

MERGENT INDUSTRIAL

NEW LISTING

February 7, 2012



This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound 2012 February Monthly News Reports and is published on our Website.

MARINA BIOTECH INC

Company Website: www.marinabio.com

History: Incorporated in New York on Mar. 3, 1983 as Nasteck Pharmaceutical, Inc. Reincorporated in Delaware on Sept. 23, 1983. Name changed to MDRNA Inc. on June 11, 2008. Present name adopted on July 21, 2010.

In Dec. 1985, Co. formed Nasco Laboratories, Inc. On Aug. 8, 2000, Co. acquired Atossa HealthCare Inc. for 600,000 shares of Co.'s common stock.

In 2004, Co. acquired exclusive worldwide rights to the Imperial College Innovations and Oregon Health & Science University PYY patent applications in the field of nasal delivery of PYY and the use of glucagon-like peptide-1 used in conjunction with PYY for the treatment of obesity, diabetes and other metabolic conditions.

In Oct. 2008, Co. acquired the intellectual property related to Unlocked Nucleobase Analogs from Ribotask ApS, a privately held Danish company.

In Mar. 2009, Par Pharmaceutical acquired Co.'s manufacturing facilities in Hauppauge, NY, as well as its ANDA for generic calcitonin-salmon nasal spray.

In Mar. 2010, Co. acquired intellectual property related to Conformationally Restricted Nucleotides from Valeant Pharmaceuticals North America in consideration of payment of a nonrefundable licensing fee of \$500,000.

In July 2010, Co. entered into an agreement pursuant to which it acquired the intellectual property of Novosom AG (Novosom) of Halle, Germany for Novosom's SMARTICLES liposomal-based delivery system. Co. issued an aggregate of 1,419,487 shares of its common stock to Novosom as consideration for the acquired assets. The shares had an aggregate value equal to approximately \$3,800,000.

On July 21, 2010, Co. acquired all of the shares of Cequent Pharmaceuticals, Inc. ("Cequent") in exchange for an aggregate of 9,882,853 shares of Co.'s common stock. Co.'s wholly-owned subsidiary, Calais Acquisition Corp., merged with and into Cequent, and Cequent is now Co.'s wholly-owned subsidiary.

In Aug. 2010, Cypress Bioscience, Inc. acquired Co.'s patent rights and technology related to carbetocin, a long-acting analog of oxytocin. Under the agreement, Co. received an upfront payment of \$750,000 and Co. could receive milestone payments up to \$27,000,000.

Business: Marina Biotech is a biotechnology company engaged in the discovery, development and commercialization of oligonucleotide therapies based on gene silencing approaches such as RNA interference and blocking messenger RNA transcription. Co. is focused on the development of these nucleic acid-based therapeutics as well as the drug delivery technologies that together provide treatment options for patients. Co.'s pipeline includes a clinical program in Familial Adenomatous Polyposis and two preclinical programs in malignant ascites and bladder cancer. In addition to its own, internally developed technologies, Co. in-licenses and further develops nucleic acid- and delivery-related technologies.

Property: Co. leases its principal executive offices in approx. 63,200 sq. ft. of research and development and office space in Bothell, WA.

Co. leases approx. 5,000 sq. ft. of research and development and office space in Cambridge, MA.

Co. also leases another facility containing approx. 32,000 sq. ft. of research and development, and office space in Bothell, WA.

Subsidiaries

Cequent Pharmaceuticals, Inc.
MDRNA Research, Inc.
Atossa HealthCare, Inc.

Officers

James M. Karis, Chairman
J. Michael French, President; Chief Executive Officer
Richard Theodore Ho, M.D., Ph. Executive Vice President - Research & Development
Philip C. Ranker, Interim Chief Financial Officer; Secretary

Directors

James M. Karis, Chairman
J. Michael French
Gregory Sessler
R. John Fletcher
Peter D. Parker
Michael D. Taylor, Ph.D.

Auditors: KPMG LLP

Shareholder Relations: Philip C. Ranker, Interim CFO; Secretary Tel.: 425-908-3615

Annual Meeting: In July

No. of Stockholders: Jan. 23, 2012, 15, 000 (approx. beneficial)

No. of Employees: Jan. 23, 2012, 43

Address: 3830 Monte Villa Parkway, Bothell, WA 98021 Tel.: 425 908-3615 Fax: 425 908-3101 E-mail: pranker@marinabio.com Web: www.marinabio.com

Consolidated Income Account, years ended Dec. 31 (\$000):

	2010	2009 (revised)	2008 (revised)
License & other rev	2,460	14,732	1,360
Prod rev			972
Govt grants			277
Tot rev			2,609
Cost of prod rev			2,906
Research & devel exp	18,105	14,882	36,771
Selling, gen & admin	10,359	10,088	13,617
Restructuring chrg	3,526	455	8,257
Income (loss) fr ops	(29,530)	(10,693)	(58,942)
Int inc			519
Int & other inc	244	5	
Int & other exp	2,807	538	797
Chg in fair val liabil for price adju	4,360	2,526	
Gain (loss) on settle of liabilities, net	(20)	654	
Tot other income (expense)	1,777	2,647	(278)
Net income (loss)	(27,753)	(8,046)	(59,220)
Common shares (000):			
Weigh avg shares outstg - basic	1,757	936	738
Weigh averages shares outstg - diluted	1,757	936	738
Yr end shares outstg	2,780	1,020	781

Net income (loss) per com sh - basic	15.80	(8.60)	(80.40)
Net income (loss) per com sh - diluted	15.80	(8.60)	(80.40)
No of full time employees	45	46	44
Tot no of employees	45	46	44
No of beneficiary stkhldrs	15,000	17,000	13,000

Reclassified to conform with 2010 presentation.
 Reclassified to conform with 2009 presentation.
 Adjusted for 1-for-10 stock split, December 23, 2011.
 As is, As of March 15, 2011. As of March 15, 2010. As of March 31, 2009. Approximately. As of March 16, 2011. As of March 27, 2009.

Consolidated Balance Sheet, as of Dec. 31 (\$000):

	2010	2009 (revised)
Assets:		
Cash	1,066	748
Restricted cash	1,017	998
Accts receiv	59	211
Ppd exps & other curr assets	818	700
Tot curr assets	2,960	2,657
Furn & fixtures	873	836
Mach & equip	5,402	5,097
Computer equip & software	1,216	2,176
Lsehd improve	4,285	4,233
Prop & equipment, gross	11,776	12,342
Less: accum deprec & amort	8,081	7,773
Prop & equipment, net	3,695	4,569
Intang assets	22,734	
Other assets	54	3
Tot assets	29,443	7,229
Liabilities:		
Accts pay	3,922	2,114
Accrued payroll & empl benefits	781	913
Other accrued liabil	1,225	1,361
Note payable, net of discount		317
Accrued restructuring - curr port	312	425
Defer rev	34	
Tot curr liabil	6,274	5,130
Accrued restructuring, net of curr port	148	281
Defer rent & other liabil	1,384	1,461
Fair val liabil for price adjustable subscript invest units	1,483	
Fair val liabil for price adjustable warrants	1,783	7,243
Defer tax liabil	1,202	
Tot liabil	12,274	14,115

MERGENT MANUALS (ISSN 0895-3252) is published weekly on Tuesday by Mergent 60 Madison Ave., New York, NY 10010. Subscription rate \$647.50 per annum for the News Report portion of the Mergent Manuals service in the United States and Canada (Not to be sold separately from the Manual). Copyright © 2010 by Mergent. All Information contained herein is copyrighted in the name of Mergent and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or matter or by any means whatsoever, by any person without prior written consent.

All information contained herein is obtained by MERGENT, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind. NO WARRANTY, EXPRESS OF IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY INFORMATION IS GIVEN OR MADE BY MERGENT IN ANY FORM OR MANNER WHATSOEVER. Under no circumstances shall MERGENT have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if MERGENT is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information.

Com stk	307,939	256,131
Retain earnings (accum deficit) . . .	(290,770)	(263,017)
Tot stkhlders' equity (deficit) . . .	17,169	(6,886)

☐ Reclassified to conform with 2010 presentation

Auditor's Report: The following is an excerpt from the Report of the Independent Auditors, KPMG, LLP, as it appeared in Co.'s 2010 10-K report:

"In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marina Biotech, Inc. and subsidiaries as of December 31, 2009 and 2010, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred recurring losses and has an accumulated deficit, and has had recurring negative cash flows from operations, that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from this uncertainty."

Line of Credit: As of Dec. 31, 2010, approximately \$1,000,000 was outstanding on a remaining standby letter of credit.

Capital Stock: 1. Marina Biotech Inc common; par \$0.006.

AUTHORIZED — 90,000,000 shs.

OUTSTANDING — Dec. 31, 2010, 27,800,748 shs; par \$0.006.

WARRANTS — 3,830,201 shs.

STOCK SPLITS — \$0.00001 par shares reverse split 1-for-200 on Jan. 2, 1990.

Par changed from \$0.002 to \$0.006 by way of a 1-for-3 reverse split on Nov. 9, 1993; split 1-for-4 July 22, 2010; split 1-for-10 on Dec. 23, 2011.

VOTING RIGHTS — Entitled to one vote per share, non-cumulative voting for directors.

OPTIONS — Dec. 31, 2010, outstanding, 2,641,059; available for grant, 1,006,004.

LIQUIDATION RIGHTS — In the event of Co.'s liquidation, dissolution or winding-up, the holders of common stock are entitled to share ratably in Co.'s net assets remaining after payment of liabilities, subject to prior rights of preferred stock, if any, then outstanding.

TRANSFER AGENT & REGISTRARS — American Stock Transfer & Trust, New York, NY

PRIMARY EXCHANGE — National Bulletin Board (NBB); MRNA

PRICE RANGE —

High	2011
Low	1.42
	0.77

PRIVATE PLACEMENTS — (200,000 shares) privately placed on Sept. 14, 1993 (proceeds to Co., \$205,000). Proceeds used to provide funding for the costs incurred related to the public offering.

(860,000 shares) privately placed at par \$0.006 to a group of investors on Mar. 22, 2001 for net proceeds of \$4,000,000.

(1,513,069 units) privately placed on Sept. 4, 2003 at \$7.27 per unit. Each unit consisted of one share of com-

mon stock, par value \$0.006 per share and one five year warrant, convertible into 0.35 common shares, to certain accredited investors in a private placement transaction for an aggregate purchase price of \$11,000,000, prior to the deduction of fees and commissions totaling \$1,037,000. The net proceeds of the private placement transaction were used for general corporate purposes, including working capital.

OFFERED — (6,375,000 shares) in Feb. 2011. Each unit comprised of one share of Co.'s common stock and 0.1746 of a warrant.

(22,318,500 shares) in May 2011. Each unit consists of one share of common stock and one Series AWarrant to purchase one share of common stock.

(3,250,000 shares) at \$13.00 a share in Jan. 2007.

(1,725,000 shares) at \$13.50 a share in Aug. 2005.

(1,136,364 shares) in June 2004.

(4,250,000 shares) at \$13.50 a share on Dec. 9, 2004 through Citigroup, Delafield Hambrecht, Inc., Needham & Co., WR Hambrecht + Co.

(1,380,000 shares) at \$14.00 a share in Feb. 1997.

(742,500 shares) at \$7.50 a share in 1994. Each unit consisted of two shares of common stock and two common stock warrants.

(50,000,000 shares) at \$0.01 a share in Mar. 1984 through J. Brooks Securities, Inc.

PAR CHANGE — To \$0.01 on Nov. 9, 1993. (From \$0.002. By way of a 1-for-3 reverse split.)

CAPITAL HISTORY — On July 20, 2005, the stockholders of Co. approved an increase in the number of authorized shares of common stock from 25,000,000 shares to 50,000,000 shares.