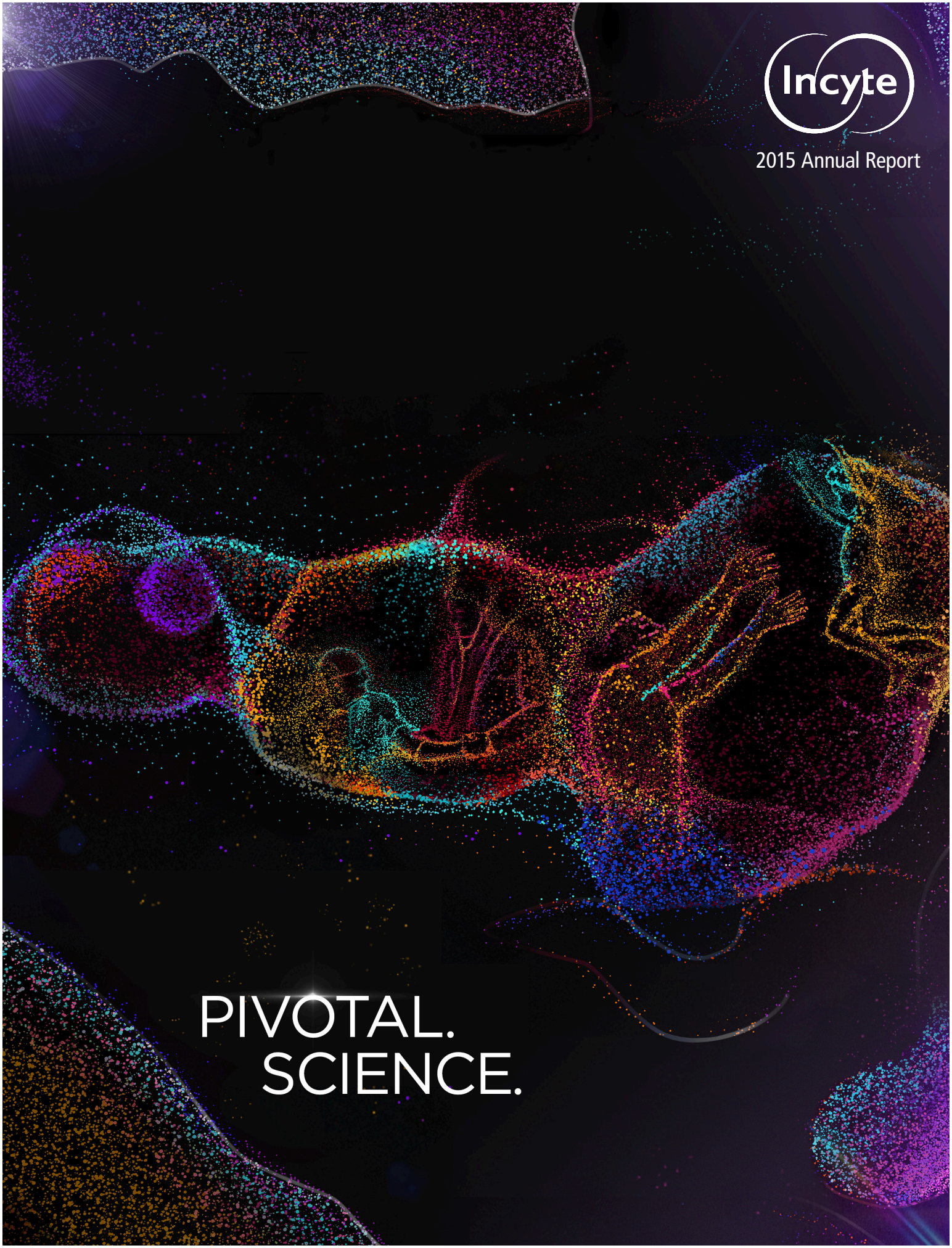
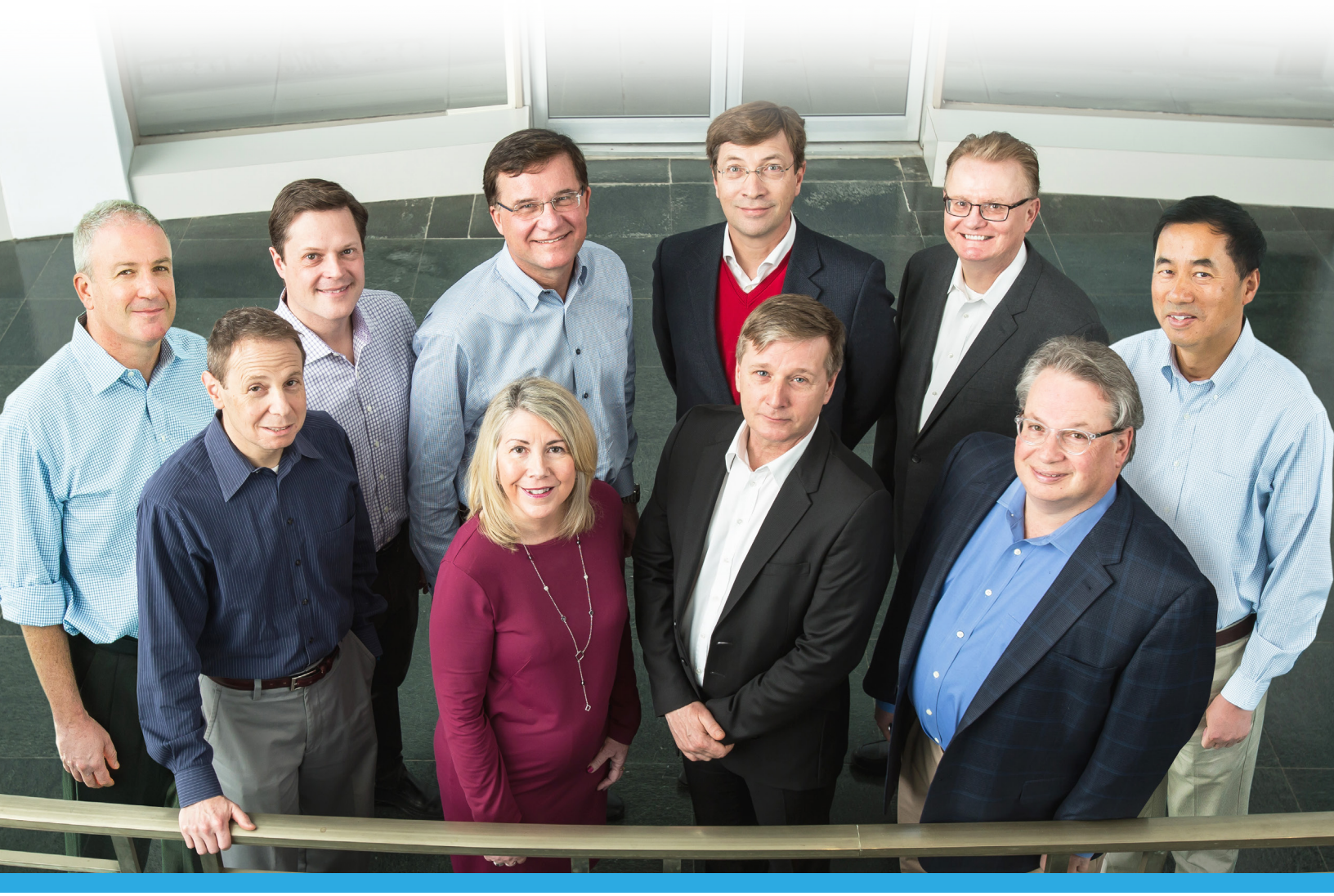

Incyte
2015 Annual Report
PIVOTAL.
SCIENCE.

Table of Contents

Fellow Shareholders,

Incyte is a company that is founded on the belief that investments in innovation create value. This value can extend to patients and society through novel therapeutics as well as to our shareholders through accelerating revenue growth and, in time, significant profitability.



Top row, left to right: Steven H. Stein, Reid M. Huber, David W. Gryska, Hervé Hoppenot, Barry P. Flannelly, Wenqing Yao
Bottom row, left to right: Eric H. Siegel, Paula J. Swain, Michael Morrissey, Richard S. Levy

Discovery

The foundation of our continued success is our research team, who drive the discovery and development of first-in-class and best-in-class molecules. Incyte is the global leader in JAK inhibition, and our proprietary JAK1/JAK2 inhibitor, Jakafi® (ruxolitinib), remains the only FDA-approved therapy for intermediate or high-risk myelofibrosis and uncontrolled polycythemia vera.

At Incyte, our goal is to change the landscape of cancer treatment, one of the most fluid, dynamic and exciting areas of research, through cutting-edge science. We set aggressive goals, both in terms of molecular targets and compound characteristics, and the depth and breadth of Incyte's portfolio of potent and selective candidates is evidence of our success.

Incyte has come a long way since we initiated our drug discovery activities in 2002, yet we still run like a small biotech company. Science drives our decisions, and, as we work as a team to implement those decisions, we remain open to new discoveries that can challenge existing preconceptions and reveal unexpected opportunities. We bring together a mix of experience, innovation and drive that is rare in our industry.

—**Peggy Scherle**
VP, Preclinical Pharmacology

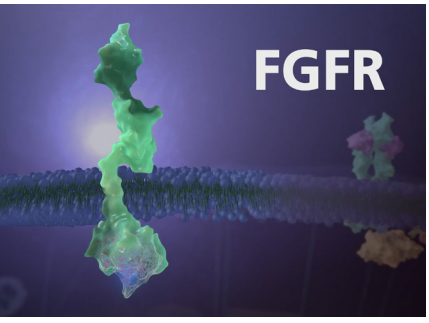
Our culture requires managers at all levels to be hands on, but not micromanaging. This fosters scientific creativity and allows the team to provide real-time data to our medicinal chemists, often dramatically shortening the cycle time for molecular design and allowing us to increase our R&D productivity. Incyte has evolved, but the "can do, creative and productive DNA" remains the same.

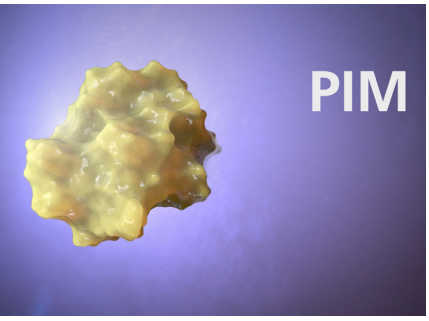
—**Wenqing Yao**
Head of Discovery Chemistry

Development Portfolio

We believe the future of cancer treatment lies in the use of immune therapies, which seek to recruit the patient's own immune system to tackle cancer, and targeted therapies, which aim to block, directly or indirectly, the effects of cancer-causing mutations.

Our product portfolio consists of 14 development candidates that are directed against 11 discrete molecular targets. As the data dictate, we intend to develop our portfolio as monotherapy and in combination as we seek to provide the best therapeutic outcomes for patients. Our key development candidates are outlined next.

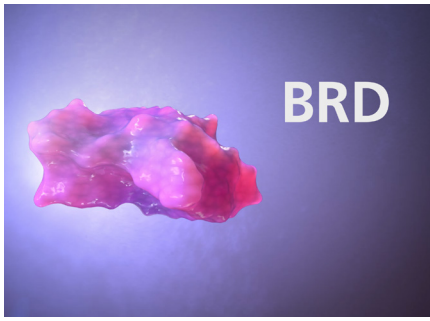


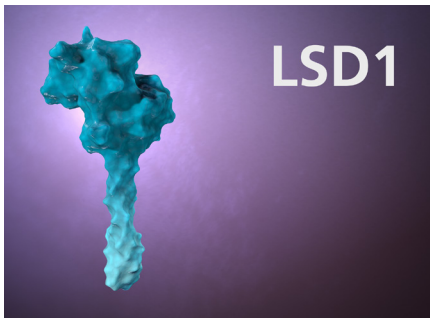


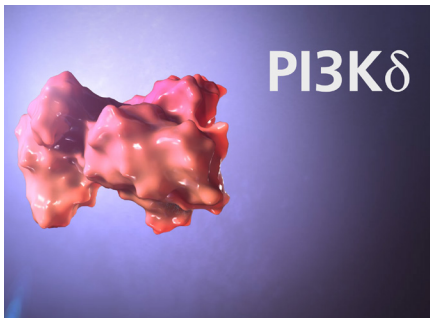
We began clinical trials of our FGFR inhibitor, INCB54828, in solid tumors in early 2015. Preclinical data suggest that INCB54828 may be differentiated from similarly targeted agents through a more attractive balance of potency and selectivity.

Our pan-PIM inhibitor, INCB53914, entered clinical trials in late 2015. Initial studies of INCB53914 will be as a monotherapy, and work in our laboratories has shown promising activity in cancers of the blood and bone marrow, such as multiple myeloma.

Clinical trials of INCB54329, our BRD inhibitor, were also initiated in early 2015. Bromodomain (BRD) proteins are epigenetic readers that play an important role in tumor cell proliferation and survival in many cancer types. We believe INCB54329 may have therapeutic utility in certain blood or bone marrow cancers.

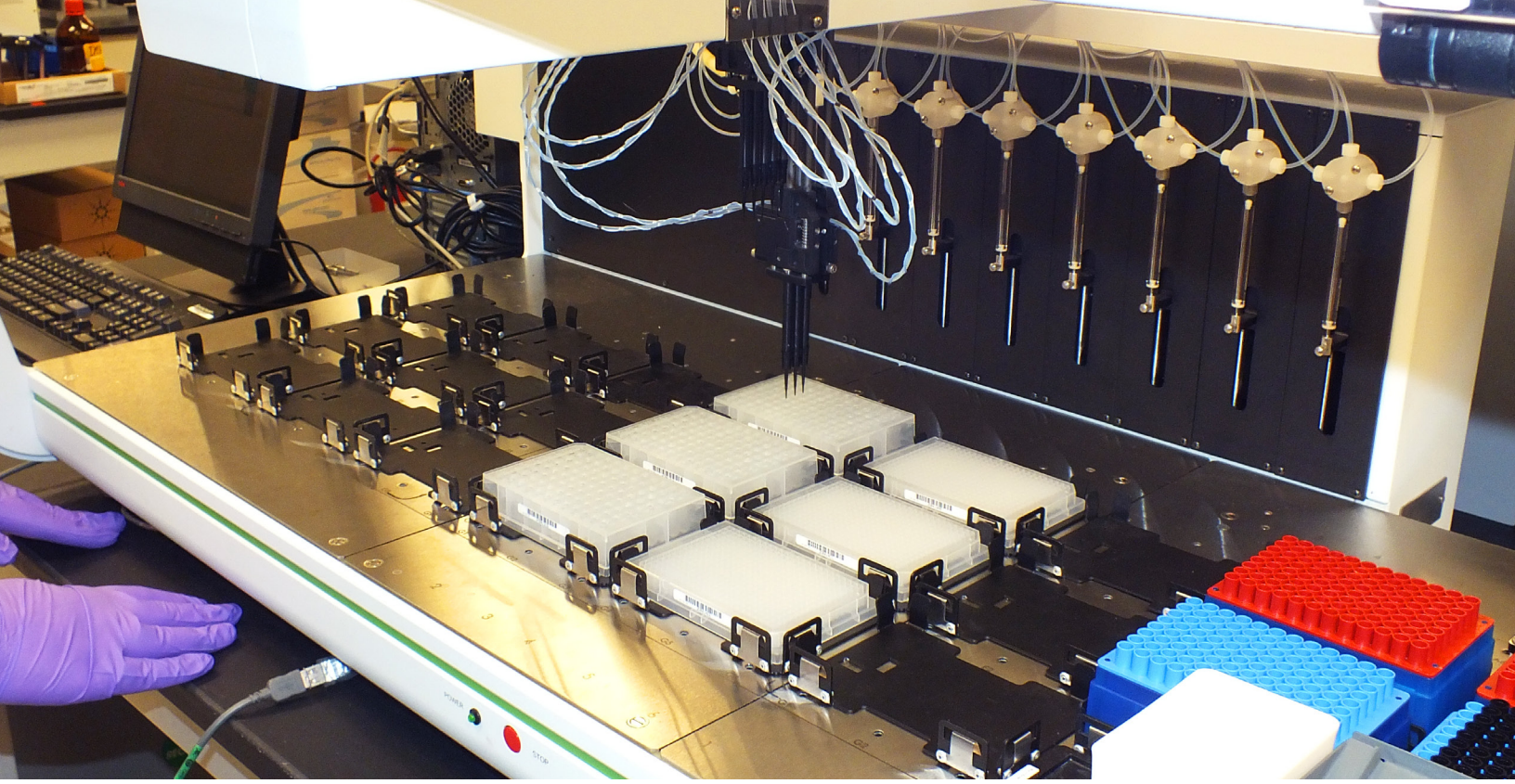


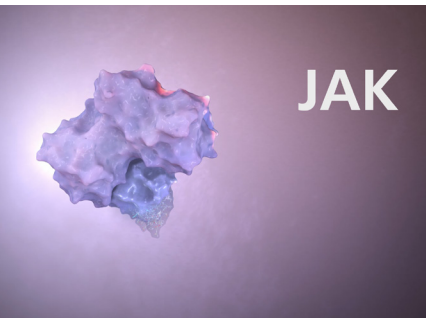


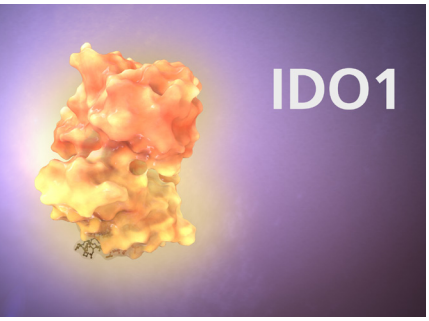


Our second epigenetic therapy is INCB59872, an inhibitor of LSD1. We believe the inhibition of LSD1 may have potential in treating various cancers, in particular acute myeloid leukemia (AML) and small cell lung cancer. We expect INCB59872 to enter clinical trials in the first half of 2016.

INCB50465 is our second-generation PI3Kδ inhibitor. PI3Kδ is a validated target in drug discovery and development, and we believe that INCB50465 may be differentiated in terms of increased potency and improved tolerability. Data recently presented at the 2016 American Association for Cancer Research (AACR) Annual Meeting showed promising efficacy of INCB50465 in patients with B-cell malignancies, with a favorable toxicity profile.







Our understanding of the JAK/STAT pathway and its role in disease continues to evolve. We are currently investigating INCB39110, a selective JAK1 inhibitor, in several cancer types including lung cancer. We are also studying INCB52793, our second selective JAK1 inhibitor, in patients with multiple myeloma.

Epacadostat, an immunotherapy, is our first-in-class IDO1 inhibitor. The ECHO development program (Epacadostat Clinical development in Hematology and Oncology) is designed to investigate epacadostat in multiple combinations across the full cycle of anti-tumor immunity and includes trials in combination with vaccines, checkpoint inhibitor antibodies and small molecule immune-modulators.

The most advanced trials of epacadostat are in combination with PD-1 or PD-L1 inhibitors. These trials are expected to enroll over 900 patients in a total of 13 different tumor types. The results of these trials should provide us with the information we need to plan future ECHO trials.

The results from the Phase 1 dose escalation portion of the ECHO-202 trial of epacadostat in combination with pembrolizumab have already provided us with the evidence needed in order to move into the first Phase 3 trial of epacadostat. This trial, called ECHO-301, will study the first-line treatment of patients with advanced or metastatic melanoma and is expected to begin in the first half of 2016.

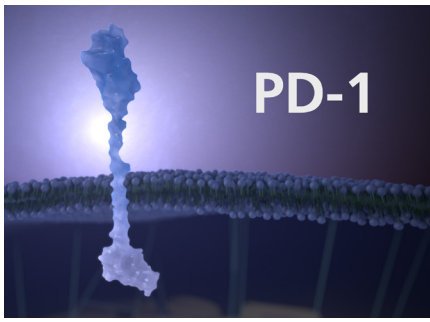
Activity of the enzyme indoleamine 2,3-dioxygenase 1 (IDO1) is known to be high in the human placenta, preventing fetal tissue from rejection by the maternal immune system. IDO1 is also present in many tumor histologies, similarly protecting cancer cells from the patient's immune system.

Expanding into Antibody Therapeutics

Incyte has world-class medical chemistry expertise, creating "small molecules" that play an important role in oncology. The therapeutic effect of small molecules may be adjusted by altering the dose, which may maximize the benefit to the patient.

Despite our strength in this field, we recognize that certain disease targets are not able to be reached by small molecules. In January 2015, we signed an alliance with Agenus which gives us access to antibody discovery capabilities, as well as global development and commercialization rights to these molecules. Agenus is an immuno-oncology company focused on the discovery, development and manufacture of checkpoint modulator antibodies and vaccines. We expect INCAGN1876, an anti-GITR agonist antibody and the first molecule to emerge from our collaboration with Agenus, to enter clinical trials in the first half of 2016.

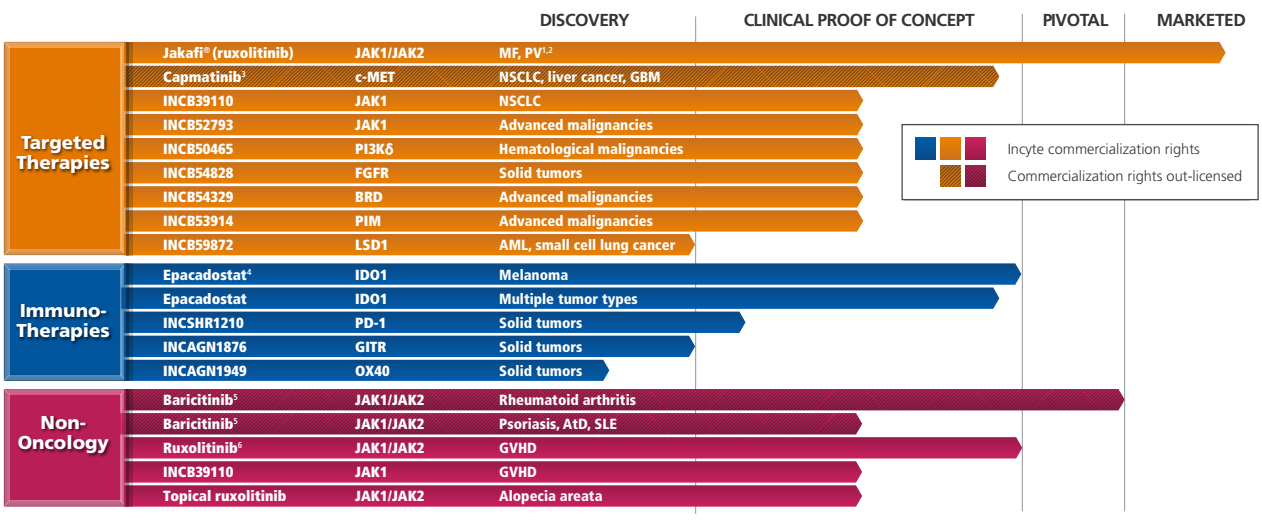
In September 2015, we in-licensed a clinical PD-1 antagonist antibody from Jiangsu Hengrui Medicine. Inhibiting PD-1 may be a key component of future immuno-oncology combination treatment regimens, and so we believe this was a valuable addition to our clinical portfolio. Initial clinical trials for INCSHR1210 are already underway.



JAK Inhibition Beyond Oncology

Building upon positive, published third-party data of JAK inhibition in graft-versus-host disease (GVHD), we intend to initiate a registration study for ruxolitinib, our JAK1/JAK2 inhibitor, later in 2016 for the treatment of patients with GVHD. We have also initiated a proof-of-concept trial of INCB39110, our selective JAK1 inhibitor, in GVHD.

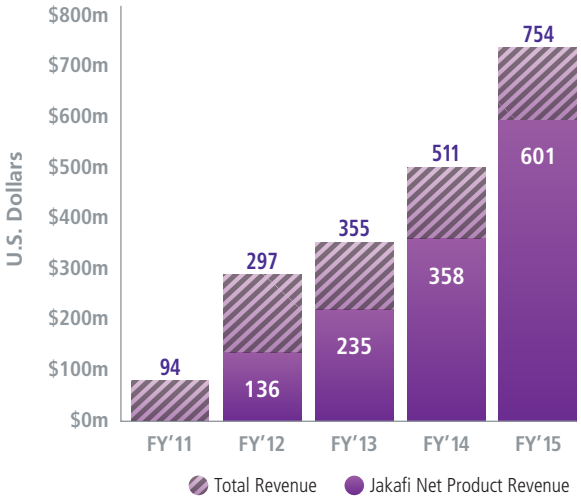
Third-party studies have also shown provocative data on the use of JAK inhibitors to treat alopecia areata—an autoimmune skin disease resulting in the loss of hair on the scalp and elsewhere on the body. We are currently enrolling a proof-of-concept trial of a topical formulation of ruxolitinib in alopecia areata.



1. Patients with intermediate or high-risk myelofibrosis **2**. Patients with polycythemia vera who have had an inadequate response to or are intolerant of hydroxyurea **3**. Worldwide rights to capmatinib licensed to Novartis, GBM = Glioblastoma multiforme **4**. Phase 3 trial expected to begin in H1 2016 **5**. Worldwide rights to baricitinib licensed to Lilly, AtD = Atopic dermatitis, SLE = Systemic lupus erythematosus **6**. Registration trial expected to begin in H2 2016

Jakafi® ruxolitinib (tablets)

Jakafi is the first and only medicine approved by the Food and Drug Administration (FDA) for the treatment of people with intermediate or high-risk myelofibrosis and people with polycythemia vera who have already taken a medicine called hydroxyurea and it did not work well enough or they could not tolerate it.



Financial Independence

Successful commercialization of our products enables us to invest in our drug discovery and development activities. In 2015, net product revenues from Jakafi grew 68% over the previous year to $601 million. We expect 2016 net product revenues from Jakafi to exceed $800 million, and we are confident in reaching our long-term target of $1.5 billion for U.S. peak sales of Jakafi in myeloproliferative neoplasms (MPNs). We also receive royalties on Novartis' sales of Jakavi® (ruxolitinib) outside the U.S. Royalties from Jakavi grew over 50% in 2015. On a global basis, combined net sales of Jakafi and Jakavi for the first time were greater than $1 billion in 2015.

We are excited about the growth we've seen thus far and look forward to continuing to expand our prescriber and patient base for Jakafi in the coming years.

Baricitinib has the potential to provide us with a second significant source of revenue. We licensed baricitinib, a JAK1/JAK2 inhibitor, to Eli Lilly & Company in 2009. Incyte is eligible for development, regulatory and commercial milestone payments from Lilly, as well as tiered, double-digit royalties on global net sales of baricitinib, if approved.

Four Phase 3 trials in the baricitinib pivotal development program in rheumatoid arthritis met their primary endpoints—including showing superiority of once daily, oral baricitinib over Humira® (adalimumab),* the current injectable standard of care. We and Lilly believe that these are outstanding results.

Lilly submitted applications seeking approval to the FDA and the European Medicines Agency earlier this year, and, if approved, we look forward to the launch of baricitinib in 2017.

Incyte has also licensed capmatinib, a selective c-MET inhibitor, to Novartis. Incyte may become eligible for development, regulatory and commercial milestone payments from Novartis related to capmatinib, and, if approved, royalties on global net sales.

*The brand listed is not a trademark of Incyte Corporation. The maker of this brand is not affiliated with and does not endorse Incyte Corporation or its products.

I began taking Jakafi almost six years ago. Since then, I feel I have gotten my life back. I enjoy spending time with my family, especially my wonderful granddaughters, and being able to devote a lot of time helping other MPN patients has also been very positive. In doing so, I forget about my own disease and am able focus on the needs of others. This gives me another way to "pay back" and to share my gratitude for Jakafi.

—**Susan** (MF patient)

After just a couple of months on Jakafi, my doctor and I accomplished what we needed to in getting my blood counts into the normal range—and they have remained that way for three years, with little to no variation. My life is quite average and quite normal, and I'm very pleased with it.

—**Jack** (PV Patient)

Patient Focused

MPNs are rare diseases, which are often overlooked. Incyte is involved in many initiatives to help create a unified MPN community and provide access to the resources patients and caregivers need.

Our IncyteCARES program provides patients with ongoing support and resources before and during treatment with Jakafi, including access to oncology nurses for questions and co-pay assistance.

Voices of MPN, our disease awareness initiative, aims to create a community for patients and families of patients and to celebrate their achievements. Each year, patients and caregivers are recognized for their efforts in improving the lives of patients with MPNs through the MPN Heroes Recognition Program.

Meet the 2015 MPN Heroes

David Boule
Patient Advocate

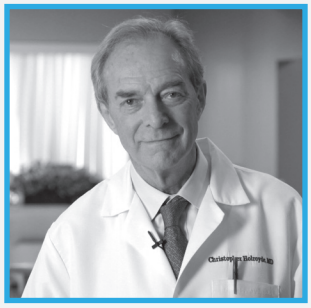
Rebecca Claassen
RN, BSN, OCN

David Denny
Patient Advocate

Jason Gotlib
MD

Harvey Gould
Patient Advocate

Susan Melvin Hill
Patient Advocate



Christopher P. Holroyde
MD

MPN Research Foundation
Patient Organization

The MPN Heroes Recognition Program, sponsored by Incyte and CURE magazine, honors the people and organizations that have dedicated themselves to improving the lives of people with MPNs.

Community Engagement, Environmental Responsibility

From our involvement with the local chapter of the Lymphoma and Leukemia Society to the national chapter of the Cancer Support Community, working with these and many other patient-focused organizations reminds us what we're working toward—finding a cure for cancer.

Beyond patient care, we also have an obligation to reach our goals in the most environmentally efficient and socially responsible way possible.

We seek to decrease our environmental footprint wherever we can. Specifically, we use non-ozone-depleting substances, we use natural gas as the primary fuel source to minimize greenhouse gas emissions, and we manage hazardous waste sent off-site from our facility, prioritizing recycling and reuse before treatment or disposal. We follow strict guidelines to assure Environment, Health, and Safety (EHS) compliance and continuously seek to improve on these initiatives.

Members of the Incyte team spend a day volunteering for the Cancer Support Community in Wilmington, DE.
Pictured left to right: Joe Cordaro, Dottie Breuer, Smitha Sivaraman, Dave Dubinski, Paula Swain, Jason Beliakoff, Julie Wu, Mike Cuozzo, Cyndi Villarimo, Shreekant Parasuraman, Ahmad Naim and Olivera Ventresca.

Adding to Our Team

Over the last year, we welcomed two new members to our Board of Directors, Jean-Jacques Bienaimé, CEO of BioMarin, and Paul J. Clancy, CFO of Biogen. We welcome their input as we seek to build Incyte into a leading global biopharmaceutical company. Richard De Schutter and Barry Ariko have retired from our Board, and we sincerely thank them for their valuable contributions.

We were pleased to welcome Dr. Steven Stein to the Executive Management team as Chief Medical Officer in March 2015. Previously SVP, U.S. Clinical Development & Medical Affairs at Novartis Oncology U.S., Dr. Stein has been working closely with Dr. Richard Levy, Incyte's Chief Drug Development Officer over the last year. This spring, Dr. Levy intends to retire after more than a decade at Incyte, and his responsibilities will now be passed to Dr. Stein. Dr. Levy was instrumental in developing Jakafi and working with the FDA to ensure its approval. We thank him for all his hard work and wish him well.

In December 2015, Michael Morrissey joined our Executive Management team as Head of Global Technical Operations. He previously served as Corporate Vice President, Head of International Technical Operations for Celgene International. Mr. Morrissey works from our Geneva office, where we have built a medical and clinical development team of approximately 20 since opening the facility in October 2015.

The Year Ahead

The past year has put us in a strong position to achieve our goals in 2016 and beyond. In the coming twelve months, we look forward to delivering another strong year of sales for Jakafi, the FDA and EMA decisions on baricitinib for the treatment of RA, and sharing additional data from across our broad clinical portfolio.

In closing, I'd like to take this opportunity to thank all the researchers, physicians, patients and their families who contribute to and participate in our clinical trials as well as the Incyte team for their hard work and dedication to our shared mission. Science will drive our success, and, combined with a focus on the needs of patients, I am confident that we will achieve our goal of becoming a world-leading biopharmaceutical organization.

Thank you for your support, and I look forward to another successful year ahead.

Best regards,

Hervé Hoppenot
Chairman, President and CEO

The Leadership Team

Executive Management

Hervé Hoppenot
Chairman, President, and Chief Executive Officer

Barry P. Flannelly, PharmD, MBA
General Manager US

David W. Gryska
Chief Financial Officer

Reid M. Huber, PhD
Chief Scientific Officer

Richard S. Levy, MD
Chief Drug Development Officer

Michael Morrissey
Head of Global Technical Operations

Eric H. Siegel, JD, MBA
General Counsel

Steven H. Stein, MD
Chief Medical Officer

Paula J. Swain
Head of Human Resources

Wenqing Yao, PhD
Head of Discovery Chemistry

Board of Directors

Julian C. Baker
Managing Partner, Baker Brothers Investments

Jean-Jacques Bienaimé
Chief Executive Officer, BioMarin

Paul A. Brooke
Founder and Former Managing Director, venBio

Paul J. Clancy
Chief Financial Officer, Biogen

Wendy Dixon, PhD
Former Chief Marketing Officer and President, Global Marketing, Bristol-Myers Squibb Company

Paul A. Friedman, MD
Former President and Chief Executive Officer, Incyte Corporation

Hervé Hoppenot
Chairman, President, and Chief Executive Officer, Incyte Corporation

Company Information

Transfer Agent and Registrar

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Canton, MA 02021
Phone: 877/272-1536
www.computershare.com/investor

TDD for Hearing Impaired:
800/231-5469

Foreign Shareowners:
201/680-6578

TDD Foreign Shareowners:
201/680-6610

Annual Meeting

The Annual Meeting of Stockholders will be held May 27, 2016, at 9:00 a.m., Eastern Daylight Time, at Incyte Corporation, 1801 Augustine Cut-Off, Wilmington, Delaware 19803

Outside Counsel

Pillsbury Winthrop Shaw Pittman LLP

Independent Registered Public Accounting Firm

Ernst & Young LLP

Market Information

Incyte Common Stock trades on the Nasdaq Global Select Market under the symbol INCY.

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Vice President, Investor Relations
Email: mbooth@incyte.com

Lauren Kwiecinski, MBA
Director, Investor Relations
Email: lkwiecinski@incyte.com

You can obtain recent press releases and other publicly available information on Incyte by visiting our website at **www.incyte.com**.

Corporate Headquarters

Incyte Corporation
1801 Augustine Cut-Off
Wilmington, Delaware 19803
855/446-2983

Forward-Looking Statements

Except for the historical information set forth herein, the matters set forth in this annual report contain predictions, estimates and other forward-looking statements, including without limitation statements regarding: our 2016 financial guidance; whether Jakafi and Jakavi will be growth drivers for us in 2016 and beyond; whether Jakafi sales will reach a peak of at least $1.5 billion in MPNs; our anticipated future accomplishments in drug discovery and development; our plans regarding our product pipeline and strategy, including without limitation our ECHO program, our FGFR inhibitor program, our BRD inhibitor program, our GITR program, our LSD1 program, our PI3K-delta program, our PD-1 program, our GVHD program and our PIM program; our plans and expected timelines for advancing our drug candidates (including our targeted therapy, our immuno-oncology and our non-oncology product candidates) for monotherapy and combination therapy through clinical trials and regulatory submissions; potential therapeutic and commercial value of our drug candidates; whether and when we will receive future potential regulatory milestone payments or royalty payments from Lilly with respect to baricitinib, whether baricitinib will be approved in the U.S. or receive a positive opinion in Europe, and whether baricitinib will become a significant source of revenue; and whether capmatinib will be approved or become a source of revenue for us.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including unanticipated developments in and risks related to: the efficacy or safety of Jakafi; the acceptance of Jakafi in the marketplace; market competition; the results of research and development; sales, marketing and distribution requirements; the possibility that results of clinical trials may be unsuccessful or insufficient to meet applicable regulatory standards or warrant continued development; the ability to enroll sufficient numbers of subjects in clinical trials; other market or economic factors and technological advances; unanticipated delays; our ability to compete against parties with greater financial or other resources; our dependence on our relationships with our collaboration partners; greater than expected expenses; unanticipated or unpredictable expenses relating to litigation or strategic activities; our ability to obtain additional capital when needed; obtaining or maintaining effective patent coverage for our products; and such other risks detailed from time to time in Incyte's reports filed with the Securities and Exchange Commission, including our Form 10-K for the year ended December 31, 2015.

Incyte disclaims any intent or obligation to update these forward-looking statements.

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www.incyte.com