



## Neurocrine Announces San Diego Campus Restructuring

August 7, 2006

SAN DIEGO, Aug. 7 /PRNewswire-FirstCall/ -- Neurocrine Biosciences, Inc. (Nasdaq: NBIX) announced today staff reductions of approximately 100 employees at its San Diego campus, as a part of its restructuring program to prioritize its research and development programs and associated costs and expenses. Following these reductions, Neurocrine will have approximately 280 employees located in San Diego.

"In our thirteen year history we have never had to make such difficult decisions, as we have over the past several weeks, which have had such an effect on so many of our employees and their families. The decisions are deeply regrettable, difficult and painful. Our employees have continually demonstrated only the highest level of dedication and commitment which has distinguished Neurocrine. However, in order to meet our goal of bringing indiplon through the next steps of the regulatory process as well as to move forward with our high priority programs, we were left with few choices. I want to sincerely thank the departing employees for their tremendous efforts and wish them great success in the future," said Gary Lyons President & CEO. "We will maintain our focus and efforts on research and development programs aimed at treating diseases of the central nervous and endocrine systems. We intend to continue to conservatively manage our cash resources and review collaborative alternatives to fund the development and commercialization of our programs," added Lyons.

The Company also reconfirmed its earlier financial guidance that it expects to end the year with approximately \$180 million in cash, representing a cash burn of approximately \$100 million in 2006 and a net loss of approximately \$135 million. The company expects that the annual cost reductions of approximately \$50 million resulting from this reprioritization, will be used to progress indiplon through regulatory approval and advance other high priority programs such as GnRH through clinical development. The company does not anticipate further reductions in staff.

Neurocrine Biosciences, Inc. is a 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, diabetes, irritable bowel syndrome, and CNS related 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 may contain 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 business and finances in general, as well as risks and uncertainties associated with the Company's indiplon program and clinical pipeline. Specifically, the risks and uncertainties associated with the Company's indiplon program include but are not limited to the risk that the Company will not be able to address issues and or requests set forth in the action letters from the FDA in a timely manner; risk that the FDA may reject any further indiplon regulatory filings or find them incomplete or insufficient; risk that indiplon approval and subsequent commercialization may be significantly delayed, and risk that indiplon will never be approved by the FDA or commercialized. In addition, the Company faces risks and uncertainties with respect to the Company's clinical pipeline including risk that the Company's GnRH receptor antagonist, urocortin 2, CRF antagonist, altered peptide ligand and H1 antagonist clinical candidates will not proceed to later stage clinical trials; risk relating to the Company's dependence on contract manufacturers for clinical drug supply; risks associated with the Company's dependence on corporate collaborators for commercial manufacturing and marketing and sales activities; uncertainties relating to patent protection and intellectual property rights of third parties; risks and uncertainties relating to competitive products and technological changes that may limit demand for the Company's products; risk that the Company will be unable to raise additional funding required to complete development of all of its product candidates; and the other risks described in the Company's report on Form 10-K for the year ended December 31, 2005 and the Company's report on Form 10-Q for the quarter ended March 31, 2006. Neurocrine undertakes no obligation to update the statements contained in this press release after the date hereof.

SOURCE Neurocrine Biosciences, Inc.  
08/07/2006

CONTACT: Elizabeth Foster, or Claudia Woodworth, both of Neurocrine,  
+1-858-617-7600  
Web site: <http://www.neurocrine.com>  
(NBIX)