

Hudson Leslie  
Form 4  
July 28, 2010

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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)

07/26/2010

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	07/26/2010		M <sup>(1)</sup>	68,965 A \$ 1.45	453,524	D	
Common Stock	07/26/2010		M <sup>(1)</sup>	60,118 A \$ 1.45	513,642	D	
Common Stock	07/26/2010		S <sup>(1)</sup>	4,083 D \$ 1.89	509,559	D	
Common Stock	07/26/2010		S <sup>(1)</sup>	82,000 D \$ 1.9	427,559	D	
Common Stock	07/26/2010		S <sup>(1)</sup>	17,900 D \$ 1.91	409,659	D	

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Common Stock	07/26/2010	<u>S</u> (1)	100	D	\$ 1.915	409,559	D
Common Stock	07/26/2010	<u>S</u> (1)	25,000	D	\$ 1.92	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
Incentive Stock Option (right to buy)	\$ 1.45	07/26/2010		<u>M</u> (1)	68,965	02/09/2011 <sup>(2)</sup>	02/09/2020	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 1.45	07/26/2010		<u>M</u> (1)	60,118	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

## Reporting Owners

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

## Signatures

By: Melinda Miles For: Dr. Leslie Hudson  
07/28/2010

\_\_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.  
On 2/09/2010, the Company granted two options: an ISO of 531,035 and NQ of 68,965 for a total grant of 600,000 options. The
- (2) combined option's original vesting terms were 200,000 vesting annually over 3 years. On 4/20/2010, the option had no vested shares and the Company accelerated the entire 600,000 options.
- (3) Option Grant vests 25% per year on grant date with all shares vesting four years from date of grant.

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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