

Finn Andrew L
 Form 5
 February 14, 2007

FORM 5

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0362
 Expires: January 31, 2005
 Estimated average burden hours per response... 1.0

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
 Finn Andrew L

2. Issuer Name and Ticker or Trading Symbol
 BIODELIVERY SCIENCES INTERNATIONAL INC [BDSI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2006

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 Executive Vice President

C/O ARIUS
 PHARMACEUTICALS,
 INC., 3100 STONE GAP COURT

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

RALEIGH, NC 27612

Form Filed by One Reporting Person
 ___ Form Filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| | | | | (A) or (D) Price | | | |

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

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|-----|--|------------------|---|----------------------|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount Number Shares |
| Series A Preferred | \$ 4.25 ⁽¹⁾ | Â | Â | Â | Â | Â | Â ⁽¹⁾ | Â ⁽³⁾ | Common Stock | 797,4 |
| Option | \$ 2.94 | 07/28/2006 | Â | A | 2,976 | Â | 07/28/2006 | 07/28/2015 | Common Stock | 2,970 |
| Option | \$ 3.4 | 10/21/2006 | Â | A | 1,716 | Â | 10/21/2006 | 10/21/2014 | Common Stock | 1,710 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Finn Andrew L C/O ARIUS PHARMACEUTICALS, INC. 3100 STONE GAP COURT RALEIGH, NC 27612 | Â | Â | Â Executive Vice President | Â |

Signatures

/s/ Andrew L. Finn
Date: 02/13/2007
**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- The Series A Preferred will be convertible into shares of the Company's common stock (the "Common Stock") on a one for one basis. The Series A Preferred is eligible for conversion upon the earlier to occur of : (i) FDA approval of Arius' first proposed product (ii) 30 days notice to the Company of a Conversion Event (hereinafter defined) or (iii) five years from the closing date of the Transaction. The
- (1) term "Conversion Event" is defined in the Certificate of Designation of the Series A Preferred to mean the failure of the Company to provide at least \$3,000,000 to Arius as required to: (i) pay Atrix Laboratories, Inc. ("Atrix") \$1,000,000 by August 24, 2004 pursuant to the terms of a license agreement between Arius and Atrix and (ii) fund, in a total amount of no less than \$2,000,000, the operations of Arius.
 - (2) Grant of stock options
 - (3) Not applicable

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.