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For Immediate Release

Tularik Announces 2000 Second Quarter Financial Results

South San Francisco, Calif. -- July 25, 2000 -- Tularik Inc. (Nasdaq: TLRK) today reported results for the three and six months ended June 30, 2000. For the three months ended June 30, 2000, Tularik incurred a net loss of \$7.6 million, or \$0.16 per diluted share, compared to a net loss of \$5.6 million, or \$0.76 per diluted share for the same period in 1999. For the six months ended June 30, 2000, Tularik incurred a net loss of \$16.9 million, or \$0.37 per diluted share, not including two special, non-cash charges described below, compared to a net loss of \$9.9 million, or \$1.37 per diluted share, for the same period in 1999. Including the two special charges, the net loss for the first six months of 2000 was \$27.1 million, or \$0.59 per diluted share. 1999 earnings per diluted share amounts do not reflect preferred stock that converted to common stock at the initial public offering in December 1999. At June 30, 2000, Tularik had \$291.2 million in cash, cash equivalents and marketable securities.

On May 31, 2000, Tularik announced a broad collaborative agreement with Japan Tobacco for the discovery, development and commercialization of products for the treatment of metabolic diseases. Under the terms of the agreement, Tularik has formed a wholly owned subsidiary, Tularik Pharmaceutical Company, located in South San Francisco. The research to be performed by the subsidiary will be independent from any research programs that currently exist at Tularik or Japan Tobacco. Japan Tobacco made a \$25.0 million up-front payment to Tularik during the second quarter of

2000. This payment was recorded as deferred revenue and will be recognized over the five-year term of the agreement.

Tularik is currently in advanced phase I clinical trials for its lead anti-cancer drug candidate, T67. Tularik anticipates enrolling patients under phase II protocols with this drug candidate during the third quarter of 2000. For its second anti-cancer drug candidate, T607, Tularik has initiated phase I studies in the U.S., the United Kingdom and Canada. In addition, in the second quarter of 2000, Tularik initiated a phase II study with T64, its third anti-cancer drug candidate. Early in the third quarter of 2000, Tularik also initiated a phase I combination study with T64.

Revenues from collaborative research and development for the three and six months ended June 30, 2000 were \$5.8 and \$11.5 million respectively, compared to 1999 three and six month revenues of \$6.0 and \$12.0 million, respectively. Revenue primarily included research payments from Japan Tobacco and Knoll AG in obesity, Japan Tobacco in orphan nuclear receptors and Roche in inflammation, but included only one month of revenue under the new collaborative agreement with Japan Tobacco.

Total research and development expenses for the three months and six months ended June 30, 2000 increased to \$14.5 and \$29.4 million, respectively, from \$10.9 and \$21.0 million for the same periods in 1999, due primarily to increased numbers of preclinical and clinical studies, as well as manufacturing costs for T67, T607 and T64.

Total general and administrative expenses for the three months and six months ended June 30, 2000 increased to \$2.5 and \$4.5 million, respectively, from \$1.3 and \$2.6 million for the same periods in 1999, primarily due to a commission fee associated with the signing of the new research collaboration with Japan Tobacco and to non-cash, stock-based consultant compensation, the latter charge being required for non-employee stock compensation under generally accepted accounting principles.

Net loss for the six months ended June 30, 2000 included two non-cash charges of \$5.4 million and \$4.8 million that were reported in the first quarter of 2000, the first related to the acceleration of vesting of certain options and restricted stock and the second related to the implementation of guidelines issued by the SEC. Under these *Staff Accounting Bulletin ("SAB") 101* guidelines, effective January 1, 2000, Tularik changed its method of accounting for non-refundable, up-front fees collected under collaborative research and development contracts. Such fees had previously been recognized when received, but now

are being recognized over the term of the contract. In July 1997 and in November 1998, Tularik received up-front payments from Roche Bioscience and Knoll AG that were then appropriately recognized as revenue, but according to the *SAB 101* guidelines must be recognized on a straight-line basis through 2002 and 2003, respectively.

Tularik is engaged in the discovery and development of a broad range of novel and superior orally available drugs based on gene regulation. Tularik programs address cancer, CMV, diabetes, obesity, inflammation, allergy/asthma, lipid disorders and bacterial diseases, and a class of targets known as orphan nuclear receptors. Tularik has established strategic partnerships with Japan Tobacco Inc., Roche Bioscience and Knoll AG.

Statements in this press release that are not strictly historical are "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. There can be no assurance that Tularik will obtain necessary regulatory approvals for its drug candidates or be able to develop a commercially viable pharmaceutical product. These and other risks are more fully discussed in Tularik's SEC reports, including the report on Form 10-Q for the quarter ended March 31, 2000.

For additional information, visit Tularik's Internet website at www.tularik.com.

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