UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 12, 2009**

Lexicon Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**000-30111**	**76-0474169**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

8800 Technology Forest Place
The Woodlands, Texas 77381
(Address of principal executive offices and Zip Code)

(281) 863-3000
(Registrant's telephone number, including area code)

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) On February 12, 2009, the Compensation Committee of our Board of Directors approved 2009 base salaries and a process for the determination of 2009 cash bonuses for our named executive officers. The 2009 salary information and a description of the 2009 cash bonus determination process is attached to this current report on Form 8-K as Exhibit 10.1 and incorporated herein by reference.

The Compensation Committee determined not to award cash bonuses for 2008 performance to our officers in light of current economic conditions, the state of the financial markets, and a desire to conserve our cash and investments resources. Instead, the Compensation Committee approved the grant of restricted stock bonus awards under our 2000 Equity Incentive Plan to our named executive officers as described below:

Name and Position	Number of Restricted Stock Bonus Shares Granted in Lieu of 2008 Cash Bonus
Arthur T. Sands, M.D., Ph.D. *President and Chief Executive Officer*	103,400
Alan J. Main, Ph.D. *Executive Vice President of Pharmaceutical Research*	44,800
Jeffrey L. Wade, J.D. *Executive Vice President and General Counsel*	44,800
Brian P. Zambrowicz, Ph.D. *Executive Vice President and Chief Scientific Officer*	55,200
James F. Tessmer *Vice President, Finance and Accounting*	24,100

The dollar amounts of such awards were determined by the Compensation Committee based on its assessment of the achievement of the corporate and individual goals originally established for purposes of determining 2008 cash bonuses. The number of shares subject to each restricted stock bonus award was then determined based on the closing price of our common stock, as quoted on the Nasdaq Global Market, on the last trading day prior to the grant date, in accordance with the process for determination of fair market value under our 2000 Equity Incentive Plan.

The shares subject to such restricted stock bonus awards are subject to the following vesting schedule: (a) fifty percent (50%) of the shares on the six-month anniversary of the grant date and (b) fifty percent (50%) of the shares on the one year anniversary of the grant date; *provided* that the shares shall become fully vested upon (y) a change of control of our company or (z) the termination of the named executive officer's employment by us without cause, by the named executive officer for good reason or as a result of the named executive officer's death or disability.

The form of restricted stock bonus agreement applicable to such restricted stock bonus awards is attached to this current report on Form 8-K as Exhibit 10.2 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.		Description
10.1	—	Summary of 2009 Named Executive Officer Cash Compensation
10.2	—	Form of Restricted Stock Bonus Agreement with Officers under the 2000 Equity Incentive Plan

Signatures

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

Lexicon Pharmaceuticals, Inc.

Date: February 19, 2009

By: /s/ Jeffrey L. Wade
Jeffrey L. Wade
Executive Vice President and
General Counsel

Index to Exhibits

Exhibit No.		Description
10.1	—	Summary of 2009 Named Executive Officer Cash Compensation
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Exhibit 10.1

Summary of 2009 Named Executive Officer Cash Compensation

The Compensation Committee of our Board of Directors has approved 2009 base salaries for our named executive officers as set forth below.

The Compensation Committee has also approved a process for the determination of 2009 cash bonuses for our named executive officers, pursuant to which bonuses will be determined in the discretion of the Compensation Committee based on the achievement of certain corporate and individual goals in 2009. The corporate goals include objectives relating to the development of drug candidates and the achievement of specified financial targets. The achievement of these goals will be evaluated by the Compensation Committee in making determinations regarding bonuses for 2009 performance. The Compensation Committee has established a bonus target, expressed as a percentage of base salary, for each of our named executive officers, assuming that corporate and individual goals are fully achieved. The bonus target percentage for each of our named executive officers is set forth below.

Name and Position	2009 Base Salary	2009 Bonus Target
Arthur T. Sands, M.D., Ph.D. *President and Chief Executive Officer*	$560,000	50%
Alan J. Main, Ph.D. *Executive Vice President of Pharmaceutical Research*	$340,000	35%
Jeffrey L. Wade, J.D. *Executive Vice President and General Counsel*	$340,000	35%
Brian P. Zambrowicz, Ph.D. *Executive Vice President and Chief Scientific Officer*	$365,000	40%
James F. Tessmer *Vice President, Finance and Accounting*	$225,000	25%

RESTRICTED STOCK BONUS AGREEMENT

This Restricted Stock Bonus Agreement (this "Agreement"), effective as of «GrantDate» (the "Grant Date"), is by and between Lexicon Pharmaceuticals, Inc., a Delaware corporation (the "Company"), and «Name» ("Employee").

To carry out the purposes of the Company's 2000 Equity Incentive Plan (the "Plan"), and the determination of the compensation committee (the "Compensation Committee") of the Company's board of directors (the "Board") to award Employee a stock bonus under the Plan, subject to the terms and conditions of this Agreement, of shares of the Company's Common Stock, par value $0.001 per share ("Stock"), and in consideration of the mutual agreements and other matters set forth herein and in the Plan, the Company and Employee hereby agree as follows:

1. Grant of Shares. The Company hereby grants to Employee a stock bonus, on the terms and conditions set forth in this Agreement and in the Plan, consisting of an aggregate of «Shares» shares of Stock (the "Shares").

2. Vesting. (a) Subject to the terms and conditions set forth in this Agreement and the Plan, the interest of Employee in the Shares shall vest with respect to (i) 50% of the total number of Shares on «VestingDate» and (ii) the remaining Shares on the first anniversary of the Grant Date; *provided* that the interest of Employee in the Shares shall become fully vested upon (x) a Change in Control (as defined below) or (y) the termination of Employee's Continuous Service (as defined in the Plan) by the Company without Cause (as defined below), by Employee for Good Reason (as defined below), or as a result of Employee's death or Disability (as defined in the Plan).

(b) For purposes of the foregoing, the following terms shall have the meanings indicated below:

(i) A "Change in Control" shall be deemed to have occurred if any of the following shall have taken place: (A) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) other than Invus, L.P. and its affiliates (collectively, "Invus") is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, or any successor provisions thereto), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then-outstanding voting securities; (B) Invus becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, or any successor provisions thereto), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then-outstanding voting securities; (C) the consummation of a reorganization, merger, or consolidation, in each case with respect to which persons who were stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own or control more than 50% of the combined voting power of the reorganized, merged or consolidated Company's then-outstanding securities entitled to vote generally in the election of directors in substantially the same proportions as their ownership of the Company's outstanding voting securities prior to such reorganization, merger or consolidation; (D) a liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets; or (E) following the election or removal of directors, a majority of the Board consists of individuals who were not members of the Board two years before such election or removal, unless the election of each director who is not a director at the beginning of such two-year period has been approved in advance by directors representing at least a majority of the directors then in office who were directors at the beginning of the two-year period. The Compensation Committee, in its discretion, may deem any other corporate event affecting the Company to be a "Change in Control" hereunder.

(ii) "Cause" means a termination of Employee's employment directly resulting from (A) Employee having engaged in intentional misconduct causing a material violation by the Company of any state or federal laws, (B) Employee having engaged in a theft of Company funds or Company assets or in a material act of fraud upon the Company, (C) an act of personal dishonesty taken by Employee that was intended to result in personal enrichment of Employee at the expense of the Company, (D) Employee's final conviction (or the entry of any plea other than not guilty) in a court of competent jurisdiction of a felony, or (E) a breach by Employee of any contractual or fiduciary obligation to the Company, if such breach results in a material injury to the Company.

(iii) "Good Reason" means the occurrence of any of the following events without Employee's express written consent: (A) a material diminution in Employee's base salary, (B) a material diminution in Employee's authority, duties, or responsibilities, or (C) any other action or inaction that constitutes a material breach by the Company of any contractual obligation to Employee.

3. Forfeiture of Unvested Shares upon Termination of Service. Simultaneously with termination of Employee's Continuous Service, Employee shall automatically forfeit, and the Company shall reacquire, for no consideration, all of the Shares as to which the interest of Employee has not vested in accordance with Section 2 of this Agreement, unless the Company, in its sole discretion, agrees to waive such right as to some or all of such unvested Shares.

4. Escrow. The certificate or certificates evidencing the Shares shall be delivered to and deposited with the Secretary of the Company as escrow agent (the "Escrow Agent"). The Shares may also be held in a restricted book entry account in the name of Employee. Such certificates or such book entry shares shall be held by the Escrow Agent until the interest of Employee in the Shares represented thereby vests in accordance with Section 2 of this Agreement, at which time such certificates or book entry shares shall be released by said Escrow Agent to Employee. Pending such release, all certificates representing Shares subject to the provisions of this Agreement shall have endorsed thereon the following legend: "The shares represented by this certificate are subject to an agreement between the Corporation and the registered holder, a copy of which is on file at the principal office of this Corporation." Employee shall have all the rights of a stockholder with respect to the Shares held in escrow, including the right to vote such Shares and to receive any cash dividends paid to or made with respect to such Shares, except for the right to transfer such Shares as provided in Section 5.

5. Non-Transferability. Employee's rights under this Agreement, including with respect to any Shares as to which the interest of Employee has not vested in accordance with Section 2 of this Agreement, may not be transferred by Employee otherwise than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order (as defined in Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder).

6. Withholding of Tax. Employee shall be liable for any and all taxes, including withholding taxes, arising out of the grant or vesting of Shares hereunder. Employee may elect to satisfy such withholding tax obligation by having the Company retain Shares having a Fair Market Value (as defined in the Plan) equal to the Company's minimum withholding obligation. No Shares shall be released from escrow unless Employee shall have paid or otherwise satisfied the withholding tax obligations with respect thereto.

7. No Right to Continued Employment. Nothing in this Agreement or the Plan shall confer upon Employee any right to continue in the employ of the Company or shall interfere with or restrict in any way the right of the Company, which is hereby expressly reserved, to terminate Employee's employment at any time for any reason whatsoever, with or without Cause and with or without advance notice.

8. Equity Incentive Plan. The Plan, a copy of which is available for inspection by Employee at the Company's principal executive office during business hours, is incorporated by reference in this Agreement. This Agreement is subject to, and the Company and Employee agree to be bound by, all of the terms and conditions of the Plan. In the event of a conflict between this Agreement and the Plan, the terms of the Plan shall control. Subject to the terms of the Plan, the administrator of the Plan shall have authority to construe the terms of this Agreement, and the determinations of the administrator of the Plan shall be final and binding on Employee and the Company.

9. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

10. Governing Law. This Agreement and all actions taken hereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed and Employee has executed this Agreement effective for all purposes as of the Grant Date.

Lexicon Pharmaceuticals, Inc.

By: ______________________________

Arthur T. Sands, M.D., Ph.D.
President and Chief Executive Officer

EMPLOYEE

____
Name