

Neurocrine Biosciences, Inc.
Corporate Governance Guidelines

I. Purpose.

The purpose of these guidelines is to provide assistance to the Board of Directors (the “Board”) of Neurocrine Biosciences, Inc. (the “Company”) in managing Board composition, representation, function and performance.

II. Board Membership and Leadership.

A. Chairman of the Board and Chief Executive Officer.

It is the policy of the Company’s Board of Directors to separate the offices of Chairman of the Board and Chief Executive Officer.

When Directors meet without the presence of the Chairman of the Board, the Directors should select the Chair of the meeting.

B. Number of Directors.

The size of the Board should reflect the requirements of the Board’s committees and the availability of qualified individuals and accordingly the size of the Board may be changed as necessary in accordance with the provisions of the Company’s bylaws.

C. Mix of Independent and Non-Independent Directors.

The Board of Directors will be comprised of a majority of independent Directors. The Board believes that, generally, there should be no more than one officer Director on the Board, who should be the Chief Executive Officer.

An independent Director is a Director who meets the independence requirements of The NASDAQ Stock Market. Compliance with the definition of independent Director should be reviewed annually by the Nominating / Corporate Governance Committee.

D. Former Officers.

Board membership by former Company officers is a matter to be decided by the Board in each individual instance. When an officer who is also a Director resigns as an officer of Neurocrine Biosciences, he or she should resign from the Board unless otherwise requested by the Board.

III. Selection of Directors.

The Nominating / Corporate Governance Committee annually should review with the Board of Directors the appropriate skills and characteristics required of Board members in the context of the then current membership of the Board.

The Nominating / Corporate Governance Committee will be responsible for nominating all Directors for election either by stockholders at an annual or special meeting or by the Board in the case of Directors who are elected to fill vacancies in accordance with the Company's bylaws. The Nominating / Corporate Governance Committee, in consultation with the Chairman of the Board, should review Director nominations and may engage consultants to assist it in identifying and screening potential candidates.

Every new Director should receive an orientation and education program to acquaint the Director with the history, operation and management of the Company and the business conditions and regulatory regime to which it is subject.

IV. Changes in Responsibilities.

Directors whose employment responsibilities substantially change from those held when they were elected to the Board are expected to offer to resign from the Board. Directors should also advise the Chairman of the Board and Chair of the Nominating / Corporate Governance Committee prior to accepting membership on other boards of Directors. Other changes that should suggest reconsideration of Board service include conflicts of interest or changes in the level of other commitments.

The Board of Directors does not believe that Directors who retire or otherwise change employment should necessarily leave the Board. However, there should be an opportunity for the Board, through the Nominating / Corporate Governance Committee, to review the continued appropriateness of Board membership under changed circumstances.

V. Term Limits and Retirement.

Directors should not stand for reelection after having attained age 70.

VI. Board Committee Structure and Function.

A. Committees.

The Board of Directors currently maintains Audit, Compensation, and Nominating / Corporate Governance Committees operating under charters approved by the Board. This committee structure seems appropriate although,

from time to time, the Board may find it desirable to form new committees or combine or disband existing committees, consistent with legal and other obligations.

Only independent Directors should serve on the Audit, Compensation and Nominating / Corporate Governance Committees.

B. Assignment and Rotation of Committee Members.

The Board of Directors shall elect the members of committees of the Board, taking into account the desires and expertise of individual Directors and the suggestions of the Chairman of the Board. Directors may indicate their committee preferences from time to time to the Chairman of the Board.

The Board of Directors believes that members of committees of the Board should be periodically rotated. The Board believes, however, that such rotation should not be mandatory since, from time to time, there may be compelling reasons to lengthen or shorten an individual Director's committee membership.

C. Committee Meetings.

The chair of each committee of the Board, in consultation with the committee's members, should determine the frequency and length of the meetings of the committee.

The chair of each committee of the Board in consultation with the Company senior management should develop the committee's agenda. Each member of a committee is free to suggest the inclusion of items on the agenda and to raise at any meeting subjects that are not on the agenda. At the beginning of each year, each committee should review with the Board of Directors a schedule of agenda subjects to be discussed by the committee during the ensuing year.

VII. Board Meetings.

A. Selection of Agenda Items.

The Chairman of the Board together with the Company's Chief Executive Officer should establish the agenda for each meeting of the Board of Directors. Each Director generally is free to suggest the inclusion of items on the agenda and to raise at any meeting subjects that are not on the agenda.

B. Advance Distribution of Board Materials.

Information and data that are important to the understanding of the business to be conducted at a meeting of the Board of Directors should be distributed in writing to the Board in advance of the meeting. These materials should highlight significant developments not previously presented and be as brief as consistent with providing the appropriate information.

C. Regular Attendance of Non-Directors.

The Chief Financial Officer and General Counsel should regularly attend meetings of the Board of Directors. Such additional officers as are appropriate for informed discussion and response to agenda items should also attend.

D. Executive Sessions of Independent Directors.

At least two times during the year, executive sessions of the independent members of the Board of Directors will be held to review matters concerning the relationship of the Board with the non-independent Directors and other members of the corporation's management and such other matters as the participating Directors may deem appropriate.

VIII. Other Board Communications and Activities.

A. Strategic and Financial Planning.

At least once each year the Board of Directors should review management's long term strategic and financial plan and management's expectations regarding the strategic and financial issues that the Company may face in the foreseeable future.

B. Board Access to Senior Management, Independent Auditors and Counsel.

Members of the Board of Directors shall have complete access to the Company's senior management and independent auditors, and direct access to other employees, which should normally be coordinated with senior management. The Board also shall have complete access to counsel of its choice with respect to any issue relating to the discharge of the duties of Directors.

It is assumed that members of the Board of Directors will use judgment to be sure that contacts with management are not distracting to the Company's business operations of and will advise the Chairman of the Board of any substantive contacts. Furthermore, the Board encourages management to

invite to Board meetings members of management who can provide additional insight into the items to be discussed or who senior management believes to have sufficient executive potential that they should be given exposure to the Board.

C. Board Compensation Review.

The Compensation Committee of the Board of Directors annually shall review with the Board the compensation of Directors in other comparable companies. Changes in Director compensation, if any also shall be reviewed and presented by the Compensation Committee, but subject to discussion with and the concurrence of the Board.

D. Assessment of Board Performance.

The Nominating / Corporate Governance Committee of the Board of Directors annually shall review and assess (assisted by outside consultants if the Committee so desires) the Board's performance. The assessment also should be of the Board's contribution as a whole and specifically review areas in which the Board or management believes a better contribution could be made. The purpose of the review is to increase the effectiveness of the Board and it shall be reviewed with the Board. On an annual basis the Nominating / Corporate Governance Committee will conduct a written survey to evaluate Board performance.

E. Evaluation of the Chief Executive Officer and Employee Directors.

The independent members of the Board of Directors annually shall formally evaluate the Chief Executive Officer. The Chief Executive Officer annually shall formally evaluate all Officer Vice Presidents.

These evaluations shall be considered by the Compensation Committee in its deliberations with respect to the compensation of these officers. The evaluation should be based principally upon objective criteria including business performance, accomplishment of strategic objectives, development of management and other matters relevant to the Company's short term and long term success and the creation of stockholder value.

F. Board Interaction with Institutional Investors, Customers, Media and Others.

The CEO and the Company's Investor Relations Department speak for the Company. Nevertheless, individual Directors may, from time to time, be called upon to meet or otherwise communicate with the Company's various constituencies. It is expected that, absent unusual circumstances, Directors would do so only at the request of management and will advise the Chairman of the Board of any substantive communications.

IX. Administration

A. Review and Amendments.

The Nominating / Corporate Governance Committee of the Board of Directors should assume general responsibility for developing the Company's approach to corporate governance issues and periodically review compliance with these guidelines. It also shall annually review these guidelines and, subject to the approval of the Board, may amend them from time to time. On matters of corporate governance, independent Directors should make all decisions.

B. Availability to Shareholders.

The Corporate Governance Guidelines shall be made available on the Company's website and to any stockholder who otherwise requests a copy. The Company's Annual Report to Stockholders will state the foregoing.