

**CONFERENCE CALL TRANSCRIPT**  
March 16, 2011



[Speaker: Ian Mortimer]

Good afternoon – and thank you for joining us on this teleconference and webcast hosted by Tekmira Pharmaceuticals Corporation to discuss our announcement today that Tekmira has filed a lawsuit against Alnylam Pharmaceuticals.

My name is Ian Mortimer – and I am Executive Vice President and CFO at Tekmira. Joining me on today’s call is Dr. Mark Murray, Tekmira’s President and CEO.

Before I begin, I would like to point out that there are a number of statements that will be made in this conference call that constitute “forward looking statements” and “forward looking information” within the meaning of applicable securities laws. Forward looking statements and information are current predictions only which are based on certain assumptions, and these assumptions are inherently subject to significant business, economic, competitive and market uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause Tekmira’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements and information discussed in this conference call. Known risk factors include, among others, the risks and uncertainties involved in litigation; the final outcome of the litigation with Alnylam is not presently determinable and may result in an outcome that is unfavourable to Tekmira; and the expenses and time required to resolve the litigation with Alnylam are uncertain and may exceed current estimates, which may have a material adverse effect on Tekmira’s financial position and ongoing business strategy. For more specific risk factors pertaining to the lawsuit against Alnylam, please refer to the news release distributed today – March 16, 2011 – which also provides a specific disclaimer to forward looking statements and information discussed on this conference call. A complete discussion of the risks and uncertainties facing Tekmira appear in Tekmira’s Short Form Base Shelf Prospectus dated November 4, 2010 and available at [www.sedar.com](http://www.sedar.com). This conference call contains time-sensitive information and speaks only as of the date of the live broadcast, March 16, 2011. Tekmira undertakes no obligation to revise or update any statements to reflect future developments, new information or circumstances after the date of this call, unless required by law.

Given that this is a legal matter filed with the courts, we will not be hosting a live Question & Answer session today. However, we believe we have anticipated your key questions in our prepared comments, and have posted the related documents, including today’s news release and a copy of the complaint, on the Tekmira website at [tekmirapharm.com](http://tekmirapharm.com). This conference call is being webcast live, and the archive and transcript will be available on our website following our call today.

On today’s call, Mark will provide some background on Tekmira’s relationship with Alnylam, followed by a summary of the details of the legal complaint and the basis for Tekmira’s decision to pursue legal recourse, an outline of anticipated next steps, and some closing perspective on Tekmira.

So now, over to Mark.

[Speaker: Mark Murray]

Thanks Ian. Hello everyone, and thank you for joining our call today.

Tekmira is the leader in the development of siRNA delivery technology. Today, Tekmira's lipid nanoparticle or LNP delivery technology is the only delivery technology that has been validated in multiple human clinical trials as being effective for delivery of siRNA through the blood stream. Tekmira's delivery technology has been used to reduce the levels of LDL cholesterol in the blood stream of humans and animals, in combating Ebola virus, inhibiting tumor growth, and treating hepatitis virus infection. Over the past decade, Tekmira has invested over 500 man-years and 200 million dollars in developing our LNP technology, including the invention of a battery of novel lipids and hundreds of LNP formulations as well as proprietary methodology for producing LNP and processes for large-scale manufacturing. Our technology includes trade secrets, confidential proprietary information and know-how that belong to Tekmira and that we use continually in our business. These assets are valuable to Tekmira because they are secret, costly to develop, and, most importantly, because they provide Tekmira with a competitive advantage.

Tekmira and Alnylam have been collaborators for a number of years. After successful evaluation of our LNP technology in 2006, our two companies entered into licensing agreements in 2007. Our LNP technology is the only technology being utilized by Alnylam to advance its clinical-stage systemic RNAi products. In support of Alnylam's growing pipeline, we formed an exclusive manufacturing relationship in 2009. Under this alliance, Alnylam is required to obtain their LNP products from Tekmira, including the clinical products ALN-VSP, ALN-TTR and ALN-PCS, and we will provide them.

During the course of Tekmira's collaboration with Alnylam, we shared our confidential information with them under the protection of written agreements that restricted Alnylam's right to use our confidential information, and that strictly prohibited Alnylam from disclosing our confidential information to third parties without first obtaining our consent. Importantly, Tekmira never granted Alnylam ownership of our delivery technology; the delivery technology has remained our property.

As we noted in the introduction to this call, we have posted the complaint on our website and I'll provide a brief summary of the complaint and some perspective on why we made the decision to pursue litigation.

Alnylam abused its collaborator status and access to our confidential information by improperly using this information for its own internal purposes and to replicate a competing technology in ways that were unauthorized and without our consent.

Alnylam repeatedly went so far as to use our proprietary delivery technology to apply for patents based on our confidential information, claiming as its own the very technology that it stole. This illegal activity continues today, as Alnylam continues to prosecute patent filings that use or are derived from our technology. Several patent applications containing our confidential and proprietary information have now published, so it is obvious to us and to anyone who looks at these patents what Alnylam has done. For example, Alnylam improperly applied for a patent on Tekmira's Lead Formulation, which it used for its VSP product, without informing us and without our consent or authorization. Alnylam improperly used Tekmira's Lead Formulation to

derive more than a hundred other formulations, also without Tekmira's authorization or consent. Alnylam further harmed Tekmira by disclosing our proprietary technology, including in at least one instance, providing step-by-step formulation manufacturing instructions to a third party, without our consent.

Furthermore, Alnylam has falsely claimed that it can provide LNP delivery technology to others in place of Tekmira. Alnylam's so-called second-generation delivery formulations that it says it has developed are actually based on and developed from Tekmira's technology and do not belong to Alnylam.

In short, our suit against Alnylam seeks to restore our LNP technology to us, its rightful owner, and also seeks remedies for gross wrong-doing by Alnylam. Alnylam has harmed Tekmira and its shareholders through the misappropriation of confidential information, including commercially valuable trade secrets; by disclosing that information without Tekmira's consent; willfully and maliciously misusing this information for their own enrichment; and engaging in other unfairly competitive practices – including false advertising in their public disclosures about Tekmira and Tekmira's technology.

We have made repeated requests of Alnylam to desist in these practices, but to no avail. Alnylam has consistently ignored these requests. As a result, after considering all options, we concluded that the only recourse to protect our technology and the interests of our shareholders was to file this lawsuit.

We believe that what is at stake in this litigation – rightful control of our technology – is of the utmost importance to our business now and in the future. We believe that Tekmira is the leading innovator in RNAi delivery technology, and our leadership depends on preserving and protecting our growing IP estate. Our highest priorities are to maintain control over and protect the value of our intellectual property and to ensure that our inventions are not misappropriated or misused. Our ability to do that has been threatened and undermined by Alnylam's wrongful conduct.

Our goal for this litigation is to achieve a timely resolution by which Tekmira will regain control over our technology and preserve its value. We believe this is the right and only course of action for us to pursue, as it respects and protects the investment we have made in advancing this important technology and the investment our shareholders have made in our company.

We did not commence this litigation lightly. We carefully and prudently considered all its options before making this decision. Essentially, we concluded, enough is enough. We acted now based on the relentlessness and egregiousness of their wrongful actions, and our determination that it would be imprudent and inappropriate for us to allow the situation to continue any longer and risk further damage to our technology assets, to the commercial value of our inventions, and to our corporate reputation.

Our management and directors have considerable experience having successfully undertaken this type of litigation in the past. And we understand that it must only be taken when grave wrong-doing is so obvious and continuous that it can only be remedied in court. We believe that filing this suit is indicative of the gravity of Alnylam's illegal actions and the seriousness of our commitment to pursue all appropriate remedies to the fullest extent. These remedies are detailed at the end of the complaint we filed today. We want all of our stakeholders to be assured that we have made appropriate provisions to ensure that we can manage this process without interruption

to our core business and that we will remain focused on executing our business goals. Our financial guidance and expected cash runway are unchanged, with the current cash we have on hand enabling us to execute our business strategy into 2012. Please note that we plan to report our year-end 2010 audited financial results on March 30th of this year.

I'll conclude my comments with some description of how we expect events to unfold and some perspective on our business, our partners, and our industry.

You can expect that our commentary on ongoing litigation will be minimal following this public disclosure today. We will comment publicly on material matters, as guided by our attorneys. We will continue to be as visible and accessible to investors as we have always been, but there will likely be aspects of this litigation that we will not be able to address.

As we are seeking a swift and fair resolution to this matter, we filed the complaint in the Business Litigation Session or BLS of the Massachusetts Superior Court, which provides a statewide forum for resolution of complex commercial disputes. We specifically chose this venue because of its flexible, case-specific scheduling and innovative pilot project devoted to streamlining business disputes through procedures that reduce the burden and cost of litigation. We believe through the BLS process a trial could be concluded within 12 months, or possibly sooner.

We will not speculate about what Alnylam's response to today's announcement will be. We obviously believe that we have a very strong basis on which to bring this suit, and the remedies we are seeking benefit the extent of the damage caused by Alnylam's wrongful conduct. It should be clear to anyone in this industry, and certainly to Alnylam, that Alnylam needs access to Tekmira's technology, know-how, and manufacturing to continue its operations. While this matter is being pursued, we intend to continue to manufacture LNP products for Alnylam's clinical trials and to fulfill all of our contractual obligations.

I have emphasized in my remarks that Tekmira's objective is to pursue and protect the value of our technology and our assets and to regain rightful control over our intellectual property. This is critical to our business interests as well as the business interests of our partners. Tekmira has been very successful in establishing many industry relationships and collaborations. We are in communication with our current and prospective partners to explain our rationale for pursuing litigation, and to emphasize that bringing suit protects the value of our technology so that we and our partners can realize the full value of it.

We are extremely proud of our company and the extraordinary progress we have made in advancing RNAi delivery technology, developing a therapeutically and commercially valuable pipeline of product candidates, and building a company that is poised to deliver significant value to our shareholders, to our partners, and to patients. Our LNP technology is the gold standard for enablement and delivery of siRNA drugs, representing the most advanced capabilities relative to reproducibility, potency, tolerability, biodistribution and cellular and tissue targeting. We are unique in our ability to validate the claim that we provide the solution to the challenge of RNAi delivery, and that we make RNAi work.

We believe that we have demonstrated that Tekmira is the partner of choice in RNAi, and that the quality and breadth of our industry partnerships provide ample evidence that we are the industry-leading innovator in this important emerging new class of drugs. Our technology is used

today in the majority of systemic RNAi-based drug candidates in clinical development. Our business model provides a highly profitable recurring revenue stream from licensing and manufacturing deals that are the foundation of our ability to fund our internal growth and continue to invest in breakthrough RNAi research. We intend to continue to be the industry-leading innovator, through our research and development efforts, by enabling our partners and by participating commercially in their success.

We believe that RNAi is powerful, versatile and game-changing, and that this new, potent and selective drug class will revolutionize medicine and create large commercial opportunities for Tekmira. We believe that our company is entering an exciting period of productivity and maturation. We are confident that we will be appropriately appreciated based on the quality and abundance of our own accomplishments and that we will create significant, sustainable value not only for our shareholders, but for patients in need of novel, breakthrough therapeutics. We look forward to continuing to share our progress with you and appreciate your participation on this conference call.

Operator, we will now end the call.