

Hudson Leslie
Form 4
July 28, 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
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(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
____X____ Officer (give title ____X____ Other (specify
below) 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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	07/26/2010		M ⁽¹⁾		68,965	A	\$ 1.45	453,524	D	
Common Stock	07/26/2010		M ⁽¹⁾		60,118	A	\$ 1.45	513,642	D	
Common Stock	07/26/2010		S ⁽¹⁾		4,083	D	\$ 1.89	509,559	D	
Common Stock	07/26/2010		S ⁽¹⁾		82,000	D	\$ 1.9	427,559	D	
Common Stock	07/26/2010		S ⁽¹⁾		17,900	D	\$ 1.91	409,659	D	

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Common Stock	07/26/2010	S ⁽¹⁾	100	D	\$ 1.915	409,559	D
Common Stock	07/26/2010	S ⁽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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(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 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		M ⁽¹⁾		68,965		02/09/2011 ⁽²⁾	02/09/2020	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 1.45	07/26/2010		M ⁽¹⁾		60,118		02/09/2011 ⁽²⁾	02/09/2020	Common Stock
Incentive Stock Option (right to buy)	\$ 1.09							02/08/2009 ⁽³⁾	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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