AVI BioPharma Receives Department of Defense Contract for NEUGENE Program in Dengue Virus

9/19/07

Funding Part of Bioterrorism Response Development Effort

PORTLAND, Ore.--(BUSINESS WIRE)--Sept. 19, 2007--AVI BioPharma, Inc. (Nasdaq:AVII) today announced receipt of a $2.66 million contract for development of a therapeutic NEUGENE(R) antisense drug targeting dengue virus infections. This is the fourth contract related to an $11 million allocation for defense-related development of therapeutic antisense drugs, part of the 2006 Defense Appropriations Act. Under the four contracts, AVI anticipates receiving up to $9.8 million, net of government administrative costs.

In May 2007, AVI announced that it had received the first three signed contracts valued at approximately $7.1 million from the Department of Defense (DoD) for the development of therapeutic drugs targeting Ebola virus infections, Marburg virus infections and exposure to Bacillus anthracis (anthrax) and Ricin toxins.

"Taken as a whole, the research funded by these four contracts is meant to improve our national biodefense preparedness," said Alan P. Timmins, president and COO of AVI. "In addition, the research will increase our collective understanding of and potential response options to deadly viruses that still occur naturally outside the United States. Previous studies have shown that NEUGENE(R) antisense therapeutics may be a viable approach to treating victims exposed to these potentially lethal viruses and toxins."

Last week the company announced the presentation of successful preclinical results in Ebola virus and in Marburg virus. That research was supported by a separate $28 million research contract with the Defense Threat Reduction Agency, an agency of the DoD.

NEUGENE antisense compounds are synthetic polymers that mirror a critical portion of a disease-causing organism's genetic code, which bind to specific portions of the target genetic sequence. Like a key in a lock, NEUGENE compounds are designed to match up perfectly with a specific gene or pathogen sequence, blocking the function of the target gene or pathogen.

About Dengue Virus

Dengue and dengue hemorrhagic fever are caused by one of four closely related virus serotypes. Like the Ebola virus, Dengue virus is a member of the flavivirus family. Dengue is one of the most important mosquito-borne viral disease affecting humans; its global distribution is comparable to that of malaria, and an estimated 2.5 billion people live in areas at risk for epidemic transmission (CDC, Dengue fever fact sheet). Each year, tens of millions of cases of Dengue fever occur and, depending on the year, up to hundreds of thousands of cases of Dengue hemorrhagic fever. The case-fatality rate of Dengue hemorrhagic fever in most countries is about 5 percent, but this can be reduced to less than 1 percent with proper treatment. Most fatal cases are among children and young adults.

About AVI BioPharma

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE antisense drugs and ESPRIT exon skipping technology. AVI's lead NEUGENE antisense compound is designed to target cell proliferation disorders, including cardiovascular restenosis. 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 dengue virus, Ebola virus and H5N1 avian influenza virus. AVI's NEUGENE-based ESPRIT technology is initially being applied to potential treatments for Duchenne muscular dystrophy. More information about AVI is available on the company's Web site at http://www.avibio.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
AVI Investor Contacts:
Lippert/Heilshorn & Associates Inc.
Jody Cain or Brandi Floberg, 310-691-7100
jcain@lhai.com or bfloberg@lhai.com
or
AVI Press Contact:
Waggener Edstrom Healthcare
Jenny Moede, 503-443-7000
jmoede@waggeneredstrom.com

SOURCE: AVI BioPharma, Inc.