

FORM 8-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 27, 2007**

AVI BioPharma, Inc.

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

0-22613
(Commission
File Number)

93-0797222
(IRS Employer
Identification Number)

One S.W. Columbia, Suite 1105
Portland, OR 97258
(Address of principal executive offices)

(503) 227-0554
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 27, 2007, Denis R. Burger, Ph.D. notified AVI BioPharma, Inc. (the "Company") of his resignation as Chairman, Chief Executive Officer, and Board Member. A copy of the press release dated March 28, 2007 announcing Dr. Burger's decision is filed as an exhibit to this current report on Form 8-K.

Following Dr. Burger's resignation, the Board of Directors elected Jack L. Bowman as Chairman of the Board and K. Michael Forrest as Interim Chief Executive Officer, until a permanent Chief Executive Officer is appointed.

Mr. Bowman, 74, is the Board's Lead Director and has served as a director of the Company since March 2004. Mr. Bowman has more than 40 years of experience in the biopharmaceutical industry, having served as company group chairman of Johnson & Johnson, with global responsibility for most of that company's pharmaceutical and diagnostic businesses, executive vice president of American Cyanamid's global pharmaceutical, medical device and consumer products businesses, president of Lederle Laboratories and executive vice president of Ciba-Geigy's pharmaceutical business in the United States. Mr. Bowman previously served as the chairman and chief executive officer of NeoRx Corporation, a Seattle-based biotechnology company. He currently serves on the board of Celgene Corporation as its lead independent director.

Mr. Forrest, 63, has served as a director of the Company since March 2005. Mr. Forrest has more than 35 years of biotech and large pharmaceutical experience in top management, research oversight, clinical and product development, strategic planning, mergers and acquisitions, business development, and marketing and sales positions in US and international markets. Mr. Forrest is currently chairman of Apex Bioventures, LLC, a private investment and consulting company focusing on emerging companies in the healthcare sector. Mr. Forrest served as the president, chief executive officer, and a director of Cellegy Pharmaceuticals, Inc., a biopharmaceutical company, from December 1996 to January 2005. He currently serves as a director of INEX Pharmaceuticals, a public company developing anti-cancer and other products using siRNA and immunostimulatory oligonucleotides.

On March 27, 2007, after consideration of presentations and recommendations of management and the Compensation Committee and such other matters and information as deemed appropriate, the Board of Directors of the Company accepted and ratified the conclusions and recommendations of the Company's Compensation Committee (the "Committee") with respect to the following actions:

Fiscal 2007 Base Salaries. The base salary levels, effective March 27, 2007, of the following named executive officers of the Company were amended as follows:

Name	Title	2007 Base Salary	2006 Base Salary
Alan P. Timmins	President and Chief Operating Officer	\$ 310,000	\$ 300,000

K. Michael Forrest	Interim Chief Executive Officer	\$	385,000	\$	N/A
--------------------	---------------------------------	----	---------	----	-----

2007 Cash Bonus. The following bonus for the following named executive officer of the Company was approved as follows:

Name	Title	Proposed 2007 Bonus
Alan P. Timmins	President and Chief Operating Officer	\$ 110,000

2

Stock Option Awards. Incentive stock options for the purchase of the Company's common stock were granted to the following named executive officers of the Company, pursuant to the Company's 2002 Equity Incentive Plan (the "2002 Plan") as follows:

Name	Title	Shares Subject to Option Grant
Alan P. Timmins	President and Chief Operating Officer	150,000
K. Michael Forrest	Interim Chief Executive Officer	300,000

The stock options granted to Mr. Timmins become exercisable starting twelve months after the grant date, with one-third of the options becoming exercisable at that time and an additional one-third of the options becoming exercisable on the second and third anniversary dates of the option grant, respectively. The stock options granted to Mr. Forrest become exercisable starting one month after the grant date, with one-twelfth of the options becoming exercisable at that time and an additional one-twelfth of the options becoming exercisable each month thereafter.

The options are subject to the terms of the 2002 Plan and the individual award agreements. The exercise price per share of the shares subject to the option grants is \$2.45, the reported closing price on the Nasdaq Stock Market on March 27, 2007 (the grant date).

Item 7.01 Regulation FD Disclosure

The information set forth above is incorporated by reference herein.

Item 8.01 Other Events

The information set forth above is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release issued by AVI BioPharma, Inc., dated March 28, 2007.

3

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Portland, State of Oregon, on March 30, 2007.

AVI BioPharma, Inc.

By: /s/ ALAN P. TIMMINS

Alan P. Timmins
President and Chief Operating Officer
(Principal Operating Officer)

4

EXHIBIT INDEX

99.1 Press Release issued by AVI BioPharma, Inc., dated March 28, 2007.

5



AVI Contact:

AVI BioPharma, Inc.
 Michael Hubbard (hubbard@avibio.com)
 (503) 227-0554

Investor Contacts:

Lippert/Heilshorn & Associates Inc.
 Jody Cain (jcain@lhai.com)
 Brandi Floberg (bfloberg@lhai.com)
 (310) 691-7100

Press Contact:

Waggener Edstrom Worldwide
 Bioscience and Healthcare Practice
 Jenny Moede (jmoede@waggeneredstrom.com)
 (503) 443-7000

**For Release 6 a.m. PST
 March 28, 2007**

AVI BioPharma Chairman and CEO Resigns

Jack L. Bowman named chairman; K. Michael Forrest named interim CEO

PORTLAND, Ore. — March 28, 2007 — AVI BioPharma, Inc. (Nasdaq: AVII) today announced the resignation of Denis R. Burger, Ph.D., from his positions as chairman, chief executive officer and board member, effective immediately. Jack L. Bowman, the board's lead independent director, has been named chairman of the board. K. Michael Forrest, an independent director, has been named interim chief executive officer to serve while the Company conducts a search for a successor CEO.

Mr. Bowman has served as a director of AVI since March 2004. Mr. Bowman has more than 40 years of experience in the biopharmaceutical industry, having served as company group chairman of Johnson & Johnson, with global responsibility for most of that company's pharmaceutical and diagnostic businesses, executive vice president of American Cyanamid's global pharmaceutical, medical device and consumer products businesses, president of Lederle Laboratories and executive vice president of Ciba-Geigy's pharmaceutical business in the United States. Mr. Bowman previously served as the chairman and chief executive officer of NeoRx Corporation, a Seattle-based biotechnology company. He currently serves on the board of Celgene Corporation as its lead independent director.

Mr. Forrest has served as a director of AVI since March 2005. Mr. Forrest has more than 35 years of biotech and large pharmaceutical experience in executive management, research oversight, clinical and product development, strategic planning, mergers and acquisitions, business development, marketing and sales positions in U.S. and international markets. Mr. Forrest is currently chairman of Apex Bioventures, LLC, a private investment and consulting company focusing on emerging companies in the healthcare sector.

Mr. Forrest served as the president, chief executive officer, and a director of Cellegy Pharmaceuticals, Inc., a biopharmaceutical company, from 1996 to 2005. He previously served as president and chief executive officer of Mercator Genetics, a private biotechnology company, and as president and chief executive officer of Transkaryotic Therapies, Inc., a public biotechnology company.

Previously, Mr. Forrest occupied senior line management and marketing positions with Pfizer and Lederle. He currently serves as a director of INEX Pharmaceuticals, a public company developing anti-cancer and other products using siRNA and immunostimulatory oligonucleotides.

"Denis Burger has made a tremendous contribution to the growth and development of AVI. I think it's fair to say that without Denis's efforts and passion, AVI would not have the scientific presence that it has reached today," said Mr. Bowman. "The board has full confidence in AVI's executive team and we look forward to working with Mike Forrest in selecting a new leader to expand the Company's footprint, accelerate selection and development of clinical candidates and improve our market opportunities."

"I am proud of all that we have accomplished at AVI and I believe the Company is in a very strong position today," said Dr. Burger. "I am fortunate to have worked with a talented and dedicated management team, and I sincerely appreciate all of the opportunities that have been provided to me. I wish the Company and all of its employees continued success in the future. On a personal note, I look forward to having more time to spend with family and friends during retirement."

About AVI BioPharma

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE antisense drugs. AVI's lead NEUGENE® antisense compound is designed to target cell proliferation disorders, including cardiovascular restenosis. In addition to targeting specific genes in the body, AVI's antiviral program uses NEUGENE antisense compounds to combat disease by targeting single-stranded RNA viruses, including West Nile virus, hepatitis C virus, dengue virus, Ebola virus and influenza A virus. AVI has introduced a NEUGENE -based exon-skipping technology called ESPRIT therapy. More information about AVI is available on the Company's Web site at <http://www.avibio.com>.

###

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: The statements that are not historical facts contained in this release are forward-looking statements that involve risks and uncertainties, including, but not limited to, the results of research and development efforts, the results of preclinical and clinical testing, the effect of regulation by the FDA and other agencies, the impact of competitive products, product development, commercialization and technological difficulties, and other risks detailed in the Company's Securities and Exchange Commission filings.

