



**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM S-8****REGISTRATION STATEMENT**  
*under*  
*the Securities Act of 1933***NEUROCRINE BIOSCIENCES, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State of incorporation)**33-0525145**  
(I.R.S. Employer Identification No.)**12790 El Camino Real**  
**San Diego, California 92130**  
(Address, including zip code, of principal executive offices)**NEUROCRINE BIOSCIENCES, INC. EMPLOYMENT COMMENCEMENT NONSTATUTORY STOCK OPTION**  
**NEUROCRINE BIOSCIENCES, INC. 2003 INCENTIVE STOCK PLAN,**  
**AS AMENDED MAY 25, 2004 AND AUGUST 2, 2004**  
(Full title of the plans)**GARY A. LYONS**  
**President, Chief Executive Officer**  
**and Director**  
**12790 El Camino Real**  
**San Diego, California 92130**  
**(858) 617-7600**  
(Name, address, and telephone number, including area code, of agent for service)**Copies to:**  
**Scott N. Wolfe, Esq.**  
**Latham & Watkins LLP**  
**12636 High Bluff Drive, Suite 300**  
**San Diego, CA 92130**  
**(858) 523-5400****CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock \$0.001 par value(2)	100,000(3)	\$53.58(4)	\$ 5,358,000	\$ 679
Common Stock \$0.001 par value(2)	1,200,000(5)	(6)	\$61,415,006	\$7,781
Total	1,300,000	—	\$66,773,006	\$8,460

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- (1) Pursuant to Rule 416(a), this Registration Statement shall also cover any additional shares of the Registrant's common stock that become issuable under either of the plans by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without receipt of consideration that increases the number of the Registrant's outstanding shares of common stock.
  - (2) Each share of common stock includes a right to purchase one one-thousandth of a share of Series A Participating preferred stock, par value \$0.001 per share.
  - (3) Represents 100,000 shares of common stock reserved for issuance upon the exercise of outstanding options granted under the Neurocrine Biosciences, Inc. Employment Commencement Nonstatutory Stock Option.
  - (4) This estimate is made pursuant to Rule 457(h) solely for purposes of calculating the registration fee, and is determined based on the exercise price of \$53.58 per share.
  - (5) Represents 1,200,000 additional shares of common stock available for issuance under the Neurocrine Biosciences, Inc. 2003 Incentive Stock Plan, as Amended May 25, 2004 and August 2, 2004 (the "2003 Plan"). The board of directors and stockholders of the registrant have approved the increase in the number of shares of common stock available for issuance under the 2003 Plan from 1,100,000 to 2,300,000 shares. The offer and sale of 1,087,500 shares of common stock under the 2003 Plan, which have been or may be issued upon exercise of options under the 2003 Plan, were previously registered on Form S-8 Registration Statement No. 333-105907. The remaining 12,500 shares of common stock reserved for issuance under the 2003 Plan were granted to individuals as restricted stock grants and are not covered by this registration statement or Form S-8 Registration Statement No. 333-105907.
  - (6) This estimate is made pursuant to Rule 457(h) solely for purposes of calculating the registration fee, and is determined according to the following offering price information: of the 1,200,000 shares of common stock reserved for issuance under the 2003 Plan being registered hereunder, (i) 405,000 shares of common stock are subject to outstanding options with an exercise price of \$57.51 per share, (ii) 64,298 shares of common stock are subject to outstanding options with an exercise price of \$48.14 per share, (iii) 124,000 shares of common stock are subject to outstanding options with an exercise price of \$44.70 per share, (iv) 22,200 shares of common stock are subject to outstanding options with an exercise price of \$56.54, (v) 22,600 shares of common stock are subject to outstanding options with an exercise price of \$46.57, (vi) 1,000 shares of common stock are subject to outstanding options with an exercise price of \$46.85, and (vii) 560,902 shares of common stock are reserved for issuance upon exercise of options to be granted in the future. Pursuant to Rule 457(h), for all shares of common stock being registered hereunder with an exercise price which cannot be presently determined (560,902), the Proposed Maximum Offering Price Per Share, is \$48.37 per share, which is the average of the high and low sales prices of the Registrant's common stock as reported on the Nasdaq National Market on August 26, 2004.
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**PART I**

**INFORMATION REQUIRED IN THE SECTION 10 (a) PROSPECTUS**

**Item 1. Plan Information.**

Not required to be filed with this Registration Statement.

**Item 2. Registrant Information and Employee Plan Annual Information.**

Not required to be filed with this Registration Statement.

**PART II**

**INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

**Item 3. Incorporation of Documents by Reference.**

The following documents filed with the Securities and Exchange Commission (the "SEC") by Neurocrine Biosciences, Inc. (the "Company"), are incorporated by reference in this Registration Statement.

- (a) The Company's Annual Report on Form 10-K for the year ended December 31, 2003, filed March 15, 2004;
- (b) The Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2004, filed May 10, 2004;
- (c) The Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2004, filed August 9, 2004;
- (d) The Company's Current Report on Form 8-K filed February 27, 2004;
- (e) The Company's Current Report on Form 8-K filed March 17, 2004; and
- (f) The description of the Company's Common Stock contained the Registration Statement on Form 8-A filed on April 3, 1996.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, are incorporated by reference in this Registration Statement and are a part hereof from the date of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

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**Item 4. Description of Securities.**

Not applicable.

**Item 5. Interests of Named Experts and Counsel.**

Not applicable.

**Item 6. Indemnification of Directors and Officers.**

Section 145 of the Delaware General Corporation Law generally allows the Company to indemnify directors and officers for all expenses, judgments, fines and amounts in settlement actually paid and reasonably incurred in connection with any proceedings so long as such party acted in good faith and in a manner reasonably believed to be in or not opposed to the Company's best interests and, with respect to any criminal proceedings, if such party had no reasonable cause to believe his or her conduct to be unlawful. Indemnification may only be made by the Company if the applicable standard of conduct set forth in Section 145 has been met by the indemnified party upon a determination made (i) by the Board of Directors by a majority vote of the directors who are not parties to such proceedings, even though less than a quorum, (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iii) by the stockholders.

Article VII of the Company's Certificate of Incorporation and Article VI, Sections 6.1, 6.2 and 6.3 of the Company's Bylaws provide for indemnification of its directors and officers, and permit indemnification of employees and other agents to the maximum extent permitted by the Delaware General Corporation Law. In addition, the Company has entered into indemnification agreements with its officers and directors.

**Item 7. Exemption From Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

The following is a list of exhibits filed as part of this Registration Statement, which are incorporated herein:

<b>Exhibit Number</b>	<b>Document</b>
4.1(1)	Form of Common Stock Certificate
4.2*	Neurocrine Biosciences, Inc. Employment Commencement Nonstatutory Stock Option
4.3(2)	Neurocrine Biosciences, Inc. 2003 Incentive Stock Plan, as Amended May 25, 2004 and August 2, 2004
5.1*	Opinion of Latham & Watkins LLP
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
23.2*	Consent of Latham & Watkins LLP (contained in Exhibit 5.1)

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Exhibit Number	Document
24.1*	Power of Attorney (included in the signature page of this Registration Statement)

\* Filed herewith.

- (1) Incorporated by reference to the Company's Registration Statement filed on April 3, 1996 on Form S-1, as amended (File No. 333-03172).
- (2) Incorporated by reference to the Company's Quarterly Report for the three months ended June 30, 2004, filed August 9, 2004.

### **Item 9. Undertakings.**

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

*provided, however*, that the undertakings set forth in paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the Registration Statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the

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securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.



**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on this 2nd day of September 2004.

NEUROCRINE BIOSCIENCES, INC.

By: /s/ Gary A. Lyons  
Gary A. Lyons  
President and Chief Executive Officer

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each such person whose signature appears below constitutes and appoints, jointly and severally, Gary A. Lyons and Paul W. Hawran his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Registration Statement on Form S-8 (including post-effective amendments), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

**Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.**

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Gary A. Lyons</u> Gary A. Lyons	President, Chief Executive Officer and Director (Principal Executive Officer)	September 2, 2004
<u>/s/ Paul W. Hawran</u> Paul W. Hawran	Executive Vice President and Chief Financial Officer (Principal Financing and Accounting Officer)	September 2, 2004
<u>/s/ Corinne Lyle</u> Corinne Lyle	Director	August 31, 2004
<u>/s/ Joseph A. Mollica</u> Joseph A. Mollica	Chairman of the Board of Directors	August 31, 2004

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<hr/> <u>/s/ W. Thomas Mitchell</u> W. Thomas Mitchell	Director	August 31, 2004
<hr/> <u>/s/ Stephen A. Sherwin</u> Stephen A. Sherwin	Director	August 31, 2004
<hr/> <u>/s/ Lawrence Steinman</u> Lawrence Steinman	Director	August 31, 2004
<hr/> <u>/s/ Wylie W. Vale</u> Wylie W. Vale	Director	August 31, 2004

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## NEUROCRINE BIOSCIENCES, INC.

## EMPLOYMENT COMMENCEMENT NONSTATUTORY STOCK OPTION

THIS EMPLOYMENT COMMENCEMENT NONSTATUTORY STOCK OPTION (the "Agreement"), dated as of SEPTEMBER 2, 2003, is made by and between Neurocrine Biosciences, Inc., a Delaware corporation (the "Company"), and WENDELL WIERENGA, an employee of the Company (the "Optionee").

WHEREAS, the Board of Directors of the Company has determined that it would be to the advantage and best interest of the Company and its stockholders to grant the nonstatutory stock option provided for herein (the "Option") to Optionee in connection with his initial commencement of employment with the Company and that such grant is an essential inducement to Optionee's entering into a contract of employment with the Company as its Executive Vice President Research and Development.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Definitions.

(a) "Board" shall mean the Committee, if one has been appointed, or the Board of Directors of the Company, if no Committee is appointed.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Committee" shall mean the Committee appointed by the Board to administer this Option, if one is appointed, which Committee shall be constituted to satisfy applicable laws.

(d) "Common Stock" shall mean the common stock of the Company, par value \$.001 per share.

(e) "Company" shall mean Neurocrine Biosciences, Inc.

(f) "Consultant" shall mean any natural person who is engaged by the Company or any Parent or Subsidiary of the Company to render bona fide consulting services and is compensated for such consulting services.

(g) "Continuous Status as an Employee or Consultant" shall mean the absence of any interruption or termination of service as an Employee or Consultant, as applicable. Continuous Status as an Employee or Consultant shall not be considered interrupted in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

(h) "Employee" shall mean any person, including an officer or director, employed by the Company or any Parent or Subsidiary of the Company. The payment of a director's fee by the Company shall not be sufficient to constitute "employment" by the Company.

(i) "Fair Market Value" shall be determined by the Board in its discretion; provided, however, that where there is a public market for the Common Stock, the Fair Market Value per Share shall be the mean of the bid and asked prices (or the closing price per share if the Common Stock is listed on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System) of the Common Stock for the date of determination, as reported in the Wall Street Journal (or, if not so reported, as otherwise reported by the NASDAQ System) or, in the event the Common Stock is listed on a stock exchange, the Fair Market Value per Share shall be the closing price on such exchange on the date of determination, as reported in the Wall Street Journal.

(j) "Optioned Stock" shall mean the Common Stock subject to this Option.

(k) "Parent" shall mean a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(l) "Subsidiary" shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

2. Grant of Option. In consideration of Optionee's agreement to render services to the Company and for other good and valuable consideration, the Company grants to Optionee an Option to purchase the Common Stock (the "Shares") set forth below, at the exercise price set forth below (the "Exercise Price"), subject to the terms and conditions of this Agreement. The terms of Optionee's grant are set forth below:

Date of Grant:	September 2, 2003
Vesting Commencement Date:	September 2, 2003
Exercise Price per Share:	\$53.58
Total Number of Shares Granted:	100,000
Total Exercise Price:	\$53.58
Term/Expiration Date:	September 2, 2013

This Option is a nonstatutory stock option and is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

3. Exercise and Vesting Schedule. The Shares subject to this Option shall vest and become exercisable according to the following schedule:

This Option may be exercised, in whole or in part, in accordance with the following schedule:

25% of the Shares subject to this Option shall vest twelve (12) months after the Vesting Commencement Date, and 1/48th of the Shares subject to this Option shall vest each month thereafter, subject to the Optionee continuing to be an Employee or Consultant on such dates.

For purposes of this Agreement, Shares subject to this Option shall vest and become exercisable based on Optionee's Continuous Status as an Employee or Consultant.

4. Exercise of Option.

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set out in Section 3 above.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, retirement, disability or other termination of Optionee's Continuous Status as an Employee or Consultant, the exercisability of this Option is governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in Section 2 above.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice, in the form attached as Exhibit A (the "Exercise Notice"), which shall state the election to exercise this Option, the number of Shares in respect of which this Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company. The Exercise Notice shall be completed by Optionee and delivered to the President, the Chief Financial Officer or Secretary of the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, including payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such fully-executed Exercise Notice accompanied by such aggregate Exercise Price and payment of any applicable withholding tax, which may be paid by the withholding of shares otherwise issuable upon exercise having a Fair Market Value equal to the statutory minimum amount required to be withheld.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of Optionee:

(a) cash;

(b) check;

(c) consideration received by the Company under a cashless exercise program implemented by the Company;

(d) surrender of other shares of Common Stock which (i) either have been owned by Optionee for more than six (6) months on the date of surrender or were not acquired directly or indirectly, from the Company, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares;

(e) with the consent of the Board, such other consideration and method of payment for the issuance of Shares to the extent permitted under applicable law; or

(f) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of the Nasdaq Stock Market or any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance. Assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to Optionee on the date this Option is exercised with respect to such Exercised Shares. As a condition to the exercise of this Option, the Company may require the person exercising this Option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned relevant provisions of law.

7. Termination of Relationship. In the event of termination of Optionee's Continuous Status as an Employee or Consultant (as the case may be) (other than by reason of Optionee's death, retirement or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), Optionee may exercise this Option to the extent this Option was vested at the date on which Optionee's Continuous Status as an Employee or Consultant terminates, but only within ninety (90) days from such date (or such other period of time not exceeding six (6) months, as is determined by the Board) (and in no event later than the expiration date of the term of this Option as set forth in Section 2). To the extent that Optionee was not entitled to exercise this Option at the date of such termination, or if Optionee does not exercise this Option (which Optionee was entitled to exercise) within the time specified herein, this Option shall terminate.

8. Disability of Optionee. In the event of termination of Optionee's Continuous Status as an Employee or Consultant (as the case may be) as a result of Optionee's total and permanent disability as defined in Code Section 22(e)(3), Optionee may exercise this Option to the extent the right to exercise would have accrued had Optionee continued Continuous Status as an Employee or Consultant for a period of six (6) months following termination of Optionee's Continuous Status by reason of disability, but only within six (6) months from such date (and in no event later than the expiration date of the term of this Option as set forth in Section 2). To the extent that Optionee was not entitled to exercise this Option in this period, or if Optionee does not exercise this Option (which Optionee was entitled to exercise) within the time specified herein, this Option shall terminate.

9. Retirement of Optionee. In the event of termination of Optionee's Continuous Status as an Employee as a result of such Optionee's retirement from the Company at age fifty five (55) or greater after having Continuous Status as an Employee for (5) years or more, Optionee shall fully vest in and have the right to exercise this Option as to all of the Optioned Stock and Optionee may, but only within three (3) years from the date of such termination (but in no event later than the expiration date of the term of this Option as set forth in Section 2), exercise this Option to the extent Optionee was entitled to exercise it at the date of such termination. To the extent that Optionee does not exercise this Option (which Optionee was entitled to exercise) within the time specified herein, this Option shall terminate.

10. Death of Optionee. In the event of the death of Optionee:

(a) During the term of this Option while still an Employee or Consultant of the Company, so long as Optionee shall have been in Continuous Status as an Employee or Consultant since the date of grant of this Option, this Option may be exercised, at any time within six (6) months (but in no event later than the expiration date of the term of this Option as set forth in Section 2), by Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent that the right to exercise would have accrued had Optionee continued living and remained in Continuous Status as an Employee or Consultant six (6) months after the date of death; or

(b) Within thirty (30) days after the termination of Optionee's Continuous Status as an Employee or Consultant, this Option may be exercised, at any time within six (6) months following the date of death (but in no event later than the expiration date of the term of this Option as set forth in Section 2), by Optionee's estate or by a person who acquired the right to exercise this Option by bequest or inheritance, but only to the extent that the right to exercise had accrued at the date of termination.

11. Adjustments Upon Changes in Capitalization, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any action by the Company required by applicable law or regulations or the requirements of the Nasdaq Stock Market or an established stock exchange on which the Company's securities are traded, the number and kind of shares of Common Stock (or other securities or property) covered by this Option, as well as the exercise price per share of Common Stock (or other securities or property) subject to this Option, shall be adjusted proportionately to the extent the Board determines that any increase, decrease or adjustment in the number or kind of issued shares of Common Stock (or other securities or property), dividend, distribution, stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, reorganization, merger, consolidation, split-up, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, exchange of Common Stock or other securities of the Company, or other similar corporate transaction or event, in the Board's sole discretion, affects the Common Stock such that an adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Option. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities



convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to this Option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Board shall notify Optionee at least fifteen (15) days prior to such proposed action. To the extent it has not been previously exercised, this Option shall terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger, sale of all or substantially all of the assets of the Company, tender offer or other transaction or series of related transactions resulting in a change of ownership of more than fifty percent (50%) of the voting securities of the Company ("Change in Control") approved by the majority of the members of the Board on the Board prior to the commencement of such Change in Control, this Option shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation; provided, however, in the event that within one year of the date of the completion of the Change in Control, the successor corporation or a Parent or Subsidiary of the successor corporation terminates the employment of Optionee without Cause (as defined below), Optionee shall fully vest in and have the right to exercise the options assumed or substituted for this Option as to all of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. In the event that the successor corporation refuses to assume or substitute for this Option, Optionee shall fully vest in and have the right to exercise this Option as to all of the Optioned Stock, including Shares as to which it would not otherwise be exercisable. If this Option becomes fully vested and exercisable in lieu of assumption or substitution in the event of a Change of Control, the Board shall notify Optionee in writing or electronically that this Option shall be fully vested and exercisable for a period of fifteen (15) days from the date of such notice, and this Option shall terminate upon the expiration of such period. For the purposes of this paragraph, this Option shall be considered assumed if, following the Change of Control, the option confers the right to purchase, for each Share of Optioned Stock subject to this Option immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change of Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change of Control is not solely common stock of the successor corporation or its Parent, the Board may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of this Option, for each Share of Optioned Stock subject to this Option, to be solely common stock of the successor corporation or its Parent equal in Fair Market Value to the per share consideration received by holders of Common Stock in the Change of Control. For purposes of this paragraph, termination shall be for "Cause" in the event of the occurrence of any of the following: (a) any intentional action or intentional failure to act by Optionee which was performed in bad faith and to the material detriment of the successor corporation or its Parent or Subsidiary; (b) Optionee willfully and habitually neglects the duties of employment; or (c) Optionee is convicted of a felony crime involving moral turpitude, provided that in the event that any of the foregoing events is capable of being cured, the successor corporation or its Parent or Subsidiary shall provide written notice to the employee describing the nature of such event and Optionee shall thereafter have five (5) business days to cure such event.

In the event of a Change in Control which is not approved by the majority of the members of the Board on the Board prior to the commencement of a Change in Control, Optionee shall fully vest in and have the right to exercise this Option as to all of the Optioned Stock, including Shares as to which it would not otherwise be exercisable.

12. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

13. Term of Option. This Option may be exercised only within the term set out in Section 2 and may be exercised during such term only in accordance with the terms of this Option.

14. Powers of the Board. The Board shall have the authority, in its discretion, to interpret this Option; to accelerate or defer (with the consent of Optionee) the exercise date of this Option; and to make all other determinations deemed necessary or advisable for the administration of this Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Board upon any questions arising under this Option.

15. Successors and Assigns. Subject to the provisions of Section 11 above, the Company may assign any of its rights under this Option to single or multiple assignees, and this Option shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Option shall be binding upon Optionee and his heirs, executors, administrators, successors and assigns.

16. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Board, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Board shall be final and binding on the Company and on Optionee.

17. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

18. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Option.

19. Entire Agreement: Governing Law: Severability. This Option and the exhibit hereto constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of California. Should any provision of this Option be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

20. Shareholder Approval Not Required. Rule 4350(i) promulgated by the National Association of Securities Dealers, Inc. ("NASD") generally requires shareholder approval for stock option plans or other equity compensation arrangements adopted by companies whose securities are listed on the Nasdaq Stock Market pursuant to which options or stock may be acquired by officers, directors, employees, or consultants of such companies. NASD Rule 4350(i)(1)(A)(iv) provides an exception to this requirement for issuances of securities to a person not previously an employee or director of the issuer, or following a bona fide period of non-employment, as an inducement material to the individual's entering into employment with the issuer, provided such issuances are approved by either the issuer's compensation committee comprised of a majority of independent directors or a majority of the issuer's independent directors. The grant of this Option is made to the Optionee, who has not previously been an employee or director of the Company, as an inducement material to the Optionee's entering into employment with the Company, and this Option has been approved by the Company's compensation committee comprised of a majority of the Company's independent directors or a majority of the Company's independent directors. Accordingly, pursuant to NASD Rule 4350(i)(1)(A)(iv), the issuance of this Option and the Shares issuable upon exercise of this Option are not subject to the approval of the Company's shareholders.

21. NO GUARANTEE OF CONTINUED SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS AN EMPLOYEE OR CONSULTANT AT THE WILL OF THE COMPANY (AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR PURCHASING SHARES HEREUNDER).

OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS AN EMPLOYEE OR CONSULTANT FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS AN EMPLOYEE OR CONSULTANT AT ANY TIME, WITH OR WITHOUT CAUSE.

[SIGNATURE PAGE FOLLOWS]

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms of this Agreement. Optionee has reviewed the Option, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE: NEUROCRINE BIOSCIENCES, INC.

By: /s/ Wendell Wierenga

By: /s/ Paul W. Hawran

Name: Wendell Wierenga

Paul W. Hawran  
Executive Vice President and CFO

Date: 10/14/03

Residence Address:

PO Box 3005

Rancho Santa Fe, CA 92067

LATHAM &amp; WATKINS LLP

12636 High Bluff Drive, Suite 300  
 San Diego, California 92130-2071  
 Tel: (858) 523-5400 Fax: (858) 523-5450  
 www.lw.com

## FIRM / AFFILIATE OFFICES

Boston	New Jersey
Brussels	New York
Chicago	Northern Virginia
Frankfurt	Orange County
Hamburg	Paris
Hong Kong	San Diego
London	San Francisco
Los Angeles	Silicon Valley
Milan	Singapore
Moscow	Tokyo
	Washington, D.C.

File No. 027564-0005

September 2, 2004

Neurocrine Biosciences, Inc.  
 12790 El Camino Real  
 San Diego, California 92130

Re: Form S-8 Registration Statement

Ladies and Gentlemen:

In connection with the registration by Neurocrine Biosciences, Inc., a Delaware corporation (the "Company"), of (i) 100,000 shares (the "Nonstatutory Shares") of common stock, par value \$0.001 per share (the "Common Stock"), of the Company to be issued pursuant to the Neurocrine Biosciences, Inc. Employment Commencement Nonstatutory Stock Option (the "Option"), and (ii) 1,200,000 shares (the "Plan Shares") of Common Stock to be issued pursuant to the Neurocrine Biosciences, Inc. 2003 Incentive Stock Plan, as Amended May 25, 2004 and August 2, 2004 (the "2003 Plan"), in each case under the Securities Act of 1933, as amended (the "Act"), on a Registration Statement on Form S-8 filed with the Securities and Exchange Commission on September 2, 2004 (as amended from time to time, the "Registration Statement"), you have requested our opinion with respect to the matters set forth below.

In our capacity as your counsel in connection with such registration, we are familiar with the proceedings taken and proposed to be taken by the Company in connection with the authorization, issuance and sale of the Nonstatutory Shares and the Plan Shares, and for the purposes of this opinion, have assumed such proceedings will be timely completed in the manner presently proposed. In addition, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies.

We are opining herein as to the effect on the subject transaction only of the General Corporation Law of the State of Delaware, and we express no opinion with respect to the applicability thereto, or the effect thereon, of any other laws.

LATHAM & WATKINS LLP

Subject to the foregoing, it is our opinion that as of the date hereof (i) the Nonstatutory Shares have been duly authorized by all necessary corporate action of the Company, and, upon the issuance of and payment for the Nonstatutory Shares in accordance with the terms set forth in the Option, the Nonstatutory Shares will be validly issued, fully paid and nonassessable and (ii) the Plan Shares have been duly authorized by all necessary corporate action of the Company, and, upon the issuance of and payment for the Plan Shares in accordance with the terms set forth in the 2003 Plan, the Plan Shares will be validly issued, fully paid and nonassessable.

We consent to your filing this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Latham & Watkins LLP

Consent of Ernst & Young LLP,  
Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Neurocrine Biosciences, Inc. Employment Commencement Nonstatutory Stock Option and the Neurocrine Biosciences, Inc. 2003 Incentive Stock Plan, as Amended May 25, 2004 and August 2, 2004, of our report dated January 23, 2004, except for Note 11 as to which the date is February 26, 2004 with respect to the consolidated financial statements of Neurocrine Biosciences, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 2003, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

San Diego, California  
August 31, 2004