AVI BioPharma's Drug Candidate AVI-5038 Receives European Orphan Drug Designation For Duchenne Muscular Dystrophy

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For Immediate Release

BOTHELL, WA — February 5, 2010 — AVI BioPharma, Inc. (NASDAQ: AVII), a developer of RNA-based drugs, today announced that it received an orphan drug designation from the Committee for Orphan Medical Products of the European Medicines Agency (EMEA) for AVI-5038, a drug candidate being developed by AVI for the treatment of Duchenne Muscular Dystrophy (DMD). DMD is a genetic muscle wasting disease caused by failure to produce dystrophin. The orphan drug designation potentially may provide AVI up to 10 years of market exclusivity if the drug candidate is approved for marketing in the European Union (EU). AVI-4658, another drug being developed by AVI for DMD, received European orphan drug designation in 2008, and also potentially may receive up to 10 years of marketing exclusivity if approved in the EU.

“The EMEA’s granting of orphan drug designation to AVI-5038 provides important regulatory support for our continuing commitment to develop disease modifying drugs for DMD patients,” stated Dr. Leslie Hudson, President and CEO, AVI BioPharma, Inc. “We look forward to the opportunity to report continuing progress in our DMD program throughout the year, particularly with respect to our lead DMD drug candidate, AVI-4658, which is in an ongoing Phase 1b/2 clinical trial.”

Products granted an orphan drug designation by the EMEA are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions that affect no more than five in 10,000 people in the EU, or are medicines which, for economic reasons, would unlikely be developed without incentives. The aim of the EU orphan medicines designation is to stimulate research and development of medicinal products for rare diseases by providing incentives to the pharmaceutical industry. This initiative helps to give patients suffering from rare diseases access to the same quality of treatment as other patients. Applications for designation of orphan medicines are reviewed by the EMEA through the Committee for Orphan Medicinal Products.

About Duchenne Muscular Dystrophy

DMD is one of the most common fatal genetic disorders to affect children around the world. Approximately one in every 3,500 boys worldwide is afflicted with DMD with 20,000 new cases reported each year. It is a devastating and incurable muscle-wasting disease associated with specific inborn errors in the gene that codes for dystrophin, a protein that plays a key structural role in muscle fiber function. Symptoms usually appear in male children by age three. Progressive muscle weakness of the legs and pelvis eventually spreads to the arms, neck, and other areas. By age 10, braces may be required for walking, and most patients are confined to a wheelchair by age 12. Eventually, this progresses to complete paralysis and increasing difficulty in breathing requiring ventilatory support. The condition is terminal and death usually occurs before the age of 30. The outpatient cost of care for a non-ambulatory DMD boy is among the highest of any disease. There is currently no cure for DMD, but for the first time ever, there are promising therapies in or moving into development.

About AVI BioPharma

AVI BioPharma is focused on the discovery and development of RNA–based drugs 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 Junín, influenza, HCV or Dengue viruses. For more information, visit www.avibio.com.

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