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Tularik Announces 2002 Second Quarter Results

South San Francisco, Calif. -- July 25, 2002 -- Tularik Inc. (Nasdaq: TLRK) today reported results for the three and six months ended June 30, 2002. For the three months ended June 30, 2002, Tularik incurred a net loss of \$24.4 million, or \$0.48 per share, compared to a net loss of \$11.9 million, or \$0.25 per share, for the same period in 2001. For the six months ended June 30, 2002, Tularik incurred a net loss of \$44.9 million, or \$0.89 per share, compared to a net loss of \$21.1 million, or \$0.44 per share, for the same period in 2001. At June 30, 2002, Tularik had \$206.0 million in cash, cash equivalents and marketable securities, including \$22.9 million attributable to Tularik's majority-owned subsidiary, Cumbre Inc.

Second Quarter Highlights:

- During the quarter, Tularik presented data from Phase 2 clinical trials for its lead anti-cancer drug candidate, T67, that suggested it has activity against Hepatocellular Carcinoma (HCC). Tularik plans to meet with the Food and Drug Administration (FDA) on August 26, 2002 to discuss a proposed Phase 3 protocol for T67.
- In June, Tularik opened its Phase 2 clinical trial program with its second generation anti-cancer drug candidate, T607. T607 is being evaluated in patients with HCC, ovarian cancer, gastric cancer and non-Hodgkin's lymphoma.
- Tularik announced on June 11, 2002 that it had signed a collaboration with Sankyo Company, Ltd. to jointly discover and develop human therapeutics that act on orphan G-protein coupled receptors (GPCRs). Tularik received a cash payment in recognition of its contribution of five GPCR targets. The parties will share equally all clinical development costs and profits in the U.S. and Europe. Tularik is entitled to milestone and royalty payments as compounds progress through clinical trials to registration outside of the U.S. and Europe. Other financial terms were not disclosed.

Financial Results

Revenue from collaborative research and development for the second quarter of 2002 was \$6.6 million, compared to the second quarter of 2001 revenue of \$8.3 million. Revenue from collaborative research and development for the six-month period ended June 30, 2002 was \$12.8 million, compared to revenue of \$15.4 million for the same period in 2001. Revenue included payments for research collaborations with Japan Tobacco, Roche

Bioscience, Medarex, Inc. and Sankyo Company, Ltd. Revenue declined as a result of various research collaborations ending in late 2001.

Total research and development expenses for the three- and six-month periods ended June 30, 2002 increased to \$28.6 million and \$53.8 million, from \$21.8 million and \$40.4 million for the respective periods in 2001, due to headcount growth and increased expenses associated with research supplies and materials, manufacturing and clinical development, as well as the consolidation of expenses related to Cumbre Inc.

Total general and administrative expenses for the three- and six-month periods ended June 30, 2002 remained relatively flat at \$3.3 million and \$6.0 million, compared to \$3.4 and \$6.2 million for the respective periods in 2001, primarily due to lower patent legal and deferred compensation expenses, partially offset by increased salary expenses.

About T67 and T607

Tularik's lead drug candidate, T67, has a novel chemical structure that binds irreversibly to β -tubulin, which distinguishes it from other tubulin-binding agents. β -tubulin is a cellular building block of microtubules and is essential to cell division. With over 260 patients dosed to date, T67 has shown activity in treating patients with HCC and an acceptable safety profile. Tularik's second anti-tubulin agent, T607, is an analog of T67, but differs from T67 in that it does not cross the blood-brain barrier and has a different tissue distribution profile. A partial response was observed in HCC in Phase 1 trials with this drug candidate as well, suggesting that this new class of drug may have particular utility for the treatment of this aggressive form of cancer. T67 and T607 were discovered and are being developed by Tularik.

About Hepatocellular Carcinoma

HCC is a tumor type that is on the rise in the United States, principally in relation to increases in Hepatitis C virus infection rates. Worldwide, there are over 1 million new cases of HCC annually, and it is the 3rd most common cause of cancer death. In the US, it is estimated that more than 20,000 people will be diagnosed with HCC annually. HCC is an aggressive malignancy: the six month survival rate from time of diagnosis is 50%, the one-year survival rate is 24% and the five-year survival rate is less than 5%. There are currently no approved systemic chemotherapies for HCC.

About Tularik

Tularik is engaged in the discovery and development of a broad range of novel and superior orally available medicines that act through the regulation of gene expression. Tularik's scientific platform is focused on three areas: cancer, immunology and metabolic disease. 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-K for the year ended December 31, 2001 and Form 10-Q for the quarter ended March 31, 2002.

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,	
	2002	2001	2002	2001
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue:				
Collaborative research and development	\$ 6,575	\$ 8,315	\$ 12,751	\$ 15,356
Operating expenses:				
Research and development	28,580	21,777	53,824	40,444
General and administrative	3,288	3,374	6,002	6,226
	<u>31,868</u>	<u>25,151</u>	<u>59,826</u>	<u>46,670</u>
Loss from operations	(25,293)	(16,836)	(47,075)	(31,314)
Interest and other income	1,329	3,370	2,948	8,803
Realized gains on sale of securities	-	1,898	-	2,162
Interest expense	(402)	(368)	(794)	(759)
Net loss	<u>\$ (24,366)</u>	<u>\$ (11,936)</u>	<u>\$ (44,921)</u>	<u>\$ (21,108)</u>
Net loss per basic and diluted share	<u>\$ (0.48)</u>	<u>\$ (0.25)</u>	<u>\$ (0.89)</u>	<u>\$ (0.44)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>50,407,989</u>	<u>48,811,500</u>	<u>50,209,366</u>	<u>48,576,383</u>

Balance Sheet Highlights
(In thousands)

	June 30,	December 31,
	2002	2001
	(unaudited)	(Note)
Cash, cash equivalents and marketable securities	\$ 205,977	\$ 241,926
Total assets	\$ 258,219	\$ 293,282
Stockholders' equity	\$ 168,400	\$ 207,971

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