

<b>OMB APPROVAL</b>	
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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) 07/28/2010	
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	07/28/2010		M <sup>(1)</sup>		183,486	A	\$1.09	568,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		70,000	D	\$1.81	498,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		30,000	D	\$1.8194	468,045	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		35,200	D	\$1.82	432,845	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		8,101	D	\$1.83	424,744	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		16,348	D	\$1.84	408,396	D	
Common Stock	07/28/2010		S <sup>(1)</sup>		23,837	D	\$1.851	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)	\$1.09	07/28/2010		M <sup>(1)</sup>		183,486		02/08/2009 <sup>(2)</sup>	02/08/2018	Common Stock	183,486	\$0	183,486	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.
- The Company originally granted a total of 366,972 options to vest 25% annually over 4 years. On 4/20/2010, the Company accelerated all 183,486 unvested shares.

By: Melinda Miles For: Dr. Leslie Hudson 07/29/2010

\*\* 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.

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