

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

**Form 8-K**

**Current Report**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date Of Report (Date Of Earliest Event Reported): **11/6/2006**



(Exact Name of Registrant as Specified in its Charter)

Commission File Number: **0-8092**

**DE**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**94-1620407**  
(I.R.S. Employer  
Identification No.)

**323 Vintage Park Drive, Suite B, Foster City, California 94404**  
(Address of Principal Executive Offices, Including Zip Code)

**650-212-2568**  
(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act(17CFR240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act(17CFR240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act(17CFR240.13e-4(c))
-

**Item 1.01. Entry into a Material Definitive Agreement.**

On November 6, 2006, OXIS International, Inc. (“OXIS”) entered into an Employment Agreement with Marvin S. Hausman, M.D., the President and Chief Executive Officer of OXIS and the Chairman of the Board of Directors. The commencement date of the agreement was set retroactively at October 15, 2006 (the “Commencement Date”).

Pursuant to the Employment Agreement, Dr. Hausman will continue to serve as the President and Chief Executive Officer of OXIS for a three year period from the Commencement Date, thereafter on a one year basis. Dr. Hausman will receive annual compensation in the amount of \$250,000, payable quarterly in advance in cash, common stock based on a price equal to 85% of average of the five closing prices for the five trading days prior to the date that the issuance is authorized by the Board of Directors, or in ten year warrants equal to that number of warrants equal to 1.5 times the number of shares that would otherwise be received. For the initial quarterly payment, Dr. Hausman was issued 347,222 restricted shares. During the three year term of the agreement, Dr. Hausman shall receive an annual bonus based upon the attainment of agreed upon goals and milestones as determined by the Board of Directors and its Compensation Committee. During the remainder of calendar year 2006, Dr. Hausman’s bonus shall be pro rated on an annual bonus rate in the range of 25% to 50% of his base salary, and the bonus for subsequent years of the term of the agreement shall be in a similar target range. The bonuses payable hereunder shall be paid in cash, although at Dr. Hausman’s sole option, they may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of common stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to Dr. Hausman of the bonus for a particular year. Once OXIS has raised at least \$2.5 million in one or more financings (equity, debt or convertible debt, in addition to the financing closed on October 25, 2006) or in a strategic transaction (in each case, a Qualifying Finance), Dr. Hausman may elect, at any time, in lieu of receiving a quarterly issuance of stock (or warrants in lieu thereof), to receive his base salary in cash, payable monthly on OXIS’s regular pay cycle for professional employees. As part of the compensation under the Employment Agreement, OXIS granted Dr. Hausman a ten year non-qualified option to purchase 495,000 shares of OXIS common stock at an exercise price of \$0.20 per share, vesting as follows: (i) 247,500 options vesting in four equal quarterly installments commencing on January 15, 2007 and every three months thereafter and (ii) the remaining 247,500 options vesting in eight quarterly installments over the following two years (the “Initial Option Grant”). Additionally, OXIS granted Dr. Hausman, as a sign on bonus, 500,000 restricted shares of common stock and a ten year common stock purchase warrant to purchase 1,505,000 shares at an exercise price of \$0.20 per share, with vesting in six equal installments, commencing on November 14, 2006, through the 180<sup>th</sup> day after the Commencement Date. OXIS shall provide Dr. Hausman with an annual office expense allowance of \$50,000, for the costs of maintaining an office in the Stevenson, Washington area. The office expense allowance shall be payable quarterly in advance in the form of common stock, at a price equal to 85% of the Market Price. For the first installment, representing \$12,500 of the office expense allowance, Dr. Hausman was issued 69,444 restricted shares of common stock. Hereafter, the office allowance expense will be paid promptly after the determination of the Market Price on the dates that are three months, six months and nine months from the date hereof, and quarterly thereafter for the duration of the term of the agreement. Notwithstanding the foregoing, once OXIS has completed a Qualifying Financing, the office expense allowance will be paid in cash in advance, commencing for the quarter next following the quarter in which the Qualifying Financing occurred. Additionally, Dr. Hausman shall receive family health and dental insurance benefits and short-term and long-term disability policies.

Upon termination for cause, all compensation due to Dr. Hausman under the agreement will cease, other than a right to participate in continued group health insurance for a certain period of time (this applies to all terminations, except if Dr. Hausman terminates without good reason) and any unexercised portions of his stock options shall expire upon such termination. In the event that OXIS terminates Dr. Hausman's employment within one year of a change of control, Dr. Hausman shall receive an amount equal to twelve months of base salary for the then current term of the agreement (which is in addition to the base salary paid to Dr. Hausman after OXIS' delivery of notice of termination and the actual date of termination) plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary), and the full vesting of Dr. Hausman's stock options, and extended exercisability thereof until their respective expiration dates. In the event that the OXIS terminates its relationship with Dr. Hausman, including a non-renewal of the agreement by OXIS, but other than upon a change of control, death, disability or cause, Dr. Hausman shall receive the following: (i) if employment was terminated during the calendar year 2006, an amount equal to six months of the then current base salary; if employment was terminated commencing in the calendar year 2007 or if OXIS elects not to renew the agreement, an amount equal to twelve months of base salary for the then current term of the agreement plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary); (ii) if employment was terminated during the calendar year 2006, 50% of the previously unvested portion of the Initial Option Grant shall vest and such vested options shall be exercisable until their respective expiration dates; if employment was terminated commencing in the calendar year 2007 and thereafter or if OXIS elects not to renew the agreement following the initial three year term or any additional term, all stock options granted to Dr. Hausman (including without limitation the Initial Option Grant) shall immediately vest and shall remain exercisable until their respective expiration dates. In the event Dr. Hausman terminates his relationship with OXIS for good reason within one (1) year of the occurrence of the event which established the good reason, or for good reason within one year of a change of control, Dr. Hausman shall receive the following: (i) if the termination occurred during the calendar year 2006 for good reason, an amount equal to six months of base salary; if the termination occurred during the calendar year 2006 due to a change of control, an amount equal to twelve months of base salary; if termination for good reason occurred during the calendar year 2007 or thereafter, an amount equal to twelve months of the then current base salary plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary); (ii) if termination occurred during the calendar year 2006, 50% of the previously unvested portion of the Initial Option Grant shall vest and such vested options shall be exercisable until their respective expiration dates, except that if termination is by Dr. Hausman for good reason subsequent to a change of control, then 100% of any option grants to Dr. Hausman (including, without limitation, the Initial Option Grant) shall vest and shall remain exercisable until its respective expiration dates; if employment was terminated commencing in the calendar year 2007 and thereafter, all stock options granted to Dr. Hausman (including, without limitation, the Initial Option Grant) shall immediately vest and shall remain exercisable until their respective expiration dates.

On November 6, 2006, OXIS entered into an Advisory Agreement with Ambient Advisors LLC (the "Advisor"). Gary M. Post, a member of the board of directors, is the manager of Ambient Advisors LLC. The commencement date of the agreement was set retroactively at October 15, 2006 (the "Commencement Date").

Pursuant to the Advisory Agreement, the Advisor will provide certain services pertaining to strategic planning, financial planning and budgeting, investor relations, corporate finance and such additional roles and responsibilities as requested for a three year period from the Commencement Date, thereafter on a one year basis. The Advisor will receive annual compensation in the amount of \$83,333, payable quarterly in advance in cash, common stock based on a price equal to 85% of average of the five closing prices for the five trading days prior to the date that the issuance is authorized by the Board of Directors, or in ten year warrants equal to that number of warrants equal to 1.5 times the number of shares that would otherwise be received. For the initial quarterly payment, the Advisor received a ten year warrant to purchase 173,608 shares with an exercise price of \$0.20 per share, vesting immediately. As part of the compensation under the Advisory Agreement, OXIS granted the Advisor a ten year common stock purchase warrant to purchase 550,000 shares of OXIS common stock at an exercise price of \$0.20 per share, vesting as follows: (i) 275,000 warrants vesting in four equal quarterly installments commencing on January 15, 2007 and every three months thereafter and (ii) and the remaining 275,000 warrants vesting in eight quarterly installments over the following two years. Additionally, OXIS granted the Advisor, as a sign on bonus, a non-qualified option to purchase 333,333 shares at exercise price of \$0.20 per share, with vesting in six equal installments, commencing on November 14, 2006, through the 180<sup>th</sup> day after the Commencement Date. During the three year term of the agreement, the Advisor shall receive an annual bonus based upon the attainment of agreed upon goals and milestones as determined by the Board of Directors and its Compensation Committee. During the remainder of calendar year 2006, the Advisor's bonus shall be pro rated on an annual bonus rate in the range of 25% to 50% of the advisory fee, and the bonus for subsequent years of the term of the agreement shall be in a similar target range. The bonuses payable hereunder shall be paid in cash, although at the Advisor's sole option, they may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of common stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to the Advisor of the bonus for a particular year.

If OXIS terminates the Advisory Agreement without cause after the six month anniversary of November 6, 2006, the Advisor shall receive an amount equal to twelve months of the advisory fee in a lump sum payment and all outstanding stock options shall become fully vested and the warrants vested as of the date of termination and the stock options shall remain exercisable through their respective expiration dates. If OXIS terminates this Agreement without cause prior the six month anniversary of November 6, 2006, Advisor shall be paid any expenses due to him and all vested stock options and warrants shall remain exercisable through their respective expiration dates. If OXIS terminates Advisor for cause, Advisor shall not be entitled to any further payments of its advisory fee hereunder, and any unexercised stock options shall expire. If the Advisor resigns for whatever reason, or if Gary M. Post dies or becomes disabled, the Advisor shall not be entitled to any further payments of the advisory fee hereunder, all unvested stock options and warrants shall expire, and all vested stock options and warrants shall remain exercisable until their respective expiration dates.

On November 6, 2006, OXIS entered into an Consulting Agreement with John E. Repine, M.D. The commencement date of the agreement was set retroactively at October 15, 2006 (the "Commencement Date").

Pursuant to the Consulting Agreement, Dr. Repine shall advise OXIS concerning matters of antioxidant and inflammation research and potential acquisitions (including products/compounds/intellectual property, companies), product research and development, and the development and establishment of reference labs for oxidative stress and inflammatory reactions for a three year period from the Commencement Date, thereafter on a one year basis. Dr. Repine will receive annual compensation in the amount of \$36,000, payable quarterly in advance in cash, common stock based on a price equal to 85% of average of the five closing prices for the five trading days prior to the date that the issuance is authorized by the Board of Directors, or in ten year warrants equal to that number of warrants equal to 1.5 times the number of shares that would otherwise be received. For the initial quarterly payment, Dr. Repine received 50,000 restricted shares. As part of the compensation under the Consulting Agreement, OXIS granted Dr. Repine a ten year stock option to purchase 200,000 shares of OXIS common stock at an exercise price of \$0.20 per share, vesting as follows: (i) 100,000 options vesting in four equal quarterly installments commencing on January 15, 2007 and every three months thereafter and (ii) and the remaining 100,000 options vesting in eight quarterly installments over the following two years. Additionally, OXIS granted Dr. Repine, as a sign on bonus, a non-qualified option to purchase 200,000 shares at exercise price of \$0.20 per share, with vesting in six equal installments, commencing on November 14, 2006, through the 180<sup>th</sup> day after the Commencement Date. During the term of the Consulting Agreement, Dr. Repine shall be eligible to receive annual and special bonuses based upon the attainment of agreed upon goals and milestones as determined by the OXIS Chief Executive Officer. Each bonus payable shall be paid in cash, although at Dr. Repine's sole option, such bonus may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of common stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to Dr. Repine of the particular bonus.

If OXIS terminates the Consulting Agreement without cause after the six month anniversary of November 6, 2006, Dr. Repine shall receive an amount equal to twelve months of the advisory fee in a lump sum payment and all outstanding stock options shall become fully vested and the warrants vested as of the date of termination and the stock options shall remain exercisable through their respective expiration dates. If OXIS terminates this Agreement without cause prior the six month anniversary of November 6, 2006, Dr. Repine shall be paid any expenses due to him and all vested stock options and warrants shall remain exercisable through their respective expiration dates. If OXIS terminates Dr. Repine for cause, Dr. Repine shall not be entitled to any further payments of his advisory fee hereunder, and any unexercised stock options shall expire. If Dr. Repine resigns for whatever reason, or if he dies or becomes disabled, Dr. Repine shall not be entitled to any further payments of the consulting fee hereunder, all unvested stock options and warrants shall expire, and all vested stock options and warrants shall remain exercisable until their respective expiration dates.

All shares of common stock issuable to Drs. Hausman, Repine and Ambient Advisors or issuable upon the exercise of the warrants to be issued in lieu thereof pursuant to the above agreements, shall have the benefit of piggyback registration rights, pursuant to a Registration Rights Agreement to be executed by OXIS and Drs. Hausman, Repine and Ambient Advisors.

The foregoing summary of the material terms of the Employment Agreement with Dr. Hausman, the Advisory Agreement with Ambient Advisors and the Consulting Agreement with Dr. Repine are qualified in their entirety by the text of those documents attached as Exhibits 10.1, 10.2, and 10.3 to this Current Report on Form 8-K and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

- 10.1 Employment Agreement between OXIS International, Inc. and Marvin S. Hausman, M.D. dated November 6, 2006.
- 10.2 Advisory Agreement between OXIS International, Inc. and Ambient Advisors, LLC dated November 6, 2006.
- 10.3 Consulting Agreement between OXIS International, Inc. and John E. Repine, M.D. dated November 6, 2006.

**Signature(s)**

Pursuant to the Requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the Undersigned hereunto duly authorized.

**OXIS INTERNATIONAL, INC.**

Date: November 13, 2006

By: /s/ MICHAEL D. CENTRON

---

Michael D. Centron  
Title: Vice President and Chief Financial Officer

## EMPLOYMENT AGREEMENT

Employment Agreement dated as of November 6, 2006, between OXIS INTERNATIONAL INC., a Delaware corporation (with its successors and assigns, referred to as the "Corporation") and MARVIN S. HAUSMAN, M.D. (hereinafter referred to as "HAUSMAN").

### PRELIMINARY STATEMENT

The Corporation desires to employ HAUSMAN as President and Chief Executive Officer of the Corporation, and HAUSMAN wishes to be employed by the Corporation, upon the terms and subject to the conditions set forth in this Agreement. The Corporation and HAUSMAN also wish to enter into the other agreements set forth in this Agreement, all of which are related to HAUSMAN's employment under this Agreement.

### AGREEMENT

HAUSMAN and the Corporation therefore agree as follows:

**1. Term of Employment.** The Corporation hereby employs HAUSMAN and HAUSMAN hereby accepts employment with the Corporation for the period (the "Initial Term") commencing as of October 15, 2006 (the "Commencement Date"), and ending on the third anniversary of the Commencement Date hereof or upon the earlier termination of the Initial Term pursuant to Section 6. The Initial Term will be extended automatically for additional one-year periods (each, an "Additional Term," together with the Initial Term, the "Term"), subject to the rights of the parties generally to terminate this Agreement in accordance with the provisions of Section 6(a). The termination of the Term for any reason shall end HAUSMAN's employment under this Agreement, but, except as otherwise set forth herein, shall not terminate HAUSMAN's or the Corporation's other agreements in this Agreement.

**2. Position and Duties.** Upon the commencement of the Initial Term, HAUSMAN shall serve as President and Chief Executive Officer of the Corporation. HAUSMAN shall also serve as the Chairman of the Board of Directors and shall also hold such additional positions and titles as the Board of Directors ("Board") may determine from time to time. HAUSMAN shall report to the Board. During the Term, HAUSMAN shall devote substantial time and attention to performing his duties as an employee of the Corporation. The Corporation acknowledges that the foregoing sentence shall not restrict HAUSMAN from devoting time and attention to other business ventures, including without limitation those activities identified on Schedule A annexed hereto, which the Corporation acknowledges are not business opportunities of the Corporation. Additionally, HAUSMAN may continue serving on the Board of Directors of TorreyPines Therapeutics, Inc. and as a member of its Board committees and may serve in similar capacities with other companies or organizations subject to his obtaining prior approval from Board.

---



### 3. Compensation.

(a) **Base Salary.** The Corporation shall pay HAUSMAN a base salary, beginning on the first day of the Initial Term and ending on the last day of the Initial Term, of \$250,000 per annum. The base salary initially will be payable quarterly in advance in the form of the Corporation's common stock ("Common Stock"), at a price equal to 85% of the "Market Price" for the Corporation's common stock, which shall equal the average of the closing price for the five trading days prior to the date that the issuance is authorized by the Board of Directors. In lieu of receiving Common Stock for such payments, HAUSMAN may elect to receive that number of ten year Warrants (with cashless exercise provisions) equal to 1.5 times the number of shares of Common Stock that would otherwise be received, at an exercise price equal to the Market Price. The first installment, representing \$67,500 of HAUSMAN's base salary, and payable at HAUSMAN's election either in the shares of Common Stock or form of warrants described in the foregoing sentence, will be paid promptly after the initial determination of the Market Price, and thereafter, will be paid on the dates that are three months, six months and nine months from the date hereof, and quarterly thereafter for the duration of the Term. Notwithstanding the foregoing, once the Corporation has raised at least \$2.5 million in one or more financings (equity, debt or convertible debt, in addition to the financing closed on October 27, 2006) or in a strategic transaction (a "Qualifying Financing"), HAUSMAN may elect, at any time, in lieu of receiving a quarterly issuance of stock (or warrants in lieu thereof), to receive his base salary in cash, payable monthly on the Corporation's regular pay cycle for professional employees. All shares of Common Stock issuable to HAUSMAN under Sections 3 and 4 hereof (if not otherwise registered pursuant to an existing stock option plan covered by a registration statement on Form S-8), or upon the exercise of the warrants to be issued in lieu thereof, shall have the benefit of piggyback registration rights, pursuant to a Registration Rights Agreement to be executed by the Corporation and HAUSMAN (the "Registration Rights Agreement"); provided, however, that the failure to execute such a Registration Rights Agreement shall not limit HAUSMAN's piggyback registration rights hereunder. Furthermore, the Corporation will obtain advice of counsel that the issuance of shares of Common Stock by the Corporation to HAUSMAN under Sections 3 and 4 hereof do not violate the provisions of Section 203 of the Delaware General Corporation Law. Following the Initial Term, the Board shall, in accordance with its customary review of executive management compensation, review HAUSMAN's base salary and make adjustments the Board (or its Compensation Committee) feels are appropriate, but in any event HAUSMAN's base salary shall not be lower than \$250,000.

#### (b) Other and Additional Compensation.

(i) **Annual Bonus.** During the Term, HAUSMAN shall receive an annual bonus based upon the attainment of agreed upon goals and milestones as determined by the Board and its Compensation Committee. During the remainder of calendar year 2006, HAUSMAN's bonus shall be pro rated on an annual bonus rate in the range of 25% to 50% of his base salary, and his bonus for subsequent years of the Term shall be in a similar target range. Additional bonus calculations and payments determined by the Board and the Compensation Committee shall be made based upon (i) each \$1 million in combined annual sales of the Corporation and its subsidiary BioCheck exceeding \$6,500,000, (ii) successful financings an/or strategic transactions completed, taking into account the aggregate amount of funds raised for the Corporation and (iii) performance of the trading price of the Common Stock. The bonuses payable hereunder shall be paid in cash, although at HAUSMAN's sole option, they may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of Common Stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to HAUSMAN of the bonus for a particular year (which shall also be the exercise price of the warrants, if the Advisor elects to receive warrants). HAUSMAN shall make his election no more than ten (10) days following notification by the Corporation of his bonus award, and the failure to make timely election shall mean that HAUSMAN shall receive the bonus in the form of cash.

(ii) **Stock Options.** As soon as practicable following execution of this Agreement, HAUSMAN shall be granted options for the purchase of up to 495,000 shares (the "Initial Option Grant") of Common Stock under the Corporation's existing stock option plan (the "Plan"). The terms of the grant, including the vesting schedule and exercise price of the Initial Option Grant, shall be as set forth in a separate option agreement executed by and between the parties and will provide, among other things, (i) for cashless exercise provisions and (ii) for the vesting of 247,500 options in four equal quarterly installments commencing on the date that is three months from the Commencement Date and every three months thereafter, (iii) for the vesting of the remaining 247,500 options in eight quarterly installments over the subsequent two years and (iv) for an exercise price equal to the average of the closing bid and asked prices for the Common Stock on the trading day immediately prior to the date hereof. Subsequent stock option grants, including an annual grant in 2007, will be determined annually by the Board and the Compensation Committee, taking into account the previous year's performance of the Corporation's Common Stock, sales, revenue and income performance, as well as the frequency and success of financings and/or strategic transactions.

(iii) **Additional Compensation.** The foregoing establishes the minimum compensation during the Term and shall not preclude the Board from awarding HAUSMAN a higher salary or any additional bonuses or stock options in the event of a successful financing or strategic transaction or otherwise, and in any event, in the discretion of the Board.

(iv) **Sign-on Bonus.** As a sign-on bonus and as soon as practicable following execution of this Agreement, the Corporation shall issue to HAUSMAN 500,000 shares of Common Stock and ten year warrants (the "Warrants") to purchase 1,505,000 shares of Common Stock, at an exercise price equal to the Market Price. The Warrants shall have a cashless exercise provision and otherwise shall be in form mutually satisfactory to the parties. All of the shares of Common Stock issued under this Section 3(b)(iv) will be subject to repurchase by the Corporation at a price of par value per share, and the amount of shares subject to repurchase will be reduced in six equal monthly increments commencing on the 30 days after the Commencement Date and every 30<sup>th</sup> day thereafter until 180 days after the Commencement Date, when none of such shares shall be subject to repurchase. The Warrants issued under this Section 3(b)(iv) will vest monthly in six equal installments, commencing on the date that is 30 days after the Commencement Date, through the 180<sup>th</sup> day after the Commencement Date.

#### 4. Employee Benefits.

(a) **General.** During the Term, HAUSMAN shall be entitled to the employee benefits generally made available to the Corporation's executive officers, including four-weeks paid vacation (no more than 2 weeks per month) and all U.S. national holidays, participation in the Corporation's 401(k) plan or other plans that may be made available from time to time to the Corporation's executive officers. Additionally, HAUSMAN shall receive family health and dental insurance benefits. As soon as reasonably practicable following the date hereof, the Corporation shall arrange for and maintain short-term and long-term disability policies for benefit of HAUSMAN in such amounts generally customary for similarly situated executive employees in the industry.

(b) **Other Benefits.** During the Term, the Corporation shall provide HAUSMAN with an annual office expense allowance of \$50,000, for the costs of maintaining an office in the Stevenson, Washington area. The office expense allowance shall be payable quarterly in advance in the form of Common Stock, at a price equal to 85% of the Market Price. The first installment, representing \$12,500 of the office expense allowance, will be paid promptly after the determination of the Market Price, and thereafter, will be paid on the dates that are three months, six months and nine months from the date hereof, and quarterly thereafter for the duration of the Term. Notwithstanding the foregoing, once the Corporation has completed a Qualifying Financing, the office expense allowance will be paid in cash in advance, commencing for the quarter next following the quarter in which the Qualifying Financing occurred.

**(c) Indemnification.** The Corporation will indemnify HAUSMAN for his actions in the capacity as an officer and director of the Corporation and any of its subsidiaries to the full extent permitted by law and as provided in the Corporation's Certificate of Incorporation and by-laws.

**5. Expenses.** During the Term, the Corporation shall reimburse HAUSMAN in cash for actual out-of-pocket travel, entertainment and other business expenses incurred by him in the performance of his services for the Corporation upon the receipt of appropriate documentation of such expenses.

**6. Termination; Non-Renewal.**

**(a) General.** The Term shall end immediately upon HAUSMAN's death, or upon termination for Cause, Disability or Good Reason, each as defined in Section 7. Upon termination of the Term due to HAUSMAN's death, all compensation due HAUSMAN under this Agreement will cease. In all other cases, (i) the Corporation may terminate this Agreement either upon sixty (60) days prior written notice, if such termination shall be effective in the calendar year 2006, or otherwise upon ninety (90) days written notice and (ii) HAUSMAN may terminate this Agreement upon sixty (60) days written notice. The parties agree that the mere act to providing notice to the other party of termination shall not in any event be deemed to provide such other party the right to immediately terminate this Agreement.

The Corporation may elect not to renew this Agreement by giving no less than 90 days written notice prior to the expiration of any Term. HAUSMAN may elect not to renew this Agreement by giving not less than 60 days written notice prior to the expiration of any Term. Upon the receipt of any notice of non-renewal as provided in this Section 6(a), HAUSMAN shall continue to be compensated in the manner set forth in this Agreement until the expiration of the applicable Term.

**(b) Notice of Termination - Generally.** Any termination by the Corporation of HAUSMAN's employment hereunder shall be in writing and delivered to HAUSMAN at the address set forth herein or at such address kept in the records of the Corporation and shall specify the reasons for such termination.

**(c) Termination by the Corporation for Cause.** Any written notice of termination by the Corporation of HAUSMAN for Cause shall, to the extent determined by the Board that the Cause is curable, allow HAUSMAN the opportunity to cure, but in any event no more than ten (10) days (except in the event of a termination pursuant to Section 7(a)(vi), in which case the cure period shall be 30 days). Such notice of termination shall also state in reasonable detail the Board's understanding of the facts leading to the determination of Cause. Upon the Corporation's final termination of the Term for Cause, all compensation due to HAUSMAN under this Agreement will cease, other than that described in Section 9 below. Moreover, any unexercised portions of the Initial Option Grant or other stock option grants to HAUSMAN by the Corporation shall expire upon such termination.

**(d) Termination by the Corporation upon a Change of Control.** In the event that the Corporation terminates its relationship with HAUSMAN within one (1) year of a "Change of Control", as defined in Section 7(c), other than for Cause, HAUSMAN shall receive the following:

(i) an amount equal to twelve (12) months of base salary for the then current Term (which is in addition to the base salary paid to HAUSMAN after the Corporation's delivery of notice of termination pursuant to Section 6 and the actual date of termination) plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary); and

(ii) the full vesting of the Initial Option Grant and any other stock option grants to HAUSMAN by the Corporation, and extended exercisability thereof until their respective expiration dates; and

(iii) Other Compensation (as defined in Section 9); and

(iv) If the foregoing payments and benefits provided to HAUSMAN in Sections 6(d)(i) through (iii) above (the "Change of Control Payments") are or become subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, the Corporation shall pay to HAUSMAN such amount (the "Gross-up Payment") as may be necessary to place HAUSMAN in the same after-tax position as if no portion of the Change of Control Payments and any amounts paid to him pursuant to this paragraph 6(d) had been subject to the Excise Tax.

For the avoidance of doubt, HAUSMAN shall be entitled to the foregoing benefits once notice of termination is given by the Corporation pursuant to this Section 6(d), regardless of his subsequent Death or Disability.

**(e) Termination by the Corporation other than upon Change of Control, Death, Disability or Cause.** In the event that the Corporation terminates its relationship with HAUSMAN, including a non-renewal of this Agreement by the Corporation but other than upon a Change of Control, Death, Disability or Cause, HAUSMAN shall receive the following:

(i) if employment was terminated during the calendar year 2006, an amount equal to six (6) months of the then current base salary; if employment was terminated commencing in the calendar year 2007 or if the Corporation elects not to renew this Agreement following the Initial Term or any Additional Term, an amount equal to twelve (12) months of base salary for the then current Term plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary) ;

(ii) if employment was terminated during the calendar year 2006, 50% of the previously unvested portion of the Initial Option Grant shall vest and such vested options shall be exercisable until their respective expiration dates; if employment was terminated commencing in the calendar year 2007 and thereafter or if the Corporation elects not to renew this Agreement following the Initial Term or any Additional Term, all stock options granted to HAUSMAN (including without limitation the Initial Option Grant) shall immediately vest and shall remain exercisable until their respective expiration dates; and

(iii) Other Compensation.

**(f) Termination by HAUSMAN upon Good Reason; Other Terminations.** In the event HAUSMAN terminates his relationship with the Corporation for "Good Reason" as defined in Section 7, within one (1) year of the occurrence of the event which established the "Good Reason," or for "Good Reason" within one (1) year of a Change of Control, HAUSMAN shall receive the following:

(i) if the termination occurred during the calendar year 2006 for Good Reason, an amount equal to six (6) months of base salary; if the termination occurred during the calendar year 2006 due to a Change of Control, an amount equal to twelve (12) months of base salary; if termination for Good Reason occurred during the calendar year 2007 or thereafter, an amount equal to twelve (12) months of the then current base salary plus an amount equal to the prior year's bonus (and if occurring before the bonus for 2007 has been determined, an amount equal to 50% of the then current base salary);

(ii) if termination occurred during the calendar year 2006, 50% of the previously unvested portion of the Initial Option Grant shall vest and such vested options shall be exercisable until their respective expiration dates, except that if termination is by HAUSMAN for Good Reason subsequent to a Change of Control, then 100% of any option grants to HAUSMAN (including, without limitation, the Initial Option Grant) shall vest and shall remain exercisable until its respective expiration dates; if employment was terminated commencing in the calendar year 2007 and thereafter, all stock options granted to HAUSMAN (including, without limitation, the Initial Option Grant) shall immediately vest and shall remain exercisable until their respective expiration dates; and

(iii) Other Compensation.

HAUSMAN shall provide prior written notice to the Corporation of his termination pursuant to this Section 6(f), and such notice shall describe the particular "Good Reason(s)" at issue.

If HAUSMAN otherwise terminates his employment without Good Reason, all options vested at the time of such termination shall expire on their respective expiration dates.

## 7. Definitions.

(a) **"Cause" Defined.** "Cause" means (i) willful malfeasance or willful misconduct by HAUSMAN in connection with his employment; (ii) HAUSMAN's gross negligence in performing any of his duties under this Agreement; (iii) HAUSMAN's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendere with respect to, any felony; (iv) HAUSMAN's habitual drunkenness or use or possession of illegal drugs while performing his duties under this Agreement or excessive absenteeism not related to illness; (v) HAUSMAN's material breach of any written policy applicable to all employees adopted by the Corporation; or (vi) material breach by HAUSMAN of any of his agreements in this Agreement having a material detrimental impact on the Corporation.

(b) **"Disability" Defined.** "Disability" shall mean HAUSMAN's incapacity due to physical or mental illness that results in his being unable to substantially perform his duties hereunder for six consecutive months (or for six months out of any nine-month period). During a period of Disability, HAUSMAN shall continue to receive his base salary hereunder, provided that if the Corporation provides HAUSMAN with disability insurance coverage, payments of HAUSMAN's base salary shall be reduced by the amount of any disability insurance payments received by HAUSMAN due to such coverage. Upon termination, after the end of the period of Disability, all compensation due HAUSMAN under this Agreement shall cease.

(c) **"Change of Control" Defined.** "Change of Control" shall mean the occurrence of any one or more of the following events:

(i) An acquisition (whether directly from the Corporation or otherwise) of any voting securities of the Corporation (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities and Exchange Act of 1934, as amended (the "1934 Act")), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of fifty percent (50 %) or more of the combined voting power of the Corporation's then outstanding Voting Securities.

(ii) The individuals who, as of the Commencement Date, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least fifty-one percent (51%) of the Board; or

(iii) Approval by the Board and, if required, stockholders of the Corporation of, or execution by the Corporation of any agreement with respect to, or the consummation of (it being understood that the mere execution of a term sheet, memorandum of understanding or other non-binding document shall not constitute a Change of Control):

(A) A merger, consolidation or reorganization involving the Corporation, where either or both of the events described in Section 7(c)(i) or 7(c)(ii) would be the result;

(B) A liquidation or dissolution of or appointment of a receiver, rehabilitator, conservator or similar person for, the Corporation; or

(C) An agreement for the sale or other disposition of all or substantially all of the assets of the Corporation to any Person (other than a transfer to a subsidiary of the Corporation).

Notwithstanding anything contained in this Agreement to the contrary, if HAUSMAN's employment is terminated prior to a Change in Control and HAUSMAN reasonably demonstrates that such termination (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control and who effectuates a Change in Control (a "Third Party") or (ii) otherwise occurred in connection with, or in anticipation of, a Change in Control which actually occurs, then for all purposes of this Agreement, the date of a Change in Control with respect to HAUSMAN shall mean the date immediately prior to the date of such termination of HAUSMAN's employment.

(d) **"Good Reason" Defined.** "Good Reason" shall mean the occurrence, whether or not after a Change in Control, of any of the events or conditions described below:

(i) a change in HAUSMAN's status, title, position or responsibilities (including reporting responsibilities) which represents a material adverse change from his status, title, position or responsibilities as in effect immediately prior to such change; the assignment to HAUSMAN of any duties or responsibilities which are inconsistent with his status, title, position or responsibilities as in effect immediately prior to such change; or any removal of HAUSMAN from any of such offices or positions (except in those cases where a change is either at the request of HAUSMAN, in connection with a general corporate restructuring of officer responsibilities, or a result of the promotion of HAUSMAN);

(ii) the Corporation's requiring HAUSMAN to spend substantially all of his time performing his duties hereunder at a location other than his current home office facility, including requiring him to relocate to Foster City or the San Francisco area, except for required travel relating to the Corporation's business;

(iii) the failure by the Corporation to provide HAUSMAN with benefits, in the aggregate, at least equal (in terms of benefit levels) to those provided for under each employee benefit plan, program and practice in which HAUSMAN was participating at any time prior to such failure; or

(iv) any material breach by the Corporation of any provision of this Agreement which is not cured within ten (10) days after the receipt of written notice by the Corporation of a description of the breach.

**8. Payment Terms.** Payment of any amounts to which HAUSMAN shall be entitled pursuant to the provisions of Sections 6 and 7 shall be made no later than sixty (60) days following receipt of notice of termination or the event giving rise to such termination. Any amounts payable pursuant to Sections 6 and 7 which are not made within the period specified in this Section 8 shall bear interest at a rate equal to the lesser of (i) the maximum interest rate allowable pursuant to applicable law or (ii) five points above the "prime rate" of interest as published from time-to-time in the Eastern Edition of the Wall Street Journal.

## 9. Post-Termination Benefits.

The benefits hereunder shall be deemed the "Other Compensation" referenced in Section 6(d), 6(e) and 6(f) hereof. Except if HAUSMAN resigns without Good Reason (other than retirement on or after the age of 62), in the event HAUSMAN's employment with the Corporation is terminated for any reason prior to the end of the Term, HAUSMAN and his dependents, if any, will continue to participate in any group health plan sponsored by the Corporation in which HAUSMAN was participating on the date of such termination, at a cost to HAUSMAN and his dependents equal to the amount charged by the Corporation to similarly situated employees while employed by the Corporation, for the remainder of the Initial Term or, if termination occurs within an Additional Term, for the remainder of such Additional Term. Thereafter, HAUSMAN and his dependents, if any, shall be entitled to elect to continue such health coverage, at a cost to HAUSMAN and his dependents equal to the amount paid by the Corporation for similarly situated employees while employed by the Corporation, for the longest period of time permitted by the agents of the Corporation who arrange for such health coverage, with such period to last at least twelve (12) months from the date of termination. Upon termination for any reason, in addition to any payments to which HAUSMAN may be entitled upon termination of his Employment pursuant to any provision of this Agreement, HAUSMAN shall be entitled to any benefits under any pension, supplemental pension, savings, or other employee benefit plan (other than life insurance) in which HAUSMAN was participating on the date of any such termination.

## 10. Confidentiality.

**(a) "Corporation Information" Defined.** "Corporation Information" means all information, knowledge or data of or pertaining to (i) the Corporation, its employees and all work undertaken on behalf of the Corporation, and (ii) any other person, firm, corporation or business organization with which the Corporation may do business during the Term, that is not in the public domain (and whether relating to methods, processes, techniques, discoveries, pricing, marketing or any other matters).

**(b) Confidentiality.** HAUSMAN hereby recognizes that the value of all trade secrets and other proprietary data and all other information of the Corporation not in the public domain disclosed by the Corporation in the course of his employment with the Corporation is attributable substantially to the fact that such confidential information is maintained by the Corporation in strict confidentiality and secrecy and would be unavailable to others without the expenditure of substantial time, effort or money. HAUSMAN therefore, except as provided in the next two sentences, covenants and agrees that all Corporation Information shall be kept secret and confidential at all times during and after the end of the Term and shall not be used or divulged by him outside the scope of his employment as contemplated by this Agreement, except as the Corporation may otherwise expressly authorize by action of the Board. In the event that HAUSMAN is requested in a judicial, administrative or governmental proceeding to disclose any of the Corporation Information, HAUSMAN will promptly so notify the Corporation so that the Corporation may seek a protective order or other appropriate remedy and/or waive compliance with this Agreement. If disclosure of any of the Corporation Information is required, HAUSMAN may furnish the material so required to be furnished, but HAUSMAN will furnish only that portion of the Corporation Information that legally is required.

## 11. Non-Competition, Non-disparagement and Non-Solicitation Covenants; Intellectual Property.

**(a) Non-Competition.** The Corporation and HAUSMAN acknowledge that: (i) the Corporation has a special interest in and derives significant benefit from the unique skills and experience of HAUSMAN; (ii) HAUSMAN will use and have access to proprietary and valuable Corporation Information (as defined in Section 10 hereof) during the course of his employment; and (iii) the agreements and covenants contained herein are essential to protect the business and goodwill of the Corporation or any of its subsidiaries, affiliates or licensees. Accordingly, except as hereinafter noted, HAUSMAN covenants and agrees that during the Term, and for a period of one year following the termination of HAUSMAN's employment, HAUSMAN shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in (i) the research, diagnosis, treatment and prevention of diseases of oxidative stress associated with damage from free radical and reactive oxygen species or (ii) the provision of high quality enzyme immunoassay research services and products including immunoassay kits for cardiac and tumor markers, infectious diseases, thyroid function, steroids, and fertility hormones or any other business engaged in by the Company during the Term. Notwithstanding the foregoing, a "Competing Business" shall not include any of the business activities identified on Schedule A annexed hereto, activities which the Corporation hereby acknowledges do not constitute corporate opportunities of the Corporation and in which HAUSMAN has previously engaged and may continue to engage. In consideration of all of the compensation provisions in this Agreement, HAUSMAN agrees to the provisions of this Section 11 and also agrees that the non-competition obligations imposed herein, are fair and reasonable under all the circumstances.

**(b) Non-Solicitation of Employees.** HAUSMAN covenants and agrees that during the Term, and for a period of one year following termination of employment hereunder for any reason whatsoever, HAUSMAN shall not directly or indirectly solicit any other employee of or consultant to the Corporation, or any of its subsidiaries or affiliates to terminate such employee's employment or consultant's relationship with the Corporation, or any of its subsidiaries or affiliates, as the case may be, or to become employed by or a consultant to a Competing Business.

**(c) Ownership of Intellectual Property.** Any material or other work which may be subject to copyright or patent, and which is conceived, derived, made or written by HAUSMAN in connection with the Corporation Information shall be deemed a "work for hire," (and is herein referred to as a "Development"). As between HAUSMAN and the Corporation, HAUSMAN acknowledges that all Developments will be the sole and exclusive property of the Corporation and shall also be deemed Corporation Information under this Agreement. HAUSMAN further acknowledges the Corporation may in turn negotiate with any third party regarding their respective ownership rights to such Developments. HAUSMAN shall execute such documents as may be necessary to vest in the Corporation or any third party, if applicable, all right, title and interest in and to the Developments. The Corporation (or a third party, if applicable) will pay all costs and expenses associated with any applications and the transfer of title to Developments, including paying HAUSMAN's reasonable attorneys' fees for reviewing such documents and instruments presented for execution.

**(d) HAUSMAN's Intellectual Property Rights.** Notwithstanding the foregoing, the assignment by HAUSMAN to the Corporation (or a third party, if applicable) of Developments, as well as the right to apply for and obtain patents and/or registered copyrights on the same, shall be expressly limited to those specifically involving the Corporation Information relating to such projects as mutually agreed upon by the parties hereto, and shall specifically not include (i) any right, license or interest of the Corporation to general concepts, formats, methods, testing techniques, study designs, computer software or other procedures utilized or designed by HAUSMAN in performing his duties hereunder, or any general inventions, discoveries, improvements, or copyrightable materials relating thereto, nor (ii) any patentable or copyrightable materials which can be shown by competent proof not to concern the subject matter of the Corporation Information, or, which predate this Agreement or HAUSMAN's receipt of the Corporation Information, or (iii) any intellectual property relating to HAUSMAN's current activities identified on Schedule A.



**(e) Remedies.** HAUSMAN acknowledges that any such breach of the provisions of this Section 11 is likely to result in immediate and irreparable harm to the Corporation for which money damages are likely to be inadequate. Accordingly, HAUSMAN consents to injunctive and other appropriate equitable relief upon the institution of proceedings therefor by the Corporation in order to protect its rights hereunder. Such relief may include, without limitation, an injunction to prevent: (i) the breach or continuation of HAUSMAN's breach; (ii) HAUSMAN from disclosing any trade secrets or Corporation Information; (iii) any Competing Business from receiving from HAUSMAN or using any such trade secrets or Corporation Information; and/or (iv) any such Competing Business from retaining or seeking to retain any employees of the Corporation. The provisions of this Section 11(e) shall survive the termination of this Agreement and HAUSMAN's Term of employment.

## **12. Successors and Assigns; Expenses.**

**(a) The Employee.** This Agreement is a personal contract, and the rights and interests that the Agreement accords to HAUSMAN may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him. All rights and benefits of HAUSMAN shall be for the sole personal benefit of HAUSMAN, and no other person shall acquire any right, title or interest under this Agreement by reason of any sale, assignment, transfer, claim or judgment or bankruptcy proceedings against HAUSMAN. Except as so provided, this Agreement shall inure to the benefit of and be binding upon HAUSMAN and his personal representatives, distributees and legatees.

**(b) The Corporation.** This Agreement shall be binding upon the Corporation and inure to the benefit of the Corporation and its successors and assigns.

**(c) Expenses.** The costs of HAUSMAN's counsel, Adam Eilenberg, related to the negotiation, preparation and review of this Agreement, in the amount of \$5,000, shall be paid by the Corporation, in the form of shares of Common Stock, based on a price equal to 85% of the Market Price, and shall be issued to Adam Eilenberg. Any shares issued pursuant to the foregoing sentence shall have the same registration rights as those being provided to HAUSMAN hereunder and pursuant to the Registration Rights Agreement. Furthermore, in the event of any dispute between HAUSMAN and the Corporation relating to this Agreement which follows a Change of Control, the Corporation will pay all reasonable legal expenses incurred by HAUSMAN in connection with such dispute unless a court of competent jurisdiction determines that the facts surrounding such dispute originates from events that occurred prior to the Change of Control.

**13. Entire Agreement.** This Agreement, together with the Initial Option Grant and the Registration Rights Agreement, represents the entire agreement between the parties concerning HAUSMAN's employment with the Corporation and supersedes all prior negotiations, discussions, understandings and agreements, whether written or oral, between HAUSMAN and the Corporation relating to the subject matter of this Agreement, including any existing consulting agreements.

**14. Amendment or Modification; Waiver.** No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by HAUSMAN and by a duly authorized officer of the Corporation. No waiver by any party to this Agreement of any breach by another party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

**15. Notices.** Any notice to be given under this Agreement shall be in writing and delivered personally or sent by overnight courier or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below, or to such other address of which such party subsequently may give notice in writing:

If to HAUSMAN:                               MARVIN S. HAUSMAN, M.D.  
  90 NW Second Street, P.O. Box 910,  
  Stevenson, Washington 98648

with a copy to:                            Eilenberg & Krause LLP  
  11 East 44<sup>th</sup> Street  
  New York, NY 10017  
  Attention: Adam Eilenberg, Esq.

If to the Corporation:                    OXIS International, Inc.  
  323 Vintage Park Drive, Suite B,  
  Foster City, California 94404  
  Attention: Chairman of the Board

with a copy to:                            \_\_\_\_\_  
  \_\_\_\_\_  
  \_\_\_\_\_  
  Attention: \_\_\_\_\_

Any notice delivered personally or by overnight courier shall be deemed given on the date delivered and any notice sent by registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date mailed.

**16. Severability.** If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable shall not be affected, and each provision of this Agreement shall be validated and shall be enforced to the fullest extent permitted by law. If for any reason any provision of this Agreement containing restrictions is held to cover an area or to be for a length of time that is unreasonable or in any other way is construed to be too broad or to any extent invalid, such provision shall not be determined to be entirely null, void and of no effect; instead, it is the intention and desire of both the Corporation and HAUSMAN that, to the extent that the provision is or would be valid or enforceable under applicable law, any court of competent jurisdiction shall construe and interpret or reform this Agreement to provide for a restriction having the maximum enforceable area, time period and such other constraints or conditions (although not greater than those contained currently contained in this Agreement) as shall be valid and enforceable under the applicable law.

**17. Survivorship.** The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

**18. Headings.** All descriptive headings of sections and paragraphs in this Agreement are intended solely for convenience of reference, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph.

**19. Withholding Taxes.** All salary, benefits, reimbursements and any other payments to HAUSMAN under this Agreement shall be subject to all applicable payroll and withholding taxes and deductions required by any law, rule or regulation of and federal, state or local authority.

**20. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together constitute one and same instrument.

**21. Applicable Law; Jurisdiction.** The laws of the State of California shall govern the interpretation, validity and performance of the terms of this Agreement, without reference to rules relating to conflicts of law. Any suit, action or proceeding against HAUSMAN with respect to this Agreement, or any judgment entered by any court in respect thereof, may be brought in any court of competent jurisdiction in the State of California, as the Corporation may elect in its sole discretion, and HAUSMAN hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment.

**[THE BALANCE OF THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

M.D.

s/ Marvin S. Hausman,

MARVIN S. HAUSMAN, M.D.

OXIS INTERNATIONAL, INC.

By: /s/ Michael D.

Centron

Name: Michael D. Centron

Title: Vice President & CFO

**PERMITTED OUTSIDE BUSINESS ACTIVITIES OF HAUSMAN**

1. HAUSMAN's previously disclosed current activities in the field of mushrooms and associated oxidative stress and bioactive substances, as well as to the avian flu virus, previously acknowledged by the Board not to constitute business opportunities of the Corporation.
2. Patent activity, research and development and commercial development of patent applications and related intellectual property entitled "Identification of Selenoergothioneine as a Natural Organic Form of Selenium from Cultivated Mushrooms" for which HAUSMAN is a co-inventor.
3. Patent activity, research and development and commercial development of patent applications and related intellectual property entitled "Identification of ergothioneine transporter and therapeutic uses thereof" to which HAUSMAN and related entities have acquired rights.

**ADVISORY AGREEMENT** dated as of November 6, 2006, between Oxis International, Inc., a Delaware corporation (the “Company”), and Ambient Advisors LLC (the “Advisor”).

The Company desires to retain the Advisor to provide management and advisory services to the Company, and the Advisor desires to perform such management and advisory services for the Company, in each case, upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations hereinafter set forth, the parties agree as follows:

**1. Retention of Advisor.** The Company hereby retains the Advisor, and the Advisor hereby accepts such retention by the Company, upon the terms and conditions hereinafter set forth. The Advisor shall perform all such services as an independent contractor to the Company and not as an employee, agent or representative of the Company.

**2. Term.** The retention of the Advisor hereunder shall be for a period (the “Initial Term”) that commenced on October 15, 2006 (the “Commencement Date”) and shall end on October 15, 2009 or such earlier date provided in this Section 2. The Initial Term will be extended automatically for additional one-year periods (each an “Additional Term,” together with the Initial Term, the “Term”). This Agreement shall automatically terminate prior to October 15, 2009 or the expiration of any Additional Term upon the first to occur of (i) the death or disability of Mr. Gary M. Post, Managing Director of the Advisor, (ii) the resignation by the Advisor following the delivery by it to the Company of ten days’ advance written notice of such resignation or (iii) termination by the Company following the delivery to the Advisor of 60 days’ advance written notice from the Company’s Board of Directors of its intention to terminate the Agreement.

**3. Duties.** During the Term, the Advisor shall advise the Company and provide management services in the areas of (a) strategic planning, (b) financial planning and budgeting, (c) investor relations, (d) corporate finance (including advising on new capital formation and mergers and acquisitions), (e) day to day operational management and (f) such additional roles and responsibilities as the Advisor and the Company shall mutually agree. The parties acknowledge that Mr. Gary M. Post shall perform substantially all of the services of the Advisor under this Agreement, and that although he will not formally be named an officer of the Company, he will be empowered to sign checks and enter into contracts on the Company’s behalf in the capacity of “Acting Chief Operating Officer.” The Advisor shall report directly to, and shall reasonably update, the CEO or his designee on the status of each project, and shall reasonably coordinate its efforts with members of management, the Board of Directors and other advisors and consultants to the Company.

**4. Time to be Devoted to Services.** During the Term, the Advisor agrees to spend approximately one-third (1/3) of the Advisor’s working time to the provisions of services hereunder.

---

## **5. Compensation.**

(a) **Advisory Fee.** The Company shall pay to the Advisor an advisory fee of \$83,333 per annum. The advisory fee initially will be payable quarterly in advance in the form of either the Company's common stock ("Common Stock"), at a price equal to 85% of the "Market Price" for the Company's common stock, which shall equal the average of the closing price for the five trading days prior to the date that the issuance is authorized by the Board of Directors. In lieu of receiving Common Stock for such payments, the Advisor may elect to receive that number of ten year Warrants (with cashless exercise provisions) equal to 1.5 times the number of shares of Common Stock that would otherwise be received, at an exercise price equal to the Market Price. The first installment, representing \$20,833 of the annual advisory fee, and payable at the Advisor's election in the form of warrants described in the foregoing sentence, will be made as soon as practicable after the execution of this Agreement, and thereafter, will be paid on the dates that are three months, six months and nine months from the date hereof, and quarterly thereafter for the duration of the Term. Notwithstanding the foregoing, once the Company has raised at least \$2.5 million in one or more financings (equity, debt or convertible debt, in addition to the financing closed on October 27, 2006) or in a strategic transaction (a "Qualifying Financing"), the Advisor may elect, at any time, in lieu of receiving a quarterly issuance of stock (or warrants in lieu thereof), to receive the advisory fee in cash, payable monthly on the Corporation's regular pay cycle for professional employees. All shares of Common Stock issuable to the Advisor under this Agreement (if not otherwise registered pursuant to an existing stock option plan covered by a registration statement on Form S-8), or upon the exercise of the warrants to be issued in lieu thereof, shall have the benefit of piggyback registration rights, pursuant to a Registration Rights Agreement to be executed by the Company and the Advisor (the "Registration Rights Agreement"); provided, however, that the failure to execute such a Registration Rights Agreement shall not limit the Advisor's piggyback registration rights hereunder. Following the Initial Term, the Board shall in accordance with its customary review of executive management and consultants' compensation, review Advisor's annual advisory fee and make adjustments the Board (or its Compensation Committee) feels are appropriate, but in any event Advisor's base compensation shall not be lower than \$250,000 (on a full-time annual basis).

### **(b) Other and Additional Compensation.**

(i) **Annual Bonus.** During the Term, the Advisor shall receive an annual bonus based upon the attainment of agreed upon goals and milestones as determined by the Board and its Compensation Committee. During the remainder of calendar year 2006, the Advisor's bonus shall be pro rated on an annual bonus rate in the range of 25% to 50% of the advisory fee, and the bonus for subsequent years of the Term shall be in a similar target range. Additional bonus calculations and payments determined by the Board and the Compensation Committee shall be made based upon (i) increases in the Company's sales and reductions in its expenses, improvements in operations, and completion of a merger with Biochek and integration of its operations with those of the Company, (ii) successful financings an/or strategic transactions completed, taking into account the aggregate amount of funds raised for the Company and (iii) performance of the trading price of the Company's Common Stock. The bonuses payable hereunder shall be paid in cash, although at the Advisor's sole option, they may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of Common Stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to the Advisor of the bonus for a particular year (which shall also be the exercise price of the warrants, if the Advisor elects to receive warrants). The Advisor shall make its election no more than ten (10) days following notification by the Company of the bonus award, and the failure to make timely election shall mean that the Advisor shall receive the bonus in the form of cash.

(ii) **Warrants.** As soon as practicable following execution of this Agreement, the Company shall issue to the Advisor ten year warrants to purchase 550,000 shares of Common Stock (the "Warrants"), at an exercise price equal to the Market Price. The Warrants shall have a cashless exercise provision and otherwise shall be in form mutually satisfactory to the parties. The Warrants will vest as follows: 275,000 Warrants in four equal quarterly installments commencing on the date that is three months from the Commencement Date and every three months thereafter, (iii) and the remaining 275,000 Warrants in eight quarterly installments over the subsequent two years and (iv) for an exercise price equal to the average of the closing bid and asked prices for the Common Stock on the trading day immediately prior to the date of the execution of this Agreement.

(iii) **Additional Compensation.** The foregoing establishes the minimum compensation during the Term and shall not preclude the Board from awarding the Advisor a higher salary or any additional bonuses or stock options in the event of a successful financing or strategic transaction or otherwise, and in any event, in the discretion of the Board.

(iv) **Sign-on Bonus.** As a sign-on bonus and as soon as practicable following execution of this Agreement, the Advisor shall be granted non-qualified options for the purchase of up to 333,333 shares (the "Initial Option Grant") of Common Stock under the Company's existing stock option plan (the "Plan"). The terms of the grant, including the vesting schedule and exercise price of the Initial Option Grant, shall be as set forth in a separate option agreement executed by and between the parties and will provide, among other things, (i) for cashless exercise provisions and (ii) for the vesting in six equal installments, commencing on the date that is 30 days after the Commencement Date, through the 180<sup>th</sup> day after the Commencement Date. The options issued under this Section 5(b)(iv) will vest monthly in six equal installments, commencing on the date that is 30 days after the Commencement Date, through the 180<sup>th</sup> day after the Commencement Date. Subsequent stock option grants, including an annual grant in 2007, will be determined annually by the Board and the Compensation Committee, taking into account the previous year's performance of the Company's Common Stock, sales, revenue and income performance, as well as the frequency and success of financings and/or strategic transactions.

**6. Business Expenses: Benefits.** The Company shall reimburse the Advisor in cash, in accordance with its practice from time to time, for all reasonable and necessary travel, entertainment and other expenses and other disbursements incurred by the Advisor for or on behalf of the Company in the performance of the Advisor's duties hereunder. The Advisor shall provide such appropriate documentation of expenses and disbursements as may from time to time be required by the Company. Any travel expenses in excess of \$1,000 for any one trip must be pre-approved by the CEO.

The Company shall have no obligation to provide any benefits to Advisor or to Gary M. Post, including without limitation, any health, life or disability benefits.

**7. Indemnification; Insurance.** The Company will indemnify the Advisor for its actions in the capacity as a Advisor hereunder (other than resulting from the Advisor's gross negligence or willful misconduct) and Gary M. Post for his actions as a director of the Company and any of its subsidiaries to the full extent permitted by law and as provided in the Company's Certificate of Incorporation and by-laws. The Company also will include the Advisor and Gary M. Post on its existing Directors and Officers liability insurance policy, which the Company represents is for a customary amount for similar public companies in the life sciences industry.



**8. Termination Payments.** If the Company terminates this Agreement pursuant to Section 2(iii) without Cause after the six month anniversary of the date of this Advisory Agreement, Advisor shall receive an amount equal to twelve (12) months of the advisory fee for the then current Term in a lump sum payment and all outstanding stock options shall become fully vested and the warrants vested as of the date of termination and the stock options shall remain exercisable through their respective expiration dates. If the Company terminates this Agreement pursuant to Section 2(iii) without Cause prior the six month anniversary of the date of this Advisory Agreement, Advisor shall be paid any expenses due to him and all vested stock options and warrants shall remain exercisable through their respective expiration dates. "Cause" shall mean means (i) willful malfeasance or willful misconduct by the Advisor in connection with the performance of its duties hereunder; (ii) the Advisor's gross negligence in performing any of its duties under this Agreement; (iii) the Advisor's or Gary M. Post's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendere with respect to, any felony; (iv) the habitual drunkenness or use or possession of illegal drugs by Gary M. Post while performing the Advisor's duties under this Agreement or excessive absenteeism not related to illness; (v) the Advisor's material breach of any written policy applicable to all employees and Advisors adopted by the Corporation; or (vi) material breach by the Advisor of any of its agreements in this Agreement having a material detrimental impact on the Company after written notice and a reasonable opportunity to cure of not less than 30 days.

If the Company terminates this Agreement pursuant to Section 2(iii) for Cause, the Company will only be required to give ten (10) days' prior notice (other than pursuant to Section 8(a)(vi), for which the notice requirement is 30 days), stating in reasonable detail the Board's understanding of the facts leading to the determination of Cause, and in such event the Advisor shall not be entitled to any further payments of its advisory fee hereunder, and any unexercised stock options shall expire.

If the Advisor resigns pursuant to Section 2(ii), for whatever reason, or if Gary M. Post dies or becomes disabled, the Advisor (or its successors or assigns) shall not be entitled to any further payments of the advisory fee hereunder, all unvested stock options and warrants shall expire, and all vested stock options and warrants shall remain exercisable until their respective expiration dates. "Disability" shall mean the incapacity of Gary Post due to physical or mental illness that results in the Advisor's being unable to substantially perform its duties hereunder for six consecutive months (or for six months out of any nine-month period). During a period of Disability, the Advisor shall continue to receive the advisory fee hereunder.

**9. Corporate Opportunities; Intellectual Property.**

(a) The Advisor acknowledges that by virtue of its efforts as a Advisor hereunder to the Company and of Gary M. Post's serving as a director, the Advisor may become aware of confidential information identified as such in writing by the Company relating to the Company's business opportunities and potential acquisitions of companies and or technologies/compounds ("Confidential Information"), and that the Advisor will not, during the Term and for a period of 6 months thereafter (the "Restricted Period"), directly or indirectly use any such Confidential Information for its own benefit or for the benefit of any third person other than the Company or its affiliates or enter into or negotiate a transaction with any person that was the subject of the Company's business opportunity or potential acquisition without the prior written approval of the Company or following an express decision by the CEO or the Board not to pursue the specific business opportunity or potential acquisition. The foregoing limitation shall not apply to the Advisor after the end of the Restricted Period. The restrictions set forth in this Section 9 are in addition to any of the fiduciary obligations of Gary M. Post to the Company by virtue of his being a director of the Company.

(b) Notwithstanding the foregoing, the Company acknowledges that the Advisor may pursue its own independent business interests and activities during the Restricted Period, including those relating to life sciences and medical technologies, which the Company acknowledges are not business opportunities of the Company and, therefore, which may be pursued by the Advisor on its own or in association with others independently of the Company during the Restricted Period. The Advisor is under no obligation hereunder to identify specific potential business opportunities or acquisitions for the Company. However, once the Advisor informs the Company of a potential opportunity during the Term, it may not independently pursue that opportunity during the Restricted Period without the prior written approval of the Company or following an express decision by the CEO or the Board not to pursue the specific business opportunity or potential acquisition.

(c) Any material or other work which may be subject to copyright or patent, and which is conceived, derived, made or written by the Advisor in connection with the Confidential Information shall be deemed a “work for hire,” (and is herein referred to as a “Development”). As between the Advisor and the Company, Advisor acknowledges that all Developments will be the sole and exclusive property of the Company and shall also be deemed Confidential Information under this Agreement. The Advisor further acknowledges the Company may in turn negotiate with any third party regarding their respective ownership rights to such Developments. The Advisor shall execute such documents as may be necessary to vest in the Company or any third party, if applicable, all right, title and interest in and to the Developments. The Company (or a third party, if applicable) will pay all costs and expenses associated with any applications and the transfer of title to Developments, including paying the Advisor’s reasonable attorneys’ fees for reviewing such documents and instruments presented for execution.

(d) Notwithstanding the foregoing, the assignment by the Advisor to the Company (or a third party, if applicable) of Developments, as well as the right to apply for and obtain patents and/or registered copyrights on the same, shall be expressly limited to those specifically involving the Confidential Information relating to such projects as mutually agreed upon by the parties hereto, and shall specifically not include (i) any right, license or interest of the Company to general concepts, formats, methods, testing techniques, study designs, computer software or other procedures utilized or designed by the Advisor in performing its duties hereunder, or any general inventions, discoveries, improvements, or copyrightable materials relating thereto, nor (ii) any patentable or copyrightable materials which can be shown by competent proof not to concern the subject matter of the Confidential Information, or, which predate this Agreement or the Advisor’s receipt of the Confidential Information, or (iii) any intellectual property relating to the Advisor’s current activities.

(e) The Advisor agrees that this Section 9 may be enforced by the Company by injunction, or other equitable relief, without prejudice to any other rights and remedies that the Company may have under this Agreement and without the posting of any bond.

**10. Legal Expenses.** The costs of the Advisor’s counsel, Adam Eilenberg related to the negotiation, preparation and review of this Agreement, in the amount of \$2,500, shall be paid by the Corporation, in the form of shares of Common Stock, based on a price equal to 85% of the Market Price, and shall be issued to Adam Eilenberg. Any shares issued pursuant to the foregoing sentence shall have the same registration rights as those being provided to Advisor hereunder and pursuant to the Registration Rights Agreement.

**11. Notices.** All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally-recognized overnight courier, by telecopy, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to:

OXIS International, Inc.  
323 Vintage Park Drive, Suite B  
Foster City, California 94404  
Attention: Chairman of the Board

if to the Advisor, to:

Ambient Advisors LLC  
Box 24976  
Los Angeles, CA 90024  
Attention: Gary M. Post

or to such other address as the party to whom notice is to be given may have furnished to the other party or parties in writing in accordance herewith. Any such notice or communication shall be deemed to have been received in the case of personal delivery, on the date of such delivery, in the case of nationally-recognized overnight courier, on the next business day after the date when sent, in the case of telecopy transmission, when received, and in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

**12. Binding Agreement; Benefit.** Subject to Section 16, the provisions of this Agreement will be binding upon, and will inure to the benefit of, the respective heirs, legal representatives, successors and assigns of the parties.

**13. Governing Law.** This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California (without giving effect to principles of conflicts of laws).

**14. Waiver of Breach.** The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other breach.

**15. Entire Agreement; Amendments.** This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties with respect thereto. This Agreement may be amended only by an agreement in writing signed by the parties.

**16. Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**17. Assignment.** This Agreement is personal in its nature and the parties shall not, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that the Company may assign this Agreement to any of its subsidiaries.

**18. Counterparts.** This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument, but both such counterparts together shall constitute but one agreement.

[remainder of page left intentionally blank]

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Advisory Agreement as of the date first written above.

**OXIS INTERNATIONAL, INC.**

By: /s/ Marvin S. Hausman, M.D.

Name:

Title:

**AMBIENT ADVISORS LLC**

By: /s/ Gary M. Post

Gary M. Post

**CONSULTING AGREEMENT** dated as of November 6, 2006, between Oxis International, Inc., a Delaware corporation (the “Company”), and John E. Repine, M.D. (the “Consultant”).

The Company desires to retain the Consultant to perform consulting services in the field of antioxidant and inflammation research for the Company, and the Consultant desires to perform such consulting services for the Company, in each case, upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations hereinafter set forth, the parties agree as follows:

**1. Retention of Consultant.** The Company hereby retains the Consultant as a consultant, and the Consultant hereby accepts such retention by the Company, upon the terms and conditions hereinafter set forth. The Consultant shall perform all such services as an independent contractor to the Company and not as an employee, agent or representative of the Company.

**2. Term.** The retention of the Consultant hereunder shall be for a period commencing as of October 15, 2006 (the “Commencement Date”) and ending on October 15, 2009 or such earlier date provided in this Section 2. This Agreement shall automatically terminate prior to such date upon the first to occur of (i) the death or disability of the Consultant, (ii) the resignation by the Consultant following the delivery by him to the Company of ten days’ advance written notice of such resignation or (iii) termination by the Company following the delivery to the Consultant of 60 days’ advance written notice from the Company’s Board of Directors of its intention to terminate the Agreement. The period commencing on the Commencement Date and ending on the date of termination of the Consultant’s retention hereunder shall be called the “Term”.

**3. Duties.** During the Term, the Consultant shall advise the Company concerning matters of antioxidant and inflammation research and potential acquisitions (including products/compounds/intellectual property as well as companies), and product research and development. The Consultant shall also advise the Company regarding the development and establishment of reference labs for oxidative stress and inflammatory reactions. For each such matter, the Consultant will initiate his advisory services only after being requested to do so by the Chief Executive Officer of the Company (the “CEO”). At the outset of each project, the CEO will define its scope and timing. The Consultant shall report directly to, and shall reasonably update, the CEO or his designee on the status of each project, and shall reasonably coordinate his efforts with members of management and other consultants to the Company.

**4. Time to be Devoted to Services.** During the Term, the Consultant shall not be required to devote any specified amount of time to the provisions of services hereunder and shall only be required to devote such reasonable amount of time to the business of the Company as the Consultant shall reasonably determine to be necessary to fulfill his duties hereunder.

---

**5. Compensation.** The Company shall pay to the Consultant a consulting fee of \$36,000 per annum. The consulting fee initially will be payable quarterly in advance in the form of the Company's common stock ("Common Stock"), at a price equal to 85% of the "Market Price" for the Company's common stock, which shall equal the average of the closing prices for the five trading days prior to the date that the issuance is authorized by the Board of Directors. In lieu of receiving Common Stock for such payments, the Consultant may elect to receive that number of ten year Warrants (with cashless exercise provisions) equal to 1.5 times the number of shares of Common Stock that would otherwise be received, at an exercise price equal to the Market Price. The first installment, representing \$9,000 of the annual consulting fee, and payable at the Consultant's election either in the shares of Common Stock or form of warrants described in the foregoing sentence, will be paid promptly after the determination of the Market Price, and thereafter, will be paid on the dates that are three months, six months and nine months from the date hereof, and quarterly thereafter for the duration of the Term. Notwithstanding the foregoing, once the Company has raised at least \$2.5 million in one or more financings (equity, debt or convertible debt, in addition to the financing closed on October 27, 2006) or in a strategic transaction (a "Qualifying Financing"), the consultant may elect, at any time, in lieu of receiving a quarterly issuance of stock (or warrants in lieu thereof), to receive his consulting fee in cash, payable quarterly. All shares of Common Stock issuable to the Consultant under this Agreement (if not otherwise registered pursuant to an existing stock option plan covered by a registration statement on Form S-8), or upon the exercise of the warrants to be issued in lieu thereof, shall have the benefit of piggyback registration rights, pursuant to a Registration Rights Agreement to be executed by the Company and the Consultant (the "Registration Rights Agreement"); provided, however, that the failure to execute such a Registration Rights Agreement shall not limit the Consultant's piggyback registration rights hereunder.

**6. Bonus Awards.** During the Term, the Consultant shall be eligible to annual and special bonuses based upon the attainment of agreed upon goals and milestones as determined by the CEO, relating to special contributions made by the Consultant to the Company's business, product development and intellectual property. Each bonus payable hereunder shall be paid in cash, although at the Consultant's sole option, such bonus may be paid in stock (or in the form of ten year warrants with cashless exercise provisions, with 1.5 times the number of warrants to be issued in lieu of the number of shares of Common Stock), based upon the average of the closing bid and asked prices for the 5 trading days immediately prior to the awarding to the Consultant of the particular bonus (which shall also be the exercise price of the warrants, if the Consultant elects to receive warrants). The Consultant shall make his election no more than ten (10) days following notification by the Company of a bonus award, and the failure to make timely election shall mean that the Consultant shall receive the bonus in the form of cash.

**7. Stock Options.** As soon as practicable following execution of this Agreement, the Consultant shall be granted ten-year options for the purchase of up to 200,000 shares (the "Initial Option Grant") of Common Stock under the Company's existing stock option plan (the "Plan"). The terms of the grant, including the vesting schedule and exercise price of the Initial Option Grant, shall be as set forth in a separate option agreement executed by and between the parties and will provide, among other things, (i) for cashless exercise provisions and (ii) for the vesting of 100,000 options in four equal quarterly installments commencing on the date that is three months from the Commencement Date and every three months thereafter, (iii) for the vesting of the remaining 100,000 options in eight quarterly installments over the subsequent two years and (iv) for an exercise price equal to the average of the closing bid and asked prices for the Common Stock on the trading day immediately prior to the date hereof. Subsequent stock option grants will be determined annually by the Company's Board of Directors (the "Board") and its Compensation Committee. During the Term, the Consultant will be deemed to be an employee of the Company for the purpose of his existing stock options, including those granted pursuant to Sections 7 and 8 hereof.

**8. Sign On Bonus.** As a sign-on bonus and as soon as practicable following execution of this Agreement, the Company shall issue to the Consultant an additional ten-year option under the Plan for the purchase of up to 200,000 shares (the "Sign On Option Grant"). The terms of the grant, including the vesting schedule and exercise price of the Sign On Option Grant, shall be as set forth in a separate option agreement executed by and between the parties and will provide, among other things, (i) for cashless exercise provisions, and (ii) for an exercise price equal to the average of the closing bid and asked prices for the Common Stock on the trading day immediately prior to the Commencement Date. The options issued under this Section 8 will vest monthly in six equal installments, commencing on the date that is 30 days after the Commencement Date, through the 180<sup>th</sup> day after the Commencement Date.

**9. Business Expenses: Benefits.** The Company shall reimburse the Consultant in cash, in accordance with its practice from time to time, for all reasonable and necessary travel, entertainment and other expenses and other disbursements incurred by the Consultant for or on behalf of the Company in the performance of the Consultant's duties hereunder. The Consultant shall provide such appropriate documentation of expenses and disbursements as may from time to time be required by the Company.

The Company shall have no obligation to provide any benefits to Consultant, including without limitation, any health, life or disability benefits.

**10. Indemnification; Insurance.** The Company will indemnify the Consultant for his actions in the capacity as a consultant hereunder (other than resulting from his gross negligence or willful misconduct) and as a director of the Company and any of its subsidiaries to the full extent permitted by law and as provided in the Company's Certificate of Incorporation and by-laws. The Company also will include the Consultant on its existing Directors and Officers liability insurance policy, which the Company represents is for a customary amount for similar public companies in the life sciences industry.

**11. Additional Payments and Stock Issuances.** The Company agrees whenever it makes any payment of cash to the Consultant hereunder (other than for the reimbursement of expenses), it will simultaneously pay to University Physicians Inc., 13611 East Colfax Avenue, Aurora, CO 80011 ("UPI") a cash payment equal to 13.5% of the cash paid to the Consultant, and that whenever the Company grants a stock option to the Consultant, it will simultaneously grant to UPI an award for 10% of the number of options awarded to the Consultant, at the same exercise price and subject to the same rights, terms and conditions as the option grant awarded to Consultant (including, without limitation, exercise price, vesting provisions, cashless exercise rights and piggyback registration rights). UPI shall be a third party beneficiary of this Section 11.

**12. Termination Payments.** If the Company terminates this Agreement pursuant to Section 2(iii) without Cause after the six month anniversary of the date of this Consulting Agreement, Consultant shall receive an amount equal to twelve (12) months of the consulting fee for the then current Term in a lump sum payment, and all outstanding stock options shall become fully vested and the warrants vested as of the date of termination and the stock options shall remain exercisable through their respective expiration dates. If the Company terminates this Agreement pursuant to Section 2(iii) without Cause prior the six month anniversary of the date of this Consulting Agreement, Consultant shall be paid any expenses due to him and all vested stock options and warrants shall remain exercisable through their respective expiration dates. "Cause" shall mean means (i) willful malfeasance or willful misconduct by the Consultant in connection with the performance of his duties hereunder; (ii) the Consultant's gross negligence in performing any of his duties under this Agreement; (iii) the Consultant's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendere with respect to, any felony; (iv) the Consultant's habitual drunkenness or use or possession of illegal drugs while performing his duties under this Agreement or excessive absenteeism not related to illness; (v) the Consultant's material breach of any written policy applicable to all employees and consultants adopted by the Corporation; or (vi) material breach by the Consultant of any of his agreements in this Agreement having a material detrimental impact on the Corporation after written notice and a reasonable opportunity to cure of not less than 30 days.

If the Company terminates this Agreement pursuant to Section 2(iii) for Cause (other than pursuant to Section 8(a)(vi), for which the notice requirement is 30 days), the Company will only be required to give ten (10) days' prior notice, and in such event the Consultant shall not be entitled to any further payments of his consulting fee hereunder, and any unexercised stock options shall expire.

If the Consultant resigns pursuant to Section 2(ii), for whatever reason, or dies or becomes disabled, the Consultant (or his estate) shall not be entitled to any further payments of his consulting fee hereunder, all unvested stock options and warrants shall expire, and all vested stock options and warrants shall remain exercisable until their respective expiration dates. "Disability" shall mean the Consultant's incapacity due to physical or mental illness that results in his being unable to substantially perform his duties hereunder for six consecutive months (or for six months out of any nine-month period). During a period of Disability, the Consultant shall continue to receive his consulting fee hereunder.

**13. Corporate Opportunities; Intellectual Property.**

(a) The Consultant acknowledges that by virtue of his efforts as a consultant hereunder to the Company and as a director, he may become aware of confidential information identified as such in writing by the Company relating to the Company's business opportunities and potential acquisitions of companies and or technologies/compounds ("Confidential Information"), and that he will not, during the Term and for a period of 6 months thereafter (the "Restricted Period"), directly or indirectly use any such Confidential Information for his own benefit or for the benefit of any third person other than the Company or its affiliates or enter into or negotiate a transaction with any person that was the subject of the Company's business opportunity or potential acquisition without the prior written approval of the Company or following an express decision by the CEO or the Board not to pursue the specific business opportunity or potential acquisition. The foregoing limitation shall not apply to the Consultant after the end of the Restricted Period. The restrictions set forth in this Section 12 are in addition to any of Consultant's fiduciary obligations to the Company by virtue of his being a director of the Company.



(b) Notwithstanding the foregoing, the Company acknowledges that the Consultant may pursue his own independent business interests and activities during the Restricted Period, including those relating to life sciences and medical technologies. Such business interests and activities include, without limitation, those identified on Schedule A annexed hereto, which the Company acknowledges are not business opportunities of the Company and, therefore, which may be pursued by the Consultant on his own or in association with others independently of the Company during the Restricted Period. The Consultant is under no obligation hereunder to identify specific potential business opportunities or acquisitions for the Company. However, once the Consultant informs the Company of a potential opportunity during the Term (other than those set forth on Schedule A), he may not independently pursue that opportunity during the Restricted Period without the prior written approval of the Company or following an express decision by the CEO or the Board not to pursue the specific business opportunity or potential acquisition.

(c) Any material or other work which may be subject to copyright or patent, and which is conceived, derived, made or written by the Consultant in connection with the Confidential Information shall be deemed a "work for hire," (and is herein referred to as a "Development"). As between the Consultant and the Company, Consultant acknowledges that all Developments will be the sole and exclusive property of the Company and shall also be deemed Confidential Information under this Agreement. The Consultant further acknowledges the Company may in turn negotiate with any third party regarding their respective ownership rights to such Developments. The Consultant shall execute such documents as may be necessary to vest in the Company or any third party, if applicable, all right, title and interest in and to the Developments. The Company (or a third party, if applicable) will pay all costs and expenses associated with any applications and the transfer of title to Developments, including paying the Consultant's reasonable attorneys' fees for reviewing such documents and instruments presented for execution.

(d) Notwithstanding the foregoing, the assignment by the Consultant to the Company (or a third party, if applicable) of Developments, as well as the right to apply for and obtain patents and/or registered copyrights on the same, shall be expressly limited to those specifically involving the Confidential Information relating to such projects as mutually agreed upon by the parties hereto, and shall specifically not include (i) any right, license or interest of the Company to general concepts, formats, methods, testing techniques, study designs, computer software or other procedures utilized or designed by the Consultant in performing his duties hereunder, or any general inventions, discoveries, improvements, or copyrightable materials relating thereto, nor (ii) any patentable or copyrightable materials which can be shown by competent proof not to concern the subject matter of the Confidential Information, or, which predate this Agreement or the Consultant's receipt of the Confidential Information, or (iii) any intellectual property relating to the Consultant's current activities identified on Schedule A.

(e) The Consultant agrees that this Section 12 may be enforced by the Company by injunction, or other equitable relief, without prejudice to any other rights and remedies that the Company may have under this Agreement and without the posting of any bond.

**14. Legal Expenses.** The costs of the Consultant's counsel, Adam Eilenberg, related to the negotiation, preparation and review of this Agreement, up to \$2,500, shall be paid by the Corporation, in the form of shares of Common Stock, based on a price equal to 85% of the Market Price and shall be issued to Adam Eilenberg. Any shares issued pursuant to the foregoing sentence shall have the same registration rights as those being provided to Consultant hereunder and pursuant to the Registration Rights Agreement.

**15. Notices.** All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given and delivered if personally delivered or if sent by nationally-recognized overnight courier, by telecopy, or by registered or certified mail, return receipt requested and postage prepaid, addressed as follows:

If to the Company, to:

OXIS International, Inc.  
323 Vintage Park Drive, Suite B  
Foster City, California 94404  
Attention: Chairman of the Board

if to the Consultant, to:

John E. Repine, M.D.  
c/o Webb-Waring Institute  
Box c322  
4200 E. Ninth Avenue, Denver, CO 80262

with a copy to:

John E. Repine, M.D.  
70 Cherry Hills Farm Drive  
Englewood, CO 80113

or to such other address as the party to whom notice is to be given may have furnished to the other party or parties in writing in accordance herewith. Any such notice or communication shall be deemed to have been received in the case of personal delivery, on the date of such delivery, in the case of nationally-recognized overnight courier, on the next business day after the date when sent, in the case of telecopy transmission, when received, and in the case of mailing, on the third business day following that on which the piece of mail containing such communication is posted.

**16. Binding Agreement; Benefit.** Subject to Section 20, the provisions of this Agreement will be binding upon, and will inure to the benefit of, the respective heirs, legal representatives, successors and assigns of the parties.

**17. Governing Law.** This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California (without giving effect to principles of conflicts of laws).

**18. Waiver of Breach.** The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other breach.

**19. Entire Agreement; Amendments.** This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings between the parties with respect thereto. This Agreement may be amended only by an agreement in writing signed by the parties.

**20. Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**21. Assignment.** This Agreement is personal in its nature and the parties shall not, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that the Company may assign this Agreement to any of its subsidiaries.

**22. Counterparts.** This Agreement may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument, but both such counterparts together shall constitute but one agreement.

**[remainder of page left intentionally blank]**

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Consulting Agreement as of the date first written above.

**OXIS INTERNATIONAL, INC.**

By: /s/ Marvin S. Hausman

Name: Marvin S. Hausman,

Title: President & Chief Executive

M.D.

M.D.

Officer

/s/ John E. Repine.

John E. Repine, M.D.

M.D.

**EXISTING BUSINESS INTERESTS AND ACTIVITIES OF THE CONSULTANT**

1. Use of Near-Infrared Spectrometry technique to non-invasively measure factors that predict and reflect changes in Diabetes, ARDS and other disorders.
2. Development of intellectual property of ways to treat age-related macular degeneration.
3. Development of CD40 T Cell diagnostics and therapeutics
4. Development of biomarker microarrays to predict the acute respiratory distress syndrome (ARDS) and of proprietary elastase inhibitors to prevent ARDS.
5. Development of novel glucose molecules for nutritional and therapeutic purposes.