AVI BioPharma Discloses New Contract With U.S. Government for Potential Funding of up to $291 Million to Advance Development of Therapeutic Candidates for Ebola and Marburg Hemorrhagic Fever Viruses

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BOTHELL, WA, Jul 16, 2010 (MARKETWIRE via COMTEX) --

AVI BioPharma, Inc. (NASDAQ: AVII), a developer of RNA-based therapeutics, yesterday filed a current report on Form 8-K with the U.S. Securities and Exchange Commission providing the following disclosure:

On July 14, 2010, AVI BioPharma, Inc. (the "Company") was awarded a new contract with the U.S. Department of Defense Chemical and Biological Defense Program through the U.S. Army Space and Missile Defense Command for the advanced development of the Company's hemorrhagic fever virus therapeutic candidates, AVI-6002 and AVI-6003, for Ebola and Marburg viruses, respectively. The contract is funded as part of the Transformational Medical Technologies (TMT) program, which was pioneered to develop innovative platform-based solutions countering biological threats.

The contract is structured into four segments with potential funding of up to approximately $291 million. Activity under the first segment is to begin immediately and provides for funding to the Company of up to approximately $80 million. After completion of the first segment, and each successive segment, TMT has the option to proceed to the next segment for either or both AVI-6002 and AVI-6003. If TMT exercises its options for all four segments, contract activities would include all clinical and licensure activities necessary to obtain FDA regulatory approval of each therapeutic candidate and would provide for a total funding award to the Company of up to approximately $291 million.

The contract was granted in response to proposals the Company submitted to a Request for Proposal (RFP) issued in November 2009 and initially submitted by the Company in February 2010. Under an earlier contract the Company completed development activities that culminated in the opening of Investigational New Drug (IND) applications for both AVI-6002 and AVI-6003.

AVI-6002 and AVI-6003 are RNA-based therapeutic candidates from the Company's anti-infective portfolio and use AVI's proprietary PMOplus(TM) chemistry.

About the Transformational Medical Technologies (TMT) Program

The TMT program was created by the DoD to protect the Warfighter from emerging and genetically altered biological threats by discovering and developing a wide range of medical countermeasures through enhanced medical research, development, test and evaluation programs. The TMT Program Office is matrixed from the Joint Science and Technology Office -- DTRA and Joint Program Executive Office -- Chemical and Biological Defense, with oversight from the Office of the Secretary of Defense. For more information on TMT, visit http://www.tmti-cbdefense.org.

About AVI BioPharma

AVI BioPharma is focused on the discovery and development of novel RNA-based therapeutics for rare and infectious diseases, as well as other select disease targets. Applying pioneering technologies developed and optimized by AVI, we are able to target a broad range of diseases and disorders through distinct RNA-based mechanisms of action. Unlike other RNA-based approaches, our technologies can be used to directly target both messenger RNA (mRNA) and precursor messenger RNA (pre-mRNA) to either down-regulate (inhibit) or up-regulate (promote) the expression of targeted genes or proteins. By leveraging our highly differentiated RNA antisense-based technology platform, we have built a pipeline of potentially transformative therapeutic agents, including a clinical stage Duchenne muscular dystrophy candidate and anti-infective candidates for influenza and hemorrhagic fever viruses. For more information, visit 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.

SOURCE: AVI BioPharma, Inc.