UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003
OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from to

Commission file number 0-22613

AVI BIOPHARMA, INC.
(Exact name of registrant as specified in its charter)

Oregon	**93-0797222**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One SW Columbia Street, Suite 1105, Portland, Oregon	**97258**
(Address of principal executive offices)	(Zip Code)

503-227-0554
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock with $.0001 par value	**31,135,714** (Outstanding at May 9, 2003)

AVI BIOPHARMA, INC.
FORM 10-Q
INDEX

AVI BIOPHARMA, INC.
(A Development Stage Company)
BALANCE SHEETS

	March 31, 2003 (unaudited)	December 31, 2002
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,171,723	$ 10,384,963
Short-term securities—available-for-sale	4,541,011	8,908,682
Related party receivables	519,297	513,250
Other current assets	349,369	595,093
Total Current Assets	12,581,400	20,401,988
Property and Equipment, net of accumulated depreciation and amortization of $4,303,372 and $4,007,186	7,065,747	6,584,290
Patent Costs, net of accumulated amortization of $764,901 and $727,901	1,655,744	1,587,632
Other Assets	29,847	29,847
Total Assets	$ 21,332,738	$ 28,603,757
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 1,129,451	$ 4,540,745
Accrued employee compensation	490,502	581,389
Total Current Liabilities	1,619,953	5,122,134
Commitments and Contingencies		
Shareholders' Equity:		
Preferred stock, $.0001 par value, 20,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $.0001 par value, 200,000,000 shares authorized; 26,569,649 and 26,562,666 issued and outstanding	2,657	2,656
Additional paid-in capital	139,353,220	139,327,069
Accumulated other comprehensive income	353,783	729,956
Deficit accumulated during the development stage	(119,996,875)	(116,578,058)
Total Shareholders' Equity	19,712,785	23,481,623
Total Liabilities and Shareholders' Equity	$ 21,332,738	$ 28,603,757

See accompanying notes to financial statements.

AVI BIOPHARMA, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS
(unaudited)

	Three months ended March 31,		July 22, 1980 (Inception) to
	2003	2002	March 31, 2003

Revenues, from license fees, grants and research contracts	$ 257,923	$ 237,695	$ 3,939,364
Operating expenses:			
Research and development	2,805,895	7,049,120	71,966,651
General and administrative	933,401	1,084,519	19,524,129
Acquired in-process research and development	—	—	19,545,028
	3,739,296	8,133,639	111,035,808
Other income (loss):			
Interest income, net	62,556	79,851	4,004,167
Realized gain on sale of short-term securities	—	—	96,750
Write-down of short-term securities—available-for-sale	—	—	(17,001,348)
	62,556	79,851	(12,900,431)
Net loss	$ (3,418,817)	$ (7,816,093)	$ (119,996,875)
Net loss per share—basic and diluted	$ (0.13)	$ (0.33)	
Weighted average number of common shares outstanding for computing basic and diluted loss per share	26,567,968	23,442,127	

See accompanying notes to financial statements.

AVI BIOPHARMA, INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,		For the Period July 22, 1980 (Inception) to
	2003	2002	March 31, 2003
Cash flows from operating activities:			
Net loss	$ (3,418,817)	$ (7,816,093)	$ (119,996,875)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Depreciation and amortization	333,186	265,964	5,693,021
Realized gain on sale of short-term securities	—	—	(96,750)
Write-down of short-term securities—available-for-sale	—	—	17,001,348
Compensation expense on issuance of common stock and partnership units	—	—	861,655
Compensation expense on issuance of options and warrants to purchase common stock or partnership units	—	—	830,607
Conversion of interest accrued to common stock	—	—	7,860
Acquired in-process research and development	—	—	19,545,028
(Increase) decrease in:			
Related party receivables and other current assets	239,677	1,637,909	(868,666)
Other assets	—	—	(29,847)
Accounts payable and accrued employee compensation	(3,502,181)	1,438,787	1,739,953
Net cash used in operating activities	(6,348,135)	(4,473,433)	(75,312,666)
Cash flows from investing activities:			
Purchase of property and equipment	(777,643)	(849,090)	(11,527,784)
Patent costs	(105,112)	(148,587)	(2,636,728)
Purchase of marketable securities	(997,700)	—	(28,207,896)
Sale of marketable securities	4,989,198	2,696,377	25,164,070
Acquisition costs	—	—	(2,377,616)
Net cash provided by (used in) investing activities	3,108,743	1,698,700	(19,585,954)
Cash flows from financing activities:			
Proceeds from sale of common stock, warrants, and partnership units, net of offering costs, and exercise of options and warrants	26,152	21,590,925	102,455,780
Buyback of common stock pursuant to rescission offering	—	—	(288,795)
Withdrawal of partnership net assets	—	—	(176,642)
Issuance of convertible debt	—	—	80,000
Net cash provided by financing activities	26,152	21,590,925	102,070,343
Increase (decrease) in cash and cash equivalents	(3,213,240)	18,816,192	7,171,723
Cash and cash equivalents:			
Beginning of period	10,384,963	11,069,451	—
End of period	$ 7,171,723	$ 29,885,643	$ 7,171,723

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES

AND FINANCING ACTIVITIES:			
Short-term securities—available-for-sale received in connection with the private offering, related party	$ —	$ —	$ 17,897,000
Change in unrealized gain (loss) on short-term securities—available-for-sale	$ (376,173)	$ (3,891,608)	$ 353,783
Issuance of common stock and warrants for services	—	$ —	$ 370,000

See accompnaying notes to financial statements.

AVI BIOPHARMA, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The financial information included herein for the three-month periods ended March 31, 2003 and 2002 and the financial information as of March 31, 2003 is unaudited; however, such information reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods. The financial information as of December 31, 2002 is derived from AVI BioPharma, Inc.'s (the Company's) Form 10-K. The interim financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-K. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

The Company accounts for stock options using the intrinsic value method as prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees." Pursuant to Statement of Financial Accounting Standards (SFAS) No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure," which was adopted in December 2002, the Company has computed, for pro forma disclosure purposes, the impact on net loss and net loss per share as if the stock-based compensation plans have been accounted for in accordance with the fair value method prescribed by SFAS No. 123 "Accounting for Stock-Based Compensation" as follows:

Three Months Ended March 31,	2003	2002
Net loss, as reported	$ (3,418,817)	$ (7,816,093)
Deduct—Total stock-based employee compensation expense determined under fair value based method, for all awards not previously included in net loss	(844,092)	(463,964)
Net loss, pro forma	$ (4,262,909)	$ (8,280,057)
Basic and diluted net loss per share:		
As reported	$ (0.13)	$ (0.33)
Pro forma	$ (0.16)	$ (0.35)

To determine the fair value of stock-based awards granted during the periods presented, the Company used the Black-Scholes option pricing model and the followir weighted average assumptions:

Three Months Ended March 31,	2003	2002
Risk-free interest rate	3.61%	3.61%
Expected dividend yield	0%	0%
Expected lives	7.5 years	7.5 years
Expected volatility	88%	88%

Note 2. Liquidity

The Company is in the development stage. Since its inception in 1980 through March 31, 2003, the Company has incurred losses of approximately $120 million, substantially all of which resulted from expenditures related to research and development, general and administrative expenses, non-cash write-downs in 2002 of $4,478,260 and in 2001 of $12,523,088 on short-term securities—available-for-sale that had an other than temporary impairment as defined by SEC accounting rules and a one-time charge of $19,545,028 for acquired in-process research and development reflecting the acquisition of ImmunoTherapy Corporation. The Company has not generated any material revenue from product sales to date, and there can be no assurance that revenues from product sales will be achieved. Moreover, even if the Company does achieve revenues from product sales, the Company nevertheless expects to incur operating losses over the next several years.

The financial statements have been prepared assuming that the Company will continue as a going concern. The Company's ability to achieve a profitable level of operations in the future will depend in large part on its completing product development of its cancer vaccine, antisense and/or drug delivery products, obtaining regulatory approvals for such products and bringing these products to market. During the period required to develop these products, the Company will require substantial financing. There is no assurance that such financing will be available when needed or that the Company's planned products will be commercially successful. For 2003, the Company expects expenditures for operations, including collaborative efforts and GMP facilities to be approximately $17 to $18 million. The decrease from 2002 expenditures is due to a substantial reduction in the use of an outside GMP manufacturing contractor. Expenditures for 2003 could increase if the Company undertakes additional collaborative efforts. However, if necessary, the Company's management has the ability to curtail expenditures because the vast majority of costs are variable.

The likelihood of the long-term success of the Company must be considered in light of the expenses, difficulties and delays frequently encountered in the development and commercialization of new pharmaceutical products, competitive factors in the marketplace as well as the burdensome regulatory environment in which the Company operates. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

Note 3. Earnings Per Share

Basic EPS is calculated using the weighted average number of common shares outstanding for the period and diluted EPS is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding. Given that the Company is in a loss position, there is no difference between basic EPS and diluted EPS since the common stock equivalents would be antidilutive.

Three Months Ended March 31,	2003	2002
Net loss	$ (3,418,817)	$ (7,816,093)
Weighted average number of shares of common stock and common stock equivalents outstanding:		
Weighted average number of common shares outstanding for computing basic earnings per share	26,567,968	23,442,127
Dilutive effect of warrants and stock options after application of the treasury stock method	*	*
Weighted average number of common shares outstanding for computing diluted earnings per share	26,567,968	23,442,127
Net loss per share — basic and diluted	$ (0.13)	$ (0.33)

* The following common stock equivalents are excluded from earnings per share calculation as their effect would have been antidilutive:

Three Months Ended March 31,	2003	2002
Warrants and stock options	14,585,308	13,747,412

Note 4. Comprehensive Income and securities available for sale

The Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income," establishes standards for reporting and display of comprehensive income. Comprehensive income includes charges or credits to equity that did not result from transactions with shareholders. SFAS No. 130 became effective during 1998. The Company's only component of "other comprehensive income (loss)" is unrealized gain (loss) on short-term securities—available-for-sale. The Company accounts for its short-term securities in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). The Company continues to classify its investment securities as available-for-sale and, accordingly, such investment securities are stated on the balance sheet at their fair market value. At March 31, 2003 and December 31, 2002, the Company's investments in marketable securities had gross unrealized gains of $353,783 and $729,956, respectively. The unrealized difference between the cost and the fair market value of these securities has been reflected as a separate component of shareholders' equity. At March 31, 2003 and December 31, 2002, these short-term securities represent investments in commercial paper of $3,044,120 and $7,038,156, respectively, and common stock. The Company's investment in common stock is in SuperGen, Inc., a related party, with a fair market value of $1,249,435 and $1,625,608 at March 31, 2003 and December 31, 2002, respectively. The following table sets forth the calculation of comprehensive income for the periods indicated:

	Three Months Ended March 31,	
	2003	2002
Net loss	$ (3,418,817)	$ (7,816,093)
Unrealized loss on short-term securities	(376,173)	(3,891,608)
Total comprehensive loss	$ (3,794,990)	$ (11,707,701)

Note 5. Related Party Transactions

In June 2002, the Company loaned the chief executive officer of AVI $500,000. The term of the loan is one year. The loan is secured by the chief executive officer's stock in AVI. Interest on the loan accrues at the rate of 4.75% per annum. This loan was made prior to the Sarbanes-Oxley Act, which prohibits loans to executives, and therefore is grandfathered in.

Note 6. Recent Accounting Pronouncements

In August 2001, the FASB approved SFAS 143, "Accounting for Asset Retirement Obligations," which will be effective beginning fiscal year 2003. SFAS 143 addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The adoption of SFAS 143 did not have a significant impact on the Company's financial condition or results of operations.

In July 2002, the FASB approved SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 addresses the financial accounting and reporting for obligations associated with an exit activity, including restructuring, or with a disposal of long-lived assets. Exit activities include, but are not limited to, eliminating or reducing product lines, terminating employees and contracts and relocating plant facilities or personnel. SFAS 146 specifies that a company will record a liability for a cost associated with an exit or disposal activity only when that liability is incurred and can be measured at fair value.

Therefore, commitment to an exit plan or a plan of disposal expresses only management's intended future actions and, therefore, does not meet the requirement for recognizing a liability and the related expense. SFAS 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. The adoption of SFAS 146 on January 1, 2003 did not have a material effect on the Company's financial position or results of operations.

In November 2002, the EITF reached a consensus on Issue No. 00-21, "Revenue Arrangements with Multiple Deliverables." EITF No. 00-21 addresses certain aspects of the accounting by a vendor for arrangements under which the vendor will perform multiple revenue generating activities. EITF No. 00-21 will be effective for interim periods beginning after June 15, 2003. The Company does not expect the application of the provisions of EITF No. 00-21 to have a material effect on its financial position, results of operations or cash flows.

Note 7. Subsequent Events

On May 5, 2003, the Company announced a private placement of 3,000,000 shares of its common stock, together with warrants to acquire an additional 1,500,000 shares of common stock, to a group of institutional investors for a total purchase price of $15.0 million. The warrants are exercisable for five years at an exercise price of $7.00 per share. Subsequent to that announcement, in a supplemental closing, an additional 1,500,000 shares of common stock and warrants to acquire an additional 750,000 shares of common stock were sold as part of the private placement to certain of the same institutional investors for a purchase price of an additional $7.5 million, resulting in a total sale and issuance in the private placement of 4,500,000 shares of common stock and warrants to acquire an additional 2,250,000 shares of common stock.

Item 2. Management's Discussion and Analysis

This section should be read in conjunction with the same titled section contained in our Annual Report on Form 10-K as filed with the SEC for the year ended December 31, 2002 and the "Risk Factors" contained in such report.

Forward-Looking Information

The Financial Statements and Notes thereto should be read in conjunction with the following discussion. The discussion in this Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. All statements other than historical or current facts, including, without limitation, statements about our business strategy, plans and objectives of management and our future prospects, are forward-looking statements. Such forward-looking statements involve risks and uncertainties, including, but not limited to, the results of research and development efforts, the results of pre-clinical and clinical testing, the effect of regulation by 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, that could cause actual results to differ materially from the expected results reflected in such forward looking statements.

Overview

From its inception in July 1980, the Company has devoted its resources primarily to fund its research and development efforts. The Company has been unprofitable since inception and, other than limited interest, license fees and grants, has had no material revenues from the sale of products or other sources, and does not expect material revenues for at least the next 21 months. The Company expects to continue to incur losses for the foreseeable future as it expands its research and development efforts. As of March 31, 2003, the Company's accumulated deficit was $119,996,875.

Results of Operations

Revenues, from license fees, grants and research contracts, increased to $257,923 in the first quarter of 2003 from $237,695 in the first quarter of 2002, primarily due to increases in research contracts revenues, partially offset by decreases in grants revenues.

Operating expenses decreased to $3,739,296 in the first quarter of 2003 from $8,133,639 in the first quarter of 2002 due to decreases in research and development, primarily due to lower manufacturing costs associated with the company's clinical development efforts, partially offset by increases in outside collaborations and regulatory affairs costs, and additional preclinical and clinical testing of the company's products, which decreased to $2,805,895 in 2003 from $7,049,120 in 2002. Approximately $4,000,000 of this decrease was due to moving NEUGENEÒ manufacturing in-house to the Company's GMP manufacturing facility, substantially reducing manufacturing costs. Additionally, general and administrative costs decreased to $933,401 in 2003 from $1,084,519 in 2002. Net interest income decreased to $62,556 in 2003 from $79,851 in 2002 due to reductions in market interest rates and earnings on decreased cash balances.

Liquidity and Capital Resources

The Company does not expect any material revenues in 2003 or 2004 from its business activities. With the May 2003 financing, the Company now expects that its cash requirements through the end of calendar 2004 will be satisfied by existing cash resources. The Company's cash, cash equivalents and short-term securities were $11,712,734 at March 31, 2003, compared with $19,293,645 at December 31, 2002. The decrease of $7,580,911 was primarily due to total expenditures of $7,230,890, including $6,348,135 used in operations and $882,755 used for purchases of property and equipment and patent related costs, partially offset by the receipt of $26,152 from the exercise of options. Our short-term securities represent investments in commercial paper and common stock. The Company's investment in common stock is in SuperGen, Inc. with a fair market value of $1,249,435 at March 31, 2003, compared with $1,625,608 at December 31, 2002. The fair market value of the SuperGen investment was above cost by $353,783 at March 31, 2003. The Company reviews the fair market value of its short-term securities in relation to its cost basis of the securities at each balance sheet date. If a decline in fair market value below the cost basis is judged to be other than temporary, the cost basis of the security is written down to fair value as a new cost basis and the amount of the write-down is included in earnings as an impairment charge. SuperGen's common stock has historically been volatile and accordingly the actual return the Company could achieve from this investment, if liquidated, may vary widely. To fund its operations beyond 2003, the Company will need to raise additional capital. On May 5, 2003, the Company announced a private

placement of 3,000,000 shares of its common stock, together with warrants to acquire an additional 1,500,000 shares of common stock, to a group of institutional investors for a total purchase price of $15.0 million. The warrants are exercisable for five years at an exercise price of $7.00 per share. Subsequent to that announcement, in a supplemental closing, an additional 1,500,000 shares of common stock and warrants to acquire an additional 750,000 shares of common stock were sold as part of the private placement to certain of the same institutional investors for a purchase price of an additional $7.5 million, resulting in a total sale and issuance in the private placement of 4,500,000 shares of common stock and warrants to acquire an additional 2,250,000 shares of common stock. The Company will continue to look for opportunities to finance its ongoing activities and operations through accessing corporate partners or the public equity markets, as it currently has no credit facility, nor does it intend to seek one.

The Company's future expenditures and capital requirements depend on numerous factors, most of which are difficult to project beyond the short term, including without limitation, the progress of its research and development programs, the progress of its pre-clinical and clinical trials, the time and costs involved in obtaining regulatory approvals, the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, competing technological and market developments, its ability to establish collaborative arrangements and the terms of any such arrangements, and the costs associated with commercialization of its products. The Company's cash requirements are expected to continue to increase each year as the Company expands its activities and operations. There can be no assurance, however, that the Company will ever be able to generate product revenues or achieve or sustain profitability.

The Company expects to continue to incur losses as it expands its research and development activities and related regulatory work and increases its collaborative efforts. For 2003, the Company expects its expenditures for operations, including its collaborative efforts, and its GMP facilities to be approximately $17 to $18 million. That number could increase if it undertakes additional collaborative efforts. The Company's expenditures for 2004 are expected to be greater than or equal to the 2003 estimate. However, if need be in 2004, the Company could reduce its expenditures because the vast majority of its costs are variable. Those estimated expenditures include amounts necessary to fulfill its obligations under its various collaborative, research and licensing agreements during 2003 and 2004.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations are based upon its financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Company's critical accounting policies and estimates are consistent with the disclosure in the Company's Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There has been no material change in the Company's market risk exposure since the filing of our 2002 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer, its President and its Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rule 13a-14 under the Securities Exchange Act of 1934. Based on this review of its disclosure controls and procedures, the Chief Executive Officer, the President and the Chief Financial Officer have concluded that its disclosure controls and procedures are effective in timely alerting them to material information relating to the Company that is required to be included in our periodic SEC filings.

Internal Controls and Procedures

There were no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) The exhibits filed as a part of this report are listed below and this list constitutes the exhibit index.

Exhibit No.	Exhibit Description
99.1	Certification of the Company's Chief Executive Officer, Denis R. Burger, Ph.D., and Chief Financial Officer, Mark M. Webber, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company did not file any Reports on Form 8-K during the quarter ended March 31, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 13, 2003

AVI BIOPHARMA, INC.

By: /s/ DENIS R. BURGER, Ph.D.
Denis R. Burger, Ph.D.
Chief Executive Officer
and Chairman of the Board of Directors
(Principal Executive Officer)

By: /s/ MARK M. WEBBER
Mark M. Webber
Chief Financial Officer
and Chief Information Officer
(Principal Financial and Accounting Officer)

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Denis R. Burger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AVI BioPharma, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By: /s/ Denis R. Burger

Denis R. Burger,
Chief Executive Officer and Chairman
of the Board
(Principal Executive Officer)

See also the certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002, which is also attached to this report.

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark M. Webber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AVI BioPharma, Inc. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 13, 2003

By: /s/ Mark M. Webber

Mark M. Webber,
Chief Financial Officer and Chief Information Officer
(Principal Financial and Accounting Officer)

See also the certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002, which is also attached to this report.

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 20 02

In connection with the Quarterly Report of AVI BioPharma, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Denis R. Burger, as Chief Executive Officer of the Company, and Mark M. Webber, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge,:

&# 160; (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Denis R. Burger

Denis R. Burger
Chairman and Chief Executive Officer
AVI BioPharma, Inc.
May 12, 2003

/s/ Mark M. Webber

Mark M. Webber
Chief Financial Officer and Chief Information Officer
AVI BioPharma, Inc.
May 13, 2003

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

See also the certification pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002, which is also attached to this Report.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to AVI BioPharma, Inc. and will be retained by AVI BioPharma, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.