

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): June 20, 2005

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
(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 MATERIAL DEFINITIVE AGREEMENT.](#)

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

[SIGNATURES](#)

[EXHIBIT 10.1](#)

[EXHIBIT 10.2](#)

ITEM 1.01 ENTRY INTO MATERIAL DEFINITIVE AGREEMENT.

On June 20, 2005, Neurocrine Biosciences, Inc. entered into an employment agreement with Richard Ranieri to serve as Senior Vice President, Human Resources for a term of three years commencing on June 20, 2005 at an initial annual salary of \$280,000, subject to annual adjustment by the Board of Directors and Chief Executive Officer. This agreement will automatically renew for three-year periods thereafter unless Neurocrine or Mr. Ranieri gives 90-day notice of termination. Mr. Ranieri has the option to terminate the agreement with 30-day advance written notice to the Company. Mr. Ranieri is eligible for a discretionary annual bonus as determined by the Chief Executive Officer and the Board of Directors, based upon achieving certain performance criteria. Each year, starting in 2006 and continuing for the term of the agreement, Mr. Ranieri will be eligible to receive a stock option award with the number of shares and exercise prices determined by the Board of Directors. The initial equity grant for Mr. Ranieri is 5,000 shares of stock which will vest on June 20, 2009. Mr. Ranieri has also received 80,000 stock options which have been issued through an Employment Commencement Nonstatutory Stock Option Agreement which has been filed as Exhibit 10.2 to this current report on Form 8-K. These options will vest over a four-year period. Neurocrine has also agreed to pay certain costs related to relocating Mr. Ranieri to San Diego.

In the case of Neurocrine terminating Mr. Ranieri's employment without cause, or materially reducing the power and duties of his employment without cause, which will be deemed to be a termination, Mr. Ranieri is entitled to continue to receive his salary, health, welfare and retirement benefits for nine months as well as a lump sum payment in an amount equal to a pro rata shares of his annual bonus based on the number of completed months of employment in the fiscal year plus an additional nine months. Additionally, the vesting of all outstanding stock options held by Mr. Ranieri shall be accelerated to vest shares that would have vested over the nine-month period following termination of employment without cause. In the event of termination following a change in control of Neurocrine, Mr. Ranieri would receive the same benefits package as a termination of employment without cause, with the exception that the vesting for all outstanding options would be accelerated and immediately exercisable in full and he would receive a lump-sum severance payment equal to his then annual base salary plus previous year's annual bonus amount.

A copy of the employment agreement between Richard Ranieri and Neurocrine Biosciences has been filed as Exhibit 10.1 to this current report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) EXHIBIT. The following exhibits are filed herewith.

Exhibit Number	Description of Exhibit
10.1	Employment agreement dated June 20, 2005, between the Registrant and Richard Ranieri
10.2	Employment Commencement Nonstatutory Stock Option Agreement with Richard Ranieri

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.

Dated: June 23, 2005

NEUROCRINE BIOSCIENCES, INC.

/s/ PAUL W. HAWRAN

Paul W. Hawran

Executive Vice President and Chief Financial Officer

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of June 20, 2005 by and between NEUROCRINE BIOSCIENCES, INC., 12790 El Camino Real, San Diego, California 92130 (hereinafter the "Company"), and Richard Ranieri (hereinafter "Executive").

R E C I T A L S

WHEREAS, the Company and Executive wish to set forth in this Agreement the terms and conditions under which Executive is to be employed by the Company on and after the date hereof; and

NOW, THEREFORE, the Company and Executive, in consideration of the mutual promises set forth herein, agree as follows:

ARTICLE 1

TERM OF AGREEMENT

1.1 COMMENCEMENT DATE. Executive's fulltime employment with the Company under this Agreement shall commence as of June 20, 2005 ("Commencement Date") and this Agreement shall expire after a period of three (3) years from the Commencement Date, unless renewed in accordance with paragraph 1.2 or terminated pursuant to Article 6.

1.2 RENEWAL. The term of this Agreement shall be automatically renewed for successive, additional three (3) year terms unless either party delivers written notice to the other at least ninety (90) days prior to the end of any term of an intention to terminate this Agreement or to renew it for a term of less than three (3) years but not less than (1) year. If the term of this Agreement is renewed for a term of less than three (3) years, then thereafter the term of this Agreement shall be automatically renewed for successive, additional identical terms unless either party delivers a written notice to the other of an intention to terminate this Agreement or to renew it for a different term of not less than one (1) year, such notice to be delivered at least ninety (90) days prior to the end of any term. The Company's failure to renew this Agreement at the end of any term shall be considered a termination without Cause as set forth in Section 6.4 below.

ARTICLE 2

EMPLOYMENT DUTIES

2.1 TITLE/RESPONSIBILITIES. Executive hereby accepts employment with the Company pursuant to the terms and conditions hereof. Executive agrees to serve the Company as Senior Vice President, Human Resources reporting to the Chief Executive Officer. Executive shall have the powers and duties commensurate with such position, including but not limited to hiring personnel necessary to carry out the responsibilities for such position as set forth in the annual business plan approved by the Board of Directors.

2.2 FULL TIME ATTENTION. Executive shall devote his best efforts and his full business time and attention to the performance of the services customarily incident to such office and to such other services as the President or Board may reasonably request.

2.3 OTHER ACTIVITIES. Except upon the prior written consent of the President & Chief Executive Officer, Executive shall not during the period of employment engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that is or may be competitive with, or that might place him in a competing position to that of the Company or any other corporation or entity that directly or indirectly controls, is controlled by, or is under common control with the Company (an "Affiliated Company"), provided that Executive may own less than two percent (2%) of the outstanding securities of any such publicly traded competing corporation.

ARTICLE 3

COMPENSATION

3.1 BASE SALARY. Executive shall receive a Base Salary at an annual rate of two hundred and eighty thousand dollars (\$280,000), payable semi-monthly in equal installments in accordance with the Company's normal payroll practices. The Chief Executive Officer shall provide Executive with annual performance reviews, and, thereafter, Executive shall be entitled to such increase in Base Salary as the Chief Executive Officer and Board of Directors may from time to time establish in their sole discretion.

3.2 INCENTIVE BONUS. In addition to any other bonus Executive shall be awarded by the Company's Board of Directors, the Company shall pay Executive an annual bonus as determined by the Chief Executive Officer and Company's Board of Directors based upon achievement of Executive in meeting personal goals approved by the Chief Executive Officer and Board of Directors and achievement by the Company of corporate goals approved by the Board of Directors annually. Executive's personal goals and the Company's corporate goals will be set forth in writing by Board of Directors within ninety (90) days after the start of the Company's fiscal year. The Chief Executive Officer and Board of Directors shall, in their sole discretion, determine whether Executive's personal goals have been obtained. The Board of Directors shall, in its sole discretion, determine whether the corporate goals have been obtained.

3.3 EQUITY. The Executive will receive a stock bonus of 5000 shares of stock that will vest on June 20, 2009. The Executive will also receive a stock option to purchase eighty thousand (80,000) shares of the Company's common stock with an exercise price equal to the closing price of the Company's common stock as quoted on the NSDAQ National Market System on June 20, 2005. Such option shall vest over a four-year period with twenty five percent (25%) of such vesting occurring on June 20, 2006 and one-forty-eight (1/48) per month thereafter in accordance with the terms of the Employment Commencement Nonstatutory Stock Option dated June 20, 2005. Each year starting in 2006 and continuing for the term of this Agreement, the Executive will be eligible to receive a Stock Option award under the Company's 2003

Incentive Stock Option Plan with the number of shares and exercise price as shall be determined by the Board of Directors.

3.5 WITHHOLDINGS. All compensation and benefits payable to Executive hereunder and the Agreement shall be subject to all federal, state, local and other withholdings and similar taxes and payments required by applicable law.

ARTICLE 4

EXPENSE ALLOWANCES AND FRINGE BENEFITS

4.1 VACATION. Executive shall be entitled to the greater of three (3) weeks of annual paid vacation or the amount of annual paid vacation to which Executive may become entitled under the terms of Company's vacation policy for employees during the term of this Agreement.

4.2 BENEFITS. During the term of this Agreement, the Company shall also provide Executive with health insurance benefits comparable to those it generally provides to its other senior management employees. As Executive becomes eligible in accordance with criteria to be adopted by the Company, the Company shall provide Executive with the right to participate in and to receive benefit from life, accident, disability, medical, pension, bonus, stock, profit-sharing and savings plans and similar benefits made available generally to executives of the Company as such plans and benefits may be adopted by the Company. The amount and extent of benefits to which Executive is entitled shall be governed by the specific benefit plan as it may be amended from time to time.

4.3 BUSINESS EXPENSE REIMBURSEMENT. During the term of this Agreement, Executive shall be entitled to receive proper reimbursement for all reasonable out-of-pocket expenses incurred by him (in accordance with the policies and procedures established by the Company for its senior executive officers) in performing services hereunder. Executive agrees to furnish to the Company adequate records and other documentary evidence of such expense for which Executive seeks reimbursement. Such expenses shall be reimbursed and accounted for under the policies and procedure established by the Company.

4.4 RELOCATION. The Company will reimburse the Executive for reasonable and customary out of pocket expenses relating to:

- (i) Reasonable house hunting trips to San Diego for Executive and up to one other person including round trip coach airfare.
- (ii) One-way coach airfare for Executive and his family for final relocation to San Diego.
- (iii) Temporary housing rent expenses following Executive's relocation to San Diego for a period of up to three (3) months subject to extension as reasonably necessary.
- (iv) Reasonable and customary moving expenses (including temporary storage) of household goods and personal property (including up to three (3) vehicles) to San Diego.

- (v) Rental car, if needed, for up to ten (10) days (or longer dependent on arrival of Executive's vehicles in San Diego) following relocation to San Diego.
- (vi) Reasonable and customary real estate commissions and closing costs on the sale of Executive's Los Altos home (including legal fees, transfer taxes, brokerage fees (5%), title insurance and other non-recurring fees).
- (vii) Up to one (1.0) point of the principal balance of the mortgage on the first San Diego home purchased by Executive prior to June 20, 2006.
- (viii) Cost to retain a tax specialist to provide personal income tax guidance associated with the Executive's relocation expenses for a three (3) year period.
- (ix) Incremental increase in federal and state income tax for a period of two (2) years by reason of payment by the Company of expenses set forth in (iii), (v) and (vi) above except for those expenses which are deductible for federal and state income tax purposes.

In the event Executive voluntarily terminates employment with the Company prior to June 20, 2006, Executive will repay to the Company all amounts paid by the Company to the Executive or on the Executive's behalf pursuant to (i)-(x) above on a prorata basis based on the uncompleted period of employment.

ARTICLE 5

CONFIDENTIALITY

5.1 PROPRIETARY INFORMATION. Executive represents and warrants that he has previously executed and delivered to the Company the Company's standard Proprietary Information and Inventions Agreement in form acceptable to the Company's counsel.

5.2 RETURN OF PROPERTY. All documents, records, apparatus, equipment and other physical property which is furnished to or obtained by Executive in the course of his employment with the Company shall be and remain the sole property of the Company. Executive agrees that, upon the termination of his employment, he shall return all such property (whether or not it pertains to Proprietary Information as defined in the Proprietary Information and Inventions Agreement), and agrees not to make or retain copies, reproductions or summaries of any such property.

5.3 NO USE OF PRIOR CONFIDENTIAL INFORMATION. Executive will not intentionally disclose to the Company or use on its behalf any confidential information belonging to any of his former employers or any other third party.

ARTICLE 6

TERMINATION

6.1 BY DEATH. The period of employment shall terminate automatically upon the death of Executive. In such event, all stock options held by Executive at the time of termination will continue to vest for a period of six (6) months following termination. All stock options held by Executive that are vested at the time of termination or within six (6) months thereafter will be exercisable in accordance with their terms for a period of one year. In addition, the Company shall pay to Executive's beneficiaries or his estate, as the case may be, any accrued Base Salary, any bonus compensation to the extent earned, any vested deferred compensation (other than pension plan or profit-sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Company in which Executive is a participant to the full extent of Executive's rights under such plans, any accrued vacation pay and any appropriate business expenses incurred by Executive in connection with his duties hereunder, all to the date of termination (collectively Accrued Compensation), but no other compensation or reimbursement of any kind, including, without limitation, severance compensation, and thereafter, the Company's obligations hereunder shall terminate.

6.2 BY DISABILITY. If Executive is prevented from properly performing his duties hereunder by reason of any physical or mental incapacity for a period of one hundred twenty (120) consecutive days, or for one hundred and eighty (180) days in the aggregate in any three hundred and sixty-five (365) day period, then, to the extent permitted by law, the Company may terminate the employment of Executive at such time. In such event, all stock options held by Executive at the time of termination will continue to vest for a period of six (6) months following termination. All stock options held by Executive that are vested at the time of termination or within six (6) months thereafter will be exercisable in accordance with their terms for a period of one year following termination. In addition, the Company shall pay to Executive all Accrued Compensation, and shall continue to pay to Executive the Base Salary until such time, as Executive shall become entitled to receive disability insurance payments under the disability insurance policy maintained by the Company, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and thereafter the Company's obligations hereunder shall terminate. Nothing in this Section shall affect Executive's rights under any disability plan in which he is a participant.

6.3 BY COMPANY FOR CAUSE. The Company may terminate the Executive's employment for Cause (as defined below) without liability at any time with or without advance notice to Executive. The Company shall pay Executive all Accrued Compensation, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and thereafter the Company's obligations hereunder shall terminate. 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 Executive which was performed in bad faith and to the material detriment of the Company; (b) Executive intentionally refuses or intentionally fails to act in accordance with any lawful and proper direction or order of the Chief Executive Officer; (c) Executive willfully and habitually neglects the duties of employment; or (d) Executive is convicted of a felony crime involving moral turpitude, provided that in the event that an of the

foregoing events is capable of being cured, the Board of Directors shall provide written notice to Executive describing the nature of such event and Executive shall thereafter have ten (10) business days to cure such event.

6.4 TERMINATION WITHOUT CAUSE. At any time, the Company may terminate the employment of Executive without liability other than as set forth below, for any reason not specified in Section 6.3 above, by giving thirty (30) days advance written notice to Executive. If the Company elects to terminate Executive pursuant to this Section 6.4,

- (a) the Company shall pay to Executive all Accrued Compensation,
- (b) the Company shall continue to pay to Executive as provided herein Executive's Base Salary over the period equal to nine (9) months from the date of such termination as severance compensation,
- (c) the Company shall make a lump sum payment to Executive in an amount equal to a pro rata portion of the Executive's annual actual cash incentive bonus for Company's fiscal year preceding the year of termination based on the number of completed months of Executive's employment in the fiscal year plus nine (9);
- (d) the vesting of all outstanding stock options held by Executive shall be accelerated so that the amount of shares vested under such option shall equal that number of shares which would have been vested if the Executive had continued to render services to the Company for nine (9) continuous months after the date of his termination of employment, and
- (e) the Company shall pay all costs which the Company would otherwise have incurred to maintain all of Executive's health and welfare, and retirement benefits (either on the same or substantially equivalent terms and conditions) if the Executive had continued to render services to the Company for nine (9) continuous months after the date of his termination of employment.

The Company shall have no further obligations to Executive other than those set forth in the preceding sentence. During the period when such severance compensation is being paid to Executive, Executive shall not (i) engage, directly or indirectly, in providing services to any other business program or project that is competitive to a program or project being conducted by the Company or any Affiliated Company at the time of such employment termination (provided that Executive may own less than two percent (2%) of the outstanding securities of any publicly traded corporation), or (ii) hire, solicit, or attempt to solicit on behalf of himself or any other party or any employee or exclusive consultant of the Company. If the Company terminates this Agreement or the employment of Executive with the Company other than pursuant to Section 6.1, 6.2 or 6.3, then this section 6.4 shall apply.

6.5 CONSTRUCTIVE TERMINATION A Constructive Termination shall be deemed to be a termination of employment of Executive without cause pursuant to Section 6.4. For Purposes of this Agreement, a "Constructive Termination" means that the Executive voluntarily terminates his employment except in connection with the termination of his employment for death, disability, retirement, fraud, misappropriation, embezzlement (or any other occurrence which constitutes "Cause" under section 6.3) or any other voluntary termination of employment

by Executive other than a Constructive Termination after any of the following are undertaken without Executive's express written consent:

(a) the assignment to Executive of any duties or responsibilities which result in any diminution of position as judged against the duties and responsibilities assigned to executives with Executive's position in the Company's peer group of companies and shall not include (i) duties and responsibilities assigned to Executive with the understanding that as the Company grows and management staff increases in number, such duties and responsibilities will eventually be reassigned in a manner consistent with the Company's peer group of companies, (ii) change in reporting relationship that does not change in any material way the Executive's duties and responsibilities or (iii) any change in duties or responsibilities or reporting relationships that Executive does not identify as Constructive Termination to the Chief Executive Officer in writing within 15 days following the Chief Executive Officer's proposal of such change to Executive;

(b) a reduction by the Company in Executive's annual Base Salary by greater than five percent (5%);

(c) a relocation of Executive or the Company's principal executive offices if Executive's principal office is at such offices, to a location more than forty (40) miles from the location at which Executive is then performing his duties, except for an opportunity to relocate which is accepted by Executive in writing;

(d) any material breach by the Company of any provision of this Agreement; or

(e) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company.

6.6 TERMINATION FOLLOWING CHANGE IN CONTROL. In the event of a termination Without Cause or Constructive Termination within six (6) months after a Change in Control (as defined below) or Executive's voluntary termination within thirty (30) days following the six (6) month anniversary of a Change in Control, the Company shall pay to Executive a lump sum severance payment in an amount equal to one (1.0) times (Executive's then Base Salary plus annual actual cash incentive bonus for Company's fiscal year preceding the year of termination). In addition, the Executive will receive at Executive's option (i) accelerated vesting of all stock options held by Executive by reason of the assumption or substitution of successor corporation stock options for the Executive's unvested Company stock options at the time of the Change in Control pursuant to the terms of the Company's Stock Incentive Plans or (ii) a cash payment equal to the cash value of all unvested Company stock options held by Executive at the time of the Change in Control. In addition, the Executive will be reimbursed for the increase in federal and state income taxes payable by Executive by reason of the benefits provided under this Section 6.6.

6.7 CHANGE IN CONTROL. For purposes of this Agreement, a "Change in Control" shall have occurred if at any time during the term of Executive's employment hereunder, any of the following events shall occur:

(a) The Company is merged, or consolidated, or reorganized into or with another corporation or other legal person, and as a result of such merger, consolidation or reorganization less than fifty percent (50%) of the combined voting power of the then-outstanding securities of such corporation or person immediately after such transaction are held in the aggregate by the holders of voting securities of the Company immediately prior to such transaction;

(b) The Company sells all or substantially all of its assets or any other corporation or other legal person and thereafter, less than fifty percent (50%) of the combined voting power of the then-outstanding voting securities of the acquiring or consolidated entity are held in the aggregate by the holders of voting securities of the Company immediately prior to such sale;

(c) There is a report filed after the date of this Agreement on Schedule 13 D or schedule 14 D-1 (or any successor schedule, form or report), each as promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the exchange Act) has become the beneficial owner (as the term beneficial owner is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) representing fifty percent (50%) or more of the combined voting power of the then-outstanding voting securities of the Company;

(d) The Company shall file a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to item 1 of Form 8-X thereunder or Item 5(f) of Schedule 14 A thereunder (or any successor schedule, form or report or item therein) that the change in control of the Company has or may have occurred or will or may occur in the future pursuant to any then-existing contract or transaction; or

(e) During any period of two (2) consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof unless the election to the nomination for election by the Company's shareholders of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of such period.

6.8 TERMINATION BY EXECUTIVE. At any time, Executive may terminate his employment by giving thirty (30) days advance written notice to the Company. The Company shall pay Executive all Accrued Compensation, but no other compensation or reimbursement of any kind, including without limitation, severance compensation, and thereafter the Company's obligations hereunder shall terminate.

6.9 MITIGATION. Except as otherwise specifically provided herein, Executive shall not be required to mitigate the amount of any payment provided under this Agreement by seeking other employment or self-employment, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or through self-employment or by retirement benefits after the date of Executive's termination of employment from the Company.

6.10 COORDINATION. If upon termination of employment, Executive becomes entitled to rights under other plans, contracts or arrangements entered into by the Company, this Agreement shall be coordinated with such other arrangements so that Executive's rights under this Agreement are not reduced, and that any payments under this Agreement offset the same types of payments otherwise provided under such other arrangements, but do not otherwise reduce any payments or benefits under such other arrangements to which Executive becomes entitled.

ARTICLE 7

GENERAL PROVISIONS

7.1 GOVERNING LAW. The validity, interpretation, construction and performance of this Agreement and the rights of the parties thereunder shall be interpreted and enforced under California law without reference to principles of conflicts of laws. The parties expressly agree that inasmuch as the Company's headquarters and principal place of business are located in California, it is appropriate that California law govern this Agreement.

7.2 ASSIGNMENT; SUCCESSORS BINDING AGREEMENT.

(a) Executive may not assign, pledge or encumber his interest in this Agreement or any part thereof.

(b) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by operation of law or by agreement in form and substance reasonably satisfactory to Executive, to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributee, devisees and legatees. If Executive should die while any amount is at such time payable to his hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legates or other designee or, if there be no such designee, to his estate.

7.3 CERTAIN REDUCTION OF PAYMENTS. In the event that any payment or benefit received or to be received by Executive under this Agreement would result in all or a portion of such payment to be subject to the excise tax on "golden parachute payments" under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), then Executive's payment shall be either (a) the full payment or (b) such lesser amount which would result in no portion of the payment being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable Federal, state and local employment taxes, income taxes, and the excise tax imposed by Section 4999 of the Code, results in the receipt by Executive on an after-tax basis, of the greatest amount of the payment notwithstanding that all or some portion of the payment may be taxable under Section 4999 of the Code.

7.4 NOTICE. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

To the Company:

Neurocrine Biosciences, Inc.
12790 El Camino Real
San Diego, CA 92130
Attn.: President & Chief Executive Officer

To Executive:

Richard Ranieri
12790 El Camino Real
San Diego, CA 92130

7.5 MODIFICATION; WAIVER; ENTIRE AGREEMENT. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by Executive and such officer as may be specifically designated by the Board of the Company. No waiver by either party hereto at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

7.6 VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

7.7 CONTROLLING DOCUMENT. Except to the extent described in Section 6.10, in case of conflict between any of the terms and condition of this Agreement and the document herein referred to, the terms and conditions of this Agreement shall control.

7.8 EXECUTIVE ACKNOWLEDGMENT. Executive acknowledges (a) that he has consulted with or has had the opportunity to consult with independent counsel of his own choice concerning this Agreement, and has been advised to do so by the Company, and (b) that he has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on his own judgment.

7.9 REMEDIES.

(a) INJUNCTIVE RELIEF. The parties agree that the services to be rendered by Executive hereunder are of a unique nature and that in the event of any breach or threatened breach of any of the covenants contained herein, the damage or imminent damage to the value and the goodwill of the Company's business will be irreparable and extremely difficult to estimate, making any remedy at law or in damages inadequate. Accordingly, the parties agree that the Company shall be entitled to injunctive relief against Executive in the event of any breach or threatened breach of any such provisions by Executive, in addition to any other relief (including damage) available to the Company under this Agreement or under law.

(b) EXCLUSIVE. Both parties agree that the remedy specified in Section 7.9(a) above is not exclusive of any other remedy for the breach by Executive of the terms hereof.

7.10 COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same Agreement.

7.11 PREVAILING PARTY EXPENSES. In the event that any action or proceeding is commenced to enforce the provisions of the Agreement, the court adjudicating such action or proceeding shall award to the prevailing party all costs and expenses thereof, including, but not limited to, all reasonable attorneys' fees, court costs, and all other related expenses.

EXECUTED BY THE PARTIES AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

RICHARD RANIERI

NEUROCRINE BIOSCIENCES, INC

/s/ Richard Ranieri

By: /s/ Gary A. Lyons

Gary A. Lyons,
President and Chief Executive Officer

NEUROCRINE BIOSCIENCES, INC.

EMPLOYMENT COMMENCEMENT NONSTATUTORY STOCK OPTION

THIS EMPLOYMENT COMMENCEMENT NONSTATUTORY STOCK OPTION (the "Agreement"), dated as of June 20, 2005, is made by and between Neurocrine Biosciences, Inc., a Delaware corporation (the "Company"), and RICHARD RANIERI, 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 SENIOR VICE PRESIDENT, HUMAN RESOURCES.

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:	June 20, 2005
Vesting Commencement Date:	June 20, 2005
Exercise Price per Share:	Closing price of the Company's common stock on the NASDAQ National Market System on June 20, 2005
Total Number of Shares Granted:	80,000
Term/Expiration Date:	June 20, 2015

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:

Twenty-five percent (25%) of the Shares subject to this Option shall vest twelve (12) months after the Vesting Commencement Date, and one-forty-eight (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.

/s/ Richard Ranieri

By: /s/ Gary Lyons

Name: Richard Ranieri

Gary Lyons

Date: 6/23/05

President and Chief Executive Officer

Residence Address:

1375 Oak Ave.

Los Altos, CA 94024

EXHIBIT A

NEUROCRINE BIOSCIENCES, INC.

EXERCISE NOTICE

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

Attention: Secretary

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Neurocrine Biosciences, Inc. (the "Company") under and pursuant to the Employment Commencement Nonstatutory Stock Option dated _____, 2003 (the "Option Agreement"). The purchase price for the Shares shall be \$_____, as required by the Option Agreement.

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price for the Shares.

Cash Exercise _____ (Payment Attached)
Same-Day Sale _____ (Broker Paid)
Sell-to-Cover _____ (Broker Paid)
Other _____ (Please Specify: _____)

3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Option Agreement and agrees to abide by and be bound by its terms and conditions.

4. Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares so acquired shall be issued to Purchaser as soon as practicable after the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 11 of the Option Agreement.

5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in

connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Option Agreement is incorporated herein by reference. This Agreement and the Option Agreement 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 Purchaser 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.

Submitted by:

Accepted by:

PURCHASER:

NEUROCRINE BIOSCIENCES, INC.

Signature

By:_____

Name:_____

Its:_____

Address:

Address:

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

Date Received: