

Hudson Leslie  
 Form 4  
 July 29, 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

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 07/28/2010

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

BOTHELL, WA 98021

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

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

(City) (State) (Zip)

**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	07/28/2010		M <sup>(1)</sup>	183,486 A \$ 1.09	568,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>	70,000 D \$ 1.81	498,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>	30,000 D \$ 1.8194	468,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>	35,200 D \$ 1.82	432,845	D	
Common Stock	07/28/2010		S <sup>(1)</sup>	8,101 D \$ 1.83	424,744	D	

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Common Stock	07/28/2010	S <sup>(1)</sup>	16,348	D	\$ 1.84	408,396	D
Common Stock	07/28/2010	S <sup>(1)</sup>	23,837	D	\$ 1.851	384,559	D

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

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SEC 1474 (9-02)

**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 Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount of Underlying Security (Instr. 3 and 4)
Incentive Stock Option (right to buy)	\$ 1.09	07/28/2010		M <sup>(1)</sup>	183,486	02/08/2009 <sup>(2)</sup> 02/08/2018	Common Stock	183	

## 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

07/29/2010

\*\*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.

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- (2) The Company originally granted a total of 366,972 options to vest 25% annually over 4 years. On 4/20/2010, the Company accelerated all 183,486 unvested shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.