AVI BioPharma Secures Increased Funding of Approximately $4.0 Million Under Its Contract With the U.S. Defense Threat Reduction Agency for Development of Therapeutics Targeting H1N1 Swine Flu

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BOTHELL, WA, Apr 28, 2010 (MARKETWIRE via COMTEX) --AVI BioPharma, Inc. (NASDAQ: AVII), a developer of RNA-based drugs, today announced it secured increased funding of up to approximately $4.0 million under its agreement with the U.S. Defense Threat Reduction Agency (DTRA) to develop, in cooperation with the Transformational Medical Technologies Initiative (TMTI) of the Department of Defense, one or more of AVI's nucleotide-based drug candidates targeting the pandemic H1N1 influenza virus (swine flu). The increased funding will support continued preclinical development of AVI's lead influenza drug candidate, AVI-7367, against H1N1 as well as its expanded preclinical evaluation against H5N1 (avian flu) and drug resistant H1N1 and H3N2 flu strains. AVI's lead influenza drug candidate utilizes AVI's proprietary PMOplus(TM) chemistry.

"We greatly value TMTI's increasing recognition of the utility of our technology and our potential to help TMTI meet their need to be ready and able to respond quickly and effectively to viral threats," commented J. David Boyle II, President and CEO of AVI BioPharma. "We look forward to continuing to work closely with TMTI on this program and our other joint programs. In parallel, we plan to evaluate the broader therapeutic opportunities for our influenza program in seasonal and pandemic flu since our target might be conserved across various flu strains, including drug resistant strains."

The material terms of this contract were initially announced by AVI on May 11, 2009 in a regulatory filing (8-K) with the U.S. Securities and Exchange Commission regarding an original funding award of up to $5.1 million, which was finalized at $4.1 million. The approximately $4.0 million in increased funding support announced today was initially disclosed in a regulatory filing (8-K) on March 26, 2010 and is in addition to any funding earned under the contract announced on May 11, 2009. The objective of the contract is to accomplish the preclinical development of one or more medical countermeasures based on AVI's proprietary PMOplus(TM) chemistry.

About Pandemic H1N1 Influenza

On June 11, 2009 the World Health Organization declared a pandemic of H1N1 influenza. The virus was first detected in people in the U.S. in April 2009 and was referred to as "swine flu" because many of the genes in the virus were very similar to those found in flu viruses that circulate in pigs (swine). Illness with the 2009 H1N1 virus has ranged from mild to severe. Symptoms include fever, cough, runny nose, headache, chills and fatigue. Many people infected with H1N1 also have respiratory symptoms without a fever. Severe illness and deaths have occurred as a result of illness associated with the virus. The Centers for Disease Control and Prevention (CDC) estimated that between April 2009 and January 16, 2010 there were up to 84 million cases of H1N1 infection in the U.S. The CDC also estimated that there were up to 378,000 H1N1-related hospitalizations in the U.S. during the same time period.

About Defense Threat Reduction Agency

The Defense Threat Reduction Agency (DTRA) was founded in 1998 to integrate and focus the capabilities of the Department of Defense that address the weapons of mass destruction (WMD) threat. The mission of the DTRA is to safeguard America and its allies from WMD (e.g. chemical, biological, radiological, nuclear, and high yield explosives) by providing capabilities to reduce, eliminate, and counter the threat, and mitigate its effects. Under DTRA, Department of Defense resources, expertise and capabilities are combined to ensure the United States remains ready and able to address the present and future WMD threats. For more information on DTRA, visit www.dtra.mil/.

About Transformational Medical Technologies Initiative

The TMTI 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 TMTI 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 TMTI, visit http://www.tmti-cbdefense.org.

About AVI BioPharma

AVI BioPharma is focused on the discovery and development of RNA-based medicines utilizing proprietary derivatives of its antisense chemistry (morpholino-modified phosphorodiamidate oligomers or PMOs) that can be applied to a wide range of diseases and genetic disorders through several distinct mechanisms of action. Unlike other RNA therapeutic approaches, AVI's antisense technology has been used to directly target both messenger RNA (mRNA) and its precursor (pre-mRNA), allowing for both up- and down-regulation of targeted genes and proteins. AVI's RNA-based drug programs are being evaluated for the treatment of Duchenne muscular dystrophy, including an ongoing systemic Phase 1b/2 clinical trial of exon skipping with AVI-4658. AVI's antiviral programs have demonstrated promising outcomes in Ebola Zaire and Marburg Musoke virus infections and may prove applicable to other viral targets such as Junin, influenza, HCV or Dengue 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.