



Contacts: Tularik Inc.  
Traci McCarty  
650-825-7182

## **Tularik Reports Full Year 2002 Financial Results**

South San Francisco, Calif., January 28, 2003 -- Tularik Inc. (Nasdaq: TLRK) today reported financial results for the year ended December 31, 2002. Revenue for the year ended December 31, 2002 was \$25.3 million, compared to \$32.6 million in 2001. Net losses for the year ended December 31, 2002 were \$93.8 million, or \$1.83 per share, compared to \$48.6 million, or \$0.99 per share, for the same period in 2001. At December 31, 2002, Tularik had \$187.7 million in cash, cash equivalents and marketable securities, including \$19.8 million attributable to Tularik's majority-owned subsidiary, Cumbre Inc.

### Recent Clinical Highlights:

- On January 24, 2003, the Company began in the United Kingdom a Phase 1 clinical testing of T131, a drug candidate to treat type 2 diabetes. The trial will evaluate the safety and pharmacokinetics of T131, a compound that activates PPARgamma (peroxisome proliferator-activated receptor gamma), a target involved in the body's ability to respond to insulin.
- T487, Tularik's novel drug candidate for the treatment of inflammatory diseases, completed the single-dose component of a Phase 1 study. The Company is preparing to initiate the multiple-dose component in February. T487 is a novel, small molecule antagonist of CXCR3, a specific cell surface receptor involved in regulating the immune response.
- Tularik expects to begin enrolling patients in the first quarter of 2003, in a pivotal study with T67, the Company's lead anti-cancer drug candidate, for the treatment of hepatocellular carcinoma. T67, an anti-tubulin agent, will be tested in up to 750 patients at sites worldwide, including the United States, Europe, Russia, Brazil, South Africa and Asia.
- Tularik's second anti-cancer drug candidate, T607, is an anti-tubulin agent that does not cross the blood brain barrier. The Company is currently conducting Phase 2 studies with T607 for the treatment of hepatocellular carcinoma, non-Hodgkin's lymphoma, ovarian cancer, gastric cancer and esophageal cancer.

### Additional Highlights:

- The Company announced the appointment of industry veteran Jack M. Anthony as Senior Vice President, Business and Commercial Development. In his new position, Mr. Anthony will lead the Company's worldwide business development initiatives.
- An integrase inhibitor resulting from a collaboration with Merck & Co. began Phase 1 studies. This drug candidate represents a new therapeutic approach for the treatment of HIV/AIDS.
- Tularik earned a milestone payment from its corporate partner Eli Lilly and Company (NYSE: LLY), upon Lilly's initiation of clinical development of an orally available Factor Xa inhibitor. Tularik is entitled to additional payments as the Factor Xa inhibitor for the prevention and treatment of thrombotic diseases progresses through clinical trials to registration. Royalties are payable to Tularik on sales of products emerging from the collaboration.

### **Financial Results**

Revenues from research and development collaborations for the three and twelve months ended December 31, 2002 were \$7.0 and \$25.3 million, respectively, compared to three and twelve month revenues in 2001 of \$8.7 and \$32.6 million, respectively. During 2002, revenue included payments from research collaborations with Japan Tobacco Inc., Roche Bioscience, Medarex, Inc. and Sankyo Company, Ltd. The decline in collaborative research and development revenues as compared with 2001 was partially offset by revenue from a collaboration with Medarex, Inc. that began in January 2002 and a collaboration with Sankyo Company, Ltd. that began in June 2002.

Total research and development expenses for the three months and twelve months ended December 31, 2002 increased to \$28.7 and \$108.8 million, respectively, from \$27.0 and \$91.2 million for the same periods in 2001. The majority of the increase in 2002 compared to 2001 is due to significantly higher clinical development costs related to the progression of clinical trial programs. The remainder of the increase relates to higher research headcount and supply costs related to the acquisition of the CAMD business of Protherics PLC in July 2001, the growth of Tularik's majority-owned subsidiary, Cumbre Inc., and internal expansion.

Total general and administrative expenses for the three months and twelve months ended December 31, 2002 increased to \$3.9 and \$12.8 million, respectively, from \$3.0 and \$11.9 million for the same periods in 2001. The increases in 2002 as compared to 2001 are due to higher administrative headcount and increased legal costs.

Net losses for the three months ended December 31, 2002 were \$26.0 million, or \$0.48 per share, compared to a net loss of \$13.2 million, or \$0.27 per share, for the same period in 2001. For the year ended December 31, 2002, net losses were \$93.8 million, or \$1.83 per share, compared to \$48.6 million, or \$0.99 per share, for the same period in 2001. The greater net losses in 2002 were partially due to lower interest income in 2002 and partially due to \$8.4 million in realized gains on the sale of securities in 2001.

**Webcast**

Tularik will host a conference call at 8:45 AM Eastern Time on January 28, 2003 to discuss 2002 fourth quarter and year-end results. The live webcast can be accessed by visiting Tularik's Internet website at [www.tularik.com](http://www.tularik.com) under the "Investors/Media" tab. Following the webcast, an archived version of the call will be available for five days.

**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 therapeutic areas: cancer, immunology and metabolic disease. The Company currently has four drug candidates in clinical trials. T67 is moving into a pivotal Phase 2/3 study for the treatment of hepatocellular carcinoma (HCC) and T607 is in four Phase 2 trials for the treatment of HCC, non-Hodgkin's lymphoma, ovarian cancer and gastric/esophageal cancer. T487, for the treatment of inflammatory diseases, and T131, for the treatment of type 2 diabetes, are in Phase 1 trials to evaluate safety. For more information, visit Tularik's Internet website at [www.tularik.com](http://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 September 30, 2002 and the report on Form 10-K for the year ended December 31, 2001. Tularik does not undertake any obligation to update forward-looking statements.*

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

	Three months ended December 31,		Year ended December 31,	
	2002 (unaudited)	2001 (unaudited)	2002 (unaudited)	2001 (Note)
Revenue:				
Collaborative research and development	\$ 6,960	\$ 8,747	\$ 25,262	\$ 32,632
Operating expenses:				
Research and development	28,661	26,987	108,829	91,167
General and administrative	3,946	3,030	12,846	11,916
	<u>32,607</u>	<u>30,017</u>	<u>121,675</u>	<u>103,083</u>
Loss from operations	(25,647)	(21,270)	(96,413)	(70,451)
Interest and other income	1,029	2,882	5,121	15,033
Realized (loss) gain on investments	(742)	5,554	(742)	8,390
Interest expense	(609)	(398)	(1,794)	(1,541)
Net loss	<u>\$ (25,969)</u>	<u>\$ (13,232)</u>	<u>\$ (93,828)</u>	<u>\$ (48,569)</u>
<u>Basic and diluted amounts per share:</u>				
Net loss	<u>\$ (0.48)</u>	<u>\$ (0.27)</u>	<u>\$ (1.83)</u>	<u>\$ (0.99)</u>
Weighted average shares used in computing basic and diluted net loss per share	<u>54,000,572</u>	<u>49,639,292</u>	<u>51,283,587</u>	<u>49,051,339</u>

**Consolidated Balance Sheet Data**  
(In thousands)

	December 31,	
	2002 (unaudited)	2001 (Note)
Cash, cash equivalents and marketable securities	\$ 187,754*	\$ 241,926
Total assets	\$ 236,307	\$ 293,282
Stockholders' equity	\$ 148,732	\$ 207,971

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

\* Includes cash, cash equivalents and marketable securities of approximately \$19.8 million from Cumbre Inc.