AVI BioPharma Under Contract with U.S. Defense Threat Reduction Agency for Development of Therapeutics Targeting H1N1 Swine Flu

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For Immediate Release

PORTLAND, OR — June 21, 2009 — AVI BioPharma, Inc. (NASDAQ: AVII), a developer of RNA-based drugs, is under contract with the U.S. Defense Threat Reduction Agency (DTRA) for development of one or more nucleotide-based candidate drugs targeting the present epidemic of H1N1 swine flu.

The material terms of this contract were previously announced by AVI on May 5, 2009 in a regulatory filing (8-K) with the U.S. Securities and Exchange Commission regarding a funding award of up to $5.1 million. The objective of the contract is to accomplish the preclinical development of one or more medical countermeasures based on AVI's proprietary antisense Phosphorodiamidate Morpholino Oligonucleotide (PMO) backbone and demonstrate efficacy using an appropriate animal model.

Under the contract, AVI will analyze the H1N1 sequence, determine appropriate targets and identify lead and back-up candidate drugs. The Company will also manufacture development grade material in sufficient quantities for planned animal tests and perform animal studies for lead and back-up candidate drugs.

Additional information regarding the DTRA contract can be found at: www.fbo.gov (PDF).

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. http://www.dtra.mil/

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 as well as for the treatment of cardiovascular restenosis through our partner Global Therapeutics, a Cook Group Company. 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 HCV or Dengue viruses. For more information, visit www.avibio.com.