

# Neurocrine Biosciences, Inc. Compensation Committee Charter

*The Following Charter was most recently adopted by the  
Board of Directors of Neurocrine Biosciences, Inc.  
on September 21, 2016*

## I. Purpose.

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Neurocrine Biosciences, Inc. (the “*Company*”) is to provide assistance to the Directors in fulfilling their responsibilities with respect to oversight of the Company’s affairs in the area of compensation plans, policies and programs as set forth below, including but not limited to: (i) reviewing and approving the Company’s compensation policies and programs and making recommendations to the Board regarding equity and incentive plans, (ii) administering the compensation plans, policies and programs of the Company, especially those regarding executive officer and Director compensation, (iii) evaluating the performance of the Company’s executive officers, (iv) determining the compensation of the executive officers of the Company, and (v) producing an annual report on executive compensation for inclusion in the Company’s proxy materials in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “*SEC*”) in effect from time to time and reviewing and discussing with management the Company’s executive compensation disclosure under “Compensation Discussion and Analysis” (“*CD&A*”) for use in any of the Company’s annual reports on Form 10-K, registration statements, proxy statements or information statements. The Committee shall ensure that compensation programs are appropriate for the Company, consistent with the Company’s long-term strategic plan, designed to encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s stockholders.

The Committee shall have the authority to undertake the specific duties and responsibilities described below and the authority to undertake such other duties as are assigned by law, the Company’s charter or bylaws, or the Board.

## II. Structure.

### A. Membership.

The Committee shall be comprised of at least three (3) Directors as determined by the Board, none of whom shall be an employee of the Company and all of whom shall: (i) qualify as “independent directors” under The Nasdaq Stock Market (“*NASDAQ*”) listing requirements applicable to compensation committee members as in effect from time to time, (ii) be a “non-employee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and (iii) be an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “*Code*”). Each member of the Committee shall be free from any

relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be appointed by the Board. Unless a Chairperson of the Committee is designated by the Board, the Committee may designate a Chairperson by a majority vote of the full Committee membership.

B. Rules of Procedure.

The Committee may determine its own rules of procedure with respect to the call, place, time and frequency of its meetings. In the absence of such rules, the Committee will meet at the call of its Chairman, as appropriate, to accomplish the purposes of the Committee, but it is anticipated that the Committee will meet at least six (6) times each calendar year. Notice of meetings of the Committee shall be given as provided in the bylaws of the Company.

C. Committee Secretary.

The Committee will appoint a Secretary of the Committee who will: (i) attend all meetings, (ii) keep minutes of the Committee's proceedings, (iii) advise members of all meetings called, (iv) arrange with the Chairman of the Committee or other convening authority for preparation and distribution of the agenda and supporting material for each meeting, (v) at the direction of the Chairman of the Committee, make the necessary logistical arrangements for each meeting, and (vi) carry out other functions as may be assigned from time to time by the Committee. In the event the Chairman of the Committee believes that it is inappropriate for a non-Committee member acting as Secretary to attend any meeting(s) or portion(s) thereof, the Chairman shall appoint a member of the Committee to act as Secretary for such meeting(s) or portion(s) thereof.

D. Attendance at Meetings.

When deemed appropriate by the Committee, meetings of the Committee may be attended by the Company's tax and accounting departments and by such other members of the management of the Company as the Committee deems appropriate. The Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer may attend any meeting of the Committee, except for portions of the meetings where his, her or their presence would be inappropriate, as determined by the Chairperson. The Chief Executive Officer shall not be present during deliberations or voting regarding his or her compensation. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

E. Consultants and Advisors.

In discharging its responsibilities, the Committee shall have sole authority to, as it deems appropriate, select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to assist the Committee in

performance of its duties hereunder. In that connection, in the event the Committee retains a consultant or other advisor, the Committee shall have the sole authority to approve such consultant's or advisor's fees and other retention terms. In addition, the Committee shall have free access to Company staff personnel to provide data and advice in connection with the Committee's review of Company compensation practices and leadership development processes and practices or to provide such other assistance as is deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. Prior to selecting, or receiving advice from, any compensation consultant, legal counsel or other advisor, the Committee shall take into consideration the factors specified in NASDAQ Listing Rule 5605(d)(3) or any successor provision and will be directly responsible for the appointment, compensation and oversight of such consultant, counsel or advisor. However, nothing in this provision requires that any advisors be independent. The Committee need not conduct this independence assessment with respect to any exceptions under NASDAQ Listing Rule 5605(d)(3). Nothing in this provision requires the Committee to implement or act consistently with the advice or recommendations of any advisor or affects the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

F. Quorum.

A majority of the members of the Committee will constitute a quorum for the transaction of business.

G. Minutes and Reports.

The Committee shall maintain written minutes or other records of its meetings and activities. Minutes of each meeting of the Committee shall be distributed to each member of the Committee and other members of the Board. The Secretary of the Company shall retain the original signed minutes for filing with the corporate records of the Company.

The Chairperson shall report to the Board following meetings of the Committee and as otherwise requested by the Chairman of the Board.

### III. Specified Duties.

#### A. Duties.

To fulfill its responsibilities, the Committee shall be responsible for:

- (1) reviewing and, if necessary, revising the compensation philosophy of the Company;
- (2) reviewing and approving corporate goals and objectives relating to the compensation of the Company's executive officers and evaluating the performance of the Company's executive officers in light of the Company's goals and objectives;
- (3) reviewing and approving compensation for all executive officers, and guidelines for salaries, merit salary increases, bonus payments, equity award grants and performance cash and equity award grants for all other employees of the Company;
- (4) reviewing and approving all employment and severance agreements of executive officers;
- (5) reviewing and approving all promotions to executive officer and all new hires of executive officers;
- (6) reviewing and approving, or recommending to the full Board for approval, Director compensation;
- (7) reviewing and approving grants to non-employees of the Company of equity awards covering Company Common Stock pursuant to Company equity incentive plans;
- (8) making recommendations to the Board with regard to approving and amending equity and incentive plans, and administering equity and incentive plans and employee pension and benefit plans;
- (9) managing and reviewing the grant of perquisite benefits;
- (10) managing and reviewing executive officer and Director indemnification and insurance matters;
- (11) retaining compensation consultants and advisors from time to time, when and if appropriate, to advise the Committee on compensation policies and plans within the scope of this charter;
- (12) overseeing and ensuring compliance with requirements established by the SEC and NASDAQ that relate to compensation, including assessing the

risks arising from the Company's compensation policies and taking any actions required as a result thereof;

- (13) reviewing and discussing with management the CD&A for use in any of the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements and making recommendations to the Board that the CD&A be approved for inclusion in the Company's annual reports on Form 10-K, registration statements, proxy statements or information statements; and
- (14) preparing and reviewing the Committee report on executive compensation to be included in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.

The Committee's responsibility for managing and reviewing employee benefit plans includes responsibility for general administration, an annual review of the plan, the setting of performance targets when appropriate, and approval of any and all material changes, including termination of benefit plans when appropriate.

The Committee may conduct or authorize, at Company expense, surveys or studies of matters within the Committee's scope of responsibilities, including, but not limited to, compensation practices in equivalent companies to maintain the Company's competitiveness and ability to recruit and retain highly qualified personnel.

All annual plan reviews shall include reviewing the plan's administrative costs, reviewing current plan features relative to any proposed new features, assessing the performance of the plan's internal and external administrators if any duties have been delegated, and formally adopting any plan changes by resolution of the Committee.

The Committee shall, without delegation:

- (1) set and commit to writing any and all performance targets for all executive officers within the first ninety (90) days of the performance period to which such target relates or, if shorter, within the period provided by the Code in order for such target to be "pre-established" within the meaning of the Code;
- (2) certify that any and all performance targets used for any performance based equity or cash compensation plans have been met before payment of any executive bonus or compensation or vesting or payout of any executive award granted under any such plan(s);
- (3) approve all employee benefit and insurance plans;
- (4) grant any awards under any performance-based equity or cash compensation plans to executive officers; and

- (5) approve which executive officers are entitled to awards under the Company's equity incentive plan(s);

In addition, the Committee shall ensure that the stockholders of the Company approve the performance goals used to set the performance targets in any performance based equity compensation plans to the extent required, and in the manner provided, by the Code and the treasury regulations promulgated thereunder (which generally requires such approval at least every five years or earlier if such criteria are otherwise amended) to the extent the Committee (in consultation with the Board) determines that stockholder approval of such goals and targets is in the best interests of the Company.

#### Delegation of Duties.

In fulfilling its responsibilities, the Committee shall, subject to the following paragraphs, be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, including, but not limited to, a subcommittee composed of either (1) one or more members of the Board or (2) one or more specified executive officers to grant stock awards under the Company's equity incentive plans to persons who are not (a) "Covered Employees" under Section 162(m) of the Code; (b) individuals with respect to whom the Company wishes to comply with Section 162(m) of the Code or (c) then subject to Section 16 of the Exchange Act.

All proposed delegations must be adopted by a resolution of the Committee and reviewed for compliance with the relevant plan and Delaware corporate law by the Company's legal, tax and accounting departments before they are voted upon at meetings. The resolution shall specify which duties are being delegated, to whom the duties are delegated, and which oversight powers the Committee retains.

The Committee shall not delegate any matters that involve executive compensation or for any matters where such delegation would not comply with the Code.

#### **IV. Resolutions and Written Consents.**

All proposed resolutions shall be prepared by the legal department in consultation with the tax and accounting departments, discussed and voted upon at the meetings or adopted by unanimous written consent.

All adopted plans of compensation or changes to existing plans, whether for executive officers, Directors or other personnel, shall be detailed and attached to the minutes of the appropriate meeting. This includes any grants of options or loans made outside of any official Company plan.

When planning to establish, modify or certify performance targets under bonus plans for executive officers, grant any and all forms of equity compensation, modify or rescind any

option, stock or restricted stock grants, or make, modify or rescind loans to employees or Directors, the Committee shall consult the Company's legal, tax and accounting departments before taking action.

**V. Evaluation of Performance of Compensation Committee.**

The Committee shall evaluate its own performance on an annual basis, including its compliance with this charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

The Committee shall review and reassess the Committee's charter at least annually and submit any recommended changes to the Board for its consideration.

**VI. Disclosure of Charter.**

This charter will be made available on the Company's website. The Company's Annual Report to Stockholders shall state the foregoing.

**VII. Additional Authority.**

The Committee shall have the authority, at its discretion, to call upon the Chairman to provide internal assistance from officers and other employees of the Company and its subsidiaries as may be appropriate to fulfill its duties and responsibilities.