

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of the earliest event reported): **August 25, 2006**

NEUROCRINE BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

0-22705
(Commission File
Number)

33-0525145
(IRS Employer Identification
No.)

12790 El Camino Real, San Diego, CA
(Address of principal executive offices)

92130
(Zip Code)

Registrant's telephone number, including area code: **(858) 617-7600**

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

TABLE OF CONTENTS

[ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.](#)

[ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.](#)

[SIGNATURES](#)

[EXHIBIT 99.1](#)

[Table of Contents](#)

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On August 25, 2006, Neurocrine Biosciences, Inc. (the "Company") issued a press release announcing that it had filed with the Securities and Exchange Commission (the "Commission") a Tender Offer Statement under Section 13(e) of the Securities Exchange Act of 1934 on Schedule TO relating to an offer (the "Offer to Exchange and Amend") to eligible employees and active consultants to (i) exchange outstanding stock options granted under the Company's 2003 Incentive Stock Plan, as amended, that have an exercise price of \$20 or higher per share for new options that will have an exercise price equal to the closing price of the Company's common stock on the Nasdaq National Market on the replacement grant date and (ii) amend the outstanding stock options granted under the Company's 1992 Incentive Stock Plan, as amended, and 2001 Stock Option Plan, as amended, that have an exercise price of \$20 or higher per share by reducing the number of shares subject to each such option by one-half and changing the exercise price of each such option to the closing price of the Company's common stock on the Nasdaq National Market on the replacement grant date. The Offer to Exchange and Amend expires at 4:00 p.m. PDT on September 25, 2006 unless extended.

Holders of eligible options should carefully read the Company's Offer to Exchange Certain Outstanding Options to Purchase Common Stock under the 2003 Incentive Stock Plan, as amended, and Amend Certain Outstanding Options to Purchase Common Stock under the 1992 Incentive Stock Plan, as amended, and 2001 Stock Option Plan, as amended, Form of Election Concerning Exchange or Amendment of Stock Options and related materials filed as exhibits to the Schedule TO because they contain important information related to the Offer to Exchange and Amend.

The full text of the press release issued in connection with the Offer to Exchange and Amend is filed as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) EXHIBITS. The following exhibit is filed herewith:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated August 25, 2006

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEUROCRINE BIOSCIENCES, INC.

Dated: August 25, 2006

/s/ Paul W. Hawran

Paul W. Hawran

Executive Vice President and Chief Financial Officer

FOR IMMEDIATE RELEASE

Neurocrine Contacts:
Elizabeth Foster or Claudia Woodworth
(858) 617-7600

**NEUROCRINE ANNOUNCES EMPLOYEE
STOCK OPTION EXCHANGE PROGRAM**

San Diego, CA, August 25, 2006- Neurocrine Biosciences, Inc. (NASDAQ:NBIX) announced today that employees and consultants will be eligible to participate in a stock option exchange program. The program specifically excludes members of the Board of Directors and the senior management team. Under the Exchange Offer, employees and consultants will exchange two outstanding options for one new option. The expiration period of the offering period will be September 25, 2006. The new options will be exchanged on the Replacement Grant Date of September 26, 2006, will vest over three years and have an exercise price equal to the closing price of Neurocrine's Common Stock on the NASDAQ National Market on September 26, 2006. The number of shares of common stock subject to the new options will be equal to one half of the number of shares exchanged. The program is intended to retain, motivate and align the interests of Neurocrine employees and consultants with that of Neurocrine shareholders.

"Neurocrine has recently experienced a number of setbacks and a recent restructuring. Our employees are the Company's most important asset and we strongly believe that our shareholders will benefit by ensuring that our employees are motivated and committed to the success of the Company. As we rebuild the Company and move forward to advance indiplon through regulatory approval, advance our other high priority programs and continue to build our research and development pipeline, our Board of Directors and senior management team feel stock option incentives are a critical element in helping us retain, motivate and provide incentives to our key teams in order to meet these goals and ultimately enhance shareholder value," said Gary Lyons President & CEO.

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. Other risks are 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 June 30, 2006. Neurocrine undertakes no obligation to update the statements contained in this press release after the date hereof.

###