

CONTACT:

Tularik Inc.
Andrew J. Perlman, M.D., Ph.D.
Corinne Lyle
650-825-7000

Burns McClellan
Aline Schimmel (Investors)
212-213-0006
Sharon Encabo (Media)
415-352-6262

Tularik Reports Full Year 1999 Financial Results

SOUTH SAN FRANCISCO, Calif. -- Feb. 15, 2000 -- Tularik Inc. (Nasdaq: TLRK) today reported financial results for the fourth quarter and the year ended December 31, 1999. For the fourth quarter, Tularik reported a net loss of \$6.6 million, or \$0.17 per share, compared to \$1.2 million, or \$0.04 per share, in the fourth quarter of 1998. For the year, Tularik reported a net loss of \$25.5 million, or \$0.73 per share, compared to a net loss of \$10.5 million in 1998, or \$0.31 per share. At December 31, 1999, Tularik had \$203.0 million in cash, cash equivalents and short-term investments.

“We continue to make progress towards our goal of becoming a major pharmaceutical company,” said David V. Goeddel, Chief Executive Officer. “We now have three cancer drugs in development: two in Phase I clinical trials and the third that is being prepared for Phase II clinical trials. Our initial public offering provided us with substantial resources to advance our nine drug discovery programs, each of which targets attractive commercial markets.”

Collaborative research and development revenue decreased from \$7.7 million in the fourth quarter of 1998 to \$6.0 million in the fourth quarter of 1999. Revenue in the fourth quarter of 1998 included the recognition of a one-time technology access fee of \$3.0 million from one of our collaborators. For the full year, collaborative research and development revenue increased 11.4% to \$23.8 million in 1999 from \$21.4 million in 1998. The increase in 1999 was principally attributable to revenue from new corporate collaboration agreements signed in the second half of 1998. These included agreements with Japan Tobacco Inc. in the area of orphan nuclear receptors and with Knoll AG in the area of obesity. In addition, we entered into a screening for hire agreement with Japan Tobacco that contributed to the revenue increase in 1999. The effect of these new agreements was partially offset by lower revenue from the collaboration with Merck & Co., Inc., which ended in March 1999.

In the fourth quarter of 1999, research and development expenses increased to \$11.0 million from \$9.1 million in the year-earlier quarter. For the full year 1999, research and development costs were \$42.9 million compared with \$33.3 million in 1998. These increases were primarily attributable to increases in employee costs, clinical and preclinical costs and higher occupancy costs associated with the second building at our South San Francisco facility that we occupied in January 1999. We also incurred expenses in the fourth quarter of 1999 in connection with the license agreement we executed with Eli Lilly & Co. for a cancer drug candidate in September 1999.

Located in South San Francisco, California, Tularik Inc. is engaged in the discovery and development of a broad range of novel drugs that act through the regulation of gene expression. Tularik was founded based upon the recognition that inappropriate gene expression lies at the heart of most human diseases. By resolving how genes are selectively turned on (“expressed”) or off, and identifying the critical enzymes, regulatory proteins and transcription factors that control this process, Tularik seeks to develop orally available, small molecule drugs to treat a broad range of diseases caused by inappropriate gene expression. Tularik’s research programs, all of which address attractive commercial markets, include cancer, cytomegalovirus disease, diabetes, obesity, inflammation, allergy/asthma, hypercholesterolemia, bacterial diseases and a class of drug targets called orphan nuclear receptors.

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 S-1 Registration Statement.

Tularik news releases are available on the Tularik web site at www.tularik.com.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1999	1998	1999	1998
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue:				
Collaborative research and development	\$ 5,950	\$ 7,698	\$ 23,806	\$ 21,362
Operating expenses:				
Research and development	11,022	9,115	42,877	33,264
Acquired in-process research and development	--	--	3,000	--
General and administrative	2,134	1,352	6,037	5,002
Amortization of deferred compensation	931	31	2,651	31
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Total costs and expenses	14,087	10,498	54,565	38,297
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Loss from operations	(8,137)	(2,800)	(30,759)	(16,935)
Interest income, net	1,553	1,564	5,221	6,396
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Net loss	<u>\$ (6,584)</u>	<u>\$ (1,236)</u>	<u>\$ (25,538)</u>	<u>\$ (10,539)</u>
Basic and diluted net loss per common share	<u>\$ (0.39)</u>	<u>\$ (0.18)</u>	<u>\$ (2.70)</u>	<u>\$ (1.55)</u>
Weighted average shares used in computing basic and diluted net loss per common share	<u>17,044,653</u>	<u>6,951,741</u>	<u>9,450,934</u>	<u>6,790,512</u>
Pro forma basic and diluted net loss per common share	<u>\$ (0.17)</u>	<u>\$ (0.04)</u>	<u>\$ (0.73)</u>	<u>\$ (0.31)</u>
Weighted average shares used in computing pro forma basic and diluted net loss per common share	<u>37,778,145</u>	<u>33,855,626</u>	<u>34,828,772</u>	<u>33,686,853</u>

Balance Sheet Highlights
(In thousands)

	December 31, 1999	December 31, 1998
	(Note)	(Note)
Cash, cash equivalents and short-term investments	\$ 203,029	\$ 112,324
Total assets	\$ 230,438	\$ 136,778
Stockholders' equity	\$ 197,569	\$ 110,898

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