



Neurocrine Announces Third Quarter Results Including \$1.2 Million SBIR Grant

November 2, 1998

Also Announces Clinical Development Progress

SAN DIEGO, Nov. 2 /PRNewswire/ -- Neurocrine Biosciences, Inc. (Nasdaq: NBIX) today announced its financial results for the quarter ended September 30, 1998. Neurocrine reported a net loss of \$4.0 million or \$0.22 per share for the three months ended September 30, 1998 and \$7.7 million or \$0.43 per share for the nine months ended September 30, 1998 before special non-cash charges of \$5.5 million relating to the acquisition of Northwest Neurologic, Inc. and in-licensing of clinical development compounds for insomnia and glioblastoma. The Company earned net income of \$813,000 or \$0.05 per share and \$5.1 million or \$0.30 per share for the respective periods in 1997.

Additionally, Neurocrine announced that it was awarded a \$1.2 million Small Business Investigative Research (SBIR) Phase II grant, the largest grant to date for the Company. This grant is for continued scientific research in the Company's CRF program for obesity and brings Neurocrine's total SBIR grants to \$4.6 million. During the third quarter, Neurocrine also received a research milestone payment of \$750,000 from Novartis for its APL program.

Neurocrine also announced continued progress in each of its six development projects. Results of the Company's Phase II neurosteroid trial in Alzheimer's disease are expected to be published at year end in conjunction with completion of a 300 patient Phase III trial for this indication. Janssen's Phase I clinical program for the Company's CRF antagonist for anxiety/depression is now complete and is expected to advance into efficacy based Phase II clinical trials in the fourth quarter of 1998.

Neurocrine's APL program being developed by Novartis has advanced to a multi-center international Phase II double-blind, randomized clinical trial in multiple sclerosis (MS). In addition, the Company's proprietary APL program for Type 1 diabetes is on schedule for anticipated regulatory submission in Europe in the fourth quarter of 1998.

In-licensed products for insomnia and glioblastoma (brain cancer) also made progress during the third quarter. NBI-34060 for insomnia is expected to begin a 30 patient Phase Ib placebo-controlled, double-blind clinical trial in the fourth quarter of 1998. Results from this trial are expected in the first quarter of 1999. Finally, NBI-3001 for glioblastoma is expected to be tested in a 60 patient international Phase I/II trial in the fourth quarter of 1998. This trial is scheduled to be completed by mid-year 1999 and will assess the safety and efficacy of the compound in recurrent glioblastoma patients at leading neurosurgical centers.

"We are pleased with the clinical development progress that Neurocrine has made this quarter and look forward to reporting results from these trials throughout 1999," said Gary A. Lyons, President and CEO of Neurocrine Biosciences.

Revenues decreased to \$5.1 million for the three months ended September 30, 1998 and \$11.5 million for the nine months ended September 30, 1998 compared with \$6.2 million and \$19.9 million for respective periods last year. The decline in revenues was primarily the result of the completion of the research phase of the Janssen collaboration and the timing of milestone payments from the Novartis and Lilly collaborations, which occurred during 1997.

Research and development expenses increased to \$8.7 million for the three months ended September 30, 1998 and \$18.6 million for the nine months ended September 30, 1998 compared with \$5.0 million and \$14.0 million for the respective periods in 1997. Increased expenses resulted primarily from additional scientific and clinical development personnel and related expenditures as the Company broadens its research and clinical development pipeline. General and administration expenses increased to \$1.8 million for the three months ended September 30, 1998 and \$4.7 million for the nine-months ended September 30, 1998 compared with \$1.6 million and \$4.1 million for the respective periods in 1997. Increased expenses resulted from additional expenditures associated with the support of the expanded research and development efforts.

The Company's balance sheet on September 30, 1998 reflected total assets of \$86.9 million including cash, cash equivalents and short-term investments of \$66.1 million, compared with total assets at December 31, 1997 of \$91.9 million including cash, cash equivalents and short-term investments of \$75.1 million. At September 30, 1998, cash, cash equivalents and short-term investments excludes \$2.9 million available to the Company from its Canadian affiliate for certain of the Company's R&D programs.

"Neurocrine continues to maintain a strong financial position and control of its operating expenses. We believe we have the resources in place to support our advanced development programs through corporate partners and raised capital. In addition, we plan to continue to implement our business strategy to establish collaborations and other non-dilutive financings that provide external funding for technologies outside of our product development focus. We will also continue to actively pursue SBIR grants which not only provide additional funding but serve as scientific validation of our research programs," said Paul W. Hawran, Senior Vice President and Chief Financial Officer.

Neurocrine Biosciences is a leading neuroscience company focused on the discovery and development of novel therapeutics for neuropsychiatric, neuroinflammatory and neurodegenerative diseases and disorders. The Company's neuroscience, endocrine and immunology disciplines provide a unique biological understanding of the molecular interaction between central nervous, immune and endocrine systems for the development of therapeutic interventions for anxiety, depression, Alzheimer's disease, Parkinson's disease, stroke, traumatic brain injury, multiple sclerosis, obesity and diabetes.

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 the press release that relate to the development of potential products, including the expected dates of entry and completion of various phases of clinical trials and the receipt of results therefrom, and to the sufficiency of the Company's financial resources and the Company's

plan to continue to enter into future collaborations and other non-dilutive financings, are forward looking statements. Such forward looking statements involve risks and uncertainties, including, without limitation, that compounds which demonstrate efficacy in pre-clinical studies may not prove to be effective for treatment in humans, that development candidates which have successfully progressed through pre-clinical and early state clinical trials will not successfully proceed through later stage large scale clinical trials, that the regulatory clearances required for clinical testing, manufacturing, and marketing of products may not be received in a timely manner (or at all), potential difficulties in manufacturing products in sufficient quantities on a timely and cost effective basis, and the potential adverse impact of competitive technologies, products, and intellectual property rights of third parties as well as the risks that Neurocrine's collaborative partners may elect not to proceed with the development of a potential product, and that Neurocrine may not be able to enter into future collaborations or other non-dilutive financings on favorable terms, if at all. For a discussion of the other risks and uncertainties potentially impacting the Company's business, see the Company's Form 10-K for the year ending December 31, 1997. Actual results and timing of certain risks could differ materially from those indicated in the forward looking statements as a result of these and other factors.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
REVENUES				
Sponsored research	\$1,888	\$2,988	\$5,662	\$8,263
Milestones	750	1,750	2,000	7,750
Other revenues	2,416	1,503	3,819	3,883
Total revenues	5,054	6,241	11,481	19,896
OPERATING COSTS AND EXPENSES				
Research and development	8,692	4,998	18,599	14,027
General and administration	1,814	1,566	4,682	4,055
Total operating expenses	10,506	6,564	23,281	18,082
INCOME (LOSS) FROM OPERATIONS				
	(5,452)	(323)	(11,800)	1,814
Other income and expenses	1,415	1,281	4,112	3,465
Unusual charges	--	--	(5,510)	--
INCOME (LOSS) BEFORE INCOME TAXES				
	(4,037)	958	(13,198)	5,279
Income taxes	--	145	--	222
NET INCOME (LOSS)				
	\$(4,037)	\$813	\$(13,198)	\$5,057
EARNINGS (LOSS) PER SHARE				
Basic	\$(0.22)	\$0.05	\$(0.74)	\$0.30
Diluted	\$(0.22)	\$0.04	\$(0.74)	\$0.26
EARNINGS (LOSS) PER SHARE BEFORE UNUSUAL CHARGES				
Basic	\$(0.22)	\$0.05	\$(0.43)	\$0.30
Diluted	\$(0.22)	\$0.04	\$(0.43)	\$0.26
SHARES USED IN THE CALCULATION OF EARNINGS (LOSS) PER SHARE				
Basic	18,189	16,950	17,925	16,906
Diluted	18,189	19,327	17,925	19,271

Condensed Consolidated Balance Sheet
(in thousands)

September 30,

December 31,

	1998 (unaudited)	1997
Cash, cash equivalents and short-term investments	\$66,088	\$75,092
Other current assets	1,808	1,286
Total current assets	67,896	76,378
Property, plant and equipment, net	8,354	6,547
Other assets	10,628	8,978
Total assets	\$86,878	\$91,903
Current liabilities	\$5,061	\$7,370
Long term liabilities	3,153	1,381
Stockholders' equity	78,664	83,152
Total liabilities and stockholders' equity	\$86,878	\$91,903

SOURCE Neurocrine Biosciences, Inc.

Web site: <http://www.neurocrine.com>

Company News On-Call: <http://www.prnewswire.com/comp/604138.html> or fax, 800-758-5804, ext. 604138

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