valve
Large intestine NOS

Excludes: benign carcinoid tumors of the large intestine (209.50-209.56)
rectosigmoid junction (211.4)

211.4 Rectum and anal canal
Anal canal or sphincter
Anus NOS
Rectosigmoid junction

Excludes: anus:
margin (216.5)
skin (216.5)
perianal skin (216.5)
benign carcinoid tumors of the rectum (209.57)

211.5 Liver and biliary passages
Ampulla of Vater
Common bile duct
Cystic duct
Gallbladder
Hepatic duct
Sphincter of Oddi

211.6 Pancreas, except islets of Langerhans

211.7 Islets of Langerhans
Islet cell tumor

Use additional code to identify any functional activity

211.8 Retroperitoneum and peritoneum
Mesentery
Mesocolon
Omentum
Retroperitoneal tissue

211.9 Other and unspecified site
Alimentary tract NOS
Digestive system NOS
Gastrointestinal tract NOS
Intestinal tract NOS
Intestine NOS
Spleen, not elsewhere classified

212 Benign neoplasm of respiratory and intrathoracic organs

212.0 Nasal cavities, middle ear, and accessory sinuses
Cartilage of nose
Eustachian tube
Nares
Septum of nose
Sinus:

ethmoidal
frontal
maxillary
sphenoidal

Excludes: auditory canal (external) (216.2)
bone of:
ear (213.0)
nose [turbinates] (213.0)
cartilage of ear (215.0)
ear (external) (skin) (216.2)

nose NOS (229.8)
skin (216.3)
olfactory bulb (225.1)
polyp of:
accessory sinus (471.8)
ear (385.30-385.35)
nasal cavity (471.0)
posterior margin of septum and choanae (210.7)

212.1 Larynx
Cartilage:
arytenoid
cricoid
cuneiform
thyroid
Epiglottis (suprahyoid portion) NOS
Glottis
Vocal cords (false) (true)

Excludes: epiglottis, anterior aspect (210.6)
polyp of vocal cord or larynx (478.4)

212.2 Trachea

212.3 Bronchus and lung
Carina
Hilus of lung

Excludes: benign carcinoid tumors of bronchus and lung (209.61)

212.4 Pleura

212.5 Mediastinum

212.6 Thymus

Excludes: benign carcinoid tumors of thymus (209.62)

212.7 Heart

Excludes: great vessels (215.4)

212.8 Other specified sites

212.9 Site unspecified
Respiratory organ NOS
Upper respiratory tract NOS

Excludes: intrathoracic NOS (229.8)
thoracic NOS (229.8)

213 Benign neoplasm of bone and articular cartilage

Includes: cartilage (articular) (joint)
periosteum

Excludes: cartilage of:
ear (215.0)
eyelid (215.0)
larynx (212.1)
nose (212.0)
exostosis NOS (726.91)
synovia (215.0-215.9)

213.0 Bones of skull and face

Excludes: lower jaw bone (213.1)

213.1 Lower jaw bone

213.2 Vertebral column, excluding sacrum and coccyx

213.3 Ribs, sternum, and clavicle

213.4 Scapula and long bones of upper limb

213.5 Short bones of upper limb

213.6 Pelvic bones, sacrum, and coccyx

213.7 Long bones of lower limb

213.8 Short bones of lower limb

213.9 Bone and articular cartilage, site unspecified

214 Lipoma

Includes: angiolipoma
fibrolipoma
hibernoma
lipoma (fetal) (infiltrating) (intramuscular)
myelolipoma
myxolipoma

214.0 Skin and subcutaneous tissue of face

214.1 Other skin and subcutaneous tissue

214.2 Intrathoracic organs

214.3 Intra-abdominal organs

214.4 Spermatic cord

214.8 Other specified sites

214.9 Lipoma, unspecified site

215 Other benign neoplasm of connective and other soft tissue

Includes: blood vessel
bursa

fascia
ligament
muscle
peripheral, sympathetic, and parasympathetic nerves and ganglia
synovia
tendon (sheath)

Excludes: cartilage:
articular (213.0-213.9)
larynx (212.1)
nose (212.0)
connective tissue of:
breast (217)
internal organ, except lipoma and hemangioma - code to benign neoplasm of the site
lipoma (214.0-214.9)

215.0 Head, face, and neck

215.2 Upper limb, including shoulder

215.3 Lower limb, including hip

215.4 Thorax

Excludes: heart (212.7)
mediastinum (212.5)
thymus (212.6)

215.5 Abdomen
Abdominal wall
Benign stromal tumors of abdomen

Hypochondrium

215.6 Pelvis
Buttock
Groin
Inguinal region
Perineum

Excludes: uterine:
leiomyoma (218.0-218.9)
ligament, any (221.0)

215.7 Trunk, unspecified
Back NOS
Flank NOS

215.8 Other specified sites

215.9 Site unspecified

216 Benign neoplasm of skin

Includes: blue nevus
dermatofibroma
hydrocystoma
pigmented nevus
syringoadenoma
syringoma

Excludes: skin of genital organs (221.0-222.9)

216.0 Skin of lip

Excludes: vermilion border of lip (210.0)

216.1 Eyelid, including canthus

Excludes: cartilage of eyelid (215.0)

216.2 Ear and external auditory canal
Auricle (ear)
Auricular canal, external
External meatus
Pinna

Excludes: cartilage of ear (215.0)

216.3 Skin of other and unspecified parts of face
Cheek, external
Eyebrow
Nose, external
Temple

216.4 Scalp and skin of neck

216.5 Skin of trunk, except scrotum
Axillary fold
Perianal skin
Skin of:
abdominal wall
anus
back
breast
buttock
chest wall
groin
perineum
Umbilicus

Excludes: anal canal (211.4)
anus NOS (211.4)
skin of scrotum (222.4)

216.6 Skin of upper limb, including shoulder

216.7 Skin of lower limb, including hip

216.8 Other specified sites of skin

216.9 Skin, site unspecified

217 Benign neoplasm of breast

Breast (male) (female)
connective tissue
glandular tissue
soft parts

Excludes: adenofibrosis (610.2)
benign cyst of breast (610.0)
fibrocystic disease (610.1)
skin of breast (216.5)

218 Uterine leiomyoma

Includes: fibroid (bleeding) (uterine)
uterine:
fibromyoma
myoma

218.0 Submucous leiomyoma of uterus

218.1 Intramural leiomyoma of uterus
Interstitial leiomyoma of uterus

218.2 Subserous leiomyoma of uterus
Subperitoneal leiomyoma of uterus

218.9 Leiomyoma of uterus, unspecified

219 Other benign neoplasm of uterus

219.0 Cervix uteri

219.1 Corpus uteri
Endometrium
Fundus
Myometrium

219.8 Other specified parts of uterus

219.9 Uterus, part unspecified

220 Benign neoplasm of ovary

Use additional code to identify any functional activity (256.0-256.1)

Excludes: cyst:
corpus albicans (620.2)
corpus luteum (620.1)
endometrial (617.1)
follicular (atretic) (620.0)
graafian follicle (620.0)
ovarian NOS (620.2)
retention (620.2)

221 Benign neoplasm of other female genital organs

Includes: adenomatous polyp
benign teratoma

Excludes: cyst:
epoophoron (752.11)
fimbrial (752.11)

Gartner's duct (752.11)
parovarian (752.11)

221.0 Fallopian tube and uterine ligaments
Oviduct
Parametrium
Uterine ligament (broad) (round) (uterosacral)
Uterine tube

221.1 Vagina

221.2 Vulva
Clitoris
External female genitalia NOS
Greater vestibular [Bartholin's] gland
Labia (majora) (minora)
Pudendum

Excludes: Bartholin's (duct) (gland) cyst (616.2)

221.8 Other specified sites of female genital organs

221.9 Female genital organ, site unspecified
Female genitourinary tract NOS

222 Benign neoplasm of male genital organs

222.0 Testis

Use additional code to identify any functional activity

222.1 Penis
Corpus cavernosum
Glans penis
Prepuce

222.2 Prostate

Excludes: adenomatous hyperplasia of prostate (600.20-600.21)
prostatic:
adenoma (600.20-600.21)
enlargement (600.00-600.01)
hypertrophy (600.00-600.01)

222.3 Epididymis

222.4 Scrotum
Skin of scrotum

222.8 Other specified sites of male genital organs
Seminal vesicle
Spermatic cord

222.9 Male genital organ, site unspecified
Male genitourinary tract NOS

223 Benign neoplasm of kidney and other urinary organs

223.0 Kidney, except pelvis
Kidney NOS

Excludes: benign carcinoid tumors of kidney (209.64)
renal:
calyces (223.1)
pelvis (223.1)

223.1 Renal pelvis

223.2 Ureter

Excludes: ureteric orifice of bladder (223.3)

223.3 Bladder

223.8 Other specified sites of urinary organs

223.81 Urethra

Excludes: urethral orifice of bladder (223.3)

223.89 Other
Paraurethral glands

223.9 Urinary organ, site unspecified
Urinary system NOS

224 Benign neoplasm of eye

Excludes: cartilage of eyelid (215.0)
eyelid (skin) (216.1)
optic nerve (225.1)
orbital bone (213.0)

224.0 Eyeball, except conjunctiva, cornea, retina, and choroid
Ciliary body
Iris
Sclera
Uveal tract

224.1 Orbit

Excludes: bone of orbit (213.0)

224.2 Lacrimal gland

224.3 Conjunctiva

224.4 Cornea

224.5 Retina

Excludes: hemangioma of retina (228.03)

224.6 Choroid

224.7 Lacrimal duct
Lacrimal sac
Nasolacrimal duct

224.8 Other specified parts of eye

224.9 Eye, part unspecified

225 Benign neoplasm of brain and other parts of nervous system

Excludes: hemangioma (228.02)
neurofibromatosis (237.7)
peripheral, sympathetic, and parasympathetic nerves and ganglia (215.0-215.9)
retrobulbar (224.1)

225.0 Brain

225.1 Cranial nerves

225.2 Cerebral meninges

Meninges NOS
Meningioma (cerebral)

225.3 Spinal cord

Cauda equina

225.4 Spinal meninges
Spinal meningioma

225.8 Other specified sites of nervous system

225.9 Nervous system, part unspecified
Nervous system (central) NOS

Excludes: meninges NOS (225.2)

226 Benign neoplasm of thyroid glands

Use additional code to identify any functional activity

227 Benign neoplasm of other endocrine glands and related structures

Use additional code to identify any functional activity

Excludes: ovary (220)
pancreas (211.6)
testis (222.0)

227.0 Adrenal gland
Suprarenal gland

227.1 Parathyroid gland

227.3 Pituitary gland and craniopharyngeal duct (pouch)
Craniobuccal pouch
Hypophysis
Rathke's pouch
Sella turcica

227.4 Pineal gland
Pineal body

227.5 Carotid body

227.6 Aortic body and other paraganglia
Coccygeal body
Glomus jugulare
Para-aortic body

227.8 Other

227.9 Endocrine gland, site unspecified

228 Hemangioma and lymphangioma, any site

Includes: angioma (benign) (cavernous) (congenital) NOS
cavernous nevus
glomus tumor
hemangioma (benign) (congenital)

Excludes: benign neoplasm of spleen, except hemangioma and lymphangioma (211.9)

glomus jugulare (227.6)
nevus:
NOS (216.0-216.9)
blue or pigmented (216.0-216.9)
vascular (757.32)

228.0 Hemangioma, any site

228.00 Of unspecified site

228.01 Of skin and subcutaneous tissue

228.02 Of intracranial structures

228.03 Of retina

228.04 Of intra-abdominal structures
Peritoneum
Retroperitoneal tissue

228.09 Of other sites
Systemic angiomatosis

228.1 Lymphangioma, any site
Congenital lymphangioma
Lymphatic nevus

229 Benign neoplasm of other and unspecified sites

229.0 Lymph nodes

Excludes: lymphangioma (228.1)

229.8 Other specified sites
Intrathoracic NOS
Thoracic NOS

229.9 Site unspecified

CARCINOMA IN SITU (230-234)

Includes: Bowen's disease
erythroplasia
Queyrat's erythroplasia

Excludes: leukoplakia - - see Alphabetic Index

230 Carcinoma in situ of digestive organs

230.0 Lip, oral cavity, and pharynx
Gingiva
Hypopharynx
Mouth [any part]
Nasopharynx
Oropharynx
Salivary gland or duct
Tongue

Excludes: aryepiglottic fold or interarytenoid fold, laryngeal aspect (231.0)

epiglottis:
NOS (231.0)
suprahyoid portion (231.0)
skin of lip (232.0)

230.1 Esophagus

230.2 Stomach
Body of stomach
Cardia of stomach
Fundus of stomach
Cardiac orifice
Pylorus

230.3 Colon
Appendix
Cecum
Ileocecal valve
Large intestine NOS

Excludes: rectosigmoid junction (230.4)

230.4 Rectum
Rectosigmoid junction

230.5 Anal canal

Anal sphincter

230.6 Anus, unspecified

Excludes: anus:
margin (232.5)
skin (232.5)
perianal skin (232.5)

230.7 Other and unspecified parts of intestine
Duodenum
Ileum
Jejunum
Small intestine NOS

Excludes: ampulla of Vater (230.8)

230.8 Liver and biliary system
Ampulla of Vater
Common bile duct
Cystic duct
Gallbladder
Hepatic duct
Sphincter of Oddi

230.9 Other and unspecified digestive organs
Digestive organ NOS
Gastrointestinal tract NOS
Pancreas
Spleen

231 Carcinoma in situ of respiratory system

231.0 Larynx

Cartilage:
arytenoid
cricoid
cuneiform
thyroid
Epiglottis:
NOS
posterior surface
suprahyoid portion
Vocal cords (false) (true)

Excludes: aryepiglottic fold or interarytenoid fold:
NOS (230.0)
hypopharyngeal aspect (230.0)
marginal zone (230.0)

231.1 Trachea

231.2 Bronchus and lung
Carina
Hilus of lung

231.8 Other specified parts of respiratory system
Accessory sinuses
Middle ear
Nasal cavities
Pleura

Excludes: ear (external) (skin) (232.2)
nose NOS (234.8)
skin (232.3)

231.9 Respiratory system, part unspecified
Respiratory organ NOS

232 Carcinoma in situ of skin

Includes: pigment cells

Excludes: melanoma in situ of skin (172.0-172.9)

232.0 Skin of lip

Excludes: vermilion border of lip (230.0)

232.1 Eyelid, including canthus

232.2 Ear and external auditory canal

232.3 Skin of other and unspecified parts of face

232.4 Scalp and skin of neck

232.5 Skin of trunk, except scrotum
Anus, margin
Axillary fold
Perianal skin
Skin of:
abdominal wall
anus
back
breast

buttock
chest wall
groin
perineum
Umbilicus

Excludes: anal canal (230.5)
anus NOS (230.6)
skin of genital organs (233.30-233.39, 233.5-233.6)

232.6 Skin of upper limb, including shoulder

232.7 Skin of lower limb, including hip

232.8 Other specified sites of skin

232.9 Skin, site unspecified

233 Carcinoma in situ of breast and genitourinary system

233.0 Breast

Excludes: Paget's disease (174.0-174.9)

skin of breast (232.5)

233.1 Cervix uteri
Adenocarcinoma in situ of cervix
Cervical intraepithelial glandular neoplasia, grade III
Cervical intraepithelial neoplasia III [CIN III]
Severe dysplasia of cervix

Excludes: cervical intraepithelial neoplasia II [CIN II] (622.12)
cytologic evidence of malignancy without histologic confirmation (795.06)
high grade squamous intraepithelial lesion (HGSIL) (795.04)
moderate dysplasia of cervix (622.12)

233.2 Other and unspecified parts of uterus

233.3 Other and unspecified female genital organs

233.30 Unspecified female genital organ

233.31 Vagina
Severe dysplasia of vagina
Vaginal intraepithelial neoplasia [VAIN III]

233.32 Vulva
Severe dysplasia of vulva
Vulvar intraepithelial neoplasia [VIN III]

233.39 Other female genital organ

233.4 Prostate

233.5 Penis

233.6 Other and unspecified male genital organs

233.7 Bladder

233.9 Other and unspecified urinary organs

234 Carcinoma in situ of other and unspecified sites

234.0 Eye

Excludes: cartilage of eyelid (234.8)
eyelid (skin) (232.1)
optic nerve (234.8)
orbital bone (234.8)

234.8 Other specified sites
Endocrine gland [any]

234.9 Site unspecified
Carcinoma in situ NOS

NEOPLASMS OF UNCERTAIN BEHAVIOR (235-238)

Note: Categories 235-238 classify by site certain histo-morphologically well-defined neoplasms, the subsequent behavior of which cannot be predicted from the present appearance.

235 Neoplasm of uncertain behavior of digestive and respiratory systems

Excludes: stromal tumors of uncertain behavior of digestive system (238.1)

235.0 Major salivary glands
Gland:
parotid
sublingual
submandibular

Excludes: minor salivary glands (235.1)

235.1 Lip, oral cavity, and pharynx
Gingiva
Hypopharynx
Minor salivary glands
Mouth
Nasopharynx
Oropharynx
Tongue

Excludes: aryepiglottic fold or interarytenoid fold, laryngeal aspect (235.6)
epiglottis:
NOS (235.6)
suprahyoid portion (235.6)
skin of lip (238.2)

235.2 Stomach, intestines, and rectum

235.3 Liver and biliary passages
Ampulla of Vater
Bile ducts [any]
Gallbladder
Liver

235.4 Retroperitoneum and peritoneum

235.5 Other and unspecified digestive organs
Anal:
canal

sphincter
Anus NOS
Esophagus
Pancreas
Spleen

Excludes: anus:
margin (238.2)
skin (238.2)
perianal skin (238.2)

235.6 Larynx

Excludes: aryepiglottic fold or interarytenoid fold:
NOS (235.1)
hypopharyngeal aspect (235.1)
marginal zone (235.1)

235.7 Trachea, bronchus, and lung

235.8 Pleura, thymus, and mediastinum

235.9 Other and unspecified respiratory organs
Accessory sinuses
Middle ear
Nasal cavities
Respiratory organ NOS

Excludes: ear (external) (skin) (238.2)
nose (238.8)
skin (238.2)

236 Neoplasm of uncertain behavior of genitourinary organs

236.0 Uterus

236.1 Placenta
Chorioadenoma (destruens)
Invasive mole
Malignant hydatid(iform) mole

236.2 Ovary

Use additional code to identify any functional activity

236.3 Other and unspecified female genital organs

236.4 Testis

Use additional code to identify any functional activity

236.5 Prostate

236.6 Other and unspecified male genital organs

236.7 Bladder

236.9 Other and unspecified urinary organs

236.90 Urinary organ, unspecified

236.91 Kidney and ureter

236.99 Other

237 Neoplasm of uncertain behavior of endocrine glands and nervous system

237.0 Pituitary gland and craniopharyngeal duct

Use additional code to identify any functional activity

237.1 Pineal gland

237.2 Adrenal gland
Suprarenal gland

Use additional code to identify any functional activity

237.3 Paraganglia
Aortic body
Carotid body
Coccygeal body
Glomus jugulare

237.4 Other and unspecified endocrine glands
Parathyroid gland
Thyroid gland

237.5 Brain and spinal cord

237.6 Meninges
Meninges:
NOS
cerebral
spinal

237.7 Neurofibromatosis
von Recklinghausen's disease

237.70 Neurofibromatosis, unspecified

237.71 Neurofibromatosis, type 1 [von Recklinghausen's disease]

237.72 Neurofibromatosis, type 2 [acoustic neurofibromatosis]

237.9 Other and unspecified parts of nervous system
Cranial nerves

Excludes: peripheral, sympathetic, and parasympathetic nerves and ganglia (238.1)

238 Neoplasm of uncertain behavior of other and unspecified sites and tissues

238.0 Bone and articular cartilage

Excludes: cartilage:
ear (238.1)
eyelid (238.1)
larynx (235.6)
nose (235.9)
synovia (238.1)

238.1 Connective and other soft tissue
Peripheral, sympathetic, and parasympathetic nerves and ganglia
Stromal tumors of digestive system

Excludes: cartilage (of):
articular (238.0)
larynx (235.6)
nose (235.9)
connective tissue of breast (238.3)

238.2 Skin

Excludes: anus NOS (235.5)
skin of genital organs (236.3, 236.6)

vermilion border of lip (235.1)

238.3 Breast

Excludes: skin of breast (238.2)

238.4 Polycythemia vera

238.5 Histiocytic and mast cells
Mast cell tumor NOS
Mastocytoma NOS

238.6 Plasma cells
Plasmacytoma NOS
Solitary myeloma

238.7 Other lymphatic and hematopoietic tissues

Excludes: acute myelogenous leukemia (205.0)
chronic myelomonocytic leukemia (205.1)
myelosclerosis NOS (289.89)
myelosis:
NOS (205.9)
megakaryocytic (207.2)

238.71 Essential thrombocythemia
Essential hemorrhagic thrombocythemia
Essential thrombocytosis
Idiopathic (hemorrhagic) thrombocythemia
Primary thrombocytosis

238.72 Low grade myelodysplastic syndrome lesions
Refractory anemia (RA)
Refractory anemia with excess blasts-1 (RAEB-1)
Refractory anemia with ringed sideroblasts (RARS)
Refractory cytopenia with multilineage dysplasia (RCMD)
Refractory cytopenia with multilineage dysplasia and ringed sideroblasts (RCMD-RS)

238.73 High grade myelodysplastic syndrome lesions
Refractory anemia with excess blasts-2 (RAEB-2)

238.74 Myelodysplastic syndrome with 5q deletion
5q minus syndrome NOS

Excludes: constitutional 5q deletion (758.39)
high grade myelodysplastic syndrome with 5q deletion (238.73)

238.75 Myelodysplastic syndrome, unspecified

238.76 Myelofibrosis with myeloid metaplasia

Agnogenic myeloid metaplasia
Idiopathic myelofibrosis (chronic)
Myelosclerosis with myeloid metaplasia
Primary myelofibrosis

Excludes: myelofibrosis NOS (289.83)
myelophthisic anemia (284.2)
myelophthisis (284.2)
secondary myelofibrosis (289.83)

238.77 Post-transplant lymphoproliferative disorder (PTLD)

Code first complications of transplant (996.80-996.89)

238.79 Other lymphatic and hematopoietic tissues
Lymphoproliferative disease (chronic) NOS
Megakaryocytic myelosclerosis
Myeloproliferative disease (chronic) NOS
Panmyelosis (acute)

238.8 Other specified sites

Eye
Heart

Excludes: eyelid (skin) (238.2)
cartilage (238.1)

238.9 Site unspecified

NEOPLASMS OF UNSPECIFIED NATURE (239)

239 Neoplasms of unspecified nature

Note: Category 239 classifies by site neoplasms of unspecified morphology and behavior. The term “mass,” unless otherwise stated, is not to be regarded as a neoplastic growth.

Includes: “growth” NOS
neoplasm NOS
new growth NOS
tumor NOS

239.0 Digestive system

Excludes: anus:
margin (239.2)
skin (239.2)
perianal skin (239.2)

239.1 Respiratory system

239.2 Bone, soft tissue, and skin

Excludes: anal canal (239.0)
anus NOS (239.0)
bone marrow (202.9)
cartilage:
larynx (239.1)
nose (239.1)
connective tissue of breast (239.3)
skin of genital organs (239.5)
vermilion border of lip (239.0)

239.3 Breast

Excludes: skin of breast (239.2)

239.4 Bladder

239.5 Other genitourinary organs

239.6 Brain

Excludes: cerebral meninges (239.7)
cranial nerves (239.7)

239.7 Endocrine glands and other parts of nervous system

Excludes: peripheral, sympathetic, and parasympathetic nerves and ganglia (239.2)

239.8 Other specified sites

Excludes: eyelid (skin) (239.2)
cartilage (239.2)
great vessels (239.2)
optic nerve (239.7)

239.81 Retina and choroid
Dark area on retina
Retinal freckle

239.89 Other specified sites

239.9 Site unspecified

280 Iron deficiency anemias

Includes: anemia:
asiderotic
hypochromic-microcytic
sideropenic

Excludes: familial microcytic anemia (282.49)

280.0 Secondary to blood loss (chronic)
Normocytic anemia due to blood loss

Excludes: acute posthemorrhagic anemia (285.1)

280.1 Secondary to inadequate dietary iron intake

280.8 Other specified iron deficiency anemias
Paterson-Kelly syndrome
Plummer-Vinson syndrome
Sideropenic dysphagia

280.9 Iron deficiency anemia, unspecified
Anemia:
achlorhydric
chlorotic
idiopathic hypochromic
iron [Fe] deficiency NOS

281 Other deficiency anemias

281.0 Pernicious anemia
Anemia:
Addison's
Biermer's
congenital pernicious
Congenital intrinsic factor [Castle's] deficiency

Excludes: combined system disease without mention of anemia (266.2)
subacute degeneration of spinal cord without mention of anemia (266.2)

281.1 Other vitamin B12 deficiency anemia
Anemia:
vegan's
vitamin B12 deficiency (dietary)
due to selective vitamin B12 malabsorption with proteinuria
Syndrome:
Imerslund's
Imerslund-Gräsbeck

Excludes: combined system disease without mention of anemia (266.2)
subacute degeneration of spinal cord without mention of anemia (266.2)

281.2 Folate-deficiency anemia
Congenital folate malabsorption
Folate or folic acid deficiency anemia:
NOS
dietary
drug-induced
Goat's milk anemia
Nutritional megaloblastic anemia (of infancy)

Use additional E code to identify drug

281.3 Other specified megaloblastic anemias, not elsewhere classified
Combined B12 and folate-deficiency anemia

281.4 Protein-deficiency anemia
Amino-acid-deficiency anemia

281.8 Anemia associated with other specified nutritional deficiency
Scorbutic anemia

281.9 Unspecified deficiency anemia
Anemia:
dimorphic
macrocytic
megaloblastic NOS
nutritional NOS
simple chronic

282 Hereditary hemolytic anemias

282.0 Hereditary spherocytosis
Acholuric (familial) jaundice
Congenital hemolytic anemia (spherocytic)
Congenital spherocytosis

Minkowski-Chauffard syndrome
Spherocytosis (familial)

Excludes: hemolytic anemia of newborn (773.0-773.5)

282.1 Hereditary elliptocytosis
Elliptocytosis (congenital)
Ovalocytosis (congenital) (hereditary)

282.2 Anemias due to disorders of glutathione metabolism
Anemia:
6-phosphogluconic dehydrogenase deficiency
enzyme deficiency, drug-induced
erythrocytic glutathione deficiency
glucose-6-phosphate dehydrogenase [G-6-PD] deficiency
glutathione-reductase deficiency
hemolytic nonspherocytic (hereditary), type I
Disorder of pentose phosphate pathway
Favism

282.3 Other hemolytic anemias due to enzyme deficiency
Anemia:
hemolytic nonspherocytic (hereditary), type II
hexokinase deficiency
pyruvate kinase [PK] deficiency
triosephosphate isomerase deficiency

282.4 Thalassemias

Excludes: sickle-cell:
disease (282.60-282.69)
trait (282.5)

282.41 Sickle-cell thalassemia without crisis
Sickle-cell thalassemia NOS
Thalassemia Hb-S disease without crisis

282.42 Sickle-cell thalassemia with crisis
Sickle-cell thalassemia with vaso-occlusive pain
Thalassemia Hb-S disease with crisis

Use additional code for type of crisis, such as:
Acute chest syndrome (517.3)
Splenic sequestration (289.52)

282.49 Other thalassemia
Cooley’s anemia
Hb-Bart’s disease
Hereditary leptocytosis
Mediterranean anemia (with other hemoglobinopathy)
Microdrepanocytosis
Thalassemia (alpha) (beta) (intermedia) (major) (minima) (minor) (mixed) (trait) (with other hemoglobinopathy)
Thalassemia NOS

282.5 Sickle-cell trait
Hb-AS genotype
Hemoglobin S [Hb-S] trait
Heterozygous:

hemoglobin S
Hb-S

Excludes: that with other hemoglobinopathy (282.60-282.69)
that with thalassemia (282.49)

282.6 Sickle-cell disease
Sickle-cell anemia

Excludes: sickle-cell thalassemia (282.41-282.42)
sickle-cell trait (282.5)

282.60 Sickle-cell disease, unspecified
Sickle-cell anemia NOS

282.61 Hb-SS disease without crisis

282.62 Hb-SS disease with crisis
Hb-SS disease with vaso-occlusive pain
Sickle-cell crisis NOS

Use additional code for type of crisis, such as:
Acute chest syndrome (517.3)
Splenic sequestration (289.52)

282.63 Sickle-cell/Hb-C disease without crisis
Hb-S/Hb-C disease without crisis

282.64 Sickle-cell/HB-C disease with crisis
Hb-S/Hb-C disease with crisis
Sickle-cell/Hb-C disease with vaso-occlusive pain

Use additional code for types of crisis, such as:
Acute chest syndrome (517.3)
Splenic sequestration (289.52)

282.68 Other sickle-cell disease without crisis
Hb-S/Hb-D disease without crisis
Hb-S/Hb-E disease without crisis
Sickle-cell/Hb-D disease without crisis
Sickle-cell/Hb-E disease without crisis

282.69 Other sickle-cell disease with crisis
Hb-S/Hb-D disease with crisis
Hb-S/Hb-E disease with crisis
Sickle-cell/Hb-D disease with crisis
Sickle-cell/Hb-E disease with crisis
Other sickle-cell disease with vaso-occlusive pain

Use additional code for type of crisis, such as:
Acute chest syndrome (517.3)
Splenic sequestration (289.52)

282.7 Other hemoglobinopathies
Abnormal hemoglobin NOS
Congenital Heinz-body anemia
Disease:
hemoglobin C [Hb-C]
hemoglobin D [Hb-D]
hemoglobin E [Hb-E]

hemoglobin Zurich [Hb-Zurich]
Hemoglobinopathy NOS

Hereditary persistence of fetal hemoglobin [HPFH]
Unstable hemoglobin hemolytic disease

Excludes: familial polycythemia (289.6)
hemoglobin M [Hb-M] disease (289.7)
high-oxygen-affinity hemoglobin (289.0)

282.8 Other specified hereditary hemolytic anemias
Stomatocytosis

282.9 Hereditary hemolytic anemia, unspecified
Hereditary hemolytic anemia NOS

283 Acquired hemolytic anemias

283.0 Autoimmune hemolytic anemias
Autoimmune hemolytic disease (cold type) (warm type)
Chronic cold hemagglutinin disease
Cold agglutinin disease or hemoglobinuria
Hemolytic anemia:
cold type (secondary) (symptomatic)
drug-induced
warm type (secondary) (symptomatic)

Use additional E code to identify cause, if drug-induced

Excludes: Evans' syndrome (287.32)
hemolytic disease of newborn (773.0-773.5)

283.1 Non-autoimmune hemolytic anemias

283.10 Non-autoimmune hemolytic anemia, unspecified

283.11 Hemolytic-uremic syndrome

283.19 Other non-autoimmune hemolytic anemias
Hemolytic anemia:
mechanical
microangiopathic
toxic

Use additional E code to identify cause

283.2 Hemoglobinuria due to hemolysis from external causes
Acute intravascular hemolysis
Hemoglobinuria:
from exertion
march
paroxysmal (cold) (nocturnal)
due to other hemolysis
Marchiafava-Micheli syndrome

Use additional E code to identify cause

283.9 Acquired hemolytic anemia, unspecified
Acquired hemolytic anemia NOS
Chronic idiopathic hemolytic anemia

284 Aplastic anemia and other bone marrow failure syndromes

284.0 Constitutional aplastic anemia

284.01 Constitutional red blood cell aplasia
Aplasia, (pure) red cell:
congenital
of infants
primary
Blackfan-Diamond syndrome
Familial hypoplastic anemia

284.09 Other constitutional aplastic anemia
Fanconi's anemia
Pancytopenia with malformations

284.1 Pancytopenia

Excludes: pancytopenia (due to) (with):
aplastic anemia NOS (284.9)
bone marrow infiltration (284.2)
constitutional red blood cell aplasia (284.01)
drug induced (284.89)
hairy cell leukemia (202.4)
human immunodeficiency virus disease (042)
leukoerythroblastic anemia (284.2)
malformations (284.09)
myelodysplastic syndromes (238.72-238.75)
myeloproliferative disease (238.79)
other constitutional aplastic anemia (284.09)

284.2 Myelophthisis
Leukoerythroblastic anemia
Myelophthisic anemia

Code first the underlying disorder, such as:
malignant neoplasm of breast (174.0-174.9, 175.0-175.9)
tuberculosis (015.0-015.9)

Excludes: idiopathic myelofibrosis (238.76)
myelofibrosis NOS (289.83)
myelofibrosis with myeloid metaplasia (238.76)
primary myelofibrosis (238.76)
secondary myelofibrosis (289.83)

284.8 Other specified aplastic anemias

284.81 Red cell aplasia (acquired) (adult) (with thymoma)
Red cell aplasia NOS

284.89 Other specified aplastic anemias
Aplastic anemia (due to):
chronic systemic disease
drugs
infection
radiation
toxic (paralytic)

Use additional E code to identify cause

284.9 Aplastic anemia, unspecified
Anemia:
aplastic (idiopathic) NOS
aregenerative
hypoplastic NOS
nonregenerative
Medullary hypoplasia

Excludes: refractory anemia (238.72)

285 Other and unspecified anemias

285.0 Sideroblastic anemia
Anemia:
hypochromic with iron loading
sideroachrestic
sideroblastic:
acquired
congenital
hereditary
primary
secondary (drug-induced) (due to disease)
sex-linked hypochromic
vitamin B6-responsive
Pyridoxine-responsive (hypochromic) anemia

Excludes: refractory sideroblastic anemia (238.72)

Use additional E code to identify cause, if drug-induced

285.1 Acute posthemorrhagic anemia
Anemia due to acute blood loss

Excludes: anemia due to chronic blood loss (280.0)
blood loss anemia NOS (280.0)

285.2 Anemia of chronic disease
Anemia in (due to) (with) chronic illness

285.21 Anemia in chronic kidney disease
Anemia in end-stage renal disease
Erythropoietin-resistant anemia (EPO resistant anemia)

285.22 Anemia in neoplastic disease

Excludes: anemia due to antineoplastic chemotherapy (285.3)

285.29 Anemia of other chronic disease
Anemia in other chronic illness

285.3 Antineoplastic chemotherapy induced anemia
Anemia due to antineoplastic chemotherapy

Excludes: anemia due to drug NEC - code to type of anemia
anemia in neoplastic disease (285.22)
aplastic anemia due to antineoplastic chemotherapy (284.89)

285.8 Other specified anemias
Anemia:
dyserythropoietic (congenital)
dyshematopoietic (congenital)

von Jaksch's
Infantile pseudoleukemia

285.9 Anemia, unspecified
Anemia:
NOS
essential
normocytic, not due to blood loss
profound
progressive
secondary
Oligocythemia

Excludes: anemia (due to):
blood loss:
acute (285.1)
chronic or unspecified (280.0)
iron deficiency (280.0-280.9)

286 Coagulation defects

286.0 Congenital factor VIII disorder
Antihemophilic globulin [AHG] deficiency
Factor VIII (functional) deficiency
Hemophilia:
NOS
A
classical
familial
hereditary
Subhemophilia

Excludes: factor VIII deficiency with vascular defect (286.4)

286.1 Congenital factor IX disorder
Christmas disease
Deficiency:
factor IX (functional)

plasma thromboplastin component [PTC]
Hemophilia B

286.2 Congenital factor XI deficiency
Hemophilia C
Plasma thromboplastin antecedent [PTA] deficiency
Rosenthal's disease

286.3 Congenital deficiency of other clotting factors
Congenital afibrinogenemia
Deficiency:
AC globulin
factor:
I [fibrinogen]
II [prothrombin]
V [labile]
VII [stable]
X [Stuart-Prower]
XII [Hageman]
XIII [fibrin stabilizing]

Laki-Lorand factor
proaccelerin
Disease:
Owren's
Stuart-Prower
Dysfibrinogenemia (congenital)
Dysprothrombinemia (constitutional)
Hypoproconvertinemia
Hypoprothrombinemia (hereditary)
Parahemophilia

286.4 von Willebrand's disease
Angiohemophilia (A) (B)
Constitutional thrombopathy
Factor VIII deficiency with vascular defect
Pseudohemophilia type B
Vascular hemophilia
von Willebrand's (-Jürgens') disease

Excludes: factor VIII deficiency:
NOS (286.0)
with functional defect (286.0)
hereditary capillary fragility (287.8)

286.5 Hemorrhagic disorder due to intrinsic circulating anticoagulants
Antithrombinemia
Antithromboplastinemia
Antithromboplastino-genemia
Hyperheparinemia
Increase in:
anti-VIIIa
anti-IXa
anti-Xa
anti-XIa
antithrombin
Secondary hemophilia
Systemic lupus erythematosus [SLE] inhibitor

286.6 Defibrination syndrome
Afibrinogenemia, acquired
Consumption coagulopathy
Diffuse or disseminated intravascular coagulation [DIC syndrome]
Fibrinolytic hemorrhage, acquired
Hemorrhagic fibrinogenolysis
Pathologic fibrinolysis
Purpura:
fibrinolytic
fulminans

Excludes: that complicating:
abortion (634-638 with ..1, 639.1)

pregnancy or the puerperium (641.3, 666.3)
disseminated intravascular coagulation in newborn (776.2)

286.7 Acquired coagulation factor deficiency
Deficiency of coagulation factor due to:
liver disease
vitamin K deficiency

Hypoprothrombinemia, acquired
Excludes: vitamin K deficiency of newborn (776.0)

Use additional E-code to identify cause, if drug-induced

286.9 Other and unspecified coagulation defects
Defective coagulation NOS
Deficiency, coagulation factor NOS
Delay, coagulation
Disorder:
coagulation
hemostasis

Excludes: abnormal coagulation profile (790.92)
hemorrhagic disease of newborn (776.0)
that complicating:
abortion (634-638 with ..1, 639.1)
pregnancy or the puerperium (641.3, 666.3)

287 Purpura and other hemorrhagic conditions

Excludes: hemorrhagic thrombocythemia (238.79)
purpura fulminans (286.6)

287.0 Allergic purpura
Peliosis rheumatica
Purpura:
anaphylactoid
autoimmune
Henoch's
nonthrombocytopenic:
hemorrhagic
idiopathic
rheumatica
Schönlein-Henoch
vascular
Vasculitis, allergic

Excludes: hemorrhagic purpura (287.39)
purpura annularis telangiectodes (709.1)

287.1 Qualitative platelet defects
Thrombasthenia (hemorrhagic) (hereditary)
Thrombocytasthenia
Thrombocytopathy (dystrophic)
Thrombopathy (Bernard-Soulier)

Excludes: von Willebrand's disease (286.4)

287.2 Other nonthrombocytopenic purpuras
Purpura:
NOS
senile
simplex

287.3 Primary thrombocytopenia

Excludes: thrombotic thrombocytopenic purpura (446.6)
transient thrombocytopenia of newborn (776.1)

287.30 Primary thrombocytopenia unspecified

Megakaryocytic hypoplasia

287.31 Immune thrombocytopenic purpura
Idiopathic thrombocytopenic purpura
Tidal platelet dysgenesis

287.32 Evans' syndrome

287.33 Congenital and hereditary thrombocytopenic purpura
Congenital and hereditary thrombocytopenia
Thrombocytopenia with absent radii (TAR) syndrome

Excludes: Wiskott-Aldrich syndrome (279.12)

287.39 Other primary thrombocytopenia

287.4 Secondary thrombocytopenia
Posttransfusion purpura
Thrombocytopenia (due to):
dilutional
drugs
extracorporeal circulation of blood
massive blood transfusion
platelet alloimmunization

Use additional E code to identify cause

Excludes: heparin-induced thrombocytopenia (HIT) (289.84)
transient thrombocytopenia of newborn (776.1)

287.5 Thrombocytopenia, unspecified

287.8 Other specified hemorrhagic conditions
Capillary fragility (hereditary)
Vascular pseudohemophilia

287.9 Unspecified hemorrhagic conditions
Hemorrhagic diathesis (familial)

288 Diseases of white blood cells

Excludes: leukemia (204.0-208.9)

288.0 Neutropenia
Decreased Absolute Neutrophil Count (ANC)

Use additional code for any associated:
fever (780.61)
mucositis (478.11, 528.00-528.09, 538, 616.81)

Excludes: neutropenic splenomegaly (289.53)
transitory neonatal neutropenia (776.7)

288.00 Neutropenia, unspecified

288.01 Congenital neutropenia
Congenital agranulocytosis
Infantile genetic agranulocytosis
Kostmann's syndrome

288.02 Cyclic neutropenia
Cyclic hematopoiesis

Periodic neutropenia

288.03 Drug induced neutropenia

Use additional E code to identify drug

288.04 Neutropenia due to infection

288.09 Other neutropenia
Agranulocytosis
Neutropenia:
immune
toxic

288.1 Functional disorders of polymorphonuclear neutrophils
Chronic (childhood) granulomatous disease
Congenital dysphagocytosis
Job's syndrome
Lipochrome histiocytosis (familial)
Progressive septic granulomatosis

288.2 Genetic anomalies of leukocytes
Anomaly (granulation) (granulocyte) or syndrome:
Alder's (-Reilly)
Chédiak-Steinbrinck (-Higashi)
Jordan's
May-Hegglin
Pelger-Huet
Hereditary:
hypersegmentation
hyposegmentation
leukomelanopathy

288.3 Eosinophilia
Eosinophilia
allergic
hereditary
idiopathic
secondary
Eosinophilic leukocytosis

Excludes: Löffler's syndrome (518.3)
pulmonary eosinophilia (518.3)

288.4 Hemophagocytic syndromes
Familial hemophagocytic lymphohistiocytosis
Familial hemophagocytic reticulosis
Hemophagocytic syndrome, infection-associated
Histiocytic syndromes
Macrophage activation syndrome

288.5 Decreased white blood cell count

Excludes: neutropenia (288.01-288.09)

288.50 Leukocytopenia, unspecified
Decreased leukocytes, unspecified
Decreased white blood cell count, unspecified
Leukopenia NOS

288.51 Lymphocytopenia
Decreased lymphocytes

288.59 Other decreased white blood cell count
Basophilic leukopenia
Eosinophilic leukopenia
Monocytopenia
Plasmacytopenia

288.6 Elevated white blood cell count

Excludes: eosinophilia (288.3)

288.60 Leukocytosis, unspecified
Elevated leukocytes, unspecified
Elevated white blood cell count, unspecified

288.61 Lymphocytosis (symptomatic)
Elevated lymphocytes

288.62 Leukemoid reaction
Basophilic leukemoid reaction
Lymphocytic leukemoid reaction
Monocytic leukemoid reaction
Myelocytic leukemoid reaction
Neutrophilic leukemoid reaction

288.63 Monocytosis (symptomatic)

Excludes: infectious mononucleosis (075)

288.64 Plasmacytosis

288.65 Basophilia

288.66 Bandemia
Bandemia without diagnosis of specific infection

Excludes: confirmed infection - code to infection
leukemia (204.00-208.9)

288.69 Other elevated white blood cell count

288.8 Other specified disease of white blood cells

Excludes: decreased white blood cell counts (288.50-288.59)
elevated white blood cell counts (288.60-288.69)
immunity disorders (279.0-279.9)

288.9 Unspecified disease of white blood cells

289 Other diseases of blood and blood-forming organs

289.0 Polycythemia, secondary
High-oxygen-affinity hemoglobin
Polycythemia:
acquired
benign
due to:
fall in plasma volume
high altitude

emotional
erythropoietin
hypoxemic
nephrogenous
relative
spurious
stress

Excludes: polycythemia:
neonatal (776.4)
primary (238.4)
vera (238.4)

289.1 Chronic lymphadenitis
Chronic:
adenitis any lymph node, except mesenteric
lymphadenitis any lymph node, except mesenteric

Excludes: acute lymphadenitis (683)
mesenteric (289.2)
enlarged glands NOS (785.6)

289.2 Nonspecific mesenteric lymphadenitis
Mesenteric lymphadenitis (acute) (chronic)

289.3 Lymphadenitis, unspecified, except mesenteric

289.4 Hypersplenism
“Big spleen” syndrome

Dyssplenism
Hypersplenia

Excludes: primary splenic neutropenia (289.53)

289.5 Other diseases of spleen

289.50 Disease of spleen, unspecified

289.51 Chronic congestive splenomegaly

289.52 Splenic sequestration

Code first sickle-cell disease in crisis (282.42, 282.62, 282.64, 282.69)

289.53 Neutropenic splenomegaly

289.59 Other
Lien migrans
Perisplenitis
Splenic:
abscess
atrophy
cyst
fibrosis
infarction
rupture, nontraumatic
Splenitis
Wandering spleen

Excludes: bilharzial splenic fibrosis (120.0-120.9)
hepatolienal fibrosis (571.5)
splenomegaly NOS (789.2)

289.6 Familial polycythemia
Familial:
benign polycythemia
erythrocytosis

289.7 Methemoglobinemia
Congenital NADH [DPNH]-methemoglobin-reductase deficiency
Hemoglobin M [Hb-M] disease
Methemoglobinemia:
NOS
acquired (with sulfhemoglobinemia)
hereditary
toxic
Stokvis' disease
Sulfhemoglobinemia

Use additional E code to identify cause

289.8 Other specified diseases of blood and blood-forming organs

289.81 Primary hypercoagulable state
Activated protein C resistance
Antithrombin III deficiency
Factor V Leiden mutation
Lupus anticoagulant
Protein C deficiency
Protein S deficiency
Prothrombin gene mutation

289.82 Secondary hypercoagulable state

Excludes: heparin-induced thrombocytopenia (HIT) (289.84)

289.83 Myelofibrosis
Myelofibrosis NOS
Secondary myelofibrosis

Code first the underlying disorder, such as:

malignant neoplasm of breast (174.0-174.9, 175.0-175.9)

Use additional code for associated therapy-related myelodysplastic syndrome, if applicable (238.72, 238.73)

Use additional external cause code if due to anti-neoplastic chemotherapy (E933.1)

Excludes: idiopathic myelofibrosis (238.76)
leukoerythroblastic anemia (284.2)
myelofibrosis with myeloid metaplasia (238.76)
myelophthisic anemia (284.2)
myelophthisis (284.2)
primary myelofibrosis (238.76)

289.84 Heparin-induced thrombocytopenia (HIT)

289.89 Other specified diseases of blood and blood-forming organs
Hypergammaglobulinemia
Pseudocholinesterase deficiency

289.9 Unspecified diseases of blood and blood-forming organs
Blood dyscrasia NOS
Erythroid hyperplasia

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Schedule 1.43

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*** Confidential material redacted and filed separately with the Commission.

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*** Confidential material redacted and filed separately with the Commission.

Schedule 1.48

Initial Licensed Back-Up Compounds

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EXHIBIT 12.1

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,				
	2005	2006	2007	2008	2009
			(in thousands)		
Net income (loss) before income taxes	$ (103,595)	$ (74,166)	$ (86,881)	$ (178,920)	$ (211,870)
Fixed charges	17,426	19,362	25,553	26,537	29,166
Total earnings and fixed charges	(86,169)	(54,804)	(61,328)	(152,383)	(182,704)
Fixed charges	17,426	19,362	25,553	26,537	29,166
Ratio of earnings to fixed charges(1)(2)	NM	NM	NM	NM	NM

(1) The ratio of earnings to fixed charges is computed by dividing loss before taxes plus fixed charges by fixed charges. Fixed charges consist of interest expense (including interest expense from capital leases) and the estimated portion of rental expense deemed by us to be representative of the interest factor of rental payments under operating leases, plus amortization of debt issuance expenses. Earnings were insufficient to cover fixed charges by $103.6 million, $74.2 million, $86.9 million, $178.9 million and $211.9 million for the years ended December 31, 2005, 2006, 2007, 2008 and 2009 respectively.

(2) NM—Not meaningful.

EXHIBIT 21.1

SUBSIDIARIES OF INCYTE CORPORATION

Name	Jurisdiction of Organization
Incyte Corporation Ltd	England and Wales

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-93668, 333-91556, 333-125995, and 333-160006) pertaining to the 1993 Directors' Stock Option Plan of Incyte Corporation, (Form S-8 Nos. 333-47178, 333-63069, 333-67598, 333-83291, 333-91542, 333-143753, 333-151716, and 333-160005) pertaining to the 1991 Stock Plan of Incyte Corporation, (Form S-8 Nos. 333-108013, 333-134472, 333-151715, and 333-160007) pertaining to the 1997 Employee Stock Purchase Plan of Incyte Corporation, and (Form S-3 Nos. 333-152611, 333-157751 and Form S-3 MEF No. 333-162056) pertaining to registration of its Debt Securities, Preferred Stock, Common Stock, Depositary Shares and Warrants, as applicable, of our reports dated March 5, 2010, with respect to the consolidated financial statements of Incyte Corporation and the effectiveness of internal control over financial reporting of Incyte Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2009.

/s/ ERNST & YOUNG LLP

Philadelphia, Pennsylvania
March 5, 2010

Exhibit 31.1

CERTIFICATION

I, Paul A. Friedman, certify that:

1. I have reviewed this annual report on Form 10-K of Incyte Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2010

/s/ PAUL A. FRIEDMAN

Paul A. Friedman
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, David C. Hastings, certify that:

1. I have reviewed this annual report on Form 10-K of Incyte Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 5, 2010

/s/ DAVID C. HASTINGS

David C. Hastings
Chief Financial Officer

Exhibit 32.1

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350

With reference to the Annual Report of Incyte Corporation (the "Company") on Form 10-K for the year ended December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul A. Friedman, Chief Executive Officer of the Company, certify, for the purposes of 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PAUL A. FRIEDMAN

Paul A. Friedman
Chief Executive Officer
March 5, 2010

Exhibit 32.2

STATEMENT PURSUANT TO
18 U.S.C. SECTION 1350

With reference to the Annual Report of Incyte Corporation (the "Company") on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Hastings, Chief Financial Officer of the Company, certify, for the purposes of 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID C. HASTINGS

David C. Hastings
Chief Financial Officer
March 5, 2010