AVI BIOPHARMA INC
Form DEF 14A
June 13, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-2

AVI BIOPHARMA, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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3450 Monte Villa Parkway

Suite 101

Bothell, Washington 98021

www.avibio.com

June 13, 2012

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of AVI BioPharma, Inc., which will be held on Tuesday, July 10, 2012, at 2:00 p.m., local time, at the Country Inn, 19333 North Creek Parkway, Bothell, Washington 98011 for the following purposes:

1. elect as Group I directors the four nominees named in this proxy statement;

2. approve a proposal to change our state of incorporation from Oregon to Delaware;

3. approve a proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. ;

4. approve a proposal to amend our Articles of Incorporation to effect a reverse stock split at any whole number ratio not less than 1-for-4 and not greater than 1-for-6, with the exact ratio to be set within such range in the discretion of the board of directors, and the related proportional decrease in the number of authorized shares of our common stock and preferred stock, to be effected in the sole discretion of the board of directors at any time prior to our next annual meeting of shareholders without further approval or authorization of our shareholders;

5. approve an advisory vote on named executive officer compensation;

6. ratify the selection of KPMG LLP as our independent registered public accounting firm for the current year ending December 31, 2012; and

7. transact such other business as may properly come before the annual meeting or any continuation, postponement or adjournment thereof.

The accompanying Notice of Meeting and Proxy Statement describe these matters. We urge you to read this information carefully.

The board of directors unanimously believes that election of its nominees for directors, approval of the proposal to change our state of incorporation from Oregon to Delaware; approval of the proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. , approval of the proposal to effect a reverse stock split in the sole discretion of the board of directors at any time prior to our next annual meeting of shareholders, approval of the compensation of our named executive officers, and ratification of its selection of KPMG LLP as the independent registered public accounting firm are in our best interests and that of our shareholders, and, accordingly, recommends a vote FOR election of the four nominees for directors, FOR the approval of the proposal to change our state of incorporation from Oregon to Delaware, FOR the approval of the proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. , FOR the approval of the proposal to effect a reverse stock split in the sole discretion of the board of directors at any time prior to our next annual meeting of shareholders, FOR the approval of the compensation of our named executive officers, and FOR the ratification of the selection of KPMG LLP as our independent registered public accountants.

In addition to the business to be transacted as described above, management will speak on our developments of the past year and respond to comments and questions of general interest to shareholders.

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It is important that your shares be represented and voted whether or not you plan to attend the annual meeting in person. You may vote on the Internet, by telephone or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the annual meeting. Voting on the Internet or by telephone may not be available to all shareholders. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these voting options.

On behalf of the Board of Directors, I would like to express our appreciation for your support of the Company.

Sincerely,

Christopher Garabedian,
President, Chief Executive Officer and Director

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3450 Monte Villa Parkway

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www.avibio.com

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on Tuesday, July 10, 2012

To the Shareholders of AVI BioPharma, Inc.:

NOTICE IS HEREBY GIVEN that the 2012 annual meeting of shareholders of AVI BioPharma, Inc., an Oregon corporation, will be held on Tuesday, July 10, 2012 at 2:00 p.m., local time, at the Country Inn, 19333 North Creek Parkway, Bothell, Washington 98011 for the following purposes:

1. elect as Group I directors the four nominees named in this proxy statement;

2. approve a proposal to change our state of incorporation from Oregon to Delaware;

3. approve a proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. ;

4. approve a proposal to effect a reverse stock split at any whole number ratio not less than 1-for-4 and not greater than 1-for-6, with the exact ratio to be set within such range in the discretion of the board of directors, and the related proportional decrease in the number of authorized shares of our common stock and preferred stock, to be effected in the sole discretion of the board of directors at any time prior to our next annual meeting of shareholders without further approval or authorization of our shareholders;

5. approve an advisory vote on named executive officer compensation;

6. ratify the selection of KPMG LLP as our independent registered public accounting firm for the current year ending December 31, 2012; and

7. transact such other business as may properly come before the annual meeting or any continuation, postponement or adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. We are not aware of any other business to come before the meeting.

The board of directors has fixed the close of business on May 14, 2012 as the record date for the determination of shareholders entitled to notice of, and to vote at, this annual meeting and at any continuation, postponement or adjournment thereof. A list of shareholders will be available for inspection by our shareholders at our principal executive offices at 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021 beginning two business days after notice of the annual meeting is given and continuing through the meeting.

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Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on Tuesday, July 10, 2012: the Proxy Statement for the Annual Meeting and the Annual Report to Shareholders for the year ended December 31, 2011 are available at http://shareowner.mobular.net/shareowner/avii.

By Order of the Board of Directors,

Michael A. Jacobsen
Vice President of Finance and Secretary

Bothell, Washington

June 13, 2012

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. IF YOU PLAN TO ATTEND, PLEASE NOTIFY US BY CONTACTING INVESTOR RELATIONS AT (425) 354-5140 OR INVESTORRELATIONS@AVIBIO.COM.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. YOU ALSO MAY VOTE YOUR SHARES ON THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON YOUR PROXY CARD.

EVEN IF YOU HAVE PROVIDED US WITH YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.

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3450 Monte Villa Parkway

Suite 101

Bothell, Washington 98021

www.avibio.com

PROXY STATEMENT

FOR

THE AVI BIOPHARMA 2012 ANNUAL MEETING OF SHAREHOLDERS

INFORMATION CONCERNING VOTING AND SOLICITATION

General

The enclosed proxy is solicited on behalf of the board of directors of AVI BioPharma, Inc., an Oregon corporation (the Company), for use at the 2012 annual meeting of shareholders to be held on Tuesday, July 10, 2012, at 2:00 p.m., local time, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this proxy statement and in the accompanying Notice of Annual Meeting and any business properly brought before the annual meeting. Proxies are solicited to give all shareholders of record an opportunity to vote on matters properly presented at the annual meeting. We mailed this proxy statement and the enclosed proxy card to all shareholders entitled to vote at the annual meeting for the first time on or about June 13, 2012. In the mailing, we included copies of our Annual Report to shareholders for the year ended December 31, 2011. The annual meeting will be held at the Country Inn, 19333 North Creek Parkway, Bothell, Washington 98011.

Who Can Vote

You are entitled to vote if you were a shareholder of record of our common stock, $0.0001 par value per share, as of the close of business on May 14, 2012. Your shares may be voted at the annual meeting only if you are present in person or represented by a valid proxy.

Shares Outstanding and Quorum

At the close of business on May 14, 2012, 135,743,787 shares of our common stock were outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter presented. There is no cumulative voting. A majority of the outstanding shares of our common stock entitled to vote, present in person or represented by proxy, will constitute a quorum at the annual meeting. If less than a majority of the outstanding shares entitled to vote are represented at the annual meeting, a majority of the shares present at the annual meeting may adjourn the annual meeting to another date, time or place, and notice need not be given of the new date, time or place if the new date, time or place is announced at the annual meeting before an adjournment is taken.

Proxy Card and Revocation of Proxy

You may vote by completing and mailing the enclosed proxy card. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy (i) in favor of the election of the four director nominees named in this proxy statement, (ii) in favor of the proposal to change our state of incorporation from Oregon to Delaware, (iii) in favor of the proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. , (iv) in favor of the proposal to effect a reverse stock split in the sole discretion of the board of directors at any time prior to our next annual meeting of shareholders, (v) in favor of the approval of the compensation of our named executive officers, and

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(vi) in favor of ratification of the selection of KPMG LLP as our independent registered public accountants for the year ending December 31, 2012. In their discretion, the proxy holders named in the enclosed proxy are authorized to vote on any other matters that may properly come before the annual meeting and at any continuation, postponement or adjournment thereof. The board of directors knows of no other items of business that will be presented for consideration at the annual meeting other than those described in this proxy statement. In addition, no other shareholder proposal or nomination was received on a timely basis, so no such matters may be brought to a vote at the annual meeting.

If you vote by proxy, you may revoke that proxy at any time before it is voted at the annual meeting. Shareholders of record may revoke a proxy by sending to our corporate secretary at our principal executive office at 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021, a written notice of revocation or a duly executed proxy bearing a later date or by attending the annual meeting in person and voting in person. Attendance at the annual meeting will not, by itself, revoke a proxy. In order to be effective, all revocations or later-filed proxies must be delivered to us at our Bothell, Washington address not later than 5:00 p.m. local time on the business day prior to the day of the annual meeting. If your shares are held in the name of a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your bank, broker or other nominee. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the annual meeting, your vote in person at the annual meeting will not be effective unless you present a legal proxy, issued in your name from the record holder, your broker, bank or other nominee.

Voting of Shares

Shareholders of record as of the close of business on May 14, 2012 are entitled to one vote for each share of our common stock held on all matters to be voted upon at the annual meeting. You may vote by attending the annual meeting and voting in person. You also may vote on the Internet, by telephone or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting on the Internet or by telephone may not be available to all shareholders. The Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on July 9, 2012. Shareholders who vote through the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by the shareholder. Shareholders who vote by Internet or telephone need not return a proxy card or the form forwarded by your bank, broker or other holder of record by mail. If your shares are held by a bank, broker or other nominee, please refer to the instructions they provide for voting your shares. All shares entitled to vote and represented by properly executed proxies received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxies. Under Oregon law, shareholders are not entitled to dissenter s rights with respect to any of the proposals set forth in this proxy statement. YOUR VOTE IS IMPORTANT.

Required Vote

Proposal No. One: The affirmative vote of a plurality, or the largest number, of the shares of common stock present in person or by proxy at the meeting and entitled to vote is required for the election of each director. This means that the four director nominees who receive the highest number of affirmative FOR votes will be elected to the board.

Proposal Nos. Two, Three and Four: The affirmative vote of the holders of a majority of the outstanding shares of our common stock will be required to approve this proposal. As a result, abstentions or the failure to submit a proxy or vote in person at the annual meeting of shareholders will have the same effect as a vote against the proposal.

Proposal No. Five: Because this proposal asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our shareholders in this advisory vote, and

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our compensation committee, which is responsible for overseeing and administering our executive compensation programs, will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our named executive officers. Abstentions and broker non-votes, if any, will not have any effect on the results of those deliberations.

Proposal No. Six: The votes cast in favor must exceed the votes cast against for these proposals to be approved. Abstentions and broker non-votes, if any, will not have any effect on the results of these votes.

Counting of Votes

Proposal No. One: You may either vote FOR or WITHHOLD for each nominee for the board.

Proposal Nos. Two, Three, Four, Five and Six: You may vote FOR, AGAINST or ABSTAIN on these proposals.

If you do not provide voting instructions to your broker or other nominee on non-routine items (our Proposal Nos. One, Two, Three, Four and Five), such shares cannot be voted and will be considered broker non-votes.

A representative of Computershare Shareowner Services LLC, our transfer agent, will tabulate votes and act as the independent inspector of election. All votes will be tabulated by the inspector of election, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. Shares held by persons attending the annual meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum. With the exception of Proposal Six, abstentions and broker non-votes are not counted as voting either for or against a proposal and therefore will have no effect on the results of the vote. For Proposal Nos. Two, Three and Four, because a majority of our outstanding shares must approve the proposals to change our state of incorporation from Oregon to Delaware, to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. , and to effect a reverse stock split as set forth in the proposal, abstentions, broker non-votes and the failure to submit a proxy or vote in person have the same effect as a vote against the proposal. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received voting instructions from the beneficial owner and does not have discretionary authority to vote the shares.

Effect of Not Casting Your Vote

If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of directors. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank or broker was allowed to vote those shares on your behalf in the election of directors as they felt appropriate.

Recent changes in regulation were made to take away the ability of your bank or broker to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, no votes will be cast on your behalf. Similarly, your bank or broker will not be able to vote your uninstructed shares with respect to the approval of the proposal to change our state of incorporation from Oregon to Delaware; approval of the proposal to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc. , approval of the proposal to effect a reverse stock split as set forth therein, and approval of the compensation of our named executive officers. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of our independent registered public accounting firm. If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the annual meeting.

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Solicitation of Proxies

We will bear the entire cost of solicitation of proxies, including preparation, assembly and mailing of this proxy statement, the proxy and any additional information furnished to shareholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of our common stock in their names that are beneficially owned by others to forward to those beneficial owners. We may reimburse persons representing beneficial owners for their costs of forwarding the solicitation materials to the beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile, electronic mail or personal solicitation by our directors, officers or employees. No additional compensation will be paid to our directors, officers or employees for such services. We also intend to retain Computershare Shareowner Services LLC to assist us in the solicitation of proxies. We anticipate that the costs associated with retaining Computershare Shareowner Services LLC will not exceed $15,000. A list of shareholders will be available for inspection by our shareholders at our principal executive offices at 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021 beginning two business days after notice of the annual meeting is given and continuing through the meeting.

Shareholder Proposals for the 2013 Annual Meeting

Shareholder proposals submitted for inclusion in our proxy materials for our 2013 annual meeting of shareholders pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), must be received at our principal executive offices no later than the close of business on February 13, 2013. Shareholders who do not wish to use the mechanism provided by the rules of the Securities and Exchange Commission (the SEC) in proposing a matter for action at the next annual meeting must notify us in writing of the proposal and the information required by the provisions of our bylaws dealing with advance notice of shareholder proposals and director nominations. To be timely, a shareholder s written notice must be delivered to or mailed and received at our principal executive offices no later than the close of business on March 15, 2013 and no earlier than February 13, 2013.

Attending the Annual Meeting

Our annual meeting will begin promptly at 2:00 p.m., local time, on Tuesday, July 10, 2012, at the Country Inn, 19333 North Creek Parkway, Bothell, Washington 98011.

Directions to the Country Inn from the Seattle-Tacoma International Airport are as follows:

1. Take Washington State Route 518 east and continue onto Interstate 405 heading north;

2. Remain on Interstate 405 north for approximately 23 miles;

3. Take exit 24 for NE 195th Street toward Beardslee Blvd.;

4. Turn right at NE 195th Street;

5. Turn right at North Creek Parkway (destination is on the right).

All shareholders should be prepared to present photo identification for admission to the annual meeting. Admission will be on a first-come, first-served basis. If you are a beneficial shareholder and hold your shares in street name, you will be asked to present proof of ownership of your shares as of the record date. Examples of acceptable evidence of ownership include your most recent brokerage statement showing ownership of shares prior to the record date or a photocopy of your voting instruction form. Persons acting as proxies must bring a valid proxy from a shareholder of record as of the record date. Your late arrival or failure to comply with these procedures could affect your ability to participate in the annual meeting.

Householding of Proxy Materials

We have adopted a procedure approved by the SEC called householding. Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of

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proxy materials will receive only one set of our proxy materials unless one or more of these shareholders notifies us that they wish to continue receiving individual copies. We believe this will provide greater convenience for our shareholders, as well as cost savings for us, by reducing the number of duplicate documents that are sent to your home.

Shareholders who participate in householding will continue to receive separate proxy cards. Householding will not in any way affect your rights as a shareholder.

If you are eligible for householding and currently receive multiple copies of our proxy materials with other shareholders of record with whom you share an address or if you hold stock in more than one account, and in either case you wish to receive only a single copy of these documents for your household, please contact our corporate secretary at 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021 at (425) 354-5038.

If you participate in householding and wish to receive a separate copy of our Annual Report on Form 10-K or this proxy statement, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact our corporate secretary at the address or telephone number indicated above and we will promptly deliver to you separate copies of these documents.

Beneficial shareholders can request information about householding from their banks, brokers, or other holders of record.

AVI BIOPHARMA, INC. DIRECTORS AND EXECUTIVE OFFICERS

Directors, Director Nominees and Executive Officers

The following table sets forth certain information with respect to the current directors, director nominees and executive officers of our Company:

Name	Age	Position (4)
Executive Officers		
Christopher Garabedian	45	President, Chief Executive Officer and Group I Director
Peter Linsley, Ph.D (5)	60	Senior Vice President and Chief Scientific Officer
Edward M. Kaye, M.D.	63	Senior Vice President and Chief Medical Officer
Michael A. Jacobsen	54	Vice President of Finance, Principal Accounting Officer and Secretary
Non-Employee Directors		
William Goolsbee (1)(2)	58	Chairman of the Board of Directors and Group I Director
Gil Price, M.D. (1)(3)	56	Group I Director
Hans Wigzell, M.D., Ph.D.	73	Group I Director
M. Kathleen Behrens, Ph.D. (1)(3)	59	Group II Director
Anthony Chase (2)(3)	57	Group II Director
John Hodgman (1)(2)	57	Group II Director

(1) Member of the compensation committee.
(2) Member of the audit committee.
(3) Member of the nominating and corporate governance committee.
(4) The terms of Group I Directors expire as of the date of the 2012 annual meeting, and the terms of Group II Directors expire as of the date of the 2013 annual meeting.
(5) On April 8, 2012, Dr. Linsley notified the Company of his intention to resign from his position with the Company effective June 1, 2012.

Christopher Garabedian, has been a member of our board of directors since June 2010 and our President and Chief Executive Officer since January 2011. Mr. Garabedian served as Vice President of Corporate Strategy

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for Celgene Corporation, a publicly-traded integrated global biopharmaceutical company, from July 2007 to December 2010, where he was responsible for assessing all potential business development transactions. From November 2005 to June 2007, Mr. Garabedian served as an independent consultant to early-stage biopharmaceutical companies. From 1997 to 1998 and from 1999 to November 2005, Mr. Garabedian worked at Gilead Sciences, Inc., a publicly-traded biopharmaceutical company, where he served in a number of global leadership roles, including as Vice President of Corporate Development, Vice President of Marketing, and Vice President of Medical Affairs. While at Gilead Sciences, Mr. Garabedian s responsibilities included managing corporate development initiatives, including portfolio review and planning, mergers and acquisitions and in-licensing activities, and leading four global product launches. Mr. Garabedian also held various commercial roles at COR Therapeutics, Inc. from 1998 to 1999 and at Abbott Laboratories from 1994 to 1997. He started his biopharmaceutical career as a consultant with Migliara/Kaplan Associates from 1991 to 1994. Our corporate governance and nominating committee believes that Mr. Garabedian s qualifications for membership on the board of directors include his previous experience serving in leadership positions within the biopharmaceutical industry and his position as our President and Chief Executive Officer. Mr. Garabedian s corporate vision and operational knowledge provide strategic guidance to our management team and our board of directors. Mr. Garabedian received his B.S. in marketing from the University of Maryland.

Peter Linsley, Ph.D., has served as our Senior Vice President and Chief Scientific Officer since May 2011. On April 8, 2012, Dr. Linsley notified the Company of his intention to resign from his position with the Company effective June 1, 2012. Dr. Linsley was Chief Scientific Officer of Regulus Therapeutics Inc. from February 2008 to October 2010. Regulus is a biopharmaceutical company created as a joint venture of Alnylam Pharmaceuticals, Inc., and Isis Pharmaceuticals, Inc., to focus on the discovery and development of drug candidates that target microRNAs. While at Regulus, Dr. Linsley led the company s research and development efforts and built a scientific base for some of the first strategic transactions in the microRNA therapeutic arena. From July 2001 to January 2008, he was Executive Director of Cancer Biology at Merck Research Laboratories, where he led efforts to implement RNA interference technologies that culminated in Merck s 2007 acquisition of Sirna Therapeutics, Inc. Dr. Linsley originally joined Merck in 2001 when the company acquired Rosetta Inpharmatics, LLC. Dr. Linsley joined Rosetta in September 1997 and held a variety of positions, including Vice President of Research and Development. Prior to Rosetta, Dr. Linsley was at Bristol-Myers Squibb from September 1983 to April 1997. While at Bristol-Myers Squibb, he held several positions, including Director of Immunology, and co-discovered the co-stimulatory pathway, a discovery that yielded the immunomodulatory drugs abatacept (Orencia) and belatacept and, most recently, the anticancer drug ipilimumab (Yervoy). Dr. Linsley earned his bachelor s degree in Biology from Auburn University, where he graduated magna cum laude, and earned his Ph.D. at the Molecular Biology Institute of the University of California, Los Angeles. Dr. Linsley conducted postdoctoral research in the department of Genetics at the Hospital for Sick Children in Toronto. Dr. Linsley has participated on the editorial boards of several scientific journals, including the Journal of Immunology, and has published more than 200 scientific articles and has led discoveries that are protected by more than 35 issued U.S. patents.

Edward M. Kaye, Ph.D., has served as our Senior Vice President and Chief Medical Officer since June 2011. Dr. Kaye was Group Vice President of Clinical Development at Genzyme Corporation from April 2007 to June 2011, where he supervised the clinical research in the lysosomal storage disease programs and in the genetic neurological disorders. Prior to this, Dr. Kaye held various roles at Genzyme Corporation since 2001, including Vice President of Medical Affairs for Lysosomal Storage Diseases, Vice President of Clinical Research and Interim Head of PGH Global Medical Affairs. Dr. Kaye earned his B.S. in Biology from Loyola University and earned his M.D. at Loyola University Stritch School of Medicine. He received his Pediatric training at Loyola University Hospital, Child Neurology training at the Boston City Hospital, Boston University, and completed his training as a Neurochemical Research Fellow (Geriatric Fellow) at the Bedford VA Hospital, Boston University. Dr. Kaye was head of the section of Neurometabolism, Pediatric Neurology at The Floating Hospital for Children (Tufts University) and research fellow in gene therapy at the Massachusetts General Hospital until 1996 when he moved to Philadelphia to become Chief of Pediatric Neurology and Director of the Barnett Mitochondrial Laboratory at St. Christopher s Hospital for Children. In 1998, Dr. Kaye accepted the appointment as Chief of

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Biochemical Genetics at the Children s Hospital of Philadelphia and Associate Professor of Neurology and Pediatrics at the University of Pennsylvania School of Medicine until moving to Genzyme Corporation at the end of 2001. Dr. Kaye continues as a Neurological Consultant at the Children s Hospital of Boston and is on the editorial boards of a number of journals including Journal of Child Neurology and Pediatric Neurology. He also previously served on the board of Annals of Neurology. Dr. Kaye is also on the Medical/Scientific Advisory Boards of the United Leukodystrophy Foundation, Spinal Muscular Atrophy Foundation, CureCMD, CureDuchenne, and the Prize4Life.

Michael A. Jacobsen, has served as our Vice President of Finance and Principal Accounting Officer since September 2011 and as our Secretary since February 2012. Mr. Jacobsen was Vice President and Chief Accounting Officer at ZymoGenetics, Inc., a publicly-traded biotechnology company acquired by Bristol-Myers Squibb, BMS, in October 2010, from April 2007 to August 2011, where his responsibilities included managing all aspects of accounting and financial information, tax planning and compliance, SEC reporting, annual audit and quarterly reviews, and purchasing. Subsequent to the merger, Mr. Jacobsen was responsible for migrating the ZymoGenetics financial operations and systems to BMS. Prior to this, Mr. Jacobsen held various roles at ICOS Corporation, a publicly-traded biotechnology company acquired by Eli Lilly in January 2007, from October 2001 to April 2007, including Senior Director of Finance and Corporate Controller. From April 1995 to October 2001, Mr. Jacobsen held Vice President of Finance or Chief Financial Officer roles at three companies in the software, computer hardware and internet retailing industries, two of which were publicly traded. Mr. Jacobsen is a certified public accountant and received his bachelor s degree in accounting from Idaho State University.

William Goolsbee, has served as a member of our board of directors since October 2007 and as chairman of the board of directors since June 2010. He also serves as a member of the audit committee and the compensation committee. Mr. Goolsbee was founder, chairman and Chief Executive Officer of Horizon Medical Inc. from 1987 until its acquisition by a unit of UBS Private Equity in 2002. Mr. 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 ImmunoTherapy by AVI BioPharma, Inc. in 1998. His experience prior to 1987 includes a series of increasingly responsible executive positions with CooperVision Inc. and Cooper Laboratories Inc. Our nominating and corporate governance committee believes that Mr. Goolsbee s 30-year career in the medical device and biopharmaceutical industries qualifies him for service as a member of the board of directors. Mr. Goolsbee holds a B.A. degree from the University of California at Santa Barbara. Mr. Goolsbee served as Chairman of privately held BMG Pharma LLC from 2006 through 2011 and presently serves as Chairman and Chief Executive Officer of BMG Hematology LLC, a product development and licensing company.

Gil Price, M.D., has served as a member of our board of directors since October 2007. He also serves as the chairman of the compensation committee and as a member of the nominating and corporate governance committee. Dr. Price is a clinical physician trained in internal medicine with a long-standing interest in drug development, adverse drug reactions, drug utilization and regulation. Since 2002, he has been the Chief Executive Officer and Chief Medical Officer of Drug Safety Solutions, a provider of solutions for clinical and drug safety operations. From 1997 to 2002, Dr. Price was the director of clinical development for oncology at MedImmune, Inc., the biologics subsidiary of AstraZeneca. Prior to joining MedImmune, Dr. Price worked in the contract research organization sector. Dr. Price began his pharmaceutical career at GlaxoSmithKline Inc., where he worked for nearly nine years on both the commercial and research sides of that company. Dr. Price is a member of the American Medical Association, the Academy of Pharmaceutical Physicians and a past member of the American Society for Microbiology. Our nominating and corporate governance committee believes that Dr. Price s experience in the clinical, research and commercial sectors in the fields of medicine and pharmaceuticals qualifies him for service as a member of the board of directors. Dr. Price received a B.A. from the University of Rio Grande and a M.D. from the University of Santiago.

Hans Wigzell, M.D., Ph.D., has served as a member of our board of directors since June 2010. In the past five years, Dr. Wigzell has served as a director of Probi AB and Diamyd Medical AB and currently serves as a

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director of RaySearch Laboratories AB, Sobi AB, and Intercell AG. Since 2006, Dr. Wigzell has served as chairman of Karolinska Development AB, a company listed on the NASDAQ OMX Stockholm market, that selects, develops and seeks ways to commercialize promising new Nordic lifescience innovations. Previously he was the president of the Karolinska Institute, a medical university, from 1995 to 2003, and was general director of the National Bacteriological Laboratory in Stockholm from 1987 to 1993. Dr. Wigzell is chairman of the board of the Stockholm School of Entrepreneurship. He is an elected member of several national academies, including the Swedish Royal Engineering Academy, Sweden; the Royal Academy of Science, Sweden; the Danish Academy of Arts and Letters; the American Academy of Arts and Sciences; the Finnish Science Society; and the European Molecular Biology Organization. In addition to serving as president of the Karolinska Institute, his academic career includes being Chairman, Nobel Prize Committee, Karolinska Institute and Distinguished External Advisory Professor, Ehime University, Japan. Additionally, Dr. Wigzell was appointed Chairman of the Nobel Assembly in 2000. Our nominating and corporate governance committee believes that Dr. Wigzell s experience serving in leadership roles in various scientific and biotechnology institutions and companies in countries around the world qualifies him to serve as a member of the board of directors. He holds an M.D. and Ph.D. degree from the Karolinska Institute in Stockholm and he has received honorary doctors degrees at University Tor Vergata in Rome, Italy and Turku University in Finland.

M. Kathleen Behrens, Ph.D., has served as a member of our board of directors since March 2009. She also serves as chairwoman of the nominating and corporate governance committee and as a member of the compensation committee. Dr. Behrens served as a member of the President s Council of Advisors on Science and Technology (PCAST) from 2001 to early 2009 and as chairwoman of PCAST s Subcommittee on Personalized Medicine. She has served as a public-market biotechnology securities analyst as well as a venture capitalist focusing on healthcare, technology and related investments. She was instrumental in the founding of several biotechnology companies including Protein Design Labs, Inc. and COR Therapeutics, Inc. She worked for Robertson Stephens & Co. from 1983 through 1996, serving as a general partner and managing director. Dr. Behrens continued in her capacity as a general partner for selected venture funds for RS Investments from 1996 through 2009, after management led a buyout of that firm from Bank of America. From 1997 to 2005, she was a director of the Board on Science, Technology and Economic Policy for the National Research Council, and from 1993 to 2000 she was a director, president, and chairwoman of the National Venture Capital Association. Since 2009, Dr. Behrens has worked as an independent life sciences consultant and investor. Dr. Behrens is also a director of Amylin Pharmaceuticals, Inc. Our nominating and corporate governance committee believes that Dr. Behrens significant experience in the financial services and biotechnology sectors, as well as in healthcare policy, qualifies her for service as a member of the board of directors. Dr. Behrens holds a B.S. in Biology and a Ph.D. in Microbiology from the University of California, Davis.

Anthony Chase, has served as a member of our board of director since April 2010. He also serves as a member of the audit committee and the nominating and corporate governance committee. Mr. Chase serves as chairman of ChaseSource, L.P., a position he has held since October 2006, and ChaseSource Real Estate Services, L.P., a position he has held since January 2008. Previously, he was Chairman and Chief Executive Officer of ChaseCom, L.P. from January 1997 to December 2007, when ChaseCom, L.P. was acquired by AT&T. Mr. Chase is a tenured Professor at the University of Houston Law Center where he began teaching in 1990. Mr. Chase is a member of the American Bar Association and State Bar of Texas. Mr. Chase is a director of Western Gas Partners (NYSE) and, in the past five years, has served as a director of the Cornell Companies, Inc. He is a member of the Council on Foreign Relations. Our nominating and corporate governance committee believes that Mr. Chase s experience in leadership positions in public companies qualifies him for service as a member of the board of directors. Mr. Chase received an A.B., with honors, from Harvard College, received a J.D. from Harvard Law School, and received an M.B.A. from Harvard Business School.

John Hodgman, has served as a member of our board of directors since March 2004. He also serves as the chairman and financial expert of the audit committee and as a member of the compensation committee. In the past five years, Mr. Hodgman has also served as a director of Cygnus, Inc. He has served as the Senior Vice President of Finance and Chief Financial Officer of InterMune, Inc., a biotechnology company, since August

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2006. He served as the Chairman of Cygnus, Inc., a biopharmaceutical company, from 1999 to 2008, and as President and Chief Executive Officer of that company between 1998 and 2006. Mr. Hodgman joined Cygnus in 1994 as Vice President of Finance and Chief Financial Officer, and between 1995 and 1998, he also served as president of Cygnus Diagnostics. He was President and Chief Executive Officer of Aerogen, Inc., a biopharmaceutical company, from June 2005 to October 2005 when that company was sold to Nektar, Inc. Mr. Hodgman holds a B.S. degree from Brigham Young University and an M.B.A. from the University of Utah. Mr. Hodgman is a director of Immersion Corporation. Our nominating and corporate governance committee believes that Mr. Hodgman s significant executive-level experience as a finance executive with biotechnology and biopharmaceutical companies qualifies him for service as a member of the board of directors.

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ELECTION OF AVI BIOPHARMA, INC. DIRECTORS

(Proposal 1)

General

As of the date of this proxy statement, our board of directors is composed of seven directors. Our bylaws currently permit a maximum of seven directors. The shareholders or the board of directors may change from time to time the number of directors by amendment of the bylaws, but no decrease in the number of authorized director will have the effect of shortening the term of any incumbent director.

Pursuant to our articles of incorporation, when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Group I and Group II. In even years, shareholders elect directors to fill all Group I positions and in odd years, shareholders elect directors to fill all Group II positions. There is no cumulative voting for election of directors.

The following table sets forth the names of and other information about each of the nominees for election as a Group I director and those directors who will continue to serve after the annual meeting.

Name	Age	Director Since	Expiration of Term	Position(s) Held With AVI
Group I Director Nominees:				
Christopher Garabedian	45	2010	2012	President, CEO and Director
William Goolsbee	58	2007	2012	Chairman of the Board
Gil Price, M.D.	56	2007	2012	Director
Hans Wigzell, M.D., Ph.D.	73	2010	2012	Director
Group II Continuing Directors:				
M. Kathleen Behrens, Ph.D.	59	2009	2013	Director
Anthony Chase	57	2010	2013	Director
John Hodgman	57	2004	2013	Director

Directors for a group whose terms expire at a given annual meeting will be up for re-election for two-year terms at that meeting. Each director s term will continue until the election and qualification of such director s successor, or such director s earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the two groups so that, as nearly as possible, each group will consist of one-half of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of management. There are no family relationships among any of our directors or executive officers.

Nominees for Group I Directors Election at the 2012 Annual Meeting of Shareholders

There are four nominees standing for election as Group I directors this year. Based on the report of the nominating and corporate governance committee, our board of directors has approved the nomination of Christopher Garabedian, William Goolsbee, Gil Price and Hans Wigzell for re-election as Group I directors at the 2012 annual meeting. If elected, each of Mr. Garabedian, Mr. Goolsbee, Dr. Price and Dr. Wigzell will hold office as a Group I director until our 2014 annual meeting of shareholders.

If you sign your proxy or voting instruction card but do not give instructions with respect to the voting of directors, your shares will be voted for the nominees recommended by our board of directors. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy or voting instruction card. The board of directors expects that the nominees will be available to serve as directors. If Mr. Garabedian, Mr. Goolsbee, Dr. Price or Dr. Wigzell becomes unavailable, however, the proxy holders intend to vote for any nominee designated by the board of directors, unless the board of directors chooses

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to reduce the number of directors serving on the board of directors. If additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in such a manner as to assure the election of Mr. Garabedian, Mr. Goolsbee, Dr. Price and Dr. Wigzell.

Vote Required and Board of Directors Recommendation

The nominees receiving the greatest number of votes of the shares present and entitled to vote at the annual meeting will be elected as directors.

The board of directors recommends that shareholders vote FOR the election of each of Mr. Garabedian, Mr. Goolsbee, Dr. Price and Dr. Wigzell to the board of directors.

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REINCORPORATION OF THE COMPANY FROM OREGON TO DELAWARE

(Proposal 2)

General

On June 1, 2012, the board of directors unanimously adopted, declared advisable and submitted for shareholder approval a change in our state of incorporation from Oregon to Delaware (the Reincorporation) pursuant to the terms of a merger agreement providing for the Company to merge into a newly formed wholly-owned subsidiary of the Company that is incorporated in the State of Delaware (AVI Delaware), subject to the approval of our shareholders and certain other conditions. The name of the Company after the Reincorporation will remain AVI BioPharma, Inc., assuming Proposal No. 3 is not adopted, and be Sarepta Therapeutics, Inc., assuming Proposal No. 3 is adopted. For purposes of the discussion below, the Company as it currently exists as a corporation organized under the laws of the State of Oregon is sometimes referred to as AVI Oregon.

The State of Delaware is recognized for adopting comprehensive, modern and flexible corporate laws that are periodically revised to respond to the changing legal and business needs of corporations. Consequently, the Delaware judiciary has become particularly familiar with corporate law matters and a substantial body of court decisions has developed construing Delaware law. Delaware corporate law, accordingly, has been, and is likely to continue to be, interpreted in many significant judicial decisions, a fact which may provide greater clarity and predictability with respect to our corporate legal affairs. For this reason, the majority of public corporations, including a majority of our peer companies, are incorporated in Delaware.

The board of directors believes that the Reincorporation is in the best interests of the Company and will help maximize shareholder value. The board of directors also believes that the Reincorporation in Delaware will allow the Company to take advantage of the certainty provided by extensive Delaware case law, provide the Company access to the specialized Delaware Chancery Court, and help in the recruitment and retention of outside directors due to the more tested exculpation and indemnification provisions permitted under Delaware law.

You are urged to read this proposal carefully, including all of the related exhibits referenced below and attached to this proxy statement, before voting on the Reincorporation. The following discussion summarizes material provisions of the Reincorporation. This summary is subject to and qualified in its entirety by the Agreement and Plan of Merger (the Reincorporation Agreement) that will be entered into by AVI Oregon and AVI Delaware in substantially the form attached hereto as Appendix A, the Certificate of Incorporation of AVI Delaware to be effective immediately following the Reincorporation (the Delaware Certificate), in substantially the form attached hereto as Appendix B, and the Bylaws of AVI Delaware to be effective immediately following the Reincorporation (the Delaware Bylaws), in substantially the form attached hereto as Appendix C. Copies of the Fourth Amended and Restated Articles of Incorporation of AVI Oregon filed in Oregon, as amended to date (the Oregon Articles), and the Amended and Restated Bylaws of AVI Oregon, as amended to date (the Oregon Bylaws), are filed publicly as exhibits to our periodic reports and are also available for inspection at our principal executive offices. Copies will be sent to shareholders free of charge upon written request to AVI BioPharma, Inc., 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021.

Purpose and Rationale for the Reincorporation

Our board of directors and management believe that it is essential for us to be able to draw upon well-established principles of corporate governance in making legal and business decisions. The prominence and predictability of Delaware corporate law provide a reliable foundation on which our governance decisions can be based, and we believe that our shareholders will benefit from the responsiveness of Delaware corporate law to their needs and to those of the corporation they own. The principal factors the board of directors considered in electing to pursue the Reincorporation are summarized below:

Highly Developed and Predictable Corporate Law. Delaware has adopted comprehensive and flexible corporate laws that are revised regularly to meet changing business circumstances. The Delaware legislature is

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particularly sensitive to issues regarding corporate law and is especially responsive to developments in modern corporate law. In addition, Delaware offers a system of specialized Chancery Courts to deal with corporate law questions, which have streamlined procedures and processes that help provide relatively quick decisions. These courts have developed considerable expertise in dealing with corporate issues, as well as a substantial and influential body of case law construing Delaware s corporate law. In contrast, Oregon does not have a similar specialized court established to hear only corporate law cases. In addition, the Delaware Secretary of State is particularly flexible, highly experienced and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions.

Delaware has become the preferred domicile for most major American corporations, and Delaware law and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that Delaware law will provide greater efficiency, predictability and flexibility in our legal affairs than is presently available under Oregon law. In addition, in general, Delaware case law provides a well-developed body of law defining the proper duties and decision making process expected of a board of directors in evaluating potential and proposed corporate takeover offers and business combinations. Our board of directors believes that Delaware law will help the directors protect AVI Delaware s strategic objectives, consider fully any proposed takeover and alternatives, and, if appropriate, negotiate terms that maximize the benefit to all of our shareholders.

Enhanced Ability to Attract and Retain Directors and Officers. The board of directors believes that the Reincorporation will enhance our ability to attract and retain qualified directors and officers, as well as encourage directors and officers to continue to make independent decisions in good faith on behalf of the Company. We are in a competitive industry and compete for talented individuals to serve on our management team and on our board of directors. The vast majority of public companies are incorporated in Delaware, including the majority of the companies included in the peer group used by the Company to benchmark executive compensation. Not only is Delaware law more familiar to directors, it also offers greater certainty and stability from the perspective of those who serve as corporate officers and directors. The parameters of director and officer liability are more extensively addressed in Delaware court decisions and are therefore better defined and better understood than under Oregon law. The board of directors believes that the Reincorporation will provide appropriate protection for shareholders from possible abuses by directors and officers, while enhancing our ability to recruit and retain directors and officers. In this regard, it should be noted that directors personal liability is not, and cannot be, eliminated under Delaware law for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit. We believe that the better understood and comparatively stable corporate environment afforded by Delaware law will enable us to compete more effectively with other public companies in the recruitment of talented and experienced directors and officers.

The board of directors has also considered the potential disadvantages of the Reincorporation. Operating as an Oregon corporation provides certain advantages over operating as a Delaware corporation. For example, the franchise tax and related fees that the Company will pay as a Delaware corporation may be higher than comparable fees for an Oregon corporation. In addition, outside officers have lower standards of conduct under Delaware General Corporation Law (the DGCL) than under the Oregon Business Corporation Act (OBCA). Under the OBCA, a non-director officer with discretionary authority must meet the same standards of conduct required of directors. An officer s ability to rely on information in satisfying this duty may be more limited than a director s ability depending on circumstances. Under the DGCL, an officer s duties are established not by statute but by the bylaws or a resolution of the board of directors. The officers of a Delaware corporation are its agents, and the principles of agency law to a large degree define the officers powers vis-à-vis third parties. Further, the Company has been incorporated in the State of Oregon since its inception in July 22, 1980, so the current officers and directors of the Company may be more familiar with Oregon law. The board of directors has considered the potential disadvantages of the Reincorporation and has concluded that the potential benefits outweigh the possible disadvantages.

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Effect of the Reincorporation

The Reincorporation will be effected by the merger of AVI Oregon with and into AVI Delaware, a wholly-owned subsidiary of the Company that has been recently incorporated under the DGCL for purposes of the Reincorporation. The Company as it currently exists as a Oregon corporation will cease to exist as a result of the merger, and AVI Delaware will be the surviving corporation and will continue to operate our business as it existed prior to the Reincorporation. The existing holders of our common stock will own all of the outstanding shares of AVI Delaware common stock, and no change in ownership will result from the Reincorporation. Assuming approval by our shareholders, we currently intend to cause the Reincorporation to become effective as soon as reasonably practicable following the Annual Meeting.

At the effective time of the Reincorporation (the Effective Time), we will be governed by the Delaware Certificate, the Delaware Bylaws and the DGCL. Although the Delaware Certificate and the Delaware Bylaws contain many provisions that are similar to the provisions of the Oregon Articles and the Oregon Bylaws, they do include certain provisions that are different from the provisions contained in the Oregon Articles and the Oregon Bylaws or under the OBCA as described in more detail below.

Other than the change in corporate domicile, the Reincorporation will not result in any change in the business, physical location, management, assets, liabilities or net worth of the Company, nor will it result in any change in location of our current employees, including management. Upon consummation of the Reincorporation, our daily business operations will continue as they are presently conducted at our principal executive offices located at 3450 Monte Villa Parkway, Suite 101, Bothell, Washington 98021. The consolidated financial statements of AVI Delaware immediately after consummation of the Reincorporation will be the same as those of AVI Oregon immediately prior to the consummation of the Reincorporation. In addition, upon the effectiveness of the merger, the board of directors of AVI Delaware will consist of those persons elected to the board of directors of AVI Oregon and will continue to serve for the term of their respective elections to our Board, and the individuals serving as executive officers of AVI Oregon immediately prior to the Reincorporation will continue to serve as executive officers of AVI Delaware, without a change in title or responsibilities. Upon effectiveness of the Reincorporation, AVI Delaware will be the successor in interest to AVI Oregon, and the shareholders will become shareholders of AVI Delaware.

If the Reincorporation is approved, each outstanding share of common stock of AVI Oregon will automatically be converted into one share of common stock of AVI Delaware when the Reincorporation is effected. Certificates for shares in AVI Oregon will automatically represent shares in AVI Delaware upon completion of the merger, and shareholders will not be required to exchange stock certificates as a result of the Reincorporation. All of our employee benefit and incentive compensation plans immediately prior to the Reincorporation will be continued by AVI Delaware, and each outstanding option to purchase shares of AVI Oregon s common stock will be converted into an option to purchase an equivalent number of shares of AVI Delaware s common stock on the same terms and subject to the same conditions. The registration statements of AVI Oregon on file with the Securities and Exchange Commission immediately prior to the Reincorporation will be assumed by AVI Delaware, and the shares of AVI Delaware will continue to be listed on The NASDAQ Global Market under the symbol AVII, assuming Proposal No. 3 is not adopted, or under the new symbol SRPT, assuming Proposal No. 3 is adopted.

The Reincorporation Agreement provides that our board of directors may abandon the Reincorporation at any time prior to the Effective Time if the Board determines that the Reincorporation is inadvisable for any reason. For example, the DGCL or the OBCA may be changed to reduce the benefits that the Company hopes to achieve through the Reincorporation, or the costs of operating as a Delaware corporation may be increased, although the Company does not know of any such changes under consideration. The Reincorporation Agreement may be amended at any time prior to the Effective Time, either before or after the shareholders have voted to adopt the proposal, subject to applicable law. The Company will re-solicit shareholder approval of the Reincorporation if the terms of the Reincorporation Agreement are changed in any material respect.

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Comparison of Shareholder Rights Before and After the Reincorporation

Because of differences (i) between the OBCA and the DGCL and (ii) between the Oregon Articles and Oregon Bylaws and the Delaware Certificate and Delaware Bylaws, the Reincorporation will effect some changes in the rights of our shareholders. The comparison summarizes the important differences, but is not intended to list all differences, and is qualified in its entirety by reference to such documents and to the respective OBCA and DGCL. You are encouraged to read the Delaware Certificate, the Delaware Bylaws, the Oregon Articles and the Oregon Bylaws in their entirety. The Delaware Bylaws and Delaware Certificate are attached to this proxy statement, and the Oregon Bylaws and Oregon Articles are filed publicly as exhibits to our periodic reports.

Provision	AVI Oregon	AVI Delaware
Authorized Shares (does not take into account any reverse stock split)	300,000,000 shares of Common Stock, par value $0.0001 per share 20,000,000 shares of Preferred Stock, par value $0.0001 per share	300,000,000 shares of Common Stock, par value $0.0001 per share 20,000,000 shares of Preferred Stock, par value $0.0001 per share
State Anti-Takeover Provisions	The Oregon Business Combination Law is substantially similar to the Delaware law. AVI Oregon has not opted out of the Oregon Business Combination Law.	The DGCL prohibits, subject to certain exceptions, a Delaware corporation from engaging in a business combination with an interested stockholder (i.e., a stockholder acquiring 15% or more of the outstanding voting stock) for three years following the date that such stockholder becomes an interested stockholder without Board approval. Section 203 of the DGCL makes certain types of unfriendly or hostile corporate takeovers, or other non-board approved transactions involving a corporation and one or more of its significant stockholders, more difficult.
	Oregon corporations are also governed by the Oregon Control Share Act (OCSA), unless they expressly opt out of its provisions. Under the OCSA, a person who acquires Control Shares acquires the voting rights with respect to such control shares only to the extent granted by a majority of the preexisting, disinterested shareholders of the corporation. Control Shares are shares acquired in an acquisition that would, when added to all other shares held by the acquiring person, bring such person s total voting power (but for the OCSA) to or above any of the three threshold levels: 20%, 33 1/3% or 50% of the total outstanding voting stock. A control share acquisition is an acquisition of ownership or the power to direct voting of control shares.	Because Section 203 could be considered to have anti-takeover implications that could be construed as unfavorable to stockholder interests, the Board has elected to have AVI Delaware opt-out of Section 203, so it is not applicable to AVI Delaware.
	Control shares acquired within 90 days of, and control shares acquired pursuant to a plan to make a control share acquisition, are considered to have been acquired in the same transaction.	

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Provision	AVI Oregon	AVI Delaware
	Shares are not deemed to be acquired in a control share acquisition if, among other things, they are acquired from the issuing corporation, or are issued pursuant to a plan of merger or exchange effected in compliance with the OBCA and the issuing corporation is a party to the merger or exchange agreement. AVI Oregon has opted out of the provisions of the OCSA.	
Charter Amendments	Under the OBCA, the Oregon Articles may be amended by the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote on the matter. An amendment to Article III of the Oregon Articles requires the affirmative vote of at least 66-2/3 percent of the shares then entitled to vote at an election of directors.	The Delaware Certificate requires the affirmative vote of the holders of at least 66-2/3 percent of all the then outstanding shares of the voting stock of the Company to amend Articles V, VI and VII of the Delaware Certificate.
Bylaw Amendments	The Oregon Bylaws may be amended by the board of directors at any regular or special meeting, subject to repeal or change by action of the shareholders of the Company.	The Delaware Bylaws may be amended by the majority of the authorized number of directors or by the affirmative vote of the holders of at least 66-2/3% of all the then outstanding shares of voting stock of the Company.
Shareholder Action by Written Consent	The Oregon Bylaws provide that action required or permitted by law to be taken at a shareholders meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents describing the action taken, signed by all the shareholders entitled to vote on the action and delivered to the corporation for inclusion in the minutes for filing with the corporate records. If the law requires that notice of proposed action be given to nonvoting shareholders and the action is to be taken by unanimous written	The Delaware Bylaws provide that any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing by such stockholders.

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Provision	AVI Oregon	AVI Delaware
	consent of the voting shareholders, the corporation must give its nonvoting shareholders written notice of the proposed action at least 10 days before the action is taken. The notice must contained or be accompanied by the same material that, under the OBCA, would have been required to be sent to nonvoting shareholders in a notice of meeting at which the proposed action would have been submitted to the shareholders for action.	
Shareholder Ability to Call Special Shareholders Meetings	The Oregon Bylaws provide that a special meeting of the shareholders may be called by the President or by the Board of Directors and shall be called by the President (or in the event of absence, incapacity or refusal of the President, by the Secretary or any other officer) at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting. The requesting shareholders shall sign, date and deliver to the Secretary a written demand describing the purpose or purposes for holding the special meeting.	Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any person authorized to do so in the certificate of incorporation or the bylaws. Consistent with our Oregon Bylaws, the Delaware Bylaws provide that a special meeting of the shareholders may be called by the President or by the Board of Directors and shall be called by the President (or in the event of absence, incapacity or refusal of the President, by the Secretary or any other officer) at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting. The requesting shareholders shall sign, date and deliver to the Secretary a written demand describing the purpose or purposes for holding the special meeting.
Shareholder Proposal Notice Provisions	The Oregon Bylaws provide that written notice stating the date, time and place of the meeting, and in the case of a special meeting, the purpose for which the meeting is called, shall be mailed to each shareholder entitled to vote at the meeting at the shareholder s address shown in the Company s current record of shareholders, with postage thereon prepaid, not	The Delaware Bylaws provide that notice must generally be received by the Secretary of the Company not less than 10 days nor more than 60 days before the date of the meeting to each stockholder entitled to vote at the meeting.

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Provision	AVI Oregon	AVI Delaware
	less than 10 nor more than 60 days before the date of the meeting.	
Change in Number of Directors	The Oregon Bylaws provide that the number of directors shall be a minimum of one and a maximum of seven as determined from time to time by the board of directors.	Consistent with our Oregon Bylaws, the Delaware Bylaws provide that the number of directors shall be a minimum of one and a maximum of seven as determined from time to time by the board of directors.
Classified Board	The Oregon Articles provide that when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Group I and Group II. In even years, shareholders elect directors to fill all Group I positions and in odd years, shareholders elect directors to fill all Group II positions.	Consistent with our Oregon Articles, the Delaware Certificate provides that when there are six or more positions on the board of directors, the positions are divided into two equal or nearly equal groups, denoted as Class I and Class II. In even years, shareholders elect directors to fill all Class I positions and in odd years, shareholders elect directors to fill all Class II positions.
Filling Vacancies on the Board	The Oregon Bylaws provide that any vacancy, including a vacancy resulting from an increase in the number of directors, on the board of directors may be filled by the shareholders, the board of directors, or the affirmative vote of a majority of the remaining directors if less than a quorum of the board of directors, or by a sole remaining director. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy. Any directorship not so filled by the directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.	Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director, unless otherwise provided in the certificate of incorporation or bylaws. The Delaware Bylaws follow Delaware law and provide that any vacancies and any newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office (even though less than a quorum) or by a sole remaining director.
Removal of Directors	The Oregon Bylaws provide that shareholders may remove one or more directors with or without cause at a meeting called expressly for that purpose. If a director is elected by a voting group of shareholders, only those	Consistent with our Oregon Bylaws, the Delaware Certificate and the Delaware Bylaws provide that shareholders may remove one or more directors at any time (i) with cause by the affirmative vote of a majority of all the then

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Provision	AVI Oregon	AVI Delaware
	shareholders may participate in the vote to remove the director.	outstanding shares of the voting stock of the Company or (ii) without cause by the affirmative vote of at least 66-2/3% of all the then outstanding shares of the voting stock of the Company.
Cumulative Voting; Vote Required to Elect Directors	The Oregon Articles and Oregon Bylaws do not provide for cumulative voting for election of directors.	Consistent with our Oregon Articles and Oregon Bylaws, the Delaware Certificate and Delaware Bylaws do not provide for cumulative voting for election of directors.
Indemnification	The OBCA authorizes indemnification of an individual made a party to a proceeding because the individual is or was an officer or director against certain liability incurred in the proceeding if: the conduct of the individual was in good faith; the individual reasonably believed that his or her conduct was in the best interests of the corporation or at least not opposed to its best interests; in the case of any criminal proceeding, the individual had no reasonable cause to believe his or her conduct was unlawful; in the case of any proceeding by or in the right of the corporation, the individual was not adjudged liable to the corporation; and in connection with any proceeding (other than a proceeding by or in the right of the corporation) charging improper personal benefit to the individual, the individual was not adjudged liable on the basis that he or she improperly received personal benefit. The OBCA also authorizes a court to order indemnification, whether or not the above standards of conduct have been met, if the court determines that the officer or director is fairly or reasonably entitled to indemnification in view of the relevant circumstances. Such indemnification is not	Delaware law generally permits indemnification of expenses, including attorneys fees, actually and reasonably incurred in the defense or settlement of a derivative or third party action, provided there is a determination by a majority vote of a disinterested quorum of the directors, by independent legal counsel or by the stockholders that the person seeking indemnification acted in good faith and in a manner reasonably believed to be in the best interests of the corporation. Without court approval, however, no indemnification may be made in respect of any derivative action in which such person is adjudged liable for negligence or misconduct in the performance of his or her duty to the corporation. Expenses incurred by an officer or director in defending an action may be paid in advance, if the director or officer undertakes to repay such amounts if it is ultimately determined that he or she is not entitled to indemnification. Delaware law authorizes a corporation to purchase indemnity insurance for the benefit of its directors, officers, employees and agents whether or not the corporation would have the power to

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Provision	AVI Oregon	AVI Delaware
		indemnify against the liability covered by the policy.
	exclusive of any other rights to which officers or directors may be entitled under the corporation s articles of incorporation or bylaws or under any agreement, action of its board of directors, vote of shareholders or otherwise.	Delaware law permits a Delaware corporation to provide indemnification in excess of that provided by statute.
	The Oregon Articles authorize indemnification of our directors and officers to the fullest extent permitted by Oregon law.	The Delaware Certificate authorizes indemnification to the fullest extent permitted by Delaware law.
Elimination of Director Personal Liability for Monetary Damages	Oregon law authorizes a corporation to include in its articles of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, except that such provision cannot affect the liability of a director (i) for any breach of the director s duty of loyalty to the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for any unlawful corporate distribution as defined in the OBCA; or (iv) for any transaction from which the director derived an improper personal benefit. The Oregon Articles eliminate the liability of directors for monetary damages to the fullest extent permissible under Oregon law.	The DGCL permits a corporation to eliminate the personal liability of directors for monetary damages, except where such liability is based on (i) breaches of the director s duty of loyalty to the corporation or its stockholders; (ii) acts or omissions not in good faith or involving intentional misconduct or knowing violations of law; (iii) the payment of unlawful dividends or unlawful stock repurchases or redemption; or (iv) transactions in which the director received an improper personal benefit. Such a limitation of liability provision also may not limit a director s liability for violation of, or otherwise relieve the Company or directors from the necessity of complying with, federal or state securities laws, or affect the availability of non-monetary remedies such as injunctive relief or rescission. The Delaware Certificate eliminates the liability of directors to the Company for monetary damages to the fullest extent permissible under the DGCL.
Dividends and Repurchases of Shares	Under Oregon law, a corporation may not make any distribution to its shareholders unless, after giving effect to such distribution, (i) the corporation would be able to pay its debts as they become due in the usual course of	The DGCL generally provides that a corporation may redeem or repurchase its shares out of its surplus. In addition, the DGCL generally provides that a corporation may declare and pay dividends out of surplus, or if

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Provision	AVI Oregon	AVI Delaware
	business, and (ii) the corporation s total assets would be at least equal to the sum of its total liabilities plus, unless the articles of incorporation provide otherwise, the amount that would be needed if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shares with preferential rights superior to those receiving the distribution.	there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year. Surplus is defined as the excess of a corporation s net assets (i.e., its total assets minus its total liabilities) over the capital associated with issuances of its common stock. The DGCL also permits a board of directors to reduce its capital and transfer such amount to its surplus.
Dissent and Appraisal Rights	Under Oregon law, a shareholder eligible to vote may dissent from, and obtain payment for shares in the event of, (i) a merger to which the corporation is a party, if the shareholder was entitled to vote on the merger, (ii) a merger of a subsidiary with its parent, (iii) a share exchange plan to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the plan, (iv) the sale or exchange of all or substantially all of the corporation s assets, other than in the usual course of business, (v) an amendment to the articles of incorporation that materially and adversely affects the dissenter s shares by altering or abolishing a preemptive right or reducing the number of shares owned by the shareholder to a fraction of a share to be acquired for cash; (vi) other actions for which the articles of incorporation, bylaws or resolutions by the board of directors provide the right of dissent and appraisal; or (vii) a conversion to a non-corporate business entity. Dissent and appraisal rights are not available for (i) shares of stock which, on the record date for the shareholder meeting approving the	Under Delaware law, shareholders are entitled to appraisal rights in the case of a merger or consolidation if an agreement of merger or consolidation requires the shareholder to accept in exchange for its shares anything other than: (i) shares of stock to the corporation surviving or resulting from the merger or consolidation, (ii) shares of any other corporation that on the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders, (iii) cash in lieu of fractional shares of the corporation or (iv) any combination thereof. If directed by the court upon completion of the appraisal proceedings, the corporation must pay to the dissenting shareholder the fair value of the shares. A shareholder does not have appraisal rights in connection with a merger or consolidation or, in the case of a disposition, if (i) the shares of the corporation are listed on a national securities exchange or held of record by more than 2,000 shareholders, or (ii) the corporation will be a surviving corporation of the merger and approval of the merger requires no

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Provision	AVI Oregon	AVI Delaware
	corporate action, or at the time of merger, were listed on a national articles of incorporation provide otherwise; (ii) the sale of assets pursuant to court order; or (iii) the sale of assets for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within one year after the date of sale.	vote of the shareholders of the surviving corporation.
	A shareholder asserting dissenter s rights must give the corporation notice of his or her intent in writing prior to the vote on the action and must not vote in favor of the action. A corporation is required to make payment to the dissenting shareholder of its estimated value of the shares,	
	plus accrued interest, upon the proposed action being taken, or upon the dissenter s demand. If the dissenting shareholder disagrees with the corporation s estimate of the value of the shares, he or she can propose his or her own estimate. If a payment demand remains unsettled, the corporation must commence a proceeding within 60 days after receiving the demand and petition the court for an appraisal.	
Authority of Board Committees	Oregon law permits a board committee to generally exercise the full authority of the board of directors, except the authority to (i) authorize distributions, except according to a formula or method, or within limits, prescribed by the board of directors, (ii) approve or submit to shareholders any action requiring shareholder approval, (iii) fill vacancies on the board of directors or, subject to specified exceptions, any of its committees or (iv) adopt, amend or repeal bylaws.	Delaware law does not permit delegation to a committee the power or authority to: (i) adopt, amend or repeal any bylaw of the corporation or (ii) approve, adopt or recommend to shareholders any action or matter (other than election or removal of directors) expressly required by the DGCL to be submitted to the shareholders for approval.

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Provision	AVI Oregon	AVI Delaware
Shareholder Derivative Suits	Oregon law requires that the shareholder bringing the derivative suit have been a shareholder at the time the transaction complained of occurred or have become a shareholder through transfer by operation of law from one who was a shareholder at that time. Oregon law does not require the shareholder to remain a shareholder throughout the litigation.	Delaware law requires that the shareholder bringing a derivative suit have been a shareholder at the time of the wrong complained of or that the stock devolved to him or her by operation of law from a person who was a shareholder at the time of the wrong complained of. In addition, Delaware case law provides that the shareholder must remain a shareholder throughout the litigation.
Inspection of Corporate Books and Records	Under Oregon law, inspection of the corporation s books and records requires that (i) the shareholder s demand be made in good faith and for a proper purpose, (ii) the shareholder describe with reasonable particularity the shareholder s purpose and the records the shareholder desires to inspect and (iii) the records requested be directly connection with the shareholder s purpose. Oregon law also requires the shareholder to give the corporation five business days written notice of the demand to inspect.	Delaware law also permits shareholders to examine and make extracts from the corporation s books and records for a proper purpose.
Share Exchange	Although both Oregon and Delaware facilitate the use of traditional acquisitive transactions through the ability to utilize reverse triangular mergers, a share exchange is also a permissible form of business combination under Oregon law.	Under Delaware law, a share exchange is not a permissible form of business combination.
Duties of Outside Directors	Under the OBCA, a non-director officer with discretionary authority must meet the same standards of conduct required of directors. An officer s ability to rely on information in satisfying this duty may be more limited than a director s ability depending on circumstances.	Under the DGCL, an officer s duties are established not by statute but by the bylaws or a resolution of the board of directors. The officers of a Delaware corporation are its agents, and the principles of agency law to a large degree define the officers powers vis-à-vis third parties.

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Provision	AVI Oregon	AVI Delaware
Conflicts of Interest	The OBCA defines conflicting interest and specifically identifies the potential parties and how to remove a transaction from the purview of this review. In determining whether a director was influenced, Oregon law uses an objective standard.	The DGCL lists potential parties to conflicting interest transactions, but such list is not comprehensive, and the definition is derived from common law. Under the DGCL, the tests for whether to enjoin the transaction, set it aside or allow damages are similar. Delaware law uses a subjective standard and focuses on the effect of the financial interest of the director in question.

Interests of the Directors and Executive Officers in the Reincorporation

In considering the recommendations of the board of directors, you should be aware that certain of our directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of the shareholders generally. For instance, the Reincorporation may be of benefit to our directors and officers by reducing their potential personal liability and increasing the scope of permitted indemnification, by strengthening directors ability to resist a takeover bid, and in other respects. The board of directors was aware of these interests and considered them, among other matters, in reaching its decision to approve the Reincorporation and to recommend that our shareholders vote in favor of this proposal.

Material U.S. Federal Income Tax Consequences

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), applicable Treasury Regulations, judicial authority and administrative rulings and practice, all as of the date hereof. We have not requested a ruling from the Internal Revenue Service or an opinion of counsel regarding the U.S. federal income tax consequences of the Reincorporation. However, we believe:

- the Reincorporation will constitute a tax-free reorganization under Section 368(a) of the Code;
- no gain or loss will be recognized by holders of AVI Oregon common stock on receipt of AVI Delaware common stock pursuant to the Reincorporation;
- the aggregate tax basis of the AVI Delaware common stock received by each holder will equal the aggregate tax basis of the AVI Oregon common stock surrendered by such holder in exchange therefor; and
- the holding period of the AVI Delaware common stock received by each holder will include the period during which such holder held the AVI Oregon common stock surrendered in exchange therefor.

This summary is not a comprehensive description of all of the U.S. federal income tax consequences that may be relevant to holders and does not address any state, local, foreign or other federal tax consequences. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and estate tax consequences to you of the Reincorporation, as well as any tax consequences arising under the laws of any state, local, foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

Vote Required and Board of Directors Recommendation

Approval of the Reincorporation requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote on the matter. As a result, abstentions, the failure to submit a proxy, or the failure to vote in person at the annual meeting of shareholders will have the same effect as votes against the proposal.

The board of directors recommends that shareholders vote FOR the approval of the Reincorporation.

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AMENDMENT TO ARTICLES OF INCORPORATION TO CHANGE OUR NAME

(Proposal 3)

General

On June 1, 2012, the board of directors unanimously adopted, declared advisable and submitted for shareholder approval an amendment to our Fourth Amended and Restated Articles of Incorporation, as amended to date (the Articles of Incorporation) to change our name from AVI BioPharma, Inc. to Sarepta Therapeutics, Inc.

Under the OBCA, our shareholders are not entitled to dissent and obtain payment of the fair value of their shares in connection with this proposed amendment to the Articles of Incorporation to change our name.

Purpose and Rationale for the Name Change

The board of directors believes that the new name, Sarepta Therapeutics, Inc. , will more accurately reflect our current business activities and create a consistent and effective message to the market. Since the Company s inception on July 22, 1980, the Company has expanded its focus beyond anti-viral programs to new therapeutic areas, including the treatment of rare and infectious diseases. The new name reflects the Company s transition to a clinical stage company with four products currently in clinical development.

The Amendment

The full text of Article I of the Articles of Incorporation, as proposed to be amended, will read as follows:

Article I

Name

The name of the Corporation is Sarepta Therapeutics, Inc.

If the proposal to amend the Articles of Incorporation to change our name to Sarepta Therapeutics, Inc. is approved by our shareholders at the Annual Meeting, an amendment to the Articles of Incorporation will be filed with the Secretary of State of the State of Oregon to effect the name change as soon as practicable after the Annual Meeting.

Change in Stock Symbol

If our shareholders approve the name change amendment at the Annual Meeting, we intend to change our symbol under The NASDAQ Global Market from AVII to SRPT. You will not be required to submit your stock certificate(s) for exchange if the proposed name change is approved. Following the effective date of the name change, all new stock certificates issued by the Company will reflect the Company s new name.

Relationship to Proposal No. 2

At the Annual Meeting, you will be voting on Proposal No. 2, a proposal to reincorporate the Company in Delaware. If Proposal No. 2 is adopted, the surviving Delaware corporation will be governed by a Delaware certificate of incorporation and bylaws, which will provide that the Company s name will be Sarepta Therapeutics, Inc. If Proposal No. 2 is not adopted, but this Proposal No. 3 is adopted, the Company will remain as an Oregon corporation but its name will be changed to Sarepta Therapeutics, Inc. We are seeking shareholder approval to change the Company s name independent of Proposal No. 2 so that if Proposal No. 2 is not approved but this proposal is approved, we will nonetheless have the requisite shareholder approval to change the Company name.

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Vote Required and Board of Directors Recommendation

Approval of this proposal to amend the Articles of Incorporation to change our name requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote on the matter. As a result, abstentions, the failure to submit a proxy, or the failure to vote in person at the annual meeting of shareholders will have the same effect as votes against the proposal.

The board of directors recommends that shareholders vote FOR the approval of the proposal to amend the Articles of Incorporation to change our name.

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AMENDMENT TO ARTICLES OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT AT ANY WHOLE NUMBER RATIO NOT LESS THAN 1-FOR-4 AND NOT GREATER THAN 1-FOR-6, WITH THE EXACT RATIO TO BE SET WITHIN SUCH RANGE IN THE DISCRETION OF THE BOARD OF DIRECTORS, AND THE RELATED PROPORTIONAL DECREASE IN THE NUMBER OF AUTHORIZED SHARES OF OUR COMMON STOCK AND PREFERRED STOCK, SUCH AMENDMENT TO BE EFFECTED IN THE SOLE DISCRETION OF THE BOARD OF DIRECTORS AT ANY TIME PRIOR TO OUR NEXT ANNUAL MEETING OF SHAREHOLDERS WITHOUT FURTHER APPROVAL OR AUTHORIZATION OF OUR SHAREHOLDERS

(Proposal 4)

General

On June 1, 2012, the board of directors unanimously adopted, declared advisable and submitted for shareholder approval an amendment (the Reverse Split Amendment) to our Fourth Amended and Restated Articles of Incorporation, as amended to date (the Articles of Incorporation), to effect a reverse stock split of our outstanding shares of common stock at any whole number ratio not less than 1-for-4 and not greater than 1-for-6, with the exact ratio to be set within such range in the discretion of the board of directors, and the related proportional decrease in the number of authorized shares of our common stock and preferred stock. The board of directors authorized any other action it deems necessary to effect the Reverse Split Amendment, without further approval or authorization of our shareholders, at any time prior to our next annual meeting of shareholders. Following approval of the Reverse Split Amendment by our shareholders at the Annual Meeting, the board of directors will have the authority, without further shareholder consent, to effect the Reverse Split Amendment at such time as the board of directors may determine is in the best interests of the Company and its shareholders, so long as such time is prior to our next annual meeting of shareholders.

The board of directors reserves the right, even after shareholder approval, to forego or postpone filing the Reverse Split Amendment if it determines that it is not in the best interests of the Company and our shareholders. If the Reverse Split Amendment is not implemented by the board of directors before the next annual meeting of shareholders, the Reverse Split Amendment will be deemed abandoned, without any further effect. In such case, the board of directors may again seek shareholder approval at a future date for a reverse stock split if it deems a reverse stock split to be advisable at that time.

If this proposal is approved by our shareholders and the board of directors elects to implement the reverse stock split, the proposed reverse stock split will become effective upon the filing of the Reverse Split Amendment with the Secretary of State of the State of Oregon. At 5:00 p.m. Pacific Time on the date of filing the Reverse Split Amendment (the Effective Time), each outstanding share of our common stock would automatically be changed into not less than one-fourth (1/4) and not greater than one-sixth (1/6) of a share of common stock, as determined in the discretion of the board of directors.

Purpose and Rationale for the Reverse Stock Split

Our common stock is listed on The NASDAQ Global Market. The NASDAQ Global Market has several quantitative and qualitative requirements with which companies must comply in order to maintain this listing, including a $1.00 minimum bid price per share and $50 million minimum value of listed securities. On May 31, 2012, we received a letter from the listing qualifications department staff of The NASDAQ Stock Market LLC (NASDAQ), notifying us that for the previous 30 consecutive business days the bid price of our common stock had closed below $1.00 per share, the minimum closing bid price required by the continued listing requirements of NASDAQ set forth in Listing Rule 5450(a)(1) (the Rule). In accordance with Listing Rule 5810(c)(3)(A), we have 180 calendar days, or until November 27, 2012, to regain compliance with the Rule (the Compliance Period). To regain compliance, the closing bid price of our common stock must be at least $1.00 per share for a minimum of ten consecutive business days during the Compliance Period. If we do not regain compliance by November 27, 2012, NASDAQ will provide written notification to the Company that its common stock may be

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delisted. At that time, the Company may appeal NASDAQ s decision to a Listing Qualifications Panel, which will stay the delisting until a decision is rendered subsequent to the appeal hearing. Alternatively, we may submit an application on or before November 27, 2012 to transfer our securities to The NASDAQ Capital Market. Following submission of the application, we may be eligible for an additional 180-day period to regain compliance if it meets the continued listing requirement for market value of publicly held shares and all other initial listing standards, with the exception of the bid price requirement, for The NASDAQ Capital Market, and provides written notice to NASDAQ of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split if necessary.

We could in the future be unable to meet NASDAQ s continued listing requirements. If we fail to maintain compliance with the NASDAQ listing standards, and our common stock becomes ineligible for listing on the NASDAQ, the liquidity and price of our common stock would be adversely affected.

The board of directors believes that a reverse stock split could help us regain and maintain compliance with the NASDAQ listing requirements. In the event that we are unable to demonstrate compliance with the NASDAQ listing requirements, our common stock may be delisted from the NASDAQ, and following any such delisting, our common stock may be traded over-the-counter on the OTC Bulletin Board or in the pink sheets. These alternative markets, however, are generally considered to be less efficient than, and not as broad as, the NASDAQ. Many OTC stocks trade less frequently and in smaller volumes than securities traded on the NASDAQ markets, which could have a material adverse effect on the liquidity of our common stock.

The board of directors also believes that an increased trading price for our common stock will have the following benefits:

Increase in Eligible Investors. An increased trading price may allow a broader range of institutions to invest in our common stock (namely, funds that are prohibited from buying stocks with a price below a certain threshold) and may potentially increase the trading volume and liquidity of our common stock.

Increase Analyst and Broker Interest. An increased trading price may increase analyst and broker interest in our common stock because their internal policies can discourage them from following or recommending companies with low stock prices. Because of the trading volatility often associated with low-priced stocks, many brokers and institutional investors have adopted internal policies and practices that either prohibit or discourage them from investing in these stocks or recommending these stocks to their customers. Some of those policies and practices may also function to make the processing of trades in low-priced stocks economically unattractive to brokers.

Decrease Transaction Costs for Shareholders. Brokers commissions on transactions in low-priced stocks generally represent a higher percentage of the stock price than commissions on higher-priced stocks. As a result, we believe individual shareholders seeking to trade our common stock pay a higher percentage of their total share value per trade than would be the case if our share price were substantially higher.

Decrease Stock Price Volatility. We believe that the increase in the stock price that is expected to result from the reverse stock split, if effected, could decrease stock price volatility, as small changes in the price of the common stock currently result in relatively large percentage changes in the stock price.

Risk Factors Associated with the Reverse Stock Split

There are certain risks associated with the reverse stock split, including those described below. You should carefully consider the following risks and other information included in this proxy statement before deciding to approve the proposal implementing the reverse stock split at the discretion of the board of directors at any time prior to the next annual meeting of shareholders. The risks described in this section and elsewhere in this proxy statement could cause our actual results to differ materially from those anticipated and described in this proxy statement.

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If the reverse stock split is implemented, there can be no assurance that we will maintain compliance with NASDAQ s minimum bid price requirement, that the total market capitalization of our common stock (the aggregate market value of all AVI BioPharma, Inc. common stock) after the implementation of the reverse stock split will be equal to or greater than the total market capitalization before the reverse stock split or that the per share trading price of our common stock following the reverse stock split will increase in proportion to the reduction in the number of shares of our common stock outstanding before the reverse stock split.

The board of directors believes that the reverse stock split will increase the trading price of our common stock in an amount sufficient to maintain compliance with NASDAQ s minimum bid pricing requirement. However, if the reverse stock split is implemented, there can be no assurance that the market price of our common stock after the effectiveness of the reverse stock split will remain in excess of the $1.00 minimum bid price as required by the NASDAQ for continued listing of our common stock. In addition, there can be no assurance that the trading price per share of our common stock after the reverse stock split will remain unchanged or increase in proportion to the reduction in the number of shares of our common stock outstanding before the reverse stock split. For example, based on the closing price of our common stock on May 30, 2012 of $0.68 per share, if the board of directors were to implement the reverse stock split at the 1-for-4 ratio, we cannot assure you that the post-split trading price of our common stock would be $2.72 (that is, $0.68 × 4) per share or greater. In many cases, the trading price of a company s stock declines after a reverse stock split.

The total market capitalization of our common stock after the reverse stock split, when and if implemented, may be lower than the total market capitalization before the reverse stock split. Moreover, in the future, the trading price of our common stock following the reverse stock split may not remain higher than the split-adjusted trading price prior to the reverse stock split.

Even if the reverse stock split is completed, the resulting per share trading price of our common stock may not attract institutional investors or investment funds and may not satisfy the investing guidelines of such investors and, consequently, the liquidity of our common stock may not improve.

While the board of directors believes that a higher stock price may help generate investor interest and enhanced liquidity, the reverse stock split may not result in a per share trading price of our common stock that will attract institutional investors or investment funds and may not satisfy the investing guidelines of institutional investors or investment funds. As a result, the liquidity of our common stock may not improve.

A decline in the trading price of our common stock after the reverse stock split is implemented may result in a greater percentage decline than would occur in the absence of the reverse stock split, and the liquidity of our common stock could be adversely affected following the reverse stock split.

If the reverse stock split is completed and the per share trading price of our common stock declines, the percentage decline may be greater than would occur in the absence of the reverse stock split. The per share trading price of our common stock will also be based on our performance and other factors, which are unrelated to the number of shares of common stock outstanding.

There can be no assurance that the reverse stock split, if implemented, will result in decreased transaction costs for our shareholders.

We cannot assure you that the reverse stock split will have the desired effect of raising the price of our common stock over the long term. Shareholders transactions costs, which represent a higher percentage in transactions for lower-priced stocks than higher-priced stocks, may not decrease if the per share trading price of our common stock is not substantially higher after the reverse stock split is implemented.

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If our shareholders approve the Reverse Split Amendment, the determination by the board of