

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Hudson Leslie</u> (Last) (First) (Middle) 3450 MONTE VILLA PARKWAY, SUITE 101 (Street) BOTHELL WA 98021 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>AVI BIOPHARMA INC [AVII]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) Former CEO / Former CEO
	3. Date of Earliest Transaction (Month/Day/Year) 07/26/2010	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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	
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	

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Incentive Stock Option (right to buy)	\$1.45	07/26/2010		M ⁽¹⁾		68,965		02/09/2011 ⁽²⁾	02/09/2020	Common Stock	68,965	\$0	0	D	
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	60,118	\$0	0	D	
Incentive Stock Option (right to buy)	\$1.09							02/08/2009 ⁽³⁾	02/08/2018	Common Stock	366,972		366,972	D	

Explanation of Responses:

- 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 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.
- Option Grant vests 25% per year on grant date with all shares vesting four years from date of grant.

By: Melinda Miles For: Dr. Leslie Hudson 07/28/2010

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.