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## **Tularik Announces 2000 Third Quarter Financial Results**

South San Francisco, Calif. – October 31, 2000 -- Tularik Inc. (Nasdaq: TLRK) today reported results for the three and nine months ended September 30, 2000. For the three months ended September 30, 2000, Tularik incurred a net loss of \$6.8 million, or \$0.14 per diluted share, compared to a net loss of \$9.1 million, or \$1.16 per diluted share, for the same period in 1999. For the nine months ended September 30, 2000, Tularik incurred a net loss of \$23.7 million, or \$0.51 per diluted share, not including two special, non-cash charges described in "Financial Results," compared to a net loss of \$19.0 million, or \$2.57 per diluted share, for the same period in 1999. Including the two special charges, the net loss for the first nine months of 2000 was \$33.9 million, or \$0.73 per diluted share. 1999 earnings per diluted share amounts do not reflect preferred stock that converted to common stock at Tularik's initial public offering in December 1999. At September 30, 2000, Tularik had \$285.2 million in cash, cash equivalents and marketable securities.

### Clinical Trial Update

Tularik is testing its anti-cancer drug candidate, T67, in a phase I/II study in patients with hepatocellular carcinoma and recently initiated a phase II study in patients with non-small cell lung cancer. Tularik anticipates enrolling patients in 3 additional phase II studies in the fourth quarter of 2000. The T67 studies are being conducted in the US, the United Kingdom (UK), Hong Kong and Taiwan. Tularik's second anti-cancer drug candidate, T607, is currently in phase I clinical trials in the US, the UK and Canada. Tularik's third anti-cancer drug candidate, T64, is currently in phase II clinical trials in patients with head and neck cancer, soft tissue sarcoma and melanoma. In addition, T64 is in phase I combination trials with gemcitabine, doxorubicin and paclitaxel. Tularik expects to initiate breast cancer and non-small cell lung cancer phase II studies with T64, as well as 2 additional phase I combination studies, in the fourth quarter of 2000. The T64 studies are being conducted in the US, the UK, the Netherlands and Australia.

Tularik has also initiated a phase I study in the UK for its oral anti-cytomegalovirus drug candidate T611. Cytomegalovirus is a ubiquitous herpes virus that causes disease in immunocompromised patients. Tularik expects to initiate phase I multiple dose studies in healthy volunteers before the end of 2000.

## Financial Results

Revenues from collaborative research and development for the three and nine months ended September 30, 2000 were \$7.1 and \$18.6 million respectively, compared to 1999 three and nine month revenues of \$5.9 and \$17.9 million, respectively. Revenue primarily included research payments from Japan Tobacco in obesity, orphan nuclear receptors and metabolic diseases, Knoll AG in obesity and Roche in inflammation.

Total research and development expenses for the three months and nine months ended September 30, 2000 increased to \$15.9 and \$45.4 million, respectively, from \$13.9 and \$34.9 million for the same periods in 1999. The increase in the first nine months of 2000 compared to the first nine months of 1999 is due primarily to higher numbers of ongoing preclinical and clinical studies, and the manufacturing costs for T67, T607 and T64. In addition, new research in metabolic diseases contributed to higher research and development costs in the third quarter of 2000 compared to the third quarter of 1999.

Total general and administrative expenses for the three months ended September 30, 2000 increased to \$2.1 million from \$1.3 million for the same period in 1999, primarily due to non-cash, stock-based consultant compensation, a charge being required for non-employee stock compensation under generally accepted accounting principles, higher international patent legal expenses and the increased costs associated with operating as a publicly traded company. Total general and administrative expenses for the nine months ended September 30, 2000 increased to \$6.6 million from \$3.9 million for the same period in 1999.

Net loss for the nine months ended September 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 charge 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 under the *SAB 101* guidelines are being 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 disease, diabetes, obesity, inflammation, immune disorders, 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 June 30, 2000.

For additional information, visit Tularik's Internet website at [www.tularik.com](http://www.tularik.com).

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**TULARIK INC.**

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

	Three months ended September 30,		Nine months ended September 30,	
	2000 (unaudited)	1999 (unaudited)	2000 (unaudited)	1999 (unaudited)
Revenue:				
Collaborative research and development	\$ 7,144	\$ 5,863	\$ 18,644	\$ 17,856
Operating expenses:				
Research and development	15,936	13,904	45,383	34,855
General and administrative	2,091	1,255	6,626	3,903
Amortization of deferred stock compensation	490	880	1,863	1,720
Charge for acceleration of stock and option vesting	-	-	5,396	-
	<u>18,517</u>	<u>16,039</u>	<u>59,268</u>	<u>40,478</u>
Loss from operations	(11,373)	(10,176)	(40,624)	(22,622)
Interest income	5,027	1,334	12,625	4,338
Interest expense	<u>(406)</u>	<u>(233)</u>	<u>(1,098)</u>	<u>(670)</u>
Loss before the cumulative effect of a change in accounting principle	(6,752)	(9,075)	(29,097)	(18,954)
Cumulative effect of a change in accounting principle	-	-	(4,800)	-
Net loss	<u>\$ (6,752)</u>	<u>\$ (9,075)</u>	<u>\$ (33,897)</u>	<u>\$ (18,954)</u>
<u>Basic and diluted amounts per share:</u>				
Loss before cumulative effect of a change in accounting principle	<u>\$ (0.14)</u>	<u>\$ (1.16)</u>	<u>\$ (0.63)</u>	<u>\$ (2.57)</u>
Cumulative effect of a change in accounting principle	<u>-</u>	<u>-</u>	<u>\$ (0.10)</u>	<u>-</u>
Net loss	<u>\$ (0.14)</u>	<u>\$ (1.16)</u>	<u>\$ (0.73)</u>	<u>\$ (2.57)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>47,622,581</u>	<u>7,812,843</u>	<u>46,516,258</u>	<u>7,387,943</u>
<u>Pro forma information:</u>				
Net loss excluding cumulative effect of a change in accounting principle and charge for the acceleration of stock and option vesting			<u>\$ (23,701)</u>	
Pro forma net loss per share			<u>\$ (0.51)</u>	

**Balance Sheet Highlights**

(In thousands)

	September 30, 2000 (unaudited)	December 31, 1999 (Note)
Cash, cash equivalents and marketable securities	\$ 285,239	\$ 203,029
Total assets	\$ 338,275	\$ 230,438
Stockholders' equity	\$ 269,846	\$ 197,569

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