Zacks Small-Cap Research

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Tekmira Pharmaceuticals (TKMR-NASDAQ)

TKMR: Unique LNP RNAi delivery technology, diversified pipeline, strong balance sheet--Outperform

Current Recommendation	**Outperform**
Prior Recommendation	N/A
Date of Last Change	03/11/2013
Current Price (03/20/13)	$4.49
Twelve- Month Target Price	**$12.00**

OUTLOOK

Tekmira is a development stage biotech company. We are optimistic about the great potential of the Company's LNP delivery technology, which enables the systemic delivery of RNAi drug candidates. Tekmira has built a diversified pipeline which targets multiple indications including cancer and infection. Lead drug candidate TKM-PLK1 will enter into a Phase II clinical trial in 2013. Government sponsored TKM-Ebola is under accelerated "Animal Rule" development. Partnerships should build shareholder value in a rapid and cost-effective way.

We rate the Company's shares Outperform.

SUMMARY DATA

52-Week High	**$5.60**
52-Week Low	**$1.88**
One-Year Return (%)	**84.02**
Beta	**0.31**
Average Daily Volume (sh)	**27,938**
Shares Outstanding (mil)	**14**
Market Capitalization ($mil)	**$63**
Short Interest Ratio (days)	**0.14**
Institutional Ownership (%)	**20**
Insider Ownership (%)	**6**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**9.6**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2013 Estimate	**N/A**
P/E using 2014 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Average,**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	4.3 A	4.4 A	4.2 A	3.7 A	16.6 A
2012	3.6 A	3.6 A	3.0 A	68.0 E	78.2 E
2013	2.0 E	2.0 E	7.2 E	7.5 E	18.7 E
2014					13.0 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2011	-$0.30 A	-$0.34 A	-$0.14 A	-$0.17 A	-$0.92 A
2012	-$0.20 A	-$0.18 A	-$0.12 A	-$0.07 E	-$0.57 E
2013	-$0.21 E	-$0.28 E	-$0.12 E	-$0.14 E	-$0.75 E
2014					-$1.10 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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INVESTMENT HIGHLIGHTS

- We are initiating the coverage of Tekmira Pharmaceuticals **(TKMR)** with an Outperform rating. Our twelve-month price target is $12 per share.

- Tekmira is one of the pioneers and leaders in the field of RNAi therapeutics. We are optimistic about the Company's lipid nanoparticle **(LNP) RNAi delivery technology**, which enables systemic delivery of RNAi drug candidates. RNAi is one of the most promising targeted therapies, but is challenged by its systemic delivery and distribution into diseased areas in humans. Tekmira's LNP platform technology has great potential to achieve this goal.

- Tekmira's pipeline **targets multiple indications** including cancer, infection, alcohol dependence and other indications which hold great market potential. The Company has advanced its lead cancer drug candidate TKM-PLK1 into a Phase I clinical trial using its LNP delivery technology. A Phase II study is expected to begin in 2H13.

- The Company's **TKM-Ebola** is sponsored by US government under the FDA accelerated "Animal Rule" development plan which has the potential to shorten the development timeline greatly. Phase I safety trial will be initiated within 12 months. TKM-Ebola could provide significant cash flow to the Company in the number of years as the product is developed under a $140 million US government contract.

- Two other candidates **TKM-ALDH2** and **Wee1/CSN5** targets alcohol dependence and oncology respectively. Tekmira is conducting preclinical work to further evaluate these earlier stage programs and could bring them into the clinic soon.

- **Partnerships** are integral part of Tekmira's growth strategy. The Company has established partnerships with the US government and biotech/pharmaceutical companies to utilize its LNP technology to advance RNAi therapeutics. Major partners include Merck, BMS, Alnylam, and Talon. These partnerships not only provide non-dilutive funding for the Company, but also validate the Company's LNP technology and management's commitment to advancing RNAi therapeutics.

- Significant **clinical advances** enabled by Tekmira's LNP technology have been made in partner Alnylam's pipeline. Alnylam has already reported Phase I data of ALN-TTR02 and will report Phase II data this year and plans to initiate a Phase III trial in late 2013. Alnylam has also reported positive Phase I data from ALN-VSP and ALN-PCS. All these data further validate the LNP technology.

- Tekmira has a very **strong balance sheet**. The Company's current cash balance should run into 2015. With a strong balance sheet, Tekmira will be focused on its long term growth strategy without the need for near term financing. Future license fees, milestone payments and royalties from Marqibo can provide further non-dilutive funding.

- We think Tekmira's shares are **undervalued** based on the Company's strong fundamentals. We encourage investors to accumulate Tekmira shares at the current market price.

OVERVIEW

Tekmira (TKMR-Nasdaq, TKM-TO) is a development stage biopharmaceutical company focused on the research and development of novel RNA interference **(RNAi)** therapeutics by utilizing its leading **lipid**

nanoparticle (LNP) delivery technology. Tekmira also licenses its LNP technology to biotech/pharmaceutical companies.

Tekmira's therapeutic product pipeline consists of **internally developed products** as well as **partnered programs.** The Company's internal pipeline has been developed with its own research and development resources. Partnered programs are developed by the Company's partners using Tekmira's LNP technology.

The lead internal program is its oncology product candidate, **TKM-PLK1**, which is in a **Phase I** clinical study. TKM-PLK1 has been shown in preclinical animal studies to selectively kill cancer cells, while sparing normal cells in adjacent healthy tissue. TKM-PLK1 targets PLK1 (polo-like kinase 1), a protein involved in tumor cell proliferation and a validated oncology target. Inhibition of PLK1 expression prevents the tumor cell from completing cell division, resulting in cell cycle arrest and death of the cancer cell.

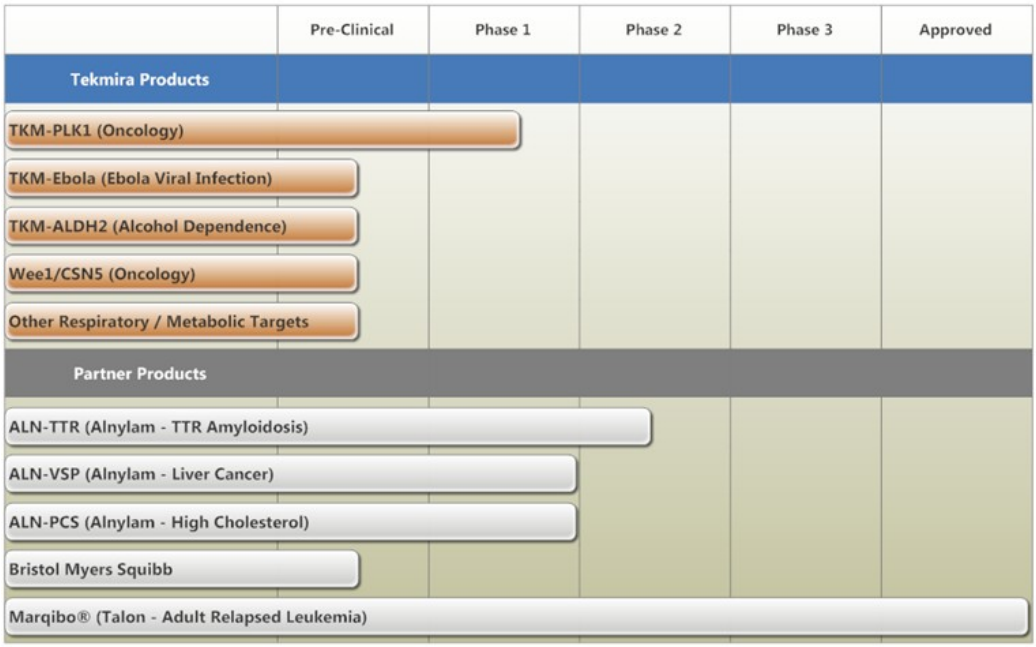
Other internal programs are in **preclinical studies** which include TKM-Ebola for Ebola viral infection, TKM-ALDH2 for alcohol dependence, Wee1/CSNS for oncology, and other respiratory/metabolic targets.

For the partnered programs, Tekmira has licensed its LNP delivery technology to Alnylam and Merck. In addition, Tekmira has ongoing research relationships with Bristol-Myers Squibb, the United States National Cancer Institute, the U.S. Government, through their TMT program, and other undisclosed pharmaceutical and biotechnology companies. Outside the field of RNAi, Tekmira has legacy licensing agreements with Talon Therapeutics, Inc. and Aradigm Corporation.

Tekmira has rights under the RNAi intellectual property of Alnylam Pharmaceuticals, Inc. to develop thirteen RNAi therapeutic products. The Company also has exclusive access to multivalent RNA (MV-RNA) technology for the development of RNAi therapeutic products.

Tekmira's focus is on advancing products that utilize its proprietary LNP technology for the delivery of small interfering RNA (siRNA) and multivalent RNA (MV-RNA). These products are intended to treat diseases through a process known as RNA interference, which prevents the production of disease associated proteins.

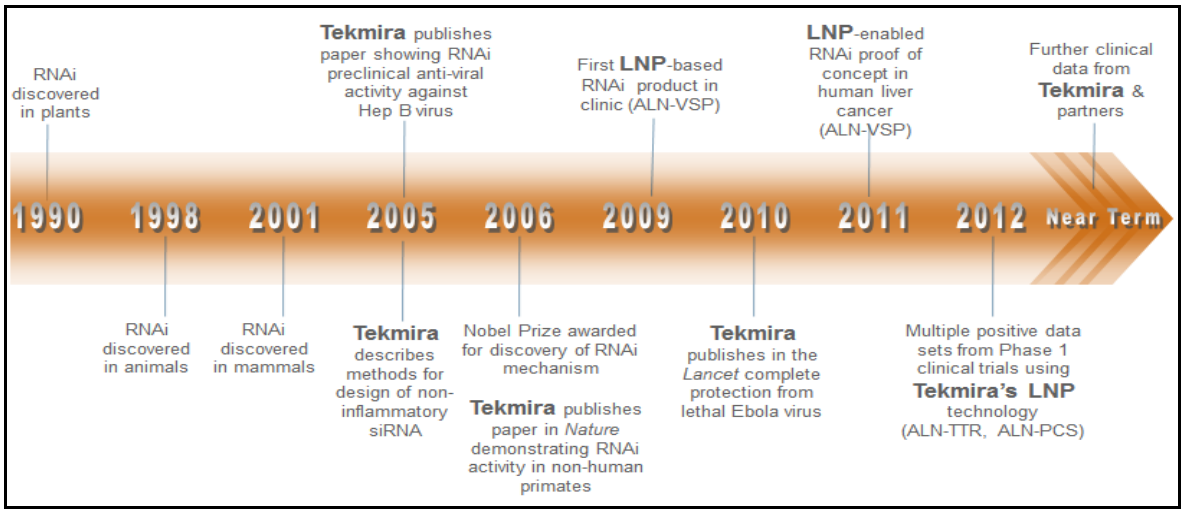
Tekmira is headquartered in Vancouver, Canada. Its shares are listed on Toronto Exchange under ticker TKM as well as on NASDAQ under the ticker TKMR.



INVESTMENT THESIS

Tekmira: The Pioneer in the Field of RNAi Therapeutics

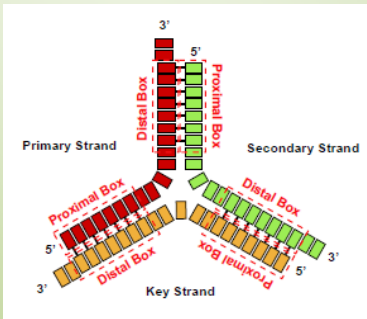
RNA interference **(RNAi)** is considered to be one of the most important discoveries in the field of biology in the last decade. The scientists who discovered the mechanism of RNAi were awarded the 2006 Nobel Prize in Medicine for their discovery. This Nobel Prize winning discovery of RNAi is a revolution in biology, representing a breakthrough in understanding how genes are turned on and off in cells, and a completely new approach to drug discovery and development.



RNAi is a naturally occurring process that takes place inside cells, and includes processes whereby RNA molecules can profoundly suppress genes, and the production of specific proteins, typically by causing the destruction of specific mRNA molecules. Intense research activity has now uncovered a complex molecular mechanism responsible for RNAi that is transforming the method by which drug targets are discovered and validated. Put another way, by harnessing the natural biological process of RNAi occurring in human cells, the creation of a major new class of medicines, known as **RNAi therapeutics**, is now on the horizon. Furthermore, synthetic RNA molecules, including small interfering RNA (**siRNA**) and multivalent RNA (**MV-RNA**), among others, are being developed as drug candidates to specifically suppress the production of disease-related proteins through RNAi.

siRNA are synthetic RNA molecules designed to suppress the production of proteins through the mechanism of RNAi. Sequencing of the human genome has provided the information needed to design siRNA therapeutics directed against a wide range of disease-causing proteins. Based on the mRNA sequence for the target protein, a siRNA therapeutic can be designed relatively quickly compared to the time needed to synthesize and screen conventional small molecule drugs. Further, siRNA-based therapeutics are able to bind to a target protein mRNA with great specificity. When siRNA are introduced into the cell cytoplasm, they are rapidly incorporated into an RNA-induced silencing complex (RISC) and guided to the target protein mRNA, which is then cut and destroyed, preventing the subsequent production of the target protein. The RISC can remain stable inside the cell for weeks, destroying many more copies of the target mRNA and maintaining target protein suppression for long periods of time.

MV-RNA provides 3-in-1 RNA capabilities for multisite RNA interference. A single MV-RNA molecule can suppress one gene at several sites, or suppress multiple genes all at once. This new design enables greater potency and can minimize off target effects of RNAi drugs. MV-RNA is comprised of three RNA guide strands that can each be incorporated into the RISC. Each RNA strand is partially complimentary to the next, and form the three RNA-like arms of a MV-RNA molecule.



Tekmira licensed the MV-RNA technology in August, 2011 from **Halo-Bio**. The Agreement allows Tekmira to work together with Halo-Bio to design and develop MV-RNA molecules directed at gene targets of interest and to combine MV-RNA molecules with Tekmira's LNP technology to develop RNAi therapeutic products. MV-RNA technology comprises single macromolecules capable of mediating RNAi at multiple unique target sites. MV-RNA can target three sites on a single gene or up to three separate genes simultaneously. Tekmira has already successfully demonstrated multi-gene knockdown using MV-RNA enabled by LNP formulations.

RNAi therapeutics target the 'root' genetic cause of diseases by potently silencing specific messenger RNA, thereby preventing the disease-causing proteins from being made.

RNAi therapeutics offer some advantages over conventional therapies. An RNAi therapeutic can target virtually any protein synthesized by the body. This is a significant advantage over small molecule or antibody drug candidates that target only specific classes of proteins. With knowledge of the sequenced human genome, scientists should be able to develop RNAi compounds for each and every gene/mRNA. Additionally, identifying RNAi drugs is more straightforward than traditional small molecule or antibody drugs. Scientists only need to identify the specific gene worth testing, and then design the RNAi therapeutic. This can offers a significant time and cost of discovery advantage.

RNAi has the potential to generate a broad new class of therapeutic drugs. While there are no RNAi therapeutic products currently approved for commercial use, there are a number of RNAi therapeutic products in development and several in human clinical trials.

Tekmira is one of the pioneers in the field of RNAi therapeutics. The Company has been at the forefront of the RNAi technology revolution over the last decade and has been involved in the research and development of RNAi therapeutics since the early days of RNAi discovery and has developed the "gold-standard" systemic RNAi delivery technology: **lipid nanoparticle (LNP) platform**.

Unique LNP Platform Technology Constitutes the Core Competency

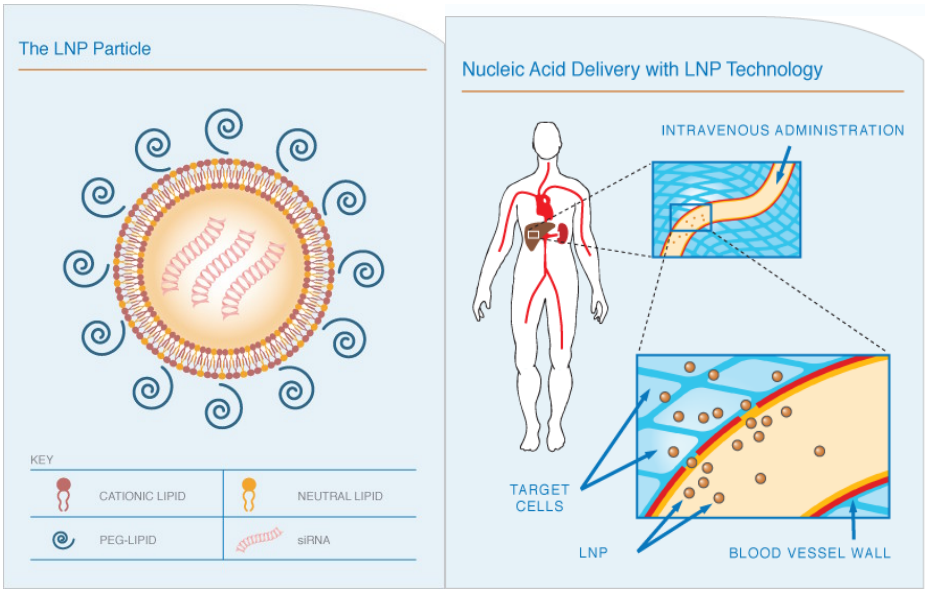
RNAi has been one of the most promising fields of **targeted therapy**. However, development of RNAi has been limited by the lack of a suitable method to deliver these RNA drugs to the diseased cells with high uptake into the cell without causing toxicity. Tekmira's LNP technology is designed to accomplish this goal.

Unlike small molecule drugs, one key problem with RNAi therapeutics is the instability of the RNA molecules in the bloodstream and the inability of these molecules to access target cells or organs, following intravenous (systemic) administration, and their inability to gain entry into the cell cytoplasm, where they carry out their action. Therefore, **delivery is the key** to the successful development of RNAi therapeutics. An ideal delivery technology should be able to protect these RNA drugs in the blood stream following administration, allow efficient delivery to the target organs and facilitate cellular uptake and release into the cytoplasm of the cell.

Tekmira has developed a unique RNAi delivery platform technology which constitutes the core competency of the Company, and is the key to the Company's success. The Company's core technology is called **lipid nanoparticle (LNP) delivery technology**. The LNP technology enables systemic delivery of RNAi for treatment of various diseases.

The core concept of LNP technology is based on two basic principles: RNA molecules are encapsulated in various lipids, forming the lipid nanoparticles (LNP) particles to protect these RNA molecules in the bloodstream. These LNP particles can then be systemically delivered to target cells or organs based on enhanced permeability and retention effect, which occurs because these nucleic acid-containing particles have a long circulation time in the blood, resulting in increased accumulation at sites of vascular leak such as those found at sites of tumor cell growth, infection or inflammation. Once at the target site, cells

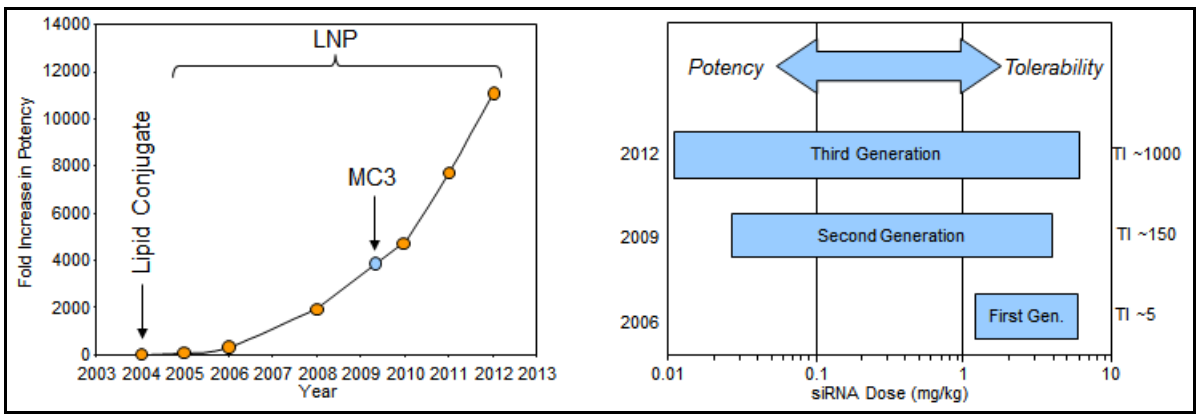
take up the LNP through endocytosis and the nucleic acid payload is delivered inside the cell resulting in unparalleled potency.



Tekmira's LNPs can fully encapsulate and systemically deliver a variety of nucleic acid molecules such as siRNA and MV-RNA. Both pre-clinical and clinical studies have shown that LNP technology is effective in delivering RNAi therapeutics to target organs and into cells where the nucleic acid-based drug can carry out its desired effect (efficient and selective 'silencing' or reduction of certain target proteins) while minimizing systemic toxicity.

The advantages of LNP technology can be summarized below:

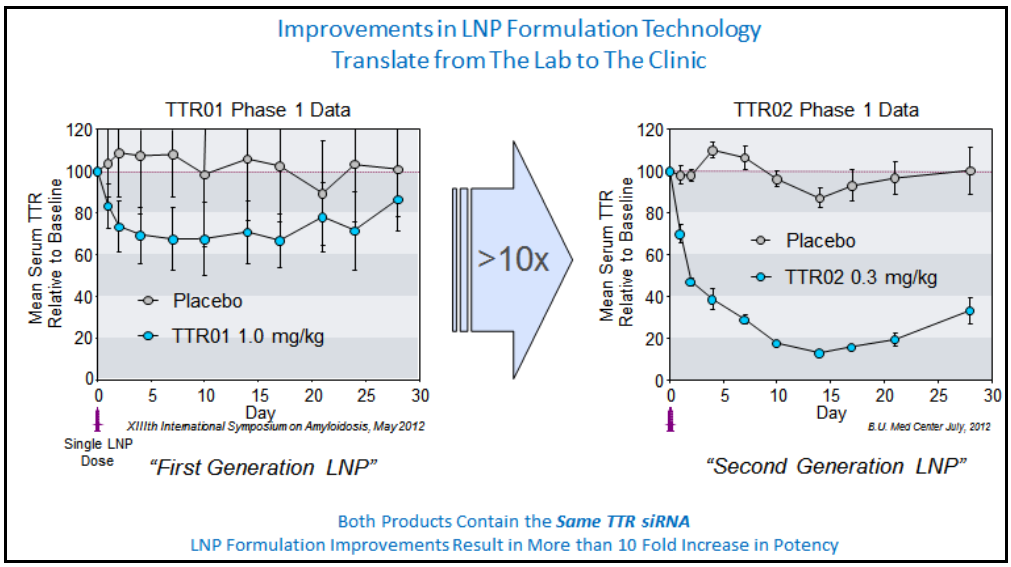
- encapsulates, protects and delivers the RNA drug 'payload';
- promotes efficient cellular uptake;
- intracellular release of the RNAi drug;
- manufacturing process is rapid, scalable, and highly reproducible;
- ongoing continuous improvements in LNP potency and tolerability;



These advantages of LNP have made it the **"gold-standard"** of RNAi delivery. With the power of its LNP technology, we believe Tekmira is strongly positioned to take advantage of the need for delivery technology that can efficiently encapsulate RNA molecules and deliver them to sites of disease. The Company and its partners are advancing RNAi therapeutic product candidates using its LNP technology as the delivery vehicle to access target tissues and cells.

With all the advantages mentioned above, it's our belief that the LNP technology has the potential to revolutionize the treatment of cancer and other diseases where the targets of disease are well characterized.

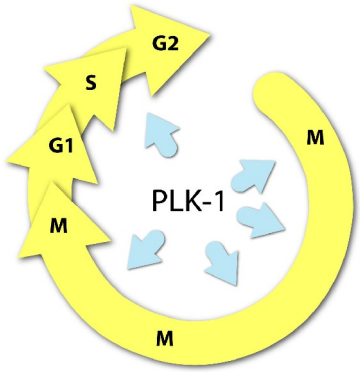
The LNP technology has not only generated favorable pre-clinical data, but also demonstrated powerful potency in humans. This below chart shows that improved LNP technology results in more than 10 fold increase in potency in a human clinical trial.



Lead Candidate TKM-PLK1 Has Moved into Clinic, Targeting Multiple Cancer Indications

Tekmira's lead internal product candidate is **TKM-PLK1**, which is in a **Phase I** clinical trial.

TKM-PLK1 employs Tekmira's LNP technology, and targets PLK1 (polo-like kinase 1), a protein involved in tumor cell proliferation and a validated oncology target. Inhibition of PLK1 expression prevents the tumor cell from completing cell division, resulting in cell cycle arrest and death of the cancer cell. Knock-down of PLK1 gene induces tumor cell death and leads to potent anti-tumor activity.



A KEY KINASE IN CELL DIVISION

In **preclinical animal studies**, TKM-PLK1 has been shown to selectively kill cancer cells, while sparing normal cells in adjacent healthy tissue. Preclinical studies have demonstrated that a single, systemic intravenous administration of TKM-PLK1 blocked PLK1 expression in liver tumors causing extensive tumor cell death. After repeat dosing, this result translated into significant inhibition of tumor growth and prolonged survival without evidence of the toxicities often associated with oncology drugs. The TKM-PLK1 anti-tumor efficacy results were confirmed to be the result of silencing PLK1 via RNA interference.

Furthermore, certain LNP formulations provided potent anti-tumor efficacy in preclinical models of tumors outside the liver.

Based on preclinical studies, on December 22, 2010, Tekmira initiated a **Phase I clinical trial** of TKM-PLK1. The Phase I clinical trial, conducted at medical centers in the United States, is an open label, multi-dose, dose escalation study designed to evaluate the safety, tolerability and pharmacokinetics of TKM-PLK1 as well as determining the maximum tolerated dose. Secondary objectives of the trial are to measure tumor response and the pharmacodynamic effects of TKM-PLK1 in patients providing biopsies. The trial is enrolling patients with **advanced solid tumors**.

On August 14, 2012, Tekmira released interim results from the TKM-PLK1 Phase I study. TKM-PLK1 had been administered to 21 patients at doses ranging from 0.15 mg/kg to 0.90 mg/kg with a total of 105 doses administered. Patients are dosed on an aggressive once weekly protocol with each cycle consisting of three doses followed by a rest week. The interim results showed that

- TKM-PLK1 has been generally well tolerated;
- TKM-PLK1 has shown drug activity to date,
    - One patient with a partial response who is continuing treatment at 0.6 mg/kg having received 15 doses to date over 5 months;
    - Another patient attained stable disease and completed six cycles of treatment with 18 doses in total at 0.6 mg/kg over 6 months;

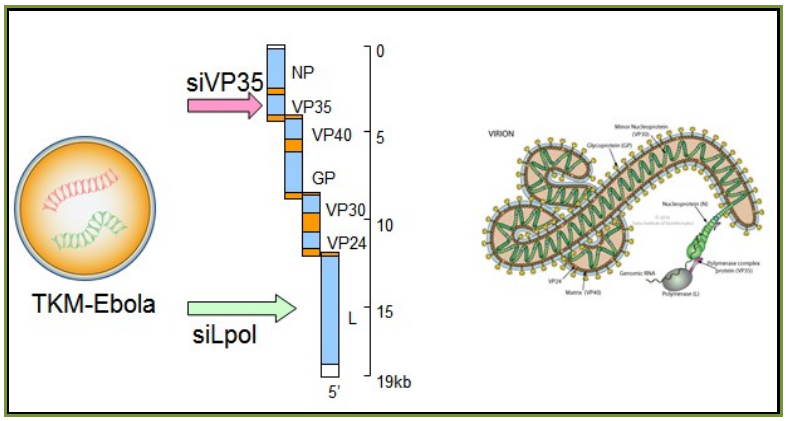
Based on these interim data, patient enrollment is continuing at 0.75 mg/kg. Once complete, results from the Phase I clinical trial, including additional measures of drug activity, will be presented at the American Association of Cancer Research meeting to be held in April 2013.

Tekmira anticipates initiating a **Phase II clinical trial** in 2H2013.

TKM-Ebola, Accelerated Program Could Provide Significant Near-Term Cash Flow

Tekmira is developing an anti-Ebola product called TKM-Ebola. Ebola is a virus, which, for many years, has been associated with periodic outbreaks of **hemorrhagic fever** in human populations with mortality rates reaching 90%. Currently there are no approved treatments for Ebola or other hemorrhagic fever viruses.

TKM-Ebola is an RNAi product candidate developed by Tekmira in collaboration with the **US Department of Defense (DoD)** under a $140 million contract.



In May 2010, Tekmira published a series of **preclinical studies** demonstrating the ability of an RNAi therapeutic utilizing its LNP technology to protect non-human primates from Ebola virus. Tekmira conducted the studies in collaboration with infectious disease researchers from Boston University and the United States Army Medical Research Institute for Infectious Diseases (USAMRIID) and were funded in part by the U.S. Government's Transformational Medical Technologies (TMT) program.

These preclinical studies demonstrated that when siRNA targeting the Ebola virus and delivered by Tekmira's LNP technology were used to treat previously infected non-human primates, the result was 100 percent protection from an otherwise lethal dose of Zaire Ebola virus.

On July 14, 2010, Tekmira signed a contract with the **United States Department of Defense (DoD)** to advance an RNAi therapeutic utilizing the Company's LNP technology to treat Ebola virus infection. In the initial phase of the contract, Tekmira is eligible to receive up to US$34.7 million. This initial funding is for the development of **TKM-Ebola**, including completion of preclinical development, filing an IND application with the FDA and the completion of a Phase I human safety clinical trial. The United States DoD has the option of extending the contract beyond the initial funding period to support the advancement of TKM-Ebola through to the completion of clinical development and FDA approval. Based on the budget for the extended contract this would provide the Company with a total of up to US$140.0 million in funding for the entire program.

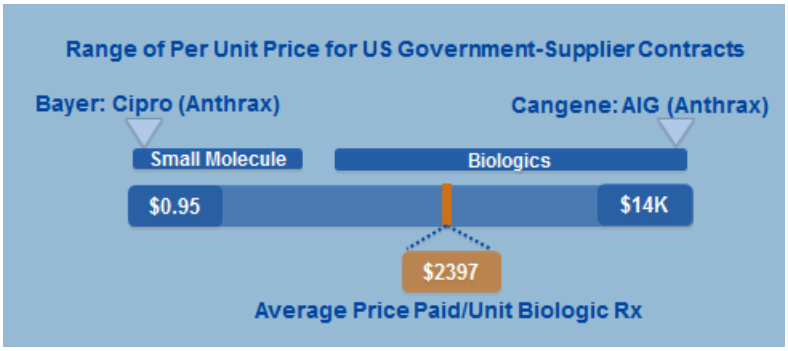
In November 2011, an Investigational New Drug (IND) application for TKM-Ebola was approved by the FDA. In February 2012, Tekmira initiated the TKM-Ebola **Phase I** clinical trial, which is a placebo-controlled, single-blind, single-ascending dose study with additional multiple-ascending dose cohorts in healthy human volunteers. The objective of the Phase I trial is to assess the safety and tolerability of TKM-Ebola and evaluate the pharmacokinetics and systemic exposure following both a single-ascending dose and multiple-ascending doses of TKM-Ebola.

On August 6, 2012, Tekmira received a temporary stop-work order from the United States DoD with respect to the TKM-Ebola program. On October 2, 2012, Tekmira disclosed that the temporary stop-work order was lifted by the United States DoD and work will continue on development of the TKM-Ebola product.

During the course of the development of TKM-Ebola, the LNP technology has been significantly improved. Therefore, Tekmira has submitted a modification request to the existing contract to the United States DoD in order to integrate recent advancements in LNP formulation and manufacturing technology in the TKM-Ebola development program. The program will utilize an **LNP formulation that is more than 10-fold** more potent than previous formulations and more potent than all other LNP formulations currently being evaluated in clinical trials. Tekmira has initiated **pre-clinical** and chemistry, manufacturing and control studies that support the use of these improvements in the program. This development strategy will be accommodated by modifications to the existing contract, allowing both Tekmira and TMT to benefit from the significant advancements in LNP formulation technology made by Tekmira since the commencement of the TMT-funded program in July 2010. It is expected that the LNP formulation work will be completed and submitted to the FDA **in the second half of 2013** in order to initiate a **new Phase I** clinical trial.

TKM-Ebola is being developed under specific FDA regulatory guidelines called the "**Animal Rule**." The Animal Rule provides that under certain circumstances, where it is unethical or not feasible to conduct human efficacy studies, the FDA may grant marketing approval based on adequate and well-controlled animal studies when the results of those studies establish that the drug is reasonably likely to produce clinical benefit in humans. Demonstration of the product's safety in humans is still required.

We think the "Animal Rule" means a lot for Tekmira, because this can accelerate the development of TKM-Ebola. Once approved by the FDA, Tekmira will have the opportunity to negotiate a stock-pile contract with the US government. These stock-pile or procurement contracts have been very lucrative for other companies supplying similar drugs to the US government.



Other Programs Targeting Multiple Indications Provide Sustainable Growth

Tekmira also has a number of additional internal programs in preclinical studies. These candidates address a wide range of therapeutic needs such as alcohol dependence and additional oncology targets. The Company's plan is to continue to generate data to support the advancement of the most promising of these targets.

Two promising candidates are WEE1/CSN5 for oncology and TKM-ALDH2 for alcohol dependence.

WEE1/CSN5 for Multiple Cancers

In June 2011, Tekmira secured non-exclusive licenses from Alnylam targeting two validated oncology targets: **WEE1 and CSN5**. Tekmira's collaborators at the National Cancer Institute (NCI) identified the novel cancer genes WEE1 and CSN5 from human tumor samples. Encouraging **pre-clinical** data have been generated through the Company's expertise in siRNA design and delivery.

Gene expression data from human tumor samples indicate that both CSN5 and WEE1 are up-regulated in a number of human cancers and have been identified as potential molecular targets in breast, liver, lung, ovarian and skin cancer, amongst other tumor types. Tekmira is conducting **pre-clinical** work to further evaluate these targets before initiating formal toxicology studies.

TKM-ALDH2 for Alcohol Dependence

In March 2012, Tekmira secured an exclusive license from Alnylam to develop TKM-ALDH2, a systemically delivered RNAi therapeutic that utilizes Tekmira's LNP for the treatment of Alcohol Dependence (AD). Currently, many approved treatments for AD have low response rates and poor patient compliance rates.

ALDH2 is a key enzyme in ethanol metabolism and a well validated target with both genetic and pharmacological data supporting its role as a key player in alcohol avoidance. Silencing of ALDH2 results in the build-up of acetaldehyde, which produces immediate, severe negative physiological reactions to alcohol intake. It is expected that TKM-ALDH2 could be administered as a "once-a-month" treatment of AD.

Tekmira is also evaluating a number of other pre-clinical candidates for advancement within its product pipeline. Together, these early stage programs will provide long term growth potential for the Company in our view.

Tekmira is the RNAi Partner of Choice

As a pioneer in the RNAi therapeutics, Tekmira owns and controls the patented LNP platform. In addition to advancing its own pipeline and programs, the Company has been making every effort to monetize its revolutionary LNP technology to enable its partners to advance their own RNAi therapeutics.

Partnership is an integral part of Tekmira's growth strategy. So far, the Company has established relationships with prestigious companies in the biotech/pharmaceutical industry including Merck, Bristol-Myers Squibb, Takeda Pharmaceutical Company, Alnylam and the US government to utilize Tekmira's LNP technology to develop RNAi therapeutics to target various medical indications. We think these partnerships are important to Tekmira, not only these partnerships provide essential non-diluting funding for the Company, but also they validate the Company's LNP technology.

Among these partnerships, the most advanced and important agreement is with Alnylam.

Settlement and License Agreement with Alnylam

On November 12, 2012, Tekmira entered into an agreement to settle all litigations between Tekmira and Alnylam. Tekmira also entered into a new licensing agreement with **Alnylam** that replaces all earlier licensing, cross-licensing, collaboration, and manufacturing agreements.

As a result of the new Alnylam license agreement:

- Tekmira will receive a total of $75 million in near-term cash including
  - $65 million up-front payment, which included $30 million associated with the termination of the manufacturing agreement and $35 million associated with the termination of the previous license agreements;
  - $10M in new milestones anticipated in 2013, which includes $5M for ALN-TTR02 entering pivotal trial, and $5M for enabling initiation of ALN-VSP clinical trials in Asia;
- Alnylam has transferred all agreed upon patents and patent applications related to LNP technology for the systemic delivery of RNAi therapeutic products, including the MC3 lipid family, to Tekmira, who will own and control prosecution of this intellectual property portfolio;
- Tekmira is the only company able to sublicense LNP intellectual property in future platform-type relationships. Alnylam has a license to use Tekmira's intellectual property to develop and commercialize products and may only grant access to Tekmira's LNP technology to its partners if it is part of a product sublicense. Alnylam will pay Tekmira milestones and royalties as Alnylam's LNP-enabled products are developed and commercialized.
- The new licensing agreement with Alnylam also grants Tekmira intellectual property rights to develop its own proprietary RNAi therapeutics. Alnylam has granted Tekmira a worldwide license for the discovery, development and commercialization of RNAi products directed to thirteen gene targets – three exclusive and ten non-exclusive licenses;
- Licenses for five of the ten non-exclusive targets – ApoB, PLK1, Ebola, WEE1, and CSN5 – have already been granted, along with an additional license for ALDH2, which has been granted on an exclusive basis. In consideration for this license, Tekmira has agreed to pay single-digit royalties to Alnylam on product sales and have milestone obligations of up to US$8.5 million on the non-exclusive licenses (with the exception of TKM-Ebola, which has no milestone obligations).
- Alnylam no longer has "opt-in" rights to Tekmira's lead oncology product, TKM-PLK1, so Tekmira now holds all development and commercialization rights related TKM-PLK1. The Company will have no milestone obligations on the three exclusive licenses.

Alnylam is using Tekmira's LNP technology to develop the following systemic RNAi therapeutics: ALN-TTR, ALN-VSP, and ALN-PCS, which are the most advanced programs in Alnylam's pipeline.

ALN-TTR for TTR-Mediated Amyloidosis

Alnylam's ALN-TTR01 and ALN-TTR02 are RNAi therapeutics targeting transthyretin (TTR) for the treatment of TTR-mediated **amyloidosis** (ATTR), a systemic disease caused by mutations in the TTR gene. ALN-TTR01 and ALN-TTR02 utilize Tekmira's LNP technology. In July 2010, Alnylam announced the initiation of a Phase I human clinical trial for ALN-TTR01, which triggered a US$0.5 million milestone payment to Tekmira. Alnylam has completed a **Phase I trial with ALN-TTR02** aimed at evaluating safety, tolerability, and clinical activity of ALN-TTR02 in healthy volunteers. New data were presented on July 16, 2012 at Boston University School of Medicine. Alnylam reported results that showed that administration of ALN-TTR02 resulted in statistically significant reductions in serum TTR protein levels of up to 94%. Suppression of TTR, the disease-causing protein in ATTR, was found to be rapid, dose dependent, durable, and specific after just a single dose. ALN-TTR02 was found to be generally safe and well tolerated. Alnylam has initiated a **Phase II** study of ALN-TTR02 in patients with ATTR and has guided that its goal is to start a **pivotal trial in late 2013**. The initiation of the Phase II study of ALN-TTR02 triggered a US$1.0 million milestone payment to Tekmira. Tekmira is entitled to receive a US$5 million milestone payment when ALN-TTR02 enters a pivotal or Phase III clinical trial, which is expected to occur in 2013. Tekmira will also receive royalty payments based on commercial sales of ALN-TTR.

ALN-VSP for Liver Cancer

In April 2009, Alnylam initiated a **Phase I** clinical trial of ALN-VSP that utilizes Tekmira's LNP technology. ALN-VSP is being developed as a treatment for **liver cancer** and potentially other **solid tumors with liver involvement**. ALN-VSP comprises siRNA molecules delivered systemically using LNP technology. The initiation of the ALN-VSP Phase I clinical trial triggered a milestone payment of US$0.5 million to Tekmira in May 2009. In June 2011, Alnylam presented the Phase I data at the ASCO meeting and disclosed that ALN-VSP was generally well tolerated, demonstrated evidence for anti-tumor activity, and was found to mediate RNAi activity in both hepatic and extra-hepatic tumors. The most recent ALN-VSP data were presented at the ASCO meeting in June 2012. Alnylam disclosed that, overall, the results demonstrated disease control lasting more than six months in the majority of patients treated on the extension study, including a complete response (CR) in an endometrial cancer patient who had multiple liver metastases. In this study, chronic dosing of up to 23 months with ALN-VSP was found to be generally safe and well tolerated. In July 2012, Alnylam formed a strategic alliance with **Ascletis Pharmaceuticals (Hangzhou) Co., Ltd**., a privately held US-China joint venture pharmaceutical company, to develop and commercialize ALN-VSP in China, including Hong Kong, Macau, and Taiwan. Tekmira is entitled to receive a US$5 million milestone payment to enable ALN-VSP to enter clinical trials in China, which is expected to occur in 2013. Tekmira will also receive royalty payments based on commercial sales of ALN-VSP.

ALN-PCS for Hypercholesterolemia

Alnylam is also developing ALN-PCS, an RNAi therapeutic, which is enabled by Tekmira's LNP delivery technology, to treat hypercholesterolemia, or high levels of cholesterol in the blood. ALN-PCS is a systemically delivered RNAi therapeutic targeting the gene proprotein convertase subtilisn/kexin type 9 (PCSK9), a genetically validated target involved in the metabolism of LDL cholesterol (LDLc).

On September 26, 2011, Alnylam initiated a **Phase I** clinical trial for ALN-PCS which triggered a US$0.5 million milestone payment to Tekmira. On April 20, 2012, Alnylam presented ALN-PCS data at the American Heart Association's Arteriosclerosis, Thrombosis, and Vascular Biology (ATVB) 2012 Scientific Sessions. Results that showed that administration of a single dose of ALN-PCS, in the absence of concomitant lipid-lowering agents such as statins, resulted in statistically significant and durable reductions of PCSK9 plasma levels of up to 84% and lowering of low-density lipoprotein cholesterol (LDL-C) of up to 50%. ALN-PCS was shown to be safe and well tolerated in this study.

In February 2013, Alnylam and the Medicines Company announced an exclusive global alliance to advance the ALN-PCS program. Tekmira will receive royalty payments based on commercial sales of ALN-PCS.

Merck & Co. License Agreement

Tekmira has a non-exclusive royalty-bearing world-wide license agreement with Merck. Under the license, Merck will pay up to US$17.0 million in milestones for each product they develop covered by Tekmira's intellectual property, except for the first product for which Merck will pay up to US$15.0 million in milestones, and will pay royalties on product sales. Merck has also granted a license to the Company to certain of its patents.

Bristol-Myers Squibb Company Research Agreement

On May 10, 2010, Tekmira announced the expansion of its research collaboration with BMS. Under the new agreement, BMS will use siRNA molecules formulated by Tekmira in LNPs to silence target genes of interest. BMS will conduct the preclinical work to validate the function of certain genes and share the data with Tekmira. Tekmira can use the preclinical data to develop RNAi therapeutic drugs against the therapeutic targets of interest. BMS paid Tekmira US$3.0 million concurrent with the signing of the agreement. Tekmira is required to provide a predetermined number of LNP batches over the four-year agreement. BMS will have a first right to negotiate a licensing agreement on certain RNAi products developed by Tekmira that evolve from BMS validated gene targets.

On May 17, 2011 Tekmira announced a further expansion of the collaboration to include broader applications of the Company's LNP technology and additional target validation work.

License Agreement with Talon Therapeutics, Inc.

Talon (formerly Hana Biosciences, Inc.) is developing targeted chemotherapy products under a legacy license agreement with Tekmira entered into in May 2006. Marqibo (Optisomal Vincristine), Alocrest (formerly INX-0125, Optisomal Vinorelbine) and Brakiva (formerly INX-0076, Optisomal Topotecan), products originally developed by Tekmira, have been exclusively licensed to Talon. Talon has agreed to pay Tekmira milestones and single-digit royalties and is responsible for all future development and future expenses. In May 2009, the license agreement with Talon was amended to decrease the size of near-term milestone payments and increase the size of long-term milestone payments. On September 20, 2010, the license agreement with Talon was amended a second time such that Talon paid $5.9 million (US$5.75 million) in consideration for reducing certain future payments associated with the product candidates. Tekmira is now eligible to receive milestone payments from Talon of up to US$19.0 million upon achievement of further development and regulatory milestones and, Tekmira will also receive single-digit royalties based on product sales. If Talon sublicenses any of the product candidates, Tekmira is eligible to receive a percentage of any upfront fees or milestone payments received by Talon.

Marqibo is a proprietary sphingosomal formulation of the widely used, off-patent cancer chemotherapeutic vincristine. The FDA has granted Talon orphan drug and fast track designations for the use of Marqibo in adult acute lymphoblastic leukemia (ALL). On August 9, 2012, Marqibo received accelerated approval from the FDA for the treatment of adult patients with Philadelphia chromosome negative (Ph-) acute lymphoblastic leukemia (ALL) in second or greater relapse or whose disease has progressed following two or more anti-leukemia therapies. Tekmira received a US$1.0 million milestone payment based on the FDA approval of Marqibo and will receive royalty payments based on Marqibo's commercial sales, which are expected to start in 2013. Talon is also developing Marqibo for other hematologic cancer indications.

The Aradigm Corporation License Agreement

On December 8, 2004, Tekmira entered into a licensing agreement with Aradigm Corporation under which Aradigm exclusively licensed certain of Tekmira's liposomal intellectual property. Under this agreement, Tekmira is entitled to milestone payments totaling US$4.75 million for each disease indication, to a maximum of two, pursued by Aradigm using Tekmira's technology. In addition, Tekmira is entitled to royalties on any product revenue.

Financial Position is Very Strong

Unlike most small cap biotech companies which have weak balance sheets, Tekmira's financial position is very strong at this point.

At September 30, 2012 Tekmira had cash and cash equivalents of approximately $5.6 million. Tekmira settled all litigation with Alnylam in November 2012. As a result, Tekmira received $65 million up front, and is expected to receive another $10 million in milestone payments in 2013. After taking into consideration certain contingent legal fees, Tekmira ended 2012 with $46.8 million in cash and equivalents.

We estimate this cash balance should last into 2015.

Furthermore, Tekmira will receive royalty payment from Talon's marketed product Marqibo which we expect to launch in the near term. These royalty payments together with license fees and milestone payments will provide additional non-dilutive funding.

Experienced Management Team Assures Execution of Growth Strategy

Dr. Mark J. Murray Ph.D., President, CEO
Dr. Murray has served as Tekmira's President, Chief Executive Officer and Director since May 2008, when Dr. Murray joined Tekmira in connection with the closing of the business combination between Tekmira and Protiva. He previously was the President and CEO and founder of Protiva since its inception in the summer of 2000. Dr. Murray has over 20 years of experience in both the R&D and business development and management facets of the biotechnology industry. Dr. Murray has held senior management positions at ZymoGenetics and Xcyte Therapies prior to joining Protiva. Since entering the biotechnology industry Dr. Murray has successfully completed numerous and varied partnering deals, directed successful product development programs, been responsible for strategic planning programs, raised over $30 million in venture capital and executed extensive business development initiatives in the U.S., Europe and Asia. During his R&D career, Dr. Murray worked extensively on three programs that resulted in FDA approved drugs, including the first growth factor protein approved for human use, a program he led for several years following his discovery. Dr. Murray obtained his Ph.D. in Biochemistry from the University of Oregon Health Sciences University and was a Damon Runyon-Walter Winchell post-doctoral research fellow for three years at the Massachusetts Institute of Technology.

Dr. Ian MacLachlan Ph.D., EVP and CSO
Dr. MacLachlan has served as Tekmira's Executive Vice President and Chief Scientific Officer since May 2008, when Dr. MacLachlan joined Tekmira in connection with the closing of the business combination between Tekmira and Protiva. Dr. MacLachlan was a founder of Protiva in 2000 and led Protiva's R&D program since the company's inception. A graduate of the University of Alberta, where he received both his B.Sc. and Ph.D. in Biochemistry, Dr. MacLachlan spent two years at the Vienna Bio-Center where some of the first experiments in systemic gene delivery were performed. Following this, Dr. MacLachlan conducted postdoctoral research at the Howard Hughes Medical Institute at the University of Michigan in the laboratory of Dr. Gary Nabel, a pioneer in the development of DNA-based therapeutics. Active in molecular therapeutics for more than a decade, he joined Protiva after five years leading the development of the gene transfer technology at Inex Pharmaceuticals. Dr. MacLachlan has been an invited speaker on nucleic acid delivery at the National Institutes of Health, the National Cancer Institute,

numerous academic institutions and most major scientific meetings dealing with molecular therapy. He is a member of the New York Academy of Sciences, the Oligonucleotide Therapeutics Society and the American Society of Gene Therapy and serves on the Editorial Board of the journals Molecular Therapy and Oligonucleotides.

Ian C. Mortimer MBA, EVP and CFO
Mr. Mortimer has served as Tekmira's Executive Vice President, Finance, and Chief Financial Officer since May 2008 and Senior Vice President, Finance, and Chief Financial Officer since April 2007. Mr. Mortimer became the Chief Financial Officer of Tekmira after its spin-out from Inex Pharmaceuticals Corporation in 2007 and has responsibilities for Finance and Investor Relations. From 2004 to 2007, Mr. Mortimer was Chief Financial Officer of Inex. From 1997 to 2004, Mr. Mortimer held positions of increasing responsibility at Inex including leading Inex's investor relations efforts and evaluation of product in-licensing opportunities. He has a B.Sc. in Microbiology from the University of British Columbia, an M.B.A. from Queen's University and is a Certified Management Accountant.

Paul Brennan, Senior Vice President, Business Development
Mr. Brennan has served as Tekmira's Senior Vice President, Business Development since September 2010. Mr. Brennan has over 20 years of experience working for pharmaceutical and biotechnology companies in general management, business development, marketing and regulatory affairs. Prior to joining Tekmira, Mr. Brennan was a principal at Pacific BioPartners, a consulting company focused on supporting biotechnology companies with general management and business development expertise. Prior to that he served as CEO of Altair Therapeutics, an emerging biopharmaceutical company based in San Diego, which focused on developing inhaled oligonucleotides for respiratory diseases. Prior to Altair, Mr. Brennan was Senior Vice President, Business Development at Aspreva Pharmaceuticals and was involved in the sale of Aspreva to Vifor Pharma for $915 million. Prior to Aspreva, Mr. Brennan was at AnorMED where he held a number of roles including Acting President during which time he was involved in the sale of AnorMED to Genzyme for $580 million. Mr. Brennan has also held senior positions in business development and regulatory affairs at AstraZeneca, where he worked in Sweden, the United Kingdom and Canada. Mr. Brennan has an MSc and BSc from Queen's University in Kingston, Ontario.

Dr. Peter Lutwyche Ph.D., Senior Vice President, Pharmaceutical Development
Dr. Lutwyche has served as Tekmira's Senior Vice President, Pharmaceutical Development since May 2008, when Dr. Lutwyche joined Tekmira in connection with the completion of the business combination between Tekmira and Protiva. Dr. Lutwyche joined Protiva in February 2008. His responsibilities at Tekmira include manufacturing, process development and quality control for all Tekmira product candidates as well as supporting Tekmira's collaborative partners as they advance products that utilize Tekmira's technology. Dr. Lutwyche joined Protiva from QLT Inc., where he was employed for ten years, most recently as Director, Pharmaceutical Development. During his tenure at QLT, Dr. Lutwyche contributed to the development and commercialization of Visudyne as well as leading manufacturing and chemistry efforts for numerous pre-clinical and clinical stage products. Prior to QLT, he was a research scientist at Inex Pharmaceuticals Corporation working with lipid-based formulations of nucleic acids and antibiotics. Dr. Lutwyche holds a Ph.D. in Chemistry from the University of British Columbia.

VALUATION AND RECOMMENDATION

We are initiating coverage of Tekmira with an **Outperform rating**. Our 12-month price target is **$12.00** per share. Our call is based on the Company’s strong fundamentals.

Tekmira is one of the pioneers and leaders in the field of RNAi therapeutics. The discovery of RNAi is a revolution in biology, representing a breakthrough in understanding how genes are turned on and off in cells, and a completely new approach to drug discovery and development. RNAi has the potential to generate a broad new class of therapeutic drugs.

We are especially optimistic about the Company's **LNP delivery platform technology**, which has proven to have the power to systemically deliver RNA drug candidates to a variety of organs and cells throughout the body.

Based on the LNP platform, Tekmira has built a diversified pipeline, which targets cancer and other indications. Its lead drug candidate TKM-PLK1 for cancers is completing a Phase I clinical trial and preliminary data has shown promising efficacy and favorable safety profile. A Phase II study will be initiated in 2H13.

Tekmira has also established a strong partnership with the US government and biotech/pharmaceutical companies to utilize its LNP technology to advance RNAi therapeutics. These partnerships not only provide non-dilutive financing, but also validate the technology and diversify the Company's risk.

The government sponsored TKM-Ebola program is being developed under specific FDA "**Animal Rule**", which means that the development for TKM-Ebola could be accelerated since no human clinical trial for efficacy is required. Three partnered programs at Alnylam have completed Phase I trials and ALN-TTR is in a Phase II clinical trial and is expected to enter a pivotal trial in 2013.

Our call also considers the Company's strong balance sheet. The settlement with Alnylam provided a $65 million up-front payment to Tekmira in 2012 and another $10 million milestone payment is anticipated for 2013. Tekmira's cash balance should last into 2015 according to our long term financial model. This is compelling for a small cap biotech company. The Company will also receive royalty payments from Marqibo sales which we expect will start in 2013. Further, Tekmira will continue to monetize its LNP platform technology and receive license fees and milestone payments from its partners. With the Alnylam settlement completed, Tekmira is well positioned to execute its long term growth strategy.

Based on our analysis, we think Tekmira shares are undervalued at this time. Currently, shares of Tekmira are trading at around $4.45 per share, which values the Company at a $62 million market cap. We admit that it's always difficult to value a development stage biotech company; Tekmira is no exception. However, we do think that current market value of Tekmira is a huge discount compared to its peers in the same industry.

Most small biotech companies of development stage are valued from $50 million to $500 million depending on how advanced the pipeline is and which indications the company is targeting. Tekmira's TKM-PLK1 for cancer will enter a Phase II clinical study this year, and the Company's TKM-Ebola product is being developed under the accelerated FDA "Animal Rule". TKM-PLK1 has the potential for the treatment of multiple cancers providing a large market opportunity. In the next year or so, Tekmira may advance additional programs into the clinic.

Name	Ticker	Share Price	Market Cap ($million)	Phase I	Phase II	Phase III	Marketed Products
Isis Pharma	ISIS	$17.94	$1,830.00	5	15	2	1
Alnylam	ALNY	$24.76	$1,530.00	4	3	0	0
Regulus	RGLS	$6.17	$221.00	0	0	0	0
Arrowhead	ARWR	$2.28	$39.47	2	1	0	0
Sarepta	SRPT	$30.62	$779.30	3	1	0	0
RXi	RXII	$0.25	$38.87	1	0	0	0
Tekmira	**TKMR**	**$4.37**	**$62.16**	**3**	**2**	**0**	**0**
Average		**$12.34**	**$642.97**				

Therefore, we think at this time Tekmira should be valued between $150 and $400 million in market cap. If we look at the table of RNA based biotech companies, we think Tekmira should be worth more than

Regulus. Our price target of $12 values Tekmira at $168 million in market cap which we think is conservative. Investors with high risk tolerance may consider Tekmira as a component of their portfolio.

RISKS

Development Risk is still High for RNAi Therapeutics

Although RNAi is one of the most promising targeted therapies, there have been no RNAi drugs approved by the FDA.

Even though Tekmira's LNP technology has the potential to provide the solution to the systemic delivery of RNAi therapeutics, data collected so far are limited, and only come from pre-clinical and Phase I trials. We remind investors that risks associated with drug development and related delivery technologies are high, especially for early stage of drug candidates.

The Company's most advanced drug candidate TKM-PLK1 is only in a Phase I clinical trial. Both clinical and regulatory hurdles are significant at this point. However, investors should closely watch the Alnylam programs which are more advanced and will be providing additional data over the coming quarters.

PROJECTED INCOME STATEMENT

	2011	2012					2013					2014	2015	2016
Cdn$ in millions except per share data	FY	Q1	Q2	Q3	Q4	FYE	Q1	Q2	Q3	Q4	FYE	FYE	FYE	FYE
Collaborations and Contracts	$16.1	$3.6	$2.6	$2.1	$2.0	$10.2	$2.0	$2.0	$2.2	$2.5	$8.7	$8.0	$7.0	$5.0
YOY Growth	*8.0%*	*-17.9%*	*-41.0%*	*-43.5%*	*-46.5%*	*-36.6%*	*-43.9%*	*-23.1%*	*7.0%*	*25.0%*	*-14.9%*	*-8.0%*	*-12.5%*	*-28.6%*
License/Milestone/Royalty	$0.5	$0.0	$1.0	$1.0	$1.0	$3.0	$0.0	$0.0	$5.0	$5.0	$10.0	$5.0	$5.0	$5.0
YOY Growth	*-91.9%*	-	-	*89.3%*	-	*470.5%*	-	*-100.0%*	*404.0%*	*410.2%*	*234.4%*	*-50.0%*	*0.0%*	*0.0%*
Other Revenue					$65.0	$65.0								
Total Revenues	**$16.6**	**$3.6**	**$3.6**	**$3.0**	**$68.0**	**$78.2**	**$2.0**	**$2.0**	**$7.2**	**$7.5**	**$18.7**	**$13.0**	**$12.0**	**$10.0**
YOY Growth	*-22.0%*	*-17.9%*	*-17.9%*	*-26.7%*	*1720.0%*	*369.8%*	*-43.9%*	*-44.8%*	*136.2%*	*-89.0%*	*-76.1%*	*-30.5%*	*-7.7%*	*-16.7%*
CoGS	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Gross Income	**$16.6**	**$3.6**	**$3.6**	**$3.0**	**$68.0**	**$78.2**	**$2.0**	**$2.0**	**$7.2**	**$7.5**	**$18.7**	**$13.0**	**$12.0**	**$10.0**
Gross Margin	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*
R&D	$19.9	$4.1	$3.6	$3.1	$2.5	$13.3	$4.0	$5.0	$8.0	$8.5	$25.5	$25.0	$25.0	$25.0
% R&D	*119.5%*	*116.1%*	*98.7%*	*101.8%*	*3.7%*	*17.0%*	*200.0%*	*250.0%*	*111.1%*	*113.3%*	*136.4%*	*192.3%*	*208.3%*	*250.0%*
SG&A	$6.3	$1.8	$2.4	$1.5	$20.3	$26.0	$1.0	$1.0	$1.0	$1.0	$4.0	$4.8	$5.8	$6.9
% SG&A	*37.9%*	*51.1%*	*66.4%*	*49.4%*	*29.9%*	*33.3%*	*50.0%*	*50.0%*	*13.9%*	*13.3%*	*21.4%*	*36.9%*	*48.0%*	*69.1%*
Depreciation & Others	$1.0	$0.2	$0.2	$0.2	$0.2	$0.9	$0.2	$0.2	$0.1	$0.1	$0.7	$0.5	$0.4	$0.2
% Other	*5.9%*	*6.8%*	*6.2%*	*7.0%*	*0.3%*	*1.1%*	*10.0%*	*10.0%*	*1.9%*	*1.9%*	*3.6%*	*3.8%*	*3.3%*	*2.0%*
Operating Income	**($10.5)**	**($2.6)**	**($2.6)**	**($1.8)**	**$45.0**	**$38.0**	**($3.2)**	**($4.2)**	**($1.9)**	**($2.1)**	**($11.5)**	**($17.3)**	**($19.2)**	**($22.1)**
Operating Margin	-	-	-	-	-	-	-	-	*-26.9%*	*-28.5%*	-	-	-	-
Other Income (Net)	$0.6	($0.5)	$0.7	($1.7)	($0.2)	$1.7	$0.2	$0.2	$0.2	$0.2	$0.8	$0.8	$0.8	$0.5
Pre-Tax Income	**($9.9)**	**($3.2)**	**($1.9)**	**($3.4)**	**$44.8**	**$36.3**	**($3.0)**	**($4.0)**	**($1.7)**	**($1.9)**	**($10.7)**	**($16.5)**	**($18.4)**	**($21.6)**
Net Taxes (benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Reported Net Income	**($9.9)**	**($3.2)**	**($1.9)**	**($3.4)**	**$44.8**	**$36.3**	**($3.0)**	**($4.0)**	**($1.7)**	**($1.9)**	**($10.7)**	**($16.5)**	**($18.4)**	**($21.6)**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Weighted avg. Shares Out	*11.3*	*12.8*	*14.0*	*14.0*	*14.1*	*13.7*	*14.1*	*14.1*	*14.2*	*14.3*	*14.2*	*15.0*	*17.5*	*20.0*
Reported EPS	**($0.88)**	**($0.25)**	**($0.14)**	**($0.25)**	**$3.18**	**$2.64**	**($0.21)**	**($0.28)**	**($0.12)**	**($0.14)**	**($0.75)**	**($1.10)**	**($1.05)**	**($1.08)**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-
One time charge	($0.5)	$0.55	($0.6)	$1.74	($45.7)	($44.0)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Non GAAP Net Income	**($10.4)**	**($2.6)**	**($2.6)**	**($1.7)**	**($0.9)**	**($7.8)**	**($3.0)**	**($4.0)**	**($1.7)**	**($1.9)**	**($10.7)**	**($16.5)**	**($18.4)**	**($21.6)**
Non GAAP EPS	**($0.92)**	**($0.20)**	**($0.18)**	**($0.12)**	**($0.07)**	**($0.57)**	**($0.21)**	**($0.28)**	**($0.12)**	**($0.14)**	**($0.75)**	**($1.10)**	**($1.05)**	**($1.08)**

Source: Company filings and Zacks estimates

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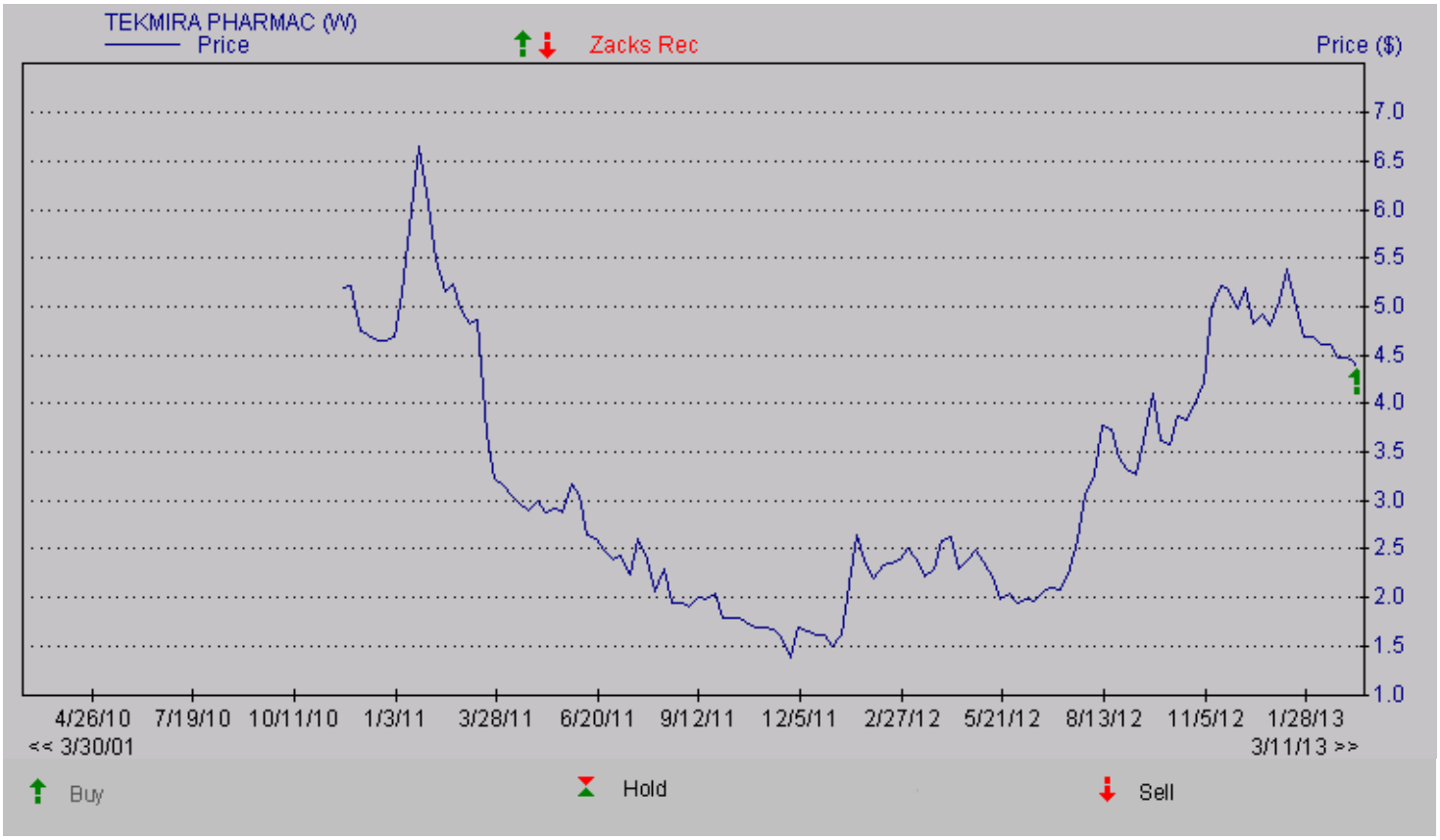
HISTORICAL ZACKS RECOMMENDATIONS



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