

A woman with short blonde hair, wearing a bright red ribbed sweater, is smiling warmly and hugging a tree trunk. She is wearing large hoop earrings, a necklace, and a watch. The background is a soft-focus forest with trees and some snow on the ground.

MAKING  
a  
difference

INCYTE 2012 ANNUAL REPORT  
TO STOCKHOLDERS

“You must be an advocate for yourself or your loved one. You have to learn as much as you can and be willing to investigate and take an active role in managing your disease.”

Finding Support page 7

Bonnie, a patient advocate who leads a support group for patients with myeloproliferative neoplasms, and her husband, Joe

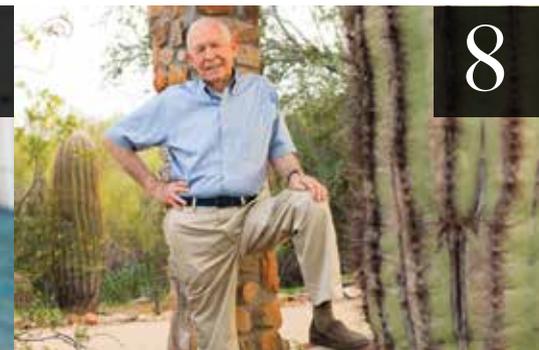


Treating Myelofibrosis

Building a Community

Changing the Focus

Investing in the Future



## To Our Stockholders:

A decade ago, a core team of experienced scientists joined me with the vision to build a leading drug discovery, development and commercial company capable of making a compelling difference in patients' lives. With this strong scientific team, we transformed the concept of JAK inhibition into a drug which, in just six years, became our first FDA-approved product in late 2011 – leading to Incyte's evolution into a commercial company in 2012.

## The Year of Jakafi®

The FDA approval of Jakafi® (ruxolitinib) was a significant milestone for patients with intermediate or high-risk myelofibrosis (MF), their families and their physicians, as well as for Incyte. As the first JAK inhibitor approved for any indication, Jakafi attests to our leadership position in this important class of drugs. In 2012 — our first year on the market with Jakafi — we built a strong foundation for sustained long-term growth.

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## 2013 KEY BUSINESS GOALS

- > Solidify the role of Jakafi® (ruxolitinib) as the standard-of-care treatment for intermediate or high-risk myelofibrosis by improving persistency and driving new patient starts
- > Complete the Phase III clinical trials of ruxolitinib in polycythemia vera and prepare to file for regulatory approval in 2014
- > Report Phase II trial results of ruxolitinib in pancreatic cancer and determine next steps in development
- > Continue to invest in the ongoing development of baricitinib for rheumatoid arthritis and potentially other inflammatory conditions, in partnership with Lilly
- > Complete proof-of-concept studies of JAK1 inhibitor INCB39110 in myelofibrosis, rheumatoid arthritis and psoriasis to determine appropriate future development programs
- > Evaluate the potential of IDO inhibitor INCB24360 in metastatic melanoma and ovarian cancer
- > Expand the depth and breadth of the R&D pipeline through focused discovery efforts in the areas of oncology and inflammatory diseases

Physicians have gained more experience with the medicine, and we are seeing an increasing number prescribe Jakafi for more than one patient. At the same time, important data have been published in medical journals and presented at major scientific meetings highlighting the significant benefits received by patients taking Jakafi. Additionally, our collaboration partner Novartis has commercial rights to Jakafi outside the United States and received product approval from the European Commission, which will lead to tiered royalties for Incyte ranging from the upper teens to the mid-twenties.



**Paul A. Friedman, M.D.**  
**President and Chief Executive Officer**

By partnering with and supporting the MPN Coalition, we initiated the first Myelofibrosis Awareness Day in September 2012, which included webinars, symposia, continuing medical education programs, and publications for patients, health care professionals and caregivers. Additionally, the MPN Coalition launched a website, [www.myelofibrosisawareness.org](http://www.myelofibrosisawareness.org), to provide a centralized source of information about MF.

We're dedicating the following pages to patients with MF and the people making a difference in their lives. I hope you read their stories to understand more about this debilitating disease, to learn how Jakafi is offering patients hope, and to see how the entire Incyte team is dedicated to helping build a community of support and knowledge so that, together, we can make a difference.

## **A Robust Pipeline**

As proud as we are of what we have accomplished with Jakafi, Incyte is about more than one product. Thanks to our extensive R&D efforts, we have a robust pipeline that includes additional potential indications for Jakafi, such as polycythemia vera and pancreatic cancer.

Our second JAK1 and JAK2 inhibitor, baricitinib, is licensed to Eli Lilly and Company and is currently in Phase III trials in patients with rheumatoid arthritis. In exchange for our funding 30 percent of the associated development costs in rheumatoid arthritis, we would receive tiered royalties ranging up to the high twenties on potential future worldwide sales once the product is approved. Additionally, like Jakafi in oncology, the prospects for baricitinib in other inflammatory diseases are substantial, including psoriasis and diabetic nephropathy.

Our knowledge of, and commitment to, the JAK inhibitor space extends well beyond Jakafi and baricitinib. We look forward to advancing our earlier stage selective inhibitors of the JAK1 enzyme, such as INCB39110, with which we are currently conducting proof-of-concept studies in a range of conditions. These efforts will continue to solidify our industry-leading position in the discovery, development and commercialization of the JAK inhibitor class of drugs.

In addition to our JAK programs, we have other compounds in early stage clinical development, including our inhibitor of the c-MET kinase, licensed to Novartis, for solid tumors, and our proprietary highly novel indoleamine dioxygenase (IDO) inhibitor for melanoma and ovarian cancer.

In closing, I want to thank our employees for their relentless focus on achieving our vision. The Incyte team has demonstrated it truly has the drive to discover and the experience to deliver. We are making a difference in the lives of patients with MF, and we expect our continued efforts in R&D to help deliver benefits to an even greater spectrum of patients with other complex conditions and continue to build significant, sustainable shareholder value.

Sincerely,



Paul A. Friedman, M.D.  
*President and Chief Executive Officer*  
 April 2013

## Product Pipeline

DISEASE — COMPOUND — TARGET	DISCOVERY/ PRECLINICAL	PHASE I	PHASE II	PHASE III	APPROVED
<b>ONCOLOGY</b>					
<b>Myelofibrosis</b> — Jakafi® ruxolitinib[a,b] — JAK1 and JAK2	[Progress bar: 100%]				
<b>Polycythemia vera</b> — ruxolitinib[a,b] — JAK1 and JAK2	[Progress bar: ~85%]				
<b>Essential thrombocythemia</b> — ruxolitinib[a,b] — JAK1 and JAK2	[Progress bar: ~65%]				
<b>Pancreatic Cancer</b> — ruxolitinib[a,b] — JAK1 and JAK2	[Progress bar: ~55%]				
<b>Solid/hematologic tumors[c]</b> — ruxolitinib[a,b] — JAK1 and JAK2	[Progress bar: ~55%]				
<b>Solid tumors</b> — INCB28060[d] — c-MET	[Progress bar: ~45%]				
<b>Metastatic melanoma</b> — INCB24360 — IDO	[Progress bar: ~55%]				
<b>Ovarian cancer</b> — INCB24360 — IDO	[Progress bar: ~55%]				
<b>Myelofibrosis</b> — INCB39110 — JAK1	[Progress bar: ~55%]				
<b>Other Programs</b>	[Progress bar: ~55%]				
<b>INFLAMMATION</b>					
<b>Rheumatoid arthritis</b> — baricitinib[e,f] — JAK1 and JAK2	[Progress bar: ~75%]				
<b>Psoriasis</b> — baricitinib[e,f] — JAK1 and JAK2	[Progress bar: ~65%]				
<b>Diabetic Nephropathy</b> — baricitinib[e,f] — JAK1 and JAK2	[Progress bar: ~55%]				
<b>Rheumatoid Arthritis</b> — INCB39110 — JAK1	[Progress bar: ~55%]				
<b>Psoriasis</b> — INCB39110 — JAK1	[Progress bar: ~55%]				
<b>Other programs</b>	[Progress bar: ~55%]				

a. Formerly INCB18424 b. Incyte: U.S. rights; Novartis: ex U.S. rights c. Investigator-sponsored trials d. Novartis worldwide rights e. Formerly LY3009104 (INCB28050) f. Lilly: worldwide rights



Dan, a patient with myelofibrosis who has participated in a clinical trial for Jakafi® (ruxolitinib) since March 2010

“Jakafi brought me hope. Since I’ve been taking Jakafi, my life is more like it used to be. I am now able to see a future in front of me that I couldn’t before.”



#### Treating Myelofibrosis

Myelofibrosis (MF) is a life-threatening blood cancer characterized by bone marrow failure, enlarged spleen (splenomegaly) and debilitating symptoms. MF is typically diagnosed in people between 50 to 80 years of age, but can occur at any age. It is a progressive disease that worsens over time. The average survival of people with primary MF is about five

years, but life expectancy varies by individual. By developing the first FDA-approved treatment for intermediate or high-risk myelofibrosis, Incyte expects to make a meaningful difference in the lives of patients affected by the disease and anticipates improving their outcome over time.

For more information about myelofibrosis, visit [www.jakafi.com/consumer](http://www.jakafi.com/consumer).

“Myelofibrosis is a disease that impacts everyone differently. Since this type of cancer is very rare, it is important for us to collaborate with other groups and provide educational resources that could help demystify this disease and help patients establish a meaningful dialogue with their health care team.”

### **Building a Community**

Incyte supports the multiple advocacy organizations that form the MPN Coalition, including CancerCare, Cancer Support Community, Leukemia & Lymphoma Society, MPN Advocacy & Education International, MPN Education Foundation, MPN Research Foundation, and National Organization for Rare Diseases. These organizations came together to provide a forum for discussion of and action on needs and challenges faced

by those living with and affected by myeloproliferative neoplasms (MPNs), including myelofibrosis.

In September 2012, Incyte and the MPN Coalition launched the first MPN Awareness Day, an annual event to focus on the need for increased awareness and education for physicians, patients and caregivers about myelofibrosis and other MPNs.

For more information, visit [www.myelofibrosisawareness.org](http://www.myelofibrosisawareness.org).



**Kim Thiboldeaux, President and CEO of the Cancer Support Community, a founding member of the MPN Coalition**

“The long-term data for Jakafi continue to demonstrate tangible benefits for patients with intermediate or high-risk myelofibrosis, including a potential improvement in overall survival. And the medicine looks promising to treat other oncologic conditions in the future.”

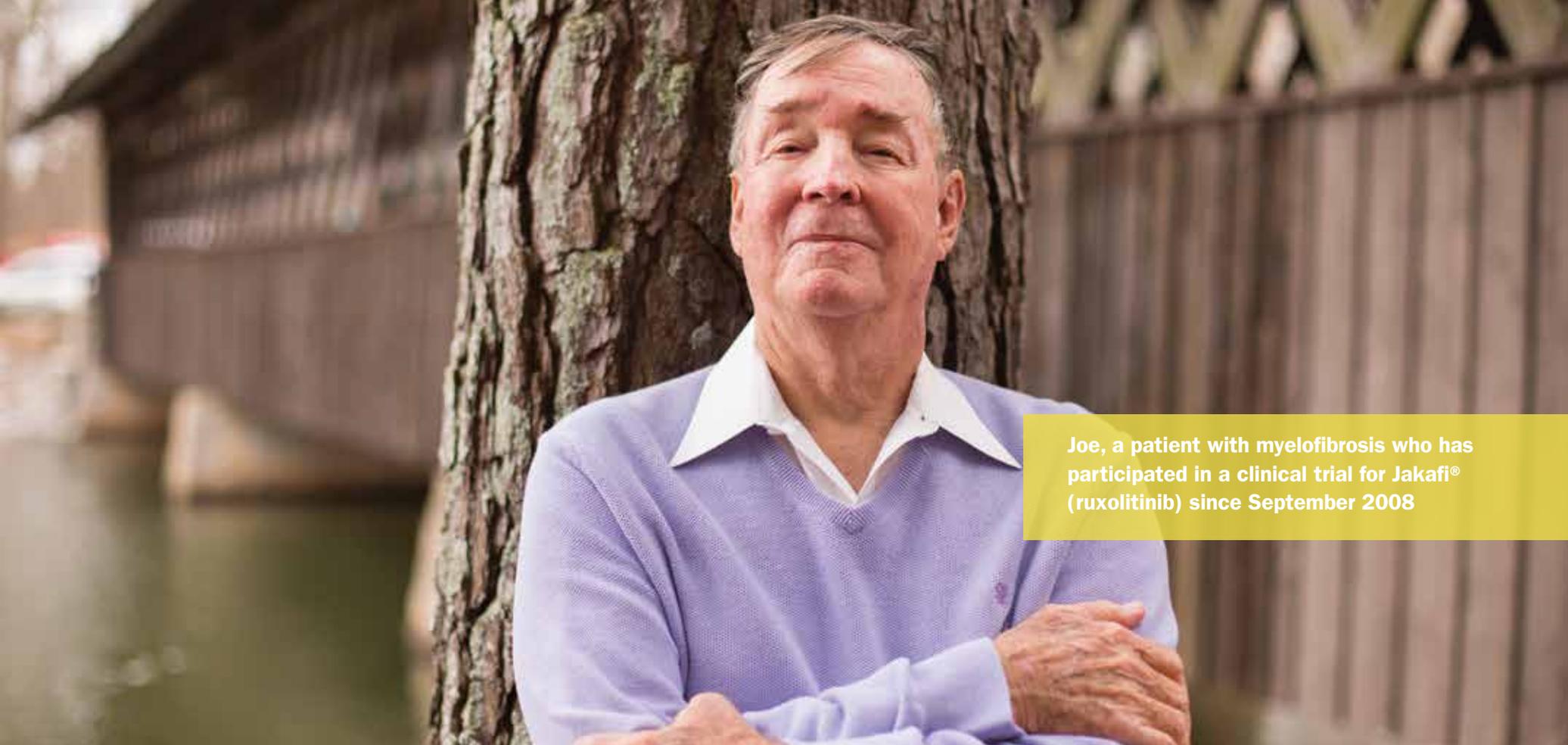
#### **Changing the Focus**

Historically, when managing patients with myelofibrosis, physicians had limited options. The development and introduction of Jakafi® (ruxolitinib), the first medicine to be approved by the FDA for the treatment of intermediate or high-risk myelofibrosis, offered a new focus and hope for physicians and their patients.

The novel use of patient-reported outcomes (PROs) in the Phase III COMFORT-I trial allowed Incyte to include improvement of symptoms in the FDA-approved label, in addition to the reduction in spleen volume seen in Jakafi-treated patients, and this information has brought a greater appreciation of the symptomatic burden experienced by these patients.

**Srdan Verstovsek, MD, PhD, Professor,  
Department of Leukemia, Division of Cancer  
Medicine, The University of Texas MD  
Anderson Cancer Center in Houston**





Joe, a patient with myelofibrosis who has participated in a clinical trial for Jakafi® (ruxolitinib) since September 2008

“When I was diagnosed with myelofibrosis, there were only two resources available for patients —the MPN Research Foundation and the MPN Education Foundation. It’s good to see more patient groups committed to helping MPN patients and their families.”

#### **Finding Support**

Incyte learned about unmet needs from respected patient groups. Our collaboration resulted in expanded programs to help both patients and their loved ones. Patients can learn ways to cope with myelofibrosis, improve communication with their health care team, find reliable

information, and help manage financial difficulties.

For more information, visit the following websites:

[www.myelofibrosisawareness.org/find-support](http://www.myelofibrosisawareness.org/find-support)

[www.incyte.com/jakafi/incytecares](http://www.incyte.com/jakafi/incytecares)



Bob Niblack, patient advocate whose wife, Joyce, co-founded the MPN Education Foundation in 2004

“Do your homework. Put yourself into competent medical care. Take control of your disease. And, most of all, don’t lose hope.”

#### **Investing in the Future**

Patient-led organizations, such as the MPN Research Foundation and the MPN Education Foundation, were established, in part, to encourage and support research into new treatments for myeloproliferative neoplasms (MPNs).

The MPN Research Foundation has awarded more than \$8 million for

MPN research since 1999, and the MPN Education Foundation has established an online support group of approximately 3,000 members, who are a resource for MPN researchers. Both organizations are also committed to providing education and support to patients.

For more information about the MPN Research Foundation, visit [www.mpnresearchfoundation.org](http://www.mpnresearchfoundation.org)

For more information about the MPN Education Foundation and Joyce Niblack’s story, visit [www.mpdinfo.org/joycesstory.php](http://www.mpdinfo.org/joycesstory.php)

## BOARD OF DIRECTORS

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Formerly Chairman and  
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President and  
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Incyte Corporation

### **Barry M. Ariko**

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Managing Partner  
Baker Brothers Investments

### **Paul A. Brooke**

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### **Wendy L. Dixon, Ph.D.**

Formerly Chief Marketing  
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### **Roy A. Whitfield**

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Incyte Corporation

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### **Paula J. Swain**

Executive Vice President,  
Human Resources

### **Wenqing Yao, Ph.D.**

Senior Vice President,  
Discovery Chemistry

## STOCKHOLDER INFORMATION

### **Transfer Agent and Registrar**

Computershare  
PO Box 43078  
Providence, RI 02940-3078  
or  
250 Royall Street  
Canton, MA 02021  
Phone: 877/272-1536

### **TDD for Hearing Impaired:**

800/231-5469

### **Foreign Shareowners:**

201/680-6578

### **TDD Foreign Shareowners:**

201/680-6610

[www.computershare.com/investor](http://www.computershare.com/investor)

### **Annual Meeting**

The Annual Meeting of  
Stockholders will be held  
May 30, 2013, at 10:00 a.m.,  
Eastern Daylight Time, at the  
Hotel du Pont, 11th and  
Market Streets, Wilmington,  
Delaware 19801

### **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.

### **Investor Relations**

You can obtain recent press  
releases and other publicly  
available information on  
Incyte by visiting our website  
at [www.incyte.com](http://www.incyte.com).

### **Contact**

Pamela Murphy  
Vice President, Investor  
Relations and Corporate  
Communications  
Email: [pmurphy@incyte.com](mailto:pmurphy@incyte.com)

### **Corporate Headquarters**

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Route 141 & Henry Clay Road  
Building E336  
Wilmington, Delaware 19880  
855/446-2983

## FORWARD-LOOKING STATEMENTS

Except for the historical information set forth herein, the matters set forth in this annual report, including statements regarding our plans and expectations with respect to Jakafi® (ruxolitinib) including its potential efficacy and therapeutic and commercial value, anticipated future accomplishments in drug discovery, development and product commercialization, plans and expected timelines regarding our pipeline and advancing our drug candidates through clinical trials and regulatory submissions, potential therapeutic and commercial value, including attributes and indications, of our drug candidates, and our business goals for 2013 contain predictions, estimates and other forward-looking statements.

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, risks related to market competition, the results of further research and development, the high degree of risk and uncertainty associated with drug development, clinical trials and the regulatory approval processes, risks related to the timing of and patient enrollment in clinical trials, the risk that results of clinical trials may be unsuccessful or insufficient to meet applicable regulatory standards, unanticipated developments in and risks related to the efficacy or safety of our compounds in clinical trials, risks associated with our dependence on our relationships with our collaboration partners, and other risks detailed from time to time in our reports filed with the Securities and Exchange Commission, including our Form 10-K for the year ended December 31, 2012. Incyte disclaims any intent or obligation to update these forward-looking statements.



**The Drive to Discover. The Experience to Deliver.**



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