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Tularik Forms New Subsidiary To Develop Antibacterial and Antifungal Drugs in Texas

Tularik Texas Will Employ Novel Technology to Accelerate Antibiotic Development

South San Francisco, CA, May 31, 2001 – Tularik Inc. (Nasdaq: TLRK) today announced the formation of a new subsidiary, called Tularik Texas Corporation (TTC). TTC will focus on antibacterial and antifungal drug discovery and development and will be located in Dallas, Texas.

TTC will combine the assets of Tularik’s antibacterial and antifungal program with a novel and promising drug discovery approach developed by a group at the University of Texas Southwestern Medical Center at Dallas.

While the subsidiary will share certain assets with Tularik in the near term, the plan is for TTC to develop stand-alone capabilities in biology, lead discovery, chemistry and pharmacology. Since Tularik will be a major equity holder in TTC, both Tularik and its stockholders should have the opportunity for attractive long-term financial returns.

A. Simon Lynch, Ph.D., director of Tularik’s antibacterial and antifungal program for four years, has been named Research Director for TTC. “The founding of TTC offers advantages for all parties involved,” Dr. Lynch said. “It will free some Tularik assets for reallocation among the parent company’s seven other drug discovery and development programs. For TTC, there’s a great advantage in that resources dedicated to the antibacterial and antifungal program will increase from current levels. Finally, UT Southwestern, as a stockholder in TTC, will be an important source of both technology and talent for the new company.”

One of the co-founders of TTC is Steven L. McKnight, Ph.D., a leading authority on the biochemistry of gene regulatory proteins called transcription factors. Professor McKnight is one of the three co-founders of Tularik Inc. and is a member of its Board of Directors. He chairs the Biochemistry Department at UT Southwestern and is a Texas native.

“We are transferring superior science developed at Tularik to an entity that, over time, will stand on its own as a fully independent drug discovery and development company,” said David V. Goeddel, Ph.D., Tularik’s CEO. “My close association and confidence in Steve McKnight, and Tularik’s excellent scientific collaborations with UT Southwestern, serve to increase my conviction that TTC will be a successful new venture.”

“I want very keenly to see a biotech company succeed in Dallas, and I think TTC will lead the way,” Prof. McKnight said. “It’s true that the biotech industry doesn’t yet have a strong presence in this part of the country, but that’s precisely the attraction. There are many wonderfully trained people here, and a focused company like TTC should be able to attract the cream of the crop.”

Prof. McKnight believes that TTC’s chances for success are enhanced by the acute need for the antibacterial products it intends to discover and develop. “The problem of rising resistance to currently marketed antibiotics is well known, and progress in developing new agents has been slow,” McKnight said. “New technologies we’ve developed in my lab hold out the prospect of speeding the discovery process considerably. Bringing this technology into TTC and efficiently transferring the Tularik antibacterial technology are our immediate objectives.”

Prof. McKnight is joined in founding TTC by another distinguished researcher, Richard M. Losick, Ph.D., Harvard College Professor and Maria Moors Cabot Professor of Biology in the Department of Molecular and Cellular Biology at Harvard University. Professor Losick’s laboratory studies development in simple organisms, such as bacteria, that are accessible to genetic manipulation. Prof. Losick is also a member of the Scientific Advisory Board of Tularik and will chair the TTC Scientific Advisory Board.

“The well is never going to go dry for antibiotics—there will always be a need for new ones,” said Dr. Losick. “Every antibiotic has a shelf-life that is limited by resistance, not to mention patents and competitive drugs and generics. But most of all, the medical need for effective antibiotics is quite large.”

Tularik is engaged in the discovery and development of a broad range of novel and superior orally available drugs that act through the regulation of gene expression. Tularik programs address cancer, viral diseases, inflammation, immune disorders, lipid disorders, diabetes, bacterial diseases and obesity. Tularik has established strategic partnerships with Japan Tobacco Inc., Roche Bioscience and Knoll AG. 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”, “intend” 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 its Company’s Form 10-Q for the quarter ended March 31, 2001.