



AVI BioPharma Awarded \$28 Million Biodefense Research Contract by Department of Defense/DTRA

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PORTLAND, Ore., Dec 04, 2006 (BUSINESS WIRE) -- AVI BioPharma, Inc. (Nasdaq: AVII), has executed a two-year \$28 million research contract with the Defense Threat Reduction Agency (DTRA) of Fort Belvoir, Va., an agency of the United States Department of Defense (DoD). The contract will fund AVI's development of antisense therapeutics to treat the effects of Ebola, Marburg and Junin hemorrhagic viruses, which are seen as biological warfare and bioterrorism agents.

This DTRA contract is separate from a previously announced allocation of \$11 million to AVI as part of the 2006 Defense Appropriations Act, but builds on previous successful research into Ebola and Marburg viruses conducted with the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). The Defense Appropriations Act allocation of \$11 million is for separate specific, complementary research to develop therapeutic agents against Ebola, Marburg and dengue viruses, as well as to develop countermeasures for anthrax exposure and antidotes for ricin toxin.

"This partnership with DTRA and the DoD serves as validation of AVI's proprietary NEUGENE(R) antisense approach to gene silencing in general, as well as specific confirmation of AVI's concept of rapid response therapeutics," said Alan P. Timmins, president and COO of AVI. "We believe that through this contract we will continue to demonstrate the safety and efficacy of our NEUGENE technology plus AVI's unprecedented ability to develop and produce countermeasures for a broad spectrum of existing and emerging biothreat agents."

The company indicated that the bipartisan support received from Oregon's U.S. Sens. Ron Wyden and Gordon Smith was critical in laying the foundation for initial discussions with the DoD and DTRA.

"It is gratifying to see innovation of the importance and magnitude demonstrated by AVI BioPharma coming from the state of Oregon to potentially benefit the entire nation," said Sen. Gordon Smith. "Americans are frequently reminded today of the value of preparedness when it comes to terrorist threats, so the work that AVI is doing to advance innovative treatments for bioterror and infectious disease threats is a critical part of our national preparedness strategy."

AVI also has three ongoing Cooperative Research and Development Agreements (CRADAs) with various government agencies underway to test its antisense drugs against a variety of infectious viruses:

- The Walter Reed Army Institute of Research (WRAIR)
- The U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID)
- The Centers for Disease Control and Prevention (CDC)

AVI's NEUGENE antisense "rapid response therapeutics" may have a significant role to play in the future of bioterrorism defense. NEUGENE compounds are synthetic compounds 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 antisense compounds are designed to match up perfectly with a specific gene or viral sequence, blocking the function of the target gene or virus.

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 <http://www.avibio.com>.

About DTRA

DTRA safeguards America and its allies from weapons of mass destruction by providing capabilities to reduce, eliminate, and counter the threat, and mitigate its effects. This DoD agency is located at Fort Belvoir, Virginia, and operates field offices worldwide. The Chemical and Biological Technologies Directorate within DTRA provides direct Science and Technology support for the national defense through its many medical and physical science and technology programs and initiatives to improve U.S. defensive capabilities against Chemical and Biological Weapons and to protect the safety of U.S. forces operating in a contaminated environment.

"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.

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