

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): **October 26, 2007**

AVI BioPharma, Inc.

(Exact name of Company as specified in its charter)

Oregon
(State or other
jurisdiction of
incorporation)

0-22613
(Commission File No.)

93-0797222
(I.R.S. Employer
Identification No.)

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

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

Not Applicable
(Former name or former address, if changed since last report.)

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 1.01 Entry Into a Material Definitive Agreement

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

Effective October 29, 2007, AVI BioPharma, Inc. (the "Company") entered into an agreement with the AVI Shareholder Advocacy Trust (the "Trust"), the Shareholder Advocate LLC, and Richard Macary (the "Trust Agreement"). Under the Trust Agreement, the Board of Directors of the Company agreed to appoint Dr. Gil Price and Mr. William Goolsbee as directors of the Company. These new directors will fill the unexpired terms of James Hicks and Alan Timmins, who have resigned as directors of the Company effective October 29, 2007. Alan Timmins will continue to serve as President and Chief Operating Officer and Dr. Hicks will continue to serve the Company as a consultant.

As directors, Dr. Gil Price and Mr. William Goolsbee will receive (a) a grant of options to purchase 33,000 shares of the Company's common stock at the closing price on the date of grant, with vesting of such options in equal annual installments over a four year period; (b) directors fees of \$30,000 per year paid in equal quarterly installments of \$7,500; (c) eligibility to receive additional fees if appointed to serve on any board committees; and (d) reimbursement of expenses incurred on behalf of the Company, including but not limited to those incurred for attendance at meetings of the Board of Directors. While serving as directors they will also be eligible to receive annual grants of options to purchase 10,000 shares of the Company's common stock, with such options vesting in equal monthly installments over a period of 12 months.

Under the Trust Agreement, the Trust, the Trust's managing trustee, the Shareholder Advocate LLC, and Richard Macary have agreed to terminate the Trust and, subject to certain conditions, not to take certain actions until at least the close of the Company's annual meeting of shareholders in 2010. These actions include any activities that relate to or would result in extraordinary transactions, including mergers, liquidation and transfer of a material amount of the Company's assets, changes in the Board or management of the Company, changes in the Company's business or corporate structure or material assets, or changes in the Company's charter or bylaws.

The Company's Board of Directors has discussed the Trust Agreement and these actions with its largest shareholder, who has expressed his support for terms of the Board's agreement with the Trust. This shareholder has agreed, until at least February 26, 2008, not to initiate or support others who may initiate actions that would call for additional changes in the Company's management, Board structure or Board composition, or any transaction that might result in a change of control of the Company.

Effective October 26, 2007, the Company entered into an Amended and Restated Employment Agreement with Alan Timmins, the Company's President and Chief Operating Officer (the "Employment Agreement"). Under the terms of the Employment Agreement, Mr. Timmins will continue to receive his salary of \$310,000, continue to be eligible for bonuses awarded at the discretion of the Board of Directors and continue to be eligible for benefits provided by the Company to its executive officers. Under the Employment Agreement, Mr. Timmins' severance compensation was modified to provide that upon termination of his employment by the Company other than for Cause (as such term is defined in the Employment Agreement), or upon his voluntary termination of employment for Good Reason (as defined in the Employment Agreement), (a) the Company shall pay to Mr. Timmins \$630,000, without interest, payable as follows: 1/3 paid on the effective date of termination with the balance to be paid in equal installments over the 12 months following such effective date in accordance with the Company's standard payroll procedures; (b) all outstanding options granted to Mr. Timmins pursuant to the Company's 1992 Stock Incentive Plan, or successor plan, which vest with the passage of time (and are not performance related) shall be immediately fully vested and (c) the exercise period of all such options shall be extended to the earlier of their original expiration date or eighteen (18) months from the date of termination.

Effective October 26, 2007, the Company entered into a consulting agreement with James Hicks (the "Consulting Agreement"). Under the terms of the Consulting Agreement, for a period of two years, Dr. Hicks will provide services as requested by the Board of Directors up to eight hours per month and, in return for such services, will be paid \$2,500 per month, plus options each year of the Consulting Agreement to purchase 10,000 shares of the Company's common stock. Such options shall have an exercise price not less than fair market value on the grant date and shall vest ratably on each monthly anniversary date of the grant over twelve months of continued service as a consultant. Services in excess of 8 hours per month will be billed at the hourly rate of \$312.50.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are filed herewith:

99.1 Press Release dated October 30, 2007

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 October 30, 2007.

AVI BioPharma, Inc.

By: /s/ ALAN P. TIMMINS

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

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Exhibit Index

<u>Exhibit</u>	<u>Description</u>
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Exhibit 99.1	Press Release dated October 30, 2007
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AVI Contact:

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 Michael Hubbard (hubbard@avibio.com)
 (503) 227-0554

AVI Investor Contacts:

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Waggener Edstrom Worldwide Healthcare
 Jenny Moede (jmoede@waggeneredstrom.com)
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**For Release at 6 a.m. PDT
 Oct. 30, 2007**

**AVI BioPharma Announces Changes to Its Board of Directors
 Agreement reached with the AVI Shareholders Advocacy Trust**

PORTLAND, Ore. (Oct. 30, 2007) – AVI BioPharma, Inc. (NASDAQ: AVII), today announced that it has entered into an agreement with the AVI Shareholder Advocacy Trust (the “Trust”) under which the company’s board of directors has appointed Dr. Gil Price and William Goolsbee as directors of the company. These new directors will fill the unexpired terms of Alan P. Timmins and Dr. James Hicks, who have resigned as directors of the company effective Oct. 29, 2007. Timmins will continue to serve as the company’s president and chief operating officer and Hicks will continue to serve the company as a consultant.

Under this agreement the Trust, the Trust’s managing trustee, the Shareholder Advocate LLC, and Richard Macary have agreed to terminate the Trust and, subject to certain conditions, not to take certain actions until at least the close of the company’s annual meeting of shareholders in 2010. These actions include any activities that relate to or would result in extraordinary transactions, including mergers, liquidation and transfer of a material amount of the company’s assets, changes in the board of directors or management of the company, changes in the company’s business or corporate structure or material assets, or changes in the company’s charter or bylaws.

“We look forward to drawing on the experience and insights of our two new directors as we work collaboratively to maximize AVI’s scientific and clinical foundation and our considerable commercial prospects,” said Jack L. Bowman, chairman of AVI.

Macary said, “The Trust strongly believes in the significant value and untapped potential of AVI’s RNA-based therapeutic platform. The Trust is pleased with the changes the company has made recently and, with these changes, believes that the Trust’s goals of increasing the company’s market capitalization and enhancing shareholder value are well on their way to being achieved.”

Gil Price, M.D.

Dr. Gil Price is a clinical physician trained in internal medicine with a long-standing interest in the study of drug development, adverse drug reactions, drug utilization and regulation. He is currently the CEO and chief medical officer of Drug Safety Solutions, a leader in providing solutions for clinical and drug safety operations for pharmaceutical and biotechnology companies, contract research organizations (CROs), and research institutions. Dr. Price is an accomplished senior-level executive with over 18 years of diverse therapeutic drug development experience. His responsibilities have included clinical development, competitive intelligence and

pharmacovigilance. Prior to his current position as CEO of Drug Safety Solutions, Dr. Price was the director of clinical development for oncology at MedImmune Inc. He previously worked in the CRO sector at ClinTrials. Dr. Price began his pharmaceutical career at Glaxo Inc. in Research Triangle Park, N.C., where he worked for nearly nine years on both the commercial and research sides of the company. Dr. Price is a member of the American Medical Association, the Academy of Pharmaceutical Physicians and the American Society for Microbiology.

William A. Goolsbee

With a 30-year career in the medical device and biopharmaceutical industries, William A. Goolsbee was founder, chairman and CEO of Horizon Medical Inc. from 1987 until its acquisition by a unit of UBS Private Equity in 2002. Goolsbee was a founding director of ImmunoTherapy Corporation in 1993, becoming chairman of the board in 1995, a position he held until overseeing the successful acquisition of the company by AVI in 1998, through which ImmunoTherapy shareholders gained a 20 percent ownership position in AVI. Experience prior to 1987 included increasingly responsible executive positions with CooperVision Inc. and Cooper Laboratories Inc. Goolsbee continues as an active private investor both in and out of the life sciences arena and currently serves as chairman of privately held BMG Pharma LLC, a product development and licensing company. Goolsbee will bring to the board of AVI his highly results-focused style and his commitment to building cultures of responsibility and achievement.

About AVI BioPharma

AVI develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE[®] antisense drugs and ESPRIT exon skipping technology. AVI’s ESPRIT technology is initially being applied to potential treatments for Duchenne muscular dystrophy. AVI’s lead NEUGENE 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 dengue virus, Ebola virus and H5N1 avian influenza virus. 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.

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