



## Neurocrine Announces Increased Net Income and Revenues for Third Quarter 1997 Results

October 31, 1997

Neurocrine Presents 12 Abstracts on Preclinical Data at Society for Neuroscience

SAN DIEGO, Oct. 31 /PRNewswire/ -- Neurocrine Biosciences, Inc. (Nasdaq: NBIX) today announced its financial results for the third quarter ended September 30, 1997. Neurocrine reported net income of \$1.1 million or \$0.06 per share for the quarter compared to a net loss of \$405,000 or \$0.02 per share for the third quarter of 1996. Revenues for the third quarter were \$6.5 million compared with \$2.2 million for the comparable period last year. Increased revenues were the result of increased sponsored research, development and milestone revenues under the Company's collaborations.

Net income for the nine-month period ended September 30, 1997 was \$5.3 million or \$0.29 per share compared to \$1.4 million or \$0.09 per share for the comparable period last year. Revenues for the nine-month period ended September 30, 1997 were \$20.1 million compared with \$9.9 million for the comparable period last year. These increases reflect increased sponsored research, development and milestone revenues under the Company's collaborations.

"Neurocrine continues to generate sufficient revenue to fund our research and development programs. Neurocrine received \$2 million in milestone payments from Novartis and Janssen in the third quarter," said Gary A. Lyons, president and chief executive officer of Neurocrine Biosciences. "We expect to continue to operate the Company profitably through 1997 and until such time as our non-partnered programs advance into clinical development. Neurocrine plans to utilize its cash reserves to fund proprietary programs through early clinical development at which time later stage collaborations will be considered."

Research and development expenses increased to \$5.0 million for the third quarter and \$14.0 million for the nine-month period ended September 30, 1997, compared with \$3.0 million and \$8.3 million for the same periods in 1996. Increased expenses resulted primarily from additional scientific and clinical development personnel, and related support expenditures, as the Company increased its research and clinical development activities. General and administration expenses increased to \$1.6 million during the quarter, and \$4.1 million for the nine-month period ended September 30, 1997, compared with \$717,000 and \$2.0 million for the comparable periods last year. This increase resulted from additional administrative personnel and related business development and professional services expenses to support the increased research and development efforts and higher patent prosecution expenses. The Company's balance sheet on September 30, 1997 reflected total assets of \$85.2 million, including cash and marketable securities of \$68.9 million, with total assets at December 31, 1996 of \$78.0 million, including cash and marketable securities of \$69.9 million. Cash and marketable securities excludes \$7.7 million available to the Company for certain of the Company's R&D programs from its Canadian collaborator, Neuroscience Pharma, Inc.

"At this week's Society for Neuroscience meeting in New Orleans, LA, Neurocrine scientists and collaborators presented 12 abstracts further validating our technology platforms in neuroscience," said Errol B. DeSouza, Executive Vice President for Research and Development at Neurocrine Biosciences. "These abstracts included preclinical data on corticotropin releasing factors (CRF), antagonists for anxiety and depression and stroke, CRF-binding protein inhibitors for obesity and Alzheimer's disease, and the interaction of chemokines in neurodegeneration resulting from our neurogenomics program. We are on schedule to initiate a Phase I clinical trial of our lead CRF receptor antagonist compound, with collaborator Janssen Pharmaceutica N.V., during the fourth quarter of this year."

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 system such as anxiety, depression, stroke, Alzheimer's disease, obesity and multiple sclerosis.

Neurocrine Biosciences, Inc. news releases are available free of charge through PR Newswire's Company News On-Call fax service. For a menu of Neurocrine's previous releases, or to receive a specific release via fax call: 800-758-5804, ext. 604138, or use the Internet via <http://www.prnewswire.com>.

The statements in this press release that relate to the continued profitability of the Company, the continued funding and progress of Neurocrine's programs, the continuation of strategic partnerships, the expected date for the entry into clinical trials of the Company's development candidates, and the potential development of commercial products are forward looking statements. Such forward looking statements involve risks and uncertainties, including, without limitation, that research funding and development will continue under Neurocrine's strategic partnerships in a timely manner consistent with Neurocrine's objectives, that research and development candidates will successfully proceed through pre-clinical and early stage clinical trials, that development candidates will prove effective for treatment in humans in later stage clinical trials, the timely receipt of regulatory clearances required for clinical testing, manufacturing and marketing of products, the potential impact of competitive technologies and potential products, and the other risks and uncertainties outlined in the Company's form 10-K constituting a part thereof for the year ending December 31, 1996. Actual results and the timing of certain events could differ materially from those indicated in the forward looking statements as a result of these and other factors.

NEUROCRINE BIOSCIENCES, INC.  
Condensed Statement of Operations  
(in thousands, except per share data) (unaudited)

Three Months Ended		Nine Months Ended	
September 30,		September 30,	
1997	1996	1997	1996

REVENUES				
Sponsored research	\$2,988	\$1,625	\$8,263	\$4,875
Milestones	2,000	---	8,000	3,000
Other revenues	1,503	563	3,883	1,983
Total revenues	6,491	2,188	20,146	9,858
OPERATING COSTS AND EXPENSES				
Research and development	4,998	3,033	14,027	8,340
General and administration	1,566	717	4,055	2,013
Total operating expenses	6,564	3,750	18,082	10,353
INCOME (LOSS)				
FROM OPERATIONS	(73)	(1,562)	2,064	(495)
Interest income	1,059	938	2,892	1,686
Interest expense	(35)	(60)	(123)	(198)
Other income	257	279	696	384
INCOME (LOSS) BEFORE INCOME TAXES				
	1,208	(405)	5,529	1,377
Income Taxes	145	---	222	---
NET INCOME (LOSS)	\$1,063	\$(405)	\$5,307	\$1,377
NET INCOME (LOSS) PER SHARE				
	\$0.06	\$(0.02)	\$0.29	\$0.09
SHARES USED IN COMPUTING NET INCOME (LOSS) PER SHARE				
	18,439	16,764	18,381	16,161

Condensed Balance Sheet  
(in thousands)

	September 30, 1997 (unaudited)	December 31, 1996
Cash, cash equivalents and marketable securities	\$68,927	\$69,920
Other current assets, primarily accounts receivable	4,836	2,171
Total current assets	73,763	72,091
Property, plant and equipment, net	5,341	3,546
Other assets	6,052	2,320
Total assets	\$85,156	\$77,957
Current liabilities	\$5,272	\$4,068
Long term liabilities	1,102	1,122
Stockholders' equity	78,782	72,767
Total liabilities and stockholders' equity	\$85,156	\$77,957

SOURCE Neurocrine Biosciences, Inc.  
CONTACT: Elizabeth Foster or Paul Hawran of Neurocrine Biosciences, 619-658-7600