

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

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>Hudson Leslie</u>			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 _____ Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <input checked="" type="checkbox"/> Former CEO / Former CEO		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>07/07/2010</u>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person		
3450 MONTE VILLA PARKWAY, SUITE 101			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(Street)	(City)	(State)	(Zip)					
BOTHELL WA 98021								

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	07/07/2010		M ⁽¹⁾		200,000	A	\$0.92	584,559	D	
Common Stock	07/07/2010		S ⁽¹⁾		27,500	D	\$1.48	557,059	D	
Common Stock	07/07/2010		S ⁽¹⁾		10,038	D	\$1.47	547,021	D	
Common Stock	07/07/2010		S ⁽¹⁾		83,097	D	\$1.45	463,924	D	
Common Stock	07/07/2010		S ⁽¹⁾		74,365	D	\$1.46	389,559	D	
Common Stock	07/07/2010		S ⁽¹⁾		5,000	D	\$1.5	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
Non-Qualified Stock Option (right to buy)	\$0.92	07/07/2010		M ⁽¹⁾		200,000		02/10/2010 ⁽²⁾	02/10/2019	Common Stock	200,000	\$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	
Incentive Stock Option (right to buy)	\$1.45							02/09/2011 ⁽⁴⁾	02/09/2020	Common Stock	68,965		68,965	D	
Non-Qualified Stock Option (right to buy)	\$1.09							02/08/2009 ⁽⁴⁾	02/08/2018	Common Stock	300,028		300,028	D	
Non-Qualified Stock Option (right to buy)	\$1.45							02/09/2011 ⁽⁴⁾	02/09/2020	Common Stock	531,035		531,035	D	

Explanation of Responses:

- This transaction was a Same Day Sale. The optionholder exercised 200,000 non-qualified options and the shares were sold on the same day.
- The original 333,000 option grant vested 1/3 each year over 3 years. On 4/20/2010, the option had 116,667 fully vested shares and the Company approved a vesting acceleration of the remaining 233,333 shares.
- Option Grant vests 25% per year on grant date with all shares vesting four years from date of grant.
- The Stock Option Grant vest as follows: 1/3 vest one year from date of grant and 1/3 each year thereafter until all shares vest three years from grant date.

By: Melinda Miles For: Dr. Leslie Hudson

07/08/2010

** 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.