

as in head and neck cancer, soft tissue sarcoma and melanoma. In addition, five separate combination studies with the existing cancer therapies gemcitabine, doxorubicin, paclitaxel, carboplatin and temozolomide are progressing through Phase I clinical trials. Tularik anticipates completing the current Phase II program this year.

Tularik has completed single and multiple dose Phase I clinical trials for its oral anti-CMV drug candidate, T611. CMV is a ubiquitous herpes virus that causes serious disease in immunocompromised patients, especially transplant patients. T611 inhibits a CMV enzyme that is essential for viral replication. Phase I studies have shown that T611 is orally available and well-tolerated. In particular, results of the studies have shown no bone marrow toxicity, which is the major liability of the current leading anti-CMV drug, ganciclovir. Tularik expects to initiate a Phase II study in renal transplant patients in the second half of 2001 under the aegis of the NIH/NIAID and the Cooperative Antiviral Study Group.

Financial Results

Revenue from collaborative research and development for the second quarter of 2001 was \$8.3 million, compared to the second quarter 2000 revenue of \$5.8 million. Revenue from collaborative research and development for the six-month period ended June 30, 2001 was \$15.4 million, compared to revenue of \$11.5 million for the same period in 2000. Revenue included payments for research collaborations with Japan Tobacco relating to obesity, lipid disorders and metabolic diseases, Roche Bioscience relating to inflammation and Knoll relating to obesity.

Total research and development expenses for the three- and six-month periods ended June 30, 2001 increased to \$21.6 million and \$40.0 million, from \$14.5 and \$29.5 million for the respective periods in 2000, largely due to increased numbers of clinical and preclinical studies, higher research and development headcount, higher compound acquisition costs and higher rent and depreciation costs.

Total general and administrative expenses for the three- and six-month periods ended June 30, 2001 increased to \$3.3 and \$6.0 million, from \$2.5 and \$4.5 million for the respective periods in 2000, primarily due to higher administrative headcount and higher patent legal costs.

Tularik is engaged in the discovery and development of a broad range of novel and superior orally available drugs that act through the regulation of gene expression. Tularik programs address cancer, viral diseases, inflammation, immune disorders, lipid disorders, diabetes and obesity. Tularik has established strategic partnerships with Japan Tobacco Inc., Roche Bioscience and Knoll AG. For more information, visit Tularik's Internet website at www.tularik.com.

This press release contains “forward-looking” statements. For this purpose, any statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Words such as “believes,” “anticipates,” “plans,” “expects,” “will,” “intends” and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause the results of Tularik to differ materially from those indicated by these forward-looking statements, including, among others, risks detailed from time to time in Tularik’s SEC reports, including the report on Form 10-Q for the quarter ended March 31, 2001.

TULARIK INC.

SELECTED FINANCIAL INFORMATION
Condensed Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue:				
Collaborative research and development	\$ 8,315	\$ 5,824	\$ 15,356	\$ 11,500
Operating expenses:				
Research and development	21,593	14,452	40,020	29,447
General and administrative	3,261	2,477	5,968	4,535
Amortization of deferred stock compensation	297	597	682	1,373
Charge for acceleration of stock and option vesting	-	-	-	5,396
	<u>25,151</u>	<u>17,526</u>	<u>46,670</u>	<u>40,751</u>
Loss from operations	(16,836)	(11,702)	(31,314)	(29,251)
Interest and other income	3,370	4,419	8,803	7,598
Realized gains on sale of securities	1,898	-	2,162	-
Interest expense	<u>(368)</u>	<u>(335)</u>	<u>(759)</u>	<u>(692)</u>
Loss before the cumulative effect of a change in accounting principle	(11,936)	(7,618)	(21,108)	(22,345)
Cumulative effect of a change in accounting principle	-	-	-	(4,800)
Net loss	<u>\$ (11,936)</u>	<u>\$ (7,618)</u>	<u>\$ (21,108)</u>	<u>\$ (27,145)</u>
<u>Basic and diluted amounts per share:</u>				
Loss before cumulative effect of a change in accounting principle	<u>\$ (0.25)</u>	<u>\$ (0.16)</u>	<u>\$ (0.44)</u>	<u>\$ (0.49)</u>
Cumulative effect of a change in accounting principle	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.10)</u>
Net loss	<u>\$ (0.25)</u>	<u>\$ (0.16)</u>	<u>\$ (0.44)</u>	<u>\$ (0.59)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>48,811,500</u>	<u>47,247,554</u>	<u>48,576,383</u>	<u>45,960,720</u>

Balance Sheet Highlights

(In thousands)

	June 30,	December 31,
	2001	2000
	(unaudited)	(Note)
Cash, cash equivalents and marketable securities	\$ 260,184	\$ 278,903
Total assets	\$ 294,544	\$ 315,098
Stockholders' equity	\$ 228,776	\$ 247,298

(Note): Derived from audited consolidated financial statements at that date.