AVI BioPharma and Eleos Announce Cross-License Agreement for p53 Therapeutics

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PORTLAND, Ore. & OMAHA, Neb.--(BUSINESS WIRE)--Jan. 9, 2007--AVI BioPharma, Inc. (Nasdaq:AVII), and Eleos Inc. announced today a cross-license agreement for the development of antisense drugs targeting p53, a well-studied human protein that controls cellular response to genetic damage.

Under the terms of the agreement, AVI is granting Eleos an exclusive license to AVI's NEUGENE(R) third-generation antisense chemistry to treat cancer with p53-related drugs. In return, Eleos is granting AVI an exclusive license to its patents for treatment of most viral diseases with drugs that target p53. The companies are sharing rights in other medical fields where targeting p53 may be therapeutically useful.

Each company will make milestone payments and royalty payments to the other on development and sales of products that utilize technology licensed under the agreement. In addition, Eleos is making an upfront payment of $500,000 to AVI.

"This agreement gives AVI access to an important human target that may help us develop even better antiviral therapies," said Denis R. Burger, Ph.D., chief executive officer of AVI. "Targeting both the virus itself and host cell factors that contribute to pathogenesis may be the ultimate strategy for treating certain viral diseases."

"AVI's proprietary antisense chemistry has pharmaceutically important properties that are complementary to our existing technology," said Larry J. Smith, Ph.D., chief executive officer of Eleos. "Having access to NEUGENE chemistry expands Eleos' ability to develop commercial p53 cancer products with extended capabilities."

p53 is a high-profile molecule both in experimental medicine literature and in the popular press. The normal function of p53 is to rid the body of cells that have sustained certain pathological changes in their DNA by causing such cells to either repair the damage or to commit suicide (undergo apoptosis). However, in many medical situations, such as cancer and some viral diseases, p53's normal function has been subverted in a way that actually produces the disease or many of its symptoms. For example, once cancer has developed, blocking p53 increases the cancer's vulnerability to the killing effects of radiation and chemotherapy while making normal cells more resistant to those treatments.

About AVI BioPharma

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE antisense drugs. AVI's lead NEUGENE antisense compound is designed to target cell proliferation disorders, including cardiovascular restenosis, cancer and polycystic kidney disease. In addition to targeting specific genes in the body, AVI's antiviral program uses NEUGENE antisense compounds to combat disease by targeting single-stranded RNA viruses, including West Nile virus, hepatitis C virus, dengue virus, Ebola virus and influenza A virus. AVI has introduced a NEUGENE-based exon-skipping technology called ESPRIT therapy. More information about AVI is available on the company's Web site at www.avibio.com.

About Eleos

Eleos Inc., a private development-stage company, is using its platform technology to create drugs with numerous health care applications. The company has a broad and early intellectual property estate that encompasses a variety of means for blocking p53 and a number of medical applications. Eleos' lead drug, cenersen (EL625), is currently in a Phase II trial in acute myelogenous leukemia (AML). This ongoing trial is providing evidence for both cancer sensitization to and normal cell protection against chemotherapeutic toxicities. Eleos' AML program is scheduled to expand significantly in 2007 to multiple pivotal trials, and a melanoma clinical program is scheduled to begin shortly. More information about Eleos is available at www.eleosinc.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements that are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties, including, but not limited to, the results of research and development efforts, the results of preclinical and clinical testing, the effect of regulation by the FDA and other agencies, the impact of competitive products, product development, commercialization and technological difficulties, and other risks detailed in the company's Securities and Exchange Commission filings.

CONTACT: AVI Contact:
AVI BioPharma, Inc.
Michael Hubbard, 503-227-0554
hubbard@avibio.com
or
Eleos Contact:
Eleos Inc.
F. Joseph Daugherty, M.D., 402-393-3034
fjd@eleosinc.com
or
AVI Investor Contacts:
Lippert/Heilshorn & Associates Inc.
Brandi Flober or Jody Cain, 310-691-7100

bfloberg@lhai.com
jcain@lhai.com
or
AVI Press Contact:
Waggener Edstrom Worldwide Bioscience and Healthcare Practice
Jenny Moede, 503-443-7000
jmoede@waggeneredstrom.com

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