

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

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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 ⁽¹⁾ | | 68,965 | A | \$ 1.45 |
| Common Stock | 07/26/2010 | | M ⁽¹⁾ | | 60,118 | A | \$ 1.45 |
| Common Stock | 07/26/2010 | | S ⁽¹⁾ | | 4,083 | D | \$ 1.89 |
| Common Stock | 07/26/2010 | | S ⁽¹⁾ | | 82,000 | D | \$ 1.9 |
| Common Stock | 07/26/2010 | | S ⁽¹⁾ | | 17,900 | D | \$ 1.91 |

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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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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 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 ⁽²⁾ | 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 ⁽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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