

Hudson Leslie  
Form 4  
July 08, 2010

**FORM 4**

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

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
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2005  
Estimated average  
burden hours per  
response... 0.5

(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)

07/07/2010

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

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_X\_\_\_\_ Other (specify below)

Former CEO / Former CEO

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_\_\_X\_\_\_\_ 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)
Common Stock	07/07/2010		M <sup>(1)</sup>	V Amount (A) or (D) Price 200,000 A \$ 0.92	584,559	D	
Common Stock	07/07/2010		S <sup>(1)</sup>	27,500 D \$ 1.48	557,059	D	
Common Stock	07/07/2010		S <sup>(1)</sup>	10,038 D \$ 1.47	547,021	D	
Common Stock	07/07/2010		S <sup>(1)</sup>	83,097 D \$ 1.45	463,924	D	
Common Stock	07/07/2010		S <sup>(1)</sup>	74,365 D \$ 1.46	389,559	D	

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Common Stock      07/07/2010      S<sup>(1)</sup>      5,000      D      \$ 1.5      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)	\$ 0.92	07/07/2010		M <sup>(1)</sup>	200,000	02/10/2010 <sup>(2)</sup>	02/10/2019	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
Non-Qualified Stock Option (right to buy)	\$ 1.09					02/08/2009 <sup>(4)</sup>	02/08/2018	Common Stock
Non-Qualified 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 3450 MONTE VILLA PARKWAY, SUITE 101 BOTHELL, WA 98021			Former CEO	Former CEO

## Signatures

By: Melinda Miles For: Dr. Leslie  
Hudson

07/08/2010

\_\_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 was a Same Day Sale. The optionholder exercised 200,000 non-qualified options and the shares were sold on the same day.
- (2) The original 333,000 option grant vested 1/3 each year over 3 years. On 4/20/2010, the option had 116,667 fully vested shares and the Company approved a vesting acceleration of the remaining 233,333 shares.
- (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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