



Lilly and Neurocrine Enter Into Collaboration and CoPromotion Agreement For Research and Development Targeting Obesity and Alzheimer's Disease

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SAN DIEGO, Oct. 21 /PRNewswire/ -- Eli Lilly and Company (NYSE: LLY) and Neurocrine Biosciences, Inc. (Nasdaq: NBIX), announced today that they have entered into a collaborative agreement to discover and develop corticotropin releasing factor (CRF)-binding protein ligand inhibitors for the treatment of at least two critical central-nervous-system disorders, obesity and dementia, such as that associated with Alzheimer's disease. The agreement, valued up to \$74 million, provided that marketable products for these disorders result from the collaboration, includes sharing proprietary technologies between the two companies; funding for research, clinical development and milestones reached; and royalties on sales from products resulting from the collaboration.

Under the terms of the agreement Neurocrine would expect to receive \$22 million in initial fees and research and development funding. Neurocrine may also realize milestone payments based upon attainment of certain development and regulatory accomplishments. Neurocrine will have the option to receive copromotion rights and share profits from commercial sales of select products which result from the collaboration in the U.S. or receive royalties on U.S. product sales. Neurocrine will receive royalties on product sales for the rest of the world. Lilly will also provide Neurocrine with access to select chemical libraries for high-throughput screening against noncollaborative targets. Lilly will receive milestone payments plus royalties for any compounds that come out of these libraries, as well as have preferred partner status for compounds that come from these libraries that are within Lilly's strategic focus.

"Neurocrine is a leader in research of the cellular and molecular interactions between the central nervous, endocrine and immune systems and in the development of novel therapeutics for disorders of these systems," said Steven M. Paul, M.D., Lilly vice president, neuroscience research and clinical investigation. "We believe Neurocrine's proprietary technology related to the CRF binding protein inhibitors and certain CRF receptors, combined with Lilly's strengths in identifying and developing promising drug candidates, will enable us to bring even more innovative neuroscience drugs to the market to treat human disease."

"The Lilly collaboration is another major partnership milestone for us," said Gary Lyons, president and chief executive officer of Neurocrine. "Lilly is a leader in drug development and has proven strengths in drug discovery and development for nervous system and metabolic disorders. We believe that this new collaboration provides the expertise and resources to move our programs in obesity and Alzheimer's disease forward aggressively and ensure that our discoveries will have the greatest opportunity for commercialization. We are excited to be working with the company that is a leader in the neurosciences, having discovered and brought to market Prozac(R), Permax(R), and Zyprexa(TM)."

Obesity

Preclinical studies indicate that CRF and a newly identified neuropeptide, urocortin, act as central regulators of both appetite and metabolism. In turn, CRF and urocortin are regulated by a protein that holds them in an inactive state, the "CRF binding protein (CRF-BP)," which tightly regulates CRF and urocortin levels in certain brain regions. Obesity is the most common nutritional disorder in Western societies. As many as three in 10 adult Americans weigh at least 20 percent in excess of their ideal body weight, with 35 million people in the United States characterized as clinically obese. Increased body weight is a significant public health problem because it is associated with a number of serious diseases, including Type II diabetes, hypertension, hyperlipidemia and several cancers.

Alzheimer's Disease

Neurocrine scientists have found that there are significant decreases in CRF levels in the brain areas that are affected in Alzheimer's disease. Reduced CRF levels may be associated with the learning and memory impairments that occur in the disease. According to the National Alzheimer's Association, in 1994 more than four million people in the United States suffered from Alzheimer's disease. Alzheimer's disease is the fourth leading cause of death for adults, responsible for more than 100,000 deaths in 1994.

Neurocrine Biosciences is a leading neuroimmunology company focused on the discovery and development of novel therapeutics to treat diseases and disorders of the central nervous and immune systems, such as anxiety, depression, obesity, Alzheimer's disease and multiple sclerosis.

Lilly is a global research-based pharmaceutical corporation headquartered in Indianapolis, Ind., that is dedicated to creating and delivering superior health care solutions -- by combining pharmaceutical innovation, existing pharmaceutical technology, disease prevention and management, and information technologies -- in order to provide customers worldwide with optimal clinical and economic outcomes.

This press release contains forward looking statements based upon current expectations. Actual results could differ materially from those indicated in the forward looking statements as a result of several factors, including those factors outlined in "Risk Factors" and elsewhere in Neurocrine Biosciences' registration statement in Form S-1 and prospectus, dated May 23, 1996, constituting a part thereof.

SOURCE Neurocrine Biosciences, Inc.

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