Neurocrine Biosciences Reports Third Quarter 2002 Results

October 30, 2002

SAN DIEGO, Oct. 30 -- Neurocrine Biosciences, Inc. (Nasdaq: NBIX) today announced its financial results for the third quarter ended September 30, 2002. For the three months ended September 30, 2002, the Company reported net loss of $20.2 million or $0.66 per share compared to net income of $2.5 million, or $0.09 per share diluted for the same period last year. For the nine months ended September 30, 2002 the Company had a net loss of $55.7 million, or $1.83 per share compared with a net loss of $22.3 million, or $0.87 per share for the respective period in 2001. The net income reported for the third quarter 2001 included the achievement of a $15.5 million milestone payment under the GlaxoSmithKline (GSK) agreement.

Revenues for the third quarter of 2002 were $5.0 million compared with $21.6 million for the same period last year. Revenues for the nine months ended September 30, 2002 were $14.2 million compared with $28.4 million in 2001. The decrease in revenues for the three and nine months ended September 30, 2002 resulted primarily from the achievement of the milestone payment under the GSK agreement in the third quarter of 2001. Under the GSK agreement, effective July 2001, the Company recognized $2.1 million and $5.7 million in revenues for the three and nine months ended September 30, 2002, respectively, compared to $17.1 million for the same periods last year. Revenues under the Taisho agreement decreased to $2.0 million and $5.8 million for the three and nine months ended September 30, 2002, respectively, compared to $3.2 and $7.6 million for the respective periods in 2001.

Research and development expenses increased to $24.2 million for the third quarter of 2002 compared with $18.3 million for the respective period in 2001. For the nine months ended September 30, 2002, research and development expenses were $67.4 million compared to $49.6 million for the same period last year. Increased expenses primarily reflect higher costs associated with expanding development activities, in particular, the indiplon Phase III program. General and administration expenses increased to $3.3 million for the third quarter 2002 compared with $2.1 million for the same period last year. For the nine months ended September 30, 2002 general and administrative expenditures totaled $9.1 million compared to $7.3 million in 2001. The increase in general and administrative expenses resulted primarily from increased marketing research and marketing related costs, increased recruiting and relocation costs for new employees, increased insurance costs, the addition of administrative personnel needed to support expanding research and development activities associated with the indiplon program.

The Company's balance sheet at September 30, 2002 reflected total assets of $298.6 million, including cash, cash equivalents, marketable securities and current assets of $281.1 million compared with balances at December 31, 2001 of $346.4 million and $331.5 million, respectively.

"With $275 million in cash, we remain in a financially strong position to continue to advance our R&D programs including our Phase III indiplon clinical trials," said Paul Hawran, Executive Vice President and Chief Financial Officer of Neurocrine Biosciences.

Below is a summary of our ongoing Phase III Clinical Program for indiplon

Indiplon-IR Phase III Trials (Sleep Onset, Latency to Persistent Sleep)

- A randomized, double-blind, placebo-controlled, parallel group Phase III clinical trial to assess the safety and efficacy of indiplon-IR in adult subjects with Transient Insomnia. The primary endpoint is Latency to Persistent Sleep (LPS) as measured objectively by polysomnography (PSG). Secondary endpoints are sleep quality and next day effects. Enrollment of 593 patients has been completed and results are expected to be announced in November.

- A Phase III randomized, double-blind, placebo-controlled, parallel-group, multi-center study to assess the safety and efficacy of two doses of indiplon-IR in approximately 165 adult patients with Primary (Chronic) Insomnia. This is an inpatient/outpatient study with the primary endpoint of LPS as measured objectively by PSG. Secondary endpoints are sleep quality and next day effects. Enrollment has been completed and results are expected to be announced in the first quarter 2003.

- A one-year safety Phase III clinical trial with indiplon-IR. This Phase III clinical trial is a randomized, double-blind, parallel-group, multi-center study to evaluate the safety of two doses of indiplon-IR for the long-term treatment of Chronic (Primary) Insomnia. The trial was initiated in November 2001. Enrollment in over 500 patients has been completed with treatment continuing through mid 2003 at which time results are expected to be released.

- A randomized, double-blind, placebo-controlled, outpatient, multi-center Phase III clinical trial to assess the long-term safety and

efficacy of two dose levels of indiplon-IR in approximately 600 patients with Primary (Chronic) Insomnia, referred to as the RESTFUL trial. The primary endpoint for this study is Latency to Sleep Onset (LSO) as measured by patient self reported outcomes. Secondary endpoints will evaluate quality of life. Patients will be evaluated over a period of up to six months. The results of this trial are expected to be announced in third quarter 2003.

-- The fifth Phase III trial with indiplon-IR is a randomized, double-blind, placebo-controlled, outpatient, multi-center Phase III clinical trial to assess the efficacy and safety of two dose levels of indiplon-IR in approximately 360 elderly patients with Primary (Chronic) Insomnia. The primary endpoint for this study is LSO as measured by patient self reported outcomes. Patients will be evaluated over an initial period of two weeks. Upon completion, patients will be eligible to continue treatment for an additional six months to provide further long term safety data. The results of the initial two week period evaluation are expected to be announced mid-year 2003.

Indiplon- MR Phase III Trials (Sleep Maintenance)

-- A pivotal Phase III clinical trial with indiplon-MR, the Study of Long-term Efficacy and Safety of indiplon-MR in Primary Insomnia (referred to as the SLEEP trial), is currently underway. The SLEEP clinical trial is a randomized, double-blind, placebo-controlled, outpatient, multi-center Phase III clinical trial to assess the long-term efficacy and safety of two dose levels of indiplon-MR relative to placebo in approximately 600 patients with Sleep Maintenance Insomnia. Both sleep maintenance and sleep latency parameters will be investigated together with quality of life. Patients will be evaluated over a period of up to six months. The results of this trial are expected to be announced in the third quarter 2003.

-- A Phase III randomized, double-blind, placebo-controlled clinical trial with indiplon-MR was initiated in September for sleep maintenance insomnia. This is a 35-day inpatient/outpatient study in 300 elderly patients. Results are expected in the third quarter 2003.

-- The third Phase III indiplon-MR clinical trial is a randomized, double-blind, placebo-controlled, outpatient study to assess the efficacy and safety in elderly patients with sleep maintenance insomnia. This trial involving 220 patients was initiated in October 2002 with results expected in the third quarter 2003.

The lead clinical compound under Neurocrine's CRF program with GlaxoSmithKline (GSK) has completed two Phase I trials and is undergoing further preclinical studies to support longer term clinical trials. The program is on track to select a second clinical compound later this year.

The IL-4 fusion toxin program for glioblastoma has completed a Phase II trial with results currently being reviewed. Enrollment is continuing for a Phase I peripheral tumor trial for lung and kidney cancer. This trial is on track to complete by year-end.

The APL technology platform has resulted in two Phase II products. NBI-6024 for Type I Diabetes has successfully completed four Phase I/II clinical trials. Enrollment is currently being conducted in a Phase II trial in adult/adolescent and expect initiation of a second Phase II trial later this year. NBI-5788 for Multiple Sclerosis is on track to initiate a second Phase II trial by early next year.

Neurocrine's GnRH small molecule antagonist successfully completed a single dose safety trial that also demonstrated reductions in gonadotropin production (a surrogate measure of efficacy) and this compound will now progress to a one week multiple dose study in the fourth quarter. In addition, a second development candidate has now been selected for extensive pre-clinical evaluation.

Neurocrine Biosciences, Inc. is a product-based biopharmaceutical company focused on neurological and endocrine diseases and disorders. Our product candidates address some of the largest pharmaceutical markets in the world including insomnia, anxiety, depression, malignant brain tumors and peripheral cancers, diabetes, multiple sclerosis, irritable bowel syndrome, eating disorders, pain, stroke, and certain female health disorders. Neurocrine Biosciences, Inc. news releases are available through the Company's website via the Internet at http://www.neurocrine.com .

In addition to historical facts, this press release contains forward- looking statements that involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from those indicated in the forward looking statements are risks and uncertainties associated with Neurocrine's development programs and business and finances including, but not limited to, risk that Neurocrine's drug candidates will not

successfully proceed through clinical trials or that later stage clinical trials will not show that they are effective in treating humans; determinations by regulatory and governmental authorities; dependence on corporate collaborators who could terminate their relationships with the Company at any time; uncertainties relating to patent protection and intellectual property rights of third parties; impact of competitive products and technological changes; availability of capital and cost of capital; and other material risks. A more complete description of these risks can be found in the Company's Form 10K for the year ended December 31, 2001 and the current report on Form 10Q each of which should be read before making any investment in Neurocrine common stock. Neurocrine undertakes no obligation to update the statements contained in this press release after the date hereof.

NEUROCRINE BIOSCIENCES, INC.
Condensed Statements of Operations
(in thousands except for loss per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Revenues:				
Sponsored research and development	$3,574	$5,104	$10,712	$10,948
License fees	581	501	1,747	959
Milestones	250	15,500	250	15,500
Grant income	578	488	1,458	1,002
Total revenues	4,983	21,593	14,167	28,409
Operating expenses:				
Research and development	24,231	18,327	67,374	49,583
General and administrative	3,253	2,073	9,135	7,304
Total operating expenses	27,484	20,400	76,509	56,887
(Loss) income from operations	(22,501)	1,193	(62,342)	(28,478)
Other income, net	2,267	1,314	6,593	6,178
Net (loss) income	$(20,234)	$2,507	$(55,749)	$(22,300)
Net (loss) income per common share:				
Basic	$(0.66)	$0.10	$(1.83)	$(0.87)
Diluted	$(0.66)	$0.09	$(1.83)	$(0.87)
Weighted average shares of common stock outstanding:				
Basic	30,522	25,816	30,447	25,575
Diluted	30,522	27,972	30,447	25,575

NEUROCRINE BIOSCIENCES, INC.
Condensed Balance Sheets
(in thousands)

	September 30, 2002 (unaudited)	December 31, 2001
Cash, cash equivalents and marketable securities	$274,907	$319,982
Other current assets	6,209	11,533
Total current assets	281,116	331,515
Property and equipment, net	13,708	12,088
Other non-current assets	3,819	2,747
Total assets	$298,643	$346,350
Current liabilities	$29,608	$24,761
Long-term liabilities	9,204	11,196
Stockholders' equity	259,831	310,393
Total liabilities and stockholders' equity	$298,643	$346,350

Source: Neurocrine Biosciences, Inc.