

Hudson Leslie  
Form 4  
July 23, 2010

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Hudson Leslie

(Last) (First) (Middle)  
3450 MONTE VILLA PARKWAY,  
SUITE 101  
(Street)

BOTHELL, WA 98021

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
AVI BIOPHARMA INC [AVII]

3. Date of Earliest Transaction  
(Month/Day/Year)  
07/22/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below)  Other (specify below)  
Former CEO / Former CEO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |   |
| Common Stock                    | 07/22/2010                           |  | M <sup>(1)</sup>               | 265,517 A \$ 1.45   | 650,076   | D  |   |
| Common Stock                    | 07/22/2010                           |  | S <sup>(1)</sup>               | 53,796 D \$ 1.79  | 596,280   | D  |   |
| Common Stock                    | 07/22/2010                           |  | S <sup>(1)</sup>               | 199,708 D \$ 1.8  | 396,572   | D  |   |
| Common Stock                    | 07/22/2010                           |  | S <sup>(1)</sup>               | 12,013 D \$ 1.81  | 384,559   | D  |   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) |              |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date                                   | Title        |
| Non-Qualified Stock Option (right to buy)  | \$ 1.45  | 07/22/2010                           |  | M <sup>(1)</sup>               | 265,517   | 02/09/2011 <sup>(2)</sup>                                | 02/09/2020  | Common Stock |
| Incentive Stock Option (right to buy)      | \$ 1.09  |                                      |  |                                |   | 02/08/2009 <sup>(3)</sup>                                | 02/08/2018  | Common Stock |
| Incentive Stock Option (right to buy)      | \$ 1.45  |                                      |  |                                |   | 02/09/2011 <sup>(4)</sup>                                | 02/09/2020  | Common Stock |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |            |            |
|---|---------------|-----------|------------|------------|
|   | Director      | 10% Owner | Officer    | Other      |
| Hudson Leslie<br>3450 MONTE VILLA PARKWAY, SUITE 101<br>BOTHELL, WA 98021 |               |           | Former CEO | Former CEO |

## Signatures

By: Melinda Miles For: Dr. Leslie Hudson  
07/23/2010

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This transaction is a part of a Same Day Sale Transaction. The optionholder exercised his options and sold the shares on the same day.
- (2) This options's original vesting terms were 1/3 over 3 years. On 4/20/2010, the option had no vested shares and the Company accelerated the entire 531,035 options.

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- (3) Option Grant vests 25% per year on grant date with all shares vesting four years from date of grant.
- (4) The Stock Option Grant vest as follows: 1/3 vest one year from date of grant and 1/3 each year thereafter until all shares vest three years from grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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