

**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): **April 10, 2008**

**AVI BioPharma, Inc.**

(Exact name of Company as specified in its charter)

**Oregon**  
(State or other  
jurisdiction of  
incorporation)

**001-14895**  
(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))

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

On April 10, 2008, AVI BioPharma, Inc. (the "Company") hired Dr. Ryszard Kole as the Company's Senior Vice President of Discovery Research.

Prior to his appointment as Senior Vice President of Discovery Research, Dr. Kole, age 61, had served as a consultant to the Company since the closing of the Company's acquisition of Ercole Biotech, Inc., a privately held Delaware corporation ("Ercole"), on March 20, 2008.

In the five years prior to his appointment as Senior Vice President of Discovery Research, prior to his service as a consultant with the Company and Ercole's acquisition by the Company, Dr. Kole served as President, Chief Scientific Officer and a member of the Board of Directors of Ercole from the time he founded Ercole in 2001. He served as a compensated consultant to Ercole from September 2007 until its acquisition in March 2008. As a member of Ercole's senior management, Dr. Kole had primary responsibility for managing Ercole's internal and collaborative research activities. At the time of its acquisition, Ercole had six full-time employees and two part-time consultants, including Dr. Kole.

In addition to his work with Ercole, Dr. Kole has been employed by the University of North Carolina at Chapel Hill ("UNC") as a Professor in UNC's Department of Pharmacology since 1996. Prior to his employment as a Professor, Dr. Kole had also been employed by UNC as an Associate Professor and an Assistant Professor. In his capacity as a Professor at UNC, Dr. Kole had responsibility for managing an academic research lab.

Prior to his appointment as Senior Vice President of Discovery Research, the Company had been paying Dr. Kole \$12,500 per month in connection with the consulting services provided to the Company. The Company and Dr. Kole have agreed to terminate their consulting relationship effective as of April 10, 2008. As stated above, Dr. Kole had been an officer, a member of the Board of Directors, and a stockholder of Ercole prior to the Company's acquisition of Ercole. In his capacities as a member of Ercole's Board of Directors and as a stockholder of Ercole, Dr. Kole voted to approve Ercole's acquisition by the Company. The shares of Ercole capital stock held by Dr. Kole individually or jointly with his spouse were exchanged for 1,960,542 shares of AVI common stock worth approximately \$2.58 million when valued at the price per share determined in accordance with the Agreement and Plan of Merger by and among the Company, EB Acquisition Corp., and Ercole and the Stockholder Representative dated March 12, 2008 (the "Merger Agreement"), or \$1.3161 per share. Consistent with the treatment of all stockholders of Ercole, 11% of the shares issued to Dr. Kole in the merger have been delivered to an escrow agent in connection with indemnification obligations applicable to all Ercole stockholders under the terms of the Merger Agreement. Prior to the merger between the Company and Ercole, the two companies had entered into two cross-license and collaboration agreements in December 2006 and May 2007. These agreements are described in greater detail in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 17,

2008. As a member of the Board of Directors of Ercole, Dr. Kole approved Ercole's entry into these transactions. Dr. Kole is not related to any member of the Company's Board of Directors or any of the Company's executive officers.

In connection with his appointment as Senior Vice President of Discovery Research, the Company has entered into an Employment Agreement with Dr. Kole dated April 10, 2008 (the "Employment Agreement"). Under the terms of his Employment Agreement, the Company will pay Dr. Kole an annual base salary of \$235,000 per year. In addition to his base compensation, Dr. Kole will be eligible for an annual bonus up to 25% of his annual base compensation amount, subject to achievement and satisfaction of goals and objectives established upon mutual agreement of the Company's Chief Executive Officer, the Company's Compensation Committee and Dr. Kole. The Company also granted Dr. Kole an option to purchase 150,000 shares of the Company's Common Stock. Dr. Kole's stock option grant will vest in equal installments over four years. The Company has also agreed to reimburse up to \$65,000 of expenses incurred by Dr. Kole in connection with his relocation. The Company's Employment Agreement with Dr. Kole provides for certain benefits payable to Dr. Kole upon termination of Dr. Kole's employment by the Company for any reason other than for cause or termination of employment by Dr. Kole for circumstances constituting good reason, as those terms are defined in the Employment Agreement. If terminated by the Company without cause or if terminating his own employment for good reason, the Employment Agreement provides that Dr. Kole is entitled to receive severance benefits equal to (i) six months of base compensation if the

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termination occurs prior to the first anniversary of Dr. Kole's employment with the Company or (ii) 12 months of base compensation if the termination occurs after the first anniversary of Dr. Kole's employment with the Company.

A copy of the press release issued by the Company announcing appointment of Dr. Kole is furnished as Exhibit 99.1 hereto.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits are furnished herewith:

99.1 Press Release dated April 16, 2008.

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**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 April 16, 2008.

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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99.1	Press Release dated April 16, 2008.
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April 16, 2008

**AVI BioPharma Announces Dr. Ryszard Kole as Senior Vice President of  
Discovery Research**

***Dr. Hans Wigzell to Chair Newly-formed Corporate Strategy Board***

**PORTLAND, OR — April 16, 2008** — AVI BioPharma, Inc. (Nasdaq: AVII) today announced the appointment of Ryszard ‘Richard’ Kole, Ph.D as Senior Vice President of Discovery Research. Dr. Kole has a long and successful track record of research and discovery in directed alternative splicing and, as company founder, was the major driving force behind the value created by Ercole Biotech, Inc. AVI’s acquisition of Ercole closed on March 20, 2008.

Patrick L. Iversen, Ph.D., who had served AVI as Senior Vice President of Research and Development, will assume a new role as Senior Vice President of Strategic Alliances. In that role, he will manage AVI’s ongoing programs in government contracting and focus the Company’s external collaborator network for the identification of novel drug targets both for the Company’s and external partner R&D programs.

The Company also announced that internationally-known scientist, Hans Wigzell, M.D, Ph.D., has agreed to assume the role of Chairman of AVI’s Corporate Strategy Board which, when fully constituted, will provide external review and facilitation of the Company’s R&D strategy and revenue-generating partnerships. The Strategy Board will replace the former Scientific Advisory Board, and is anticipated to consist of members qualified by experience and track record to actively support the translation of AVI’s technology from the laboratory through the clinic and to commercialization through successful partnering of the Company’s product line.

“These announcements signal the actions behind AVI’s commitment to focus its discovery and development pipeline to achieve a coherent flow of future products,” said Leslie Hudson, Ph.D., Chief Executive Officer of AVI. “Dr. Kole and Dr. Iversen are passionately committed to drug discovery and have complementary skills; they will provide an excellent synergy in their new roles. AVI’s technology and infrastructure has the capacity to drive not only its own in-house R&D programs but also those of external partners. I am delighted that Dr Hans Wigzell has agreed to chair AVI’s Corporate Strategy Board. He is an exceptionally gifted scientist with a special regard for commercialization. The legacy of his time as President of the Karolinska Institute and Chairman of the Nobel Committee transcends a scientific contribution alone. Hans has a rare talent that is able to facilitate the move of compelling discoveries from the laboratory to the clinic through to the international biotechnology sector. We look forward to working with him in this regard at AVI”

**About Dr. Ryszard ‘Richard’ Kole**

Dr. Kole is a pioneer in the use of oligonucleotides for the modulation of splicing. He received his Ph.D. from the Institute of Biochemistry and Biophysics of the Polish Academy of Sciences.

As a postdoctoral fellow in the laboratory of Dr. Sidney Altman at Yale University, he provided early evidence that an RNA component is essential for the activity of a tRNA processing enzyme, RNase P. Subsequent discovery that RNase P is a ribozyme was recognized by a Nobel Prize for Dr. Altman. After joining the Department of Pharmacology at the University of North Carolina at Chapel Hill as a faculty member, Dr. Kole’s work led to a discovery that splicing provides a novel target for gene based therapies of numerous disorders including cancer, genetic diseases and metabolic disorders such as obesity. Dr. Kole founded Ercole Biotech, Inc. to develop and commercialize this technology.

**About Dr. Hans Wigzell**

Dr. Wigzell is considered one of the pioneers in Scandinavia of bringing innovative medical research into commercial application. He is presently the chairman of the Board of Karolinska Development comprising 41 companies, 10 of which are in clinical trials. He holds an M.D. and Ph.D. degree from Karolinska Institute from Stockholm and his academic career includes President of Karolinska Institute; Chairman, Nobel Prize Committee, Karolinska Institute; Distinguished External Advisory Professor, Ehime University, Japan.

Dr. Wigzell has also served as General Director of the National Bacteriological Laboratory and the National Institute for Infectious Disease Control, both in Stockholm; Chief Scientific Advisor to the Swedish Government; and is presently Senior Strategic Advisor for the Karolinska Institute.

He has published over 700 scientific articles in international peer-reviewed journals and is on the editorial board for several international scientific journals. In addition, Dr. Wigzell is a member of the Royal Academy of Science, Sweden; Royal Academy of Engineering, Sweden; Danish Academy of Arts and Letters; American Academy of Arts and Sciences; and the Finnish Science Society.

**About AVI BioPharma**

AVI BioPharma develops therapeutic products for the treatment of life-threatening diseases using third-generation NEUGENE<sup>®</sup> antisense drugs and ESPRIT directed RNA alternative splicing technology. AVI’s ESPRIT technology is initially being applied to potential treatments for Duchenne muscular dystrophy. AVI’s NEUGENE compounds are also designed to treat cardiovascular restenosis in stent and coronary artery bypass graft (CABG) procedures. 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 Marburg Musoke and Ebola Zaire viruses. More information about AVI is available at [www.avibio.com](http://www.avibio.com).

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*“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.*