AVI BioPharma Awarded up to $291 Million U.S. Government Contract for Advanced Development of Therapeutic Candidates for Ebola and Marburg Hemorrhagic Fever Viruses

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Contract Largest Ever Awarded as Part of U.S. Department of Defense Transformational Medical Technologies Program; Conference Call Scheduled Tomorrow, Wednesday, July 21, 2010 at 11:00 a.m. Eastern Time to Provide Business Overview

BOTHELL, WA, Jul 20, 2010 (MARKETWIRE via COMTEX) --

AVI BioPharma, Inc. (NASDAQ: AVII), a developer of RNA-based therapeutics, announced that it has been awarded a new contract for up to approximately $291 million total 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 was awarded as part of the Transformational Medical Technologies (TMT) program, which was created to develop innovative platform-based solutions to counter biological threats. The contract is the largest ever awarded under the TMT program.

"TMT has taken a leadership position in addressing infectious and other biological threats and we appreciate their continuing confidence in the unique capabilities of our proprietary RNA-based platform technologies to efficiently and effectively address those threats," said J. David Boyle II, AVI's interim President and Chief Executive Officer, and Chief Financial Officer. "I view the award of this contract as further recognition of the capabilities of the AVI team. Additionally, it highlights the value of our proprietary technologies, particularly our PMOplus(TM) chemistry, which we have used successfully in programs targeting other viruses, including Influenza, Dengue and Junin viruses. I look forward to aggressively leveraging our technologies to discover and develop other therapeutic candidates."

TMT is actively supporting both the development of broad-spectrum medical countermeasures and innovative platform-based technologies with broad applicability to a range of biological threats. Of particular interest to TMT are adaptable platforms capable of rapidly generating medical countermeasures. Through two separate funded efforts with TMT, AVI's platform has demonstrated the ability to rapidly generate medical countermeasures against a broad range of biological threats.

Conference Call A conference call to provide a business overview will be held tomorrow, Wednesday, July 21, 2010, at 11:00 a.m. Eastern time (8:00 a.m. Pacific time). J. David Boyle II, AVI's Interim President and Chief Executive Officer, and Chief Financial Officer, will host the call.

The conference call may be accessed by dialing 866.783.2142 for domestic callers and 857.350.1601 for international callers. The passcode for the call is 11298444. Please specify to the operator that you would like to join the "AVI BioPharma business overview call." The conference call will be webcast live under the events section of AVI's website at www.avibio.com, and will be archived there following the call. Please connect to AVI's website several minutes prior to the start of the broadcast to ensure adequate time for any software download that may be necessary.

About the Contract The contract is structured into four segments. Activity under the first segment provides for funding to AVI of up to approximately $80 million and is to begin immediately. Activities under the first segment include Phase 1 studies in healthy volunteers as well as preclinical studies, and are scheduled over an 18 month period. 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 over a period of approximately 6 years.

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 U.S. Department of Defense contract through the TMT program, the Company completed development activities that culminated in the opening of Investigational New Drug (IND) applications for both AVI-6002 and AVI-6003.

About 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. Preclinical results of AVI-6002 and AVI-6003 demonstrated reproducible high rates of survival in non-human primates challenged with a lethal infection of the Ebola and Marburg viruses. Treatment of Ebola-infected animals with AVI-6002 resulted in up to 75 percent survival of the infected animals at 15 days post-infection with circulating viral titer below detectable levels. Treatment of Marburg infected animals with AVI-6003 resulted in 100 percent survival at 15 days.

About Ebola and Marburg Hemorrhagic Fevers Ebola hemorrhagic fever is a severe and often fatal disease in humans. The disease was first recognized in 1976 and is one of two members of a family of RNA viruses called Filoviridae. The disease is generally understood to be endemic to parts of Africa. Onset of illness from Ebola virus is abrupt and symptoms include fevers, headache, muscle aches, vomiting and stomach pain. Internal and external bleeding may also be observed in some patients. There are currently no treatments for Ebola virus infection beyond supportive care.

Marburg hemorrhagic fever is a severe and potentially fatal disease in humans first recognized in 1967. It is also caused by an RNA virus of the filovirus family and is understood to be endemic to Africa. Onset of the disease is often sudden and the symptoms include fever, chills, nausea, vomiting, chest pain and diarrhea. Increasingly severe symptoms may also include massive hemorrhaging and multiple organ dysfunction. There are currently no treatments for Marburg virus infection beyond supportive care.

About the Transformational Medical Technologies (TMT) Program The TMT program was created by the U.S. Department of Defense 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.

Forward-Looking Statements and Information This press release contains statements that are forward-looking, including statements about the amount and timing of potential funding; the development of AVI 6002 and AVI 6003, including preclinical development, filing of an IND application, completion of a Phase 1 human safety clinical trial, clinical development and FDA approval; AVI's PMOplus(TM) chemistry and other antisense-based technology and its ability to protect against Ebola and Marburg virus, as well as its efficacy, potency and utility in the treatment of infectious diseases, and its potential to treat other disease indications. These forward-looking statements involve risks and uncertainties, many of which are beyond AVI's control. Known risk factors include, among others: development of either or both of AVI 6002 and/or AVI 6003 may not result in funding from the TMT in the anticipated amounts or on a timely basis, if at all; clinical trials may not demonstrate safety and efficacy of any of AVI's drug candidates and/or our antisense-based technology platform; any of AVI's drug candidates may fail in development, may not receive required regulatory approvals, or be delayed to a point where they do not become commercially viable. Any of the foregoing risks could materially and adversely affect AVI's business, results of operations and the trading price of its common stock. For a detailed description of risks and uncertainties we face, you are encouraged to review the official corporate documents filed with the Securities and Exchange Commission. AVI does not undertake any obligation to publicly update its forward-looking statements based on events or circumstances after the date hereof.

SOURCE: AVI BioPharma, Inc.