

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, DC 20549
 FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities
 Exchange Act of 1934 for the quarterly period ended March 31, 1995.

Transition report pursuant to Section 13 or 15(d) of the Securities
 Exchange Act of 1934 for the transition period from _____ to _____.

Commission File Number O-8092

OXIS INTERNATIONAL, INC.

A Delaware corporation
 I.R.S. Employer Identification No. 94-1620407
 6040 N. Cutter Circle, Suite 317
 Portland, OR 97217
 Telephone: (503) 283-3911

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

At March 31, 1995, the issuer had outstanding the indicated number of shares of common stock: 9,322,762 (93,300 additional shares to be issued)

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>

<CAPTION>

	Three Months Ended March 31	
	1995	1994
	-----	-----
	<C>	<C>
<S>		
Revenues:		
Product sales	\$2,075,000	\$ 934,000
Royalties	51,000	50,000
	-----	-----
Total revenues	2,126,000	984,000
Cost and expenses:		
Cost of sales	1,177,000	624,000
Research and development	1,029,000	216,000
Selling, general and administrative	645,000	342,000
	-----	-----
Total costs and expenses	2,851,000	1,182,000
	-----	-----
Operating loss	(725,000)	(198,000)
Interest income	6,000	11,000
Interest expense	(38,000)	--
	-----	-----
Net loss	\$ (757,000)	\$ (187,000)

Net loss per share	<u>\$</u> <u>(.08)</u>	<u>\$</u> <u>(.04)</u>
Weighted average number of shares used in computation	<u>9,377,705</u>	<u>4,982,670</u>

</TABLE>

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CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994
	(Unaudited)	
	-----	-----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 724,000	\$ 936,000
Certificates of deposit	198,000	496,000
Accounts receivable	1,002,000	740,000
Inventories	653,000	673,000
Prepaid and other	313,000	228,000
	-----	-----
Total current assets	2,890,000	3,073,000
Property and equipment, net	1,286,000	1,298,000
Assets under capital leases, net	1,422,000	1,340,000
Technology for developed products and custom assays, net	5,189,000	5,215,000
Other assets	300,000	268,000
	-----	-----
Total assets	\$11,087,000	\$11,194,000

</TABLE>

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CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994
	(Unaudited)	
	-----	-----
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable to bank	\$ 198,000	\$ 340,000
Other notes payable	766,000	--
Accounts payable	2,066,000	1,562,000
Customer deposits	250,000	1,116,000
Accrued liabilities	661,000	628,000
Current portion of capital lease obligations		431,000 473,000
	-----	-----
Total current liabilities	4,372,000	4,119,000
Capital lease obligations	267,000	297,000
Other liabilities	76,000	79,000

Shareholders' equity:		
Preferred stock - \$.01 par value; 5,000,000 shares authorized; 40,000 shares issued	--	--
Common stock - \$.50 par value; 25,000,000 shares authorized; 9,416,062 shares, including 93,300 shares to be issued (Note 4)	4,708,000	4,661,000
Additional paid in capital	20,338,000	20,230,000
Accumulated deficit	(18,896,000)	(18,139,000)
Accumulated translation adjustments	222,000	(53,000)
	-----	-----
Total shareholders' equity	6,372,000	6,699,000
	-----	-----
Total liabilities and shareholders' equity	\$ 11,087,000	\$ 11,194,000
	=====	=====

</TABLE>

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	-----	-----
	1995	1994
	<C>	<C>
Cash flows from operating activities:		
Net loss	\$(757,000)	\$(187,000)
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Depreciation and amortization	385,000	15,000
Changes in assets and liabilities:		
Accounts receivable	(262,000)	411,000
Inventories	20,000	30,000
Other current assets	44,000	13,000
Accounts payable	504,000	165,000
Customer deposits	(866,000)	--
Accrued liabilities	33,000	45,000
	-----	-----
Net cash provided by (used for) operating activities	(899,000)	492,000
	-----	-----
Cash flows from investing activities:		
Redemption of certificates of deposit	298,000	--
Purchases of equipment	--	(7,000)
Deferred stock issuance costs	(23,000)	--
Other, net	(137,000)	--
	-----	-----
Net cash provided by (used for) investing activities	138,000	(7,000)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of notes	766,000	--
Repayment of short-term bank borrowings	(142,000)	--
Repayment of long-term debt and capital lease obligations	(75,000)	--
	-----	-----
Net cash provided by financing activities	549,000	--
	-----	-----
Net increase (decrease) in cash and cash equivalents	(212,000)	485,000
Cash and cash equivalents - beginning of period	936,000	758,000
	-----	-----
Cash and cash equivalents - end of period	\$ 724,000	\$ 1,243,000
	=====	=====

</TABLE>

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS AND CONDENSED NOTES

The unaudited consolidated financial statements, which have been prepared in accordance with the instructions to Form 10-Q, do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. All adjustments considered necessary by management for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

An annual report (Form 10-K) has been filed with the Securities and Exchange Commission ("Commission") for the year ended December 31, 1994. That report contains, among other information, a description of the Company's business, audited financial statements, notes to the financial statements, the report of the independent auditors and management's discussion and analysis of results of operations and financial condition. Readers of this report are presumed to be familiar with that annual report.

The functional currency of Bioxytech S.A. ("Bioxytech"), the Company's foreign subsidiary, is the French franc. Bioxytech's assets and liabilities are translated using the exchange rate at the end of the period. Its statement of operations is translated at the average exchange rate during the period that Bioxytech's revenues and expenses are included in the consolidated statement of operations. Gains or losses resulting from foreign currency translation are accumulated as a separate component of shareholders' equity.

2. BASIS OF PRESENTATION

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses in each of the last three years, and for the quarter ended March 31, 1995. As of March 31, 1995, the Company's current liabilities exceeded its current assets by \$1,482,000. These and other factors indicate that the Company may be unable to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

The Company has engaged an investment banking firm on a best-efforts basis to assist it in completing a private placement of equity securities. The Company is seeking to raise from \$4,500,000 to \$9,000,000 which management believes would fund operations for up to two years before further financing would be necessary. Certain of the former Bioxytech shareholders have agreed to participate in the private placement, and, in February 1995,

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advanced \$766,000 to the Company under secured promissory notes as described in Note 4. Further, in May 1995 a major customer advanced \$600,000 to the Company under a secured promissory note due in May 1996.

Pending completion of the \$4,500,000 to \$9,000,000 private placement of securities, the Company is attempting to raise through the issuance of either debt or equity securities, a smaller amount of additional capital (\$1,000,000 to \$2,000,000) that management believes would allow the Company to continue operating. If the Company is able to raise only an additional \$1,000,000 to \$2,000,000 before the end of June 1995, it intends to curtail its operations through the reduction of personnel and facilities costs and by slowing its research and development efforts. If the Company does not raise any additional capital before the end of June 1995, it may be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

3. INVENTORIES

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out and specific identification methods. Inventories at March 31, 1995 and December 31, 1994, consisted of the following:

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994
<S>	<C>	<C>
Raw materials	\$181,000	\$179,000
Work in process	300,000	357,000
Finished goods	172,000	137,000
	-----	-----
Total	<u>\$653,000</u>	<u>\$673,000</u>

</TABLE>

4. NOTES PAYABLE

In February 1995 certain of the Company's shareholders, who were former Bioxytech shareholders, advanced \$766,000 to the Company pursuant to promissory notes. The notes are due in February 1996 and bear interest at 8% per year. The notes are secured by certain of the Company's products and related assets and are subordinated to the major customer advance as discussed above in Note 2.

As additional consideration for the loans, the Company has agreed to issue 93,300 shares of its common stock to the lenders, which have been recorded as a cost of debt issuance and are being amortized over one year, the life of the notes. Further, the Company has agreed to issue warrants entitling the lenders to purchase equity securities. The terms and number of warrants to be issued are directly tied to terms to be developed for investors that participate in the private placement of equity securities that the Company is pursuing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

ACQUISITIONS

In September 1994, the Company significantly increased its scientific and technical staff, patent application portfolio, current product offerings, research and development programs, research and manufacturing facilities and its customer base by acquiring Bioxytech and International BioClinical, Inc. ("IBC"). Both acquisitions were completed through the exchange of stock, and were accounted for as purchases; accordingly, the acquired assets and liabilities were recorded at their estimated fair values as of the date of acquisition. IBC was merged into the Company. Bioxytech operates as a subsidiary of the Company.

Because the acquisitions have been accounted for as purchases, the Company's consolidated results of operations include the operating results of the acquired businesses from the date of acquisition only. Therefore, the results of operations of the acquired businesses are included in the consolidated statement of operations for the first quarter of 1995, but not for the first quarter of 1994.

The increased research and development investment, particularly in Bioxytech's programs, has placed significant demand on the Company's limited financial resources. See "Financial Condition, Liquidity and Capital Resources" below.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

OXIS' financial condition and liquidity have declined further during the

first quarter of 1995. Cash and certificates of deposit at March 31, 1995 totaled \$922,000, down from \$1,432,000 at December 31, 1994. The Company had a working capital deficit of \$1,046,000 at December 31, 1994. The working capital deficit increased to \$1,482,000 at March 31, 1995 as a result of the loss for the quarter.

The Company expects to continue to report losses in the near term as the level of expenses is expected to continue to exceed revenues. The Company must raise additional capital resources during the second quarter of 1995. Failure to raise such additional capital would cause the Company to severely curtail or cease its operations. For more information concerning the Company's ability to continue as a going concern, see Note 2 to the consolidated financial statements.

The Company has engaged an investment banking firm on a best-efforts basis to assist it in completing a private placement of equity securities. The Company is seeking to raise from \$4,500,000 to \$9,000,000. OXIS cannot predict the timing or the probability of success of this effort, and no assurances can be given that the Company will successfully raise the needed capital. Certain former shareholders of Bioxytech have committed to participate in the anticipated private placement. During February 1995, these former Bioxytech

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shareholders advanced the Company \$766,000 under secured promissory notes payable in 1996. Further, in May 1995 a major customer advanced \$600,000 to the Company under a secured promissory note due in May 1996. These advances, and the forbearance of certain major trade creditors and lessors have made it possible for the Company to continue to operate well into the second quarter of 1995. Assuming that the Company successfully completes its \$4,500,000 to \$9,000,000 private placement of equity securities, it is anticipated that further financing would be needed within approximately 24 months to allow the Company to continue its planned research and development programs and marketing of additional products.

While the Company believes that its new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent upon the Company's success in developing business alliances with biotechnology and/or pharmaceutical companies to develop and market these products. There is no assurance that the Company's effort to develop such business alliances will be successful. Further, there can be no assurances that the sales of recent years to Sanofi Winthrop (35% of 1994 revenues) will continue. Sanofi Winthrop is currently conducting a second Phase III trial on its drug, DISMUTEC/TM/ (a coupled form of OXIS' bovine superoxide dismutase) to treat head trauma; the Company cannot predict whether these trials will conclude successfully. European sales and royalties continue to decline due to product withdrawals in four European countries in 1994. If bovine superoxide dismutase is withdrawn in Spain, revenues will decrease further. Therefore, no assurances can be given that the Company will have adequate liquidity and capital resources to continue operating beyond the second quarter of 1995. The Company cannot predict the source, terms, amount, form, and/or availability of additional capital to fund its operations for the remainder of 1995 and beyond.

Pending completion of the \$4,500,000 to \$9,000,000 private placement of securities, the Company is attempting to raise through the issuance of either debt or equity securities, a smaller amount of additional capital (\$1,000,000 to \$2,000,000) that management believes would allow the Company to continue operating. If the Company is able to raise only an additional \$1,000,000 to \$2,000,000 before the end of June 1995, it intends to curtail its operations through the reduction of personnel and facilities costs and by slowing its research and development efforts. If the Company does not raise any additional capital before the end of June 1995, it may be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

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REVENUES

The Company's product sales for the quarters ended March 31, 1995 and 1994 were as follows:

<TABLE>

<CAPTION>

<S>	1995 <C>	1994 <C>
Bovine superoxide dismutase (bSOD) for research and human use	\$1,121,000	\$827,000
Diagnostic and research assays	559,000	--
Palosein(R) (bSOD for veterinary use)	190,000	71,000
Other	205,000	36,000
	-----	-----
	<u>\$2,075,000</u>	<u>\$934,000</u>

</TABLE>

Sales of bulk bSOD for research and human use increased by \$294,000 in the first quarter of 1995 as compared to the first quarter of 1994. Bulk bSOD sales in the first quarter of 1995 include a \$948,000 sale of bSOD to Sanofi Winthrop Inc. Further sales to Sanofi Winthrop depend on Sanofi Winthrop's plans for additional clinical trials, regulatory approval and commercialization of its new pharmaceutical for closed head injury and on results of negotiations between the Company and Sanofi Winthrop. Bulk bSOD sales in the first quarter of 1994 included sales to OXIS' German licensee; no sales to the German licensee have occurred in 1995, nor are any anticipated during the remainder of 1995. Sales of bulk bSOD to OXIS' Spanish licensee were \$133,000 in the first quarter of 1994 and \$169,000 in the first quarter of 1995. Due to regulatory actions in four European countries in 1994, the Company's licensee for Spain has had informal discussions with the Spanish regulatory authorities regarding the Company's bSOD product. Although no action has been taken by those authorities with regard to the Company's product, future sales in Spain may be adversely affected by either regulatory action in Spain, or safety concerns stemming from actions in other countries. In addition, the Company's German licensee has advised the Company that its Spanish subsidiary will be voluntarily withdrawing its bSOD product from the Spanish market. Whether the impact of this withdrawal on sales to the Company's Spanish licensee will be positive or negative cannot be determined.

Sales of diagnostic and research assays for the first quarter of 1995 totaled \$559,000. The diagnostic assay products were acquired through the merger with IBC. The research assays were obtained in the acquisition of Bioxytech. Other product sales also increased as a result of inclusion in 1995 of sales of products of the acquired companies.

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Sales of Palosein(R), which was reintroduced to the U.S. market in 1993 increased from \$71,000 in the first quarter of 1994 to \$190,000 in the first quarter of 1995 as a result of an active marketing campaign, which the Company intends to continue. In addition, in the first quarter of 1995, the Company obtained approval for the veterinary use of Palosein(R) in Canada, and began selling Palosein(R) through a Canadian distributor.

Royalty income of \$51,000 recognized in the first quarter of 1995 was similar to the amount for the first quarter of 1994. The Company anticipates that its royalty revenues from licensees of bSOD products for 1995 will be substantially less than the 1994 amount due to product withdrawals in Europe.

COSTS AND EXPENSES

Cost of sales as a percentage of product sales decreased from 67% in the

first quarter of 1994 to 57% in the first quarter of 1995. This decrease in cost was primarily the net result of three factors. First, the cost of sales in the first quarter of 1994 was higher than historical levels due to a significant sale of bulk bSOD at less than the Company's historic profit margin. Second, Palosein(R) sales, which more than doubled in 1995, have a lower cost than bulk bSOD sales. In addition, the decreases in cost of sales as a percentage of product sales were partially offset by the cost of the products of the businesses acquired in the third quarter of 1994. The cost of these products as a percentage of sales is greater than the cost of Palosein(R) and bulk bSOD sales due to the amortization of acquired technology which is included in the cost of sales of the acquired products.

Research and development expenses increased from \$216,000 in the first quarter of 1994 to \$1,029,000 in the first quarter of 1995. The 1995 increase resulted primarily from the cost of the research and development activities associated with acquired potential pharmaceuticals. If the Company is able to obtain sufficient capital funding, it expects its investment in research and development activities to continue at a level substantially higher than historical amounts.

Selling, general and administrative expenses increased from \$342,000 in the first quarter of 1994 to \$619,000 in the first quarter of 1995. This increase is primarily due to the inclusion of selling, general and administrative costs of the companies acquired in 1994.

The lease of the Company's Mountain View, California, facility expires at the end of June 1995, and management does not intend to renew this lease.

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INTEREST INCOME AND EXPENSE

Interest income decreased in the first quarter of 1995 as compared with the first quarter of 1994 due to a decline in certificates of deposit. These funds were primarily used to support research and development programs, particularly at the Company's French subsidiary.

Interest expense in 1995 relates primarily to the capitalized lease obligations of the Company's French subsidiary and short-term notes payable.

NET LOSS

The Company continued to experience losses in the first quarter of 1995. The first quarter 1995 loss of \$757,000 (\$.08 per share) was \$570,000 greater than the \$187,000 (\$.04 per share) loss for the first quarter of 1994. The increase in the net loss is primarily due to the increased research and development expenditures by the Company, particularly by the businesses acquired in the third quarter of 1994.

The Company expects to incur a substantial net loss for 1995. If additional capital is raised through a private placement of securities (See Financial Condition, Liquidity and Capital Resources), the Company plans to continue to invest in research and development activities and incur marketing, sales and administrative expenses in amounts greater than its anticipated near-term product margins. If the Company is unable to raise sufficient additional capital, it will have to cease, or severely curtail, its operations. In the event that operations are severely curtailed, so that cash expenditures for operations are equal to receipts from product sales and royalties, the Company expects to continue to report net losses due to the amortization and potential write down of various assets.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- (a) Exhibits - See Exhibit Index on page 13.
- (b) Reports on Form 8-K.

No current reports (Form 8-K) have been filed with the Securities and Exchange Commission during the quarter for which this report is filed.

SIGNATURE

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 thereunto duly authorized.

OXIS International, Inc.

May 9, 1995 By s/Ray R. Rogers

Ray R. Rogers
Chairman of the Board

May 9, 1995 By s/Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description of Document	Page Number
10(a)	Security Agreement dated February 7, 1995 between Alta-Berkeley L.P. II and Innolion S.A., and OXIS International, Inc., and five related promissory notes.	14
27(a)	Financial data schedule	29

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EXHIBIT 10(A)

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of the 7th day of February 1995, by and between Alta-Berkeley L.P. II and Innolion S.A. (the "Security Agents") for themselves and for Sofinnova Capital F.C.P.R., Sofinnova S.A. and Finovelec S.A. (collectively, the "Secured Parties") and OXIS International, Inc., a Delaware corporation, having a principal place of business at 6040 N. Cutter Circle, Suite 317, Portland, Oregon, 97217 ("Debtor").

RECITALS:

WHEREAS, concurrently herewith, the Debtor is executing and delivering to each of the Secured Parties a certain Secured Promissory Notes dated the date hereof (the "Notes"), which represent a debt owed by the Debtor to each Secured Party;

WHEREAS, the parties desire that Debtor's obligations under the Notes be secured by a security interest in certain specific assets of Debtor, which security interest shall have the priority described herein with respect to any interests of third parties; and

WHEREAS, the Secured Parties have designated the Security Agents to represent them and act on their behalf under this Security Agreement.

NOW THEREFORE, in consideration of the extension of credit by the Secured Parties as evidenced by the Notes and of other good and valuable consideration receipt of which is hereby acknowledged, Debtor and the Secured Parties agree as follows:

1. Security. Debtor grants to the Secured Parties a continuing security

interest in all of the property set forth on Exhibit "A" hereto (consisting of Exhibits "A-1" and "A-2"), which is hereinafter referred to as "Collateral". The Security Agents and the Debtor agree that initially the Collateral shall consist of the property described in Exhibit "A-1" hereto, and the Debtor represents and warrants that the security interest of the Secured Parties in such Collateral has and will have priority over the claims, liens, security interests and other encumbrances of all of the Debtor's creditors other than United States National Bank of Oregon (the "Bank"); and that the maximum liability of the Debtor to such Bank subject to such Bank's security interest is not greater than, and will not exceed, \$425,000. In the event that the Debtor is able to obtain the release of the security interest of Bank in the portion of such Collateral described in Exhibit "A-2" hereto, the Security Agents agree that they will release the security interest of the Secured Parties in all Collateral other than that portion which is described in Exhibit "A-2", subject only to receipt of appropriate confirmation of the release of Bank's security interest and the Debtor's representation and warranty that the security interest of the Secured Parties in such Collateral will thereafter constitute a continuing first priority security interest in such Collateral free and clear of any claims, liens, security interests or other encumbrances of any other creditor of the Debtor.

2. Obligations Secured. The foregoing security interest is to secure

performance of all Debtor's payment and other obligations under this Security Agreement and the Notes. All payments due to the Secured Parties under the Notes or this Security Agreement are hereinafter referred to as "Debt". The interest of the Secured Parties in the Collateral will rank pari passu in accordance with the pro rata amount of Debt held by each Secured Party.

3. Payment Obligations. Debtor will immediately pay (a) all Debt when

due, (b) Secured Parties' costs of collecting the Debt, or realization on Collateral, and any expenditure of Secured Parties pursuant hereto, including reasonable attorneys' fees and expenses, with interest at the maximum rate

allowed by law from date of expenditure, and (c) any deficiency after realization on Collateral. The obligations of the Debtor hereunder and under the Notes are full recourse obligations.

4. Title to Collateral. As to all Collateral (unless specifically

 otherwise agreed by the Secured Parties in writing) Debtor will, except as otherwise disclosed or contemplated hereunder, not sell, contract to sell, lease, encumber, pledge, license, assign or transfer any part of the Collateral (other than is necessary to operate the Debtor's business in the ordinary course, including, without limitation, the licensing or sale of such Collateral, any action necessary with respect to research and development projects or similar projects or transactions with third parties to the extent consistent with past practice and provided such action does not result in any material diminution in the value of the Collateral) until the Debt has been paid in full.

5. Financing Statements. In connection with this Security Agreement,

 Debtor agrees that it shall promptly take all action necessary to execute and file in Debtor's name any financing statements and amendments thereto and any other filings required to perfect Secured Parties' security interest hereunder (including with the Patent and Trademark Office to the extent applicable), all to protect and preserve the Collateral and Secured Parties' rights hereunder.

6. Remedies. On Debtor's default, the Secured Parties shall have all

 rights and remedies given by law, and, at the Security Agents' option, after providing Debtor with forty-five (45) days' notice, may sell, in one or more sales Collateral in any county where Secured Party or Debtor has an office or in any other commercially reasonable manner permitted by law. Secured Party may purchase at such sale.

7. Defaults. The following events are defaults of the Debtor hereunder:

 (a) Debtor's breach of, or failure to pay or perform under, this Security Agreement or the Notes (and breach shall include any event or time if thereupon or at such time this Security Agreement ceases to create a valid and perfected security interest of the type and in the property as described herein), provided that a breach or failure to perform any non-payment obligation thereunder that can be cured shall be a default only if (i) with respect to any failure to file a financing statement or other filing than the initial financing statement to be filed with the Secretary of State of the State of Oregon and Multnomah County and filings with the Patent and Trademark Office, to the extent applicable (which shall be filed no later than February 16, 1995), such breach or failure is not cured within five business days after notice of such failure is given to the Debtor, and (ii) with respect to any other breach or failure to perform a non-payment obligation, such breach or failure is not cured within 45 days after notice of such failure is given to the Debtor;

(b) any levy or seizure against the Debtor or any of the Collateral, provided that the levy or seizure of property of the Debtor other than the Collateral shall be a default only if the Debtor is unable to remove or cause the release of such levy or seizure within 45 days of the occurrence thereof;

(c) assignment for creditors, appointment of receiver, or the filing of any petition under bankruptcy or debtor's relief laws of, by or against Debtor.

8. Additional Action; Authority of Security Agents. To the extent

 reasonably requested by the Secured Parties, the Debtor agrees to take such additional action as may be required to accomplish the purposes of this Security Agreement as set forth herein. Each Security Agent acting alone shall have the authority to bind all of the Secured Parties with respect to all matters concerning this Security Agreement.

9. Notices. Any notice or other communication required or which may be

 given hereunder shall be in writing and shall be delivered personally, telegraphed or telexed or sent by courier or sent by certified or registered

mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed, telexed or sent by courier or, if mailed, upon receipt thereof, at the addresses as indicated

above or below, or at such other address as may be designated by notice given to the other parties hereto in the foregoing manner.

10. Miscellaneous. Unless otherwise defined, words used herein have the

meaning given them in the Oregon Uniform Commercial Code. This Security Agreement benefits and binds Secured Parties' and Debtor's successors and assigns. This Security Agreement contains the entire security agreement between Secured Parties and Debtor. This Security Agreement may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument. Headings are included for convenience only, and will not be used in any way in the interpretation of this Security Agreement. This Security Agreement shall be governed by the laws of the State of Oregon. If any provision of this Security Agreement shall be held unenforceable, such unenforceability shall not affect the enforceability of any other provision of this Security Agreement. This Security Agreement may be modified, amended, superseded or canceled, and any of the provisions hereof may be waived, only by a written instrument executed by the Security Agents (on behalf of the themselves and the Secured Parties) and Debtor or in, the case of waiver, by the party waiving compliance.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

"Security Agents"
Alta-Berkeley L.P. II, for itself and the other
Secured Parties

By: s/George Vigent

Name: George Vigent

Title: Attorney-in-Fact

Address:

Innolion S.A., for itself and the other Secured
Parties

By: s/Valice

Name: Valice

Title: Director General Adjunct

Address:

"Debtor"
OXIS INTERNATIONAL, INC., a Delaware
corporation

By: s/Ray R. Rogers

Name: Ray R. Rogers

Its: Chairman

EXHIBIT "A-1"

COLLATERAL

The Collateral consists of the following property of the Debtor now owned or hereafter acquired:

(a) all accounts, instruments, chattel paper, general intangibles, patents, trademarks, inventory, equipment, furniture and fixtures, and all other assets and property, both real and personal (except for the Debtor's ownership interest in Bioxytech S.A.) and whenever so located, now or hereafter owned or acquired by Debtor, all guarantees and other security therefor, and all of Debtor's books and records relating thereto; and

(b) all rights to insurance and proceeds thereof covering any of such Collateral; and

(c) all accounts and note receivable; and

(d) all other proceeds, products or replacements of any of the foregoing, accessions to any for the foregoing, rights to payments in respect or any of the foregoing, and any property that Debtor may acquire or receive on account of, in exchange for or upon sale or other disposition of any of the foregoing.

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EXHIBIT "A-2"

COLLATERAL

Upon satisfaction of the conditions described in the last sentence of Section 1 above, the Collateral will consist of the Debtor's clinical diagnostics products more particularly described as follows and all related contract rights (including without limitation all patents, trademarks, and general intangibles) inventory, and equipment directly used in the manufacture of such diagnostics, now owned or hereafter acquired and necessary or used by the Debtor to exploit such products:

- Theophylline
- Amikacin
- Gentamicin
- Teicoplanin
- Tobramycin
- Vancomycin
- Carbamazepine
- Phenobarbital
- Phenytoin
- Valproic Acid
- Digitoxin
- Digoxin
- Quinidine

Debtor represents that any financing statement or other filing made pursuant to this Security Agreement with respect to the foregoing will describe accurately and with particularity the items of Collateral described above.

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SECURED PROMISSORY NOTE

\$235,503.00

FEBRUARY 7, 1995

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of Alta-Berkeley L.P. II ("Lender"), the sum of ONE HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED FIFTY-ONE AND 50/100 DOLLARS (\$117,751.50) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum

(computed on the actual number of days elapsed over a year of 365 days). In addition, on February 24, 1995, the Lender will deliver \$117,751.50 (the "Second Tranche") to the Company, thereby increasing the principal balance of this Promissory Note to \$235,503.00. The issuance of the warrant and the delivery of the shares of the Company's Common Stock to Lender described herein is dependent and expressly conditioned upon (provided that an Event of Default (below defined) has not occurred) the Lender delivering the Second Tranche on or before February 24, 1995 (the "Second Tranche February 24 Delivery Obligation"). The failure of the Lender to deliver, or to give irrevocable instructions for the wire transfer of, the Second Tranche on or before February 24, 1995 will result in the Company having no obligation to issue the warrant or deliver any shares of Common Stock described below.

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on February 5, 1996 (the "Due Date").

The Company shall have the privilege to prepay at any time, and from time to time, all or any part of the principal amount of this Note and any accrued interest thereon, without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

(a) any principal of or interest on this Note shall not have been paid on February 5, 1996; or

(b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment or debts or other insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceedings; or

(c) a breach of any of the nonpayment terms of this Note by the Company which is not cured by the Company within forty-five (45) days of receipt of notice by the Company or a breach of the terms of the Security Agreement which is not cured (where cure is possible and permitted) within the periods provided in the Security Agreement.

This Note is secured by and is subject to that certain Security Agreement dated as of the date hereof between the Company and the Security Agents on behalf of themselves, the Lender and other lenders. The Lender acknowledges it is aware of the terms of the Security Agreement and authorizes the Security Agents to act thereunder and as the Security Agents may determine in their reasonable discretion.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note and all interest then accrued hereon, at once due and payable; and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

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As additional consideration for the loans evidenced hereby, the Company shall issue promptly after the date hereof 28,680 shares of its Common Stock in Lender's name. Such issued shares shall be held in escrow by the Secretary of the Company and shall be promptly delivered to the Lender on or about February 24, 1995, subject only to satisfaction of the Second Tranche February 24 Delivery Obligation. If the Second Tranche February 24 Delivery Obligation is not satisfied (other than as a result of an Event of Default by the Debtor hereunder), such shares shall be canceled and deemed null and void by the Company. Such shares shall be entitled to the same, or substantially equivalent, registration rights as those granted to the purchasers of Equity Securities in the Private Placement (as such terms are defined below).

The Company is contemplating a Private Placement as described in Article 8B of that certain Stock Purchase Agreement (the "Purchase Agreement") dated as of

June 21, 1994 among the Company (then named "DDI Pharmaceuticals, Inc."), Bioxytech S.A. ("Bioxytech"), the Lender and certain other stockholders of Bioxytech, and that certain letter from the Lender to the Company dated September 7, 1994 (the "Firm Commitment Letter"). (All capitalized terms not defined herein shall have the meanings as set forth in the Purchase Agreement or the Firm Commitment Letter.) In consideration for the Lender making the loan evidenced by this Note and provided that the Second Tranche February 24 Delivery Obligation is satisfied, at the closing of a Private Placement of Equity Securities by the Company, the Company shall issue a warrant entitling the Lender to purchase at any time up to and through December 31, 1997, such number of shares of Equity Securities equal to (x) seven percent (7%) of the principal amount of this Note, divided by (y) the price per share paid by the investors in the Private Placement for Equity Securities. The exercise price of such warrant shall be the same as applicable to other warrants issued in the Private Placement; provided, however, if no such warrants are issued in the Private Placement, the exercise price shall be One Hundred Twenty Percent (120%) of the price per share paid by purchasers of Equity Securities in the Private Placement.

At the option of the Lender, the Lender shall be entitled to apply all principal and interest owed by the Company hereunder to the Lenders' purchase of Equity Securities in the Private Placement. In the event the Lender exercises the option set forth in the immediately preceding sentence, this Note shall be canceled and the Company's obligations hereunder shall be deemed satisfied at the closing of the Private Placement.

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note (except for an Event of Default pursuant to the terms of subparagraphs (a) or (b) of the forth paragraph of this Note or a default resulting from a breach of the terms of the Security Agreement), shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgment or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

By: s/Ray R. Rogers

Title: Chairman

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SECURED PROMISSORY NOTE

\$161,665.00

FEBRUARY 7, 1995

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of Innolion S.A. ("Lender"), the sum of EIGHTY THOUSAND EIGHT HUNDRED THIRTY-TWO AND 50/100 DOLLARS (\$80,832.50) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum (computed on the actual number of days elapsed over a year of 365 days). In addition, on February 24, 1995, the Lender will deliver \$80,832.50 (the "Second Tranche") to the Company, thereby increasing the principal balance of this Promissory Note to \$161,665.00. The issuance of the warrant and the delivery of the shares of the Company's Common Stock to Lender described herein is dependent and expressly conditioned upon (provided that an Event of Default (below defined) has not occurred) the Lender delivering the Second Tranche on or before February 24, 1995 (the "Second Tranche February 24 Delivery Obligation"). The failure of the Lender to

deliver, or to give irrevocable instructions for the wire transfer of, the Second Tranche on or before February 24, 1995 will result in the Company having no obligation to issue the warrant or deliver any shares of Common Stock described below.

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on February 5, 1996 (the "Due Date").

The Company shall have the privilege to prepay at any time, and from time to time, all or any part of the principal amount of this Note and any accrued interest thereon, without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

(a) any principal of or interest on this Note shall not have been paid on February 5, 1996; or

(b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment or debts or other insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceedings; or

(c) a breach of any of the nonpayment terms of this Note by the Company which is not cured by the Company within forty-five (45) days of receipt of notice by the Company or a breach of the terms of the Security Agreement which is not cured (where cure is possible and permitted) within the periods provided in the Security Agreement.

This Note is secured by and is subject to that certain Security Agreement dated as of the date hereof between the Company and the Security Agents on behalf of themselves, the Lender and other lenders. The Lender acknowledges it is aware of the terms of the Security Agreement and authorizes the Security Agents to act thereunder and as the Security Agents may determine in their reasonable discretion.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note and all interest then accrued hereon, at once due and payable; and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

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As additional consideration for the loans evidenced hereby, the Company shall issue promptly after the date hereof 19,685 shares of its Common Stock in Lender's name. Such issued shares shall be held in escrow by the Secretary of the Company and shall be promptly delivered to the Lender on or about February 24, 1995, subject only to satisfaction of the Second Tranche February 24 Delivery Obligation. If the Second Tranche February 24 Delivery Obligation is not satisfied (other than as a result of an Event of Default by the Debtor hereunder), such shares shall be canceled and deemed null and void by the Company. Such shares shall be entitled to the same, or substantially equivalent, registration rights as those granted to the purchasers of Equity Securities in the Private Placement (as such terms are defined below).

The Company is contemplating a Private Placement as described in Article 8B of that certain Stock Purchase Agreement (the "Purchase Agreement") dated as of June 21, 1994 among the Company (then named "DDI Pharmaceuticals, Inc."), Bioxytech S.A. ("Bioxytech"), the Lender and certain other stockholders of Bioxytech, and that certain letter from the Lender to the Company dated September 7, 1994 (the "Firm Commitment Letter"). (All capitalized terms not defined herein shall have the meanings as set forth in the Purchase Agreement or the Firm Commitment Letter.) In consideration for the Lender making the loan evidenced by this Note and provided that the Second Tranche February 24 Delivery Obligation is satisfied, at the closing of a Private Placement of Equity

Securities by the Company, the Company shall issue a warrant entitling the Lender to purchase at any time up to and through December 31, 1997, such number of shares of Equity Securities equal to (x) seven percent (7%) of the principal amount of this Note, divided by (y) the price per share paid by the investors in the Private Placement for Equity Securities. The exercise price of such warrant shall be the same as applicable to other warrants issued in the Private Placement; provided, however, if no such warrants are issued in the Private Placement, the exercise price shall be One Hundred Twenty Percent (120%) of the price per share paid by purchasers of Equity Securities in the Private Placement.

At the option of the Lender, the Lender shall be entitled to apply all principal and interest owed by the Company hereunder to the Lenders' purchase of Equity Securities in the Private Placement. In the event the Lender exercises the option set forth in the immediately preceding sentence, this Note shall be canceled and the Company's obligations hereunder shall be deemed satisfied at the closing of the Private Placement.

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note (except for an Event of Default pursuant to the terms of subparagraphs (a) or (b) of the forth paragraph of this Note or a default resulting from a breach of the terms of the Security Agreement), shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgment or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

By: s/Ray R. Rogers

Title: Chairman

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SECURED PROMISSORY NOTE

\$111,112.00

FEBRUARY 7, 1995

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of Sofinnova Capital F.C.P.R. ("Lender"), the sum of FIFTY FIVE THOUSAND FIVE HUNDRED FIFTY-SIX DOLLARS (\$55,556.00) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum (computed on the actual number of days elapsed over a year of 365 days). In addition, on February 24, 1995, the Lender will deliver \$55,556.00 (the "Second Tranche") to the Company, thereby increasing the principal balance of this Promissory Note to \$111,112.00. The issuance of the warrant and the delivery of the shares of the Company's Common Stock to Lender described herein is dependent and expressly conditioned upon (provided that an Event of Default (below defined) has not occurred) the Lender delivering the Second Tranche on or before February 24, 1995 (the "Second Tranche February 24 Delivery Obligation"). The failure of the Lender to deliver, or to give irrevocable instructions for the wire transfer of, the Second Tranche on or before February 24, 1995 will result in the Company having no obligation to issue the warrant or deliver any shares of Common Stock described below.

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on February 5, 1996 (the "Due Date").

The Company shall have the privilege to prepay at any time, and from time to time, all or any part of the principal amount of this Note and any accrued interest thereon, without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

- (a) any principal of or interest on this Note shall not have been paid on February 5, 1996; or
- (b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment or debts or other insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceedings; or
- (c) a breach of any of the nonpayment terms of this Note by the Company which is not cured by the Company within forty-five (45) days of receipt of notice by the Company or a breach of the terms of the Security Agreement which is not cured (where cure is possible and permitted) within the periods provided in the Security Agreement.

This Note is secured by and is subject to that certain Security Agreement dated as of the date hereof between the Company and the Security Agents on behalf of themselves, the Lender and other lenders. The Lender acknowledges it is aware of the terms of the Security Agreement and authorizes the Security Agents to act thereunder and as the Security Agents may determine in their reasonable discretion.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note and all interest then accrued hereon, at once due and payable; and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

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As additional consideration for the loans evidenced hereby, the Company shall issue promptly after the date hereof 13,530 shares of its Common Stock in Lender's name. Such issued shares shall be held in escrow by the Secretary of the Company and shall be promptly delivered to the Lender on or about February 24, 1995, subject only to satisfaction of the Second Tranche February 24 Delivery Obligation. If the Second Tranche February 24 Delivery Obligation is not satisfied (other than as a result of an Event of Default by the Debtor hereunder), such shares shall be canceled and deemed null and void by the Company. Such shares shall be entitled to the same, or substantially equivalent, registration rights as those granted to the purchasers of Equity Securities in the Private Placement (as such terms are defined below).

The Company is contemplating a Private Placement as described in Article 8B of that certain Stock Purchase Agreement (the "Purchase Agreement") dated as of June 21, 1994 among the Company (then named "DDI Pharmaceuticals, Inc."), Bioxytech S.A. ("Bioxytech"), the Lender and certain other stockholders of Bioxytech, and that certain letter from the Lender to the Company dated September 7, 1994 (the "Firm Commitment Letter"). (All capitalized terms not defined herein shall have the meanings as set forth in the Purchase Agreement or the Firm Commitment Letter.) In consideration for the Lender making the loan evidenced by this Note and provided that the Second Tranche February 24 Delivery Obligation is satisfied, at the closing of a Private Placement of Equity Securities by the Company, the Company shall issue a warrant entitling the Lender to purchase at any time up to and through December 31, 1997, such number of shares of Equity Securities equal to (x) seven percent (7%) of the principal amount of this Note, divided by (y) the price per share paid by the investors in the Private Placement for Equity Securities. The exercise price of such warrant shall be the same as applicable to other warrants issued in the Private Placement; provided, however, if no such warrants are issued in the Private Placement, the exercise price shall be One Hundred Twenty Percent (120%) of the

price per share paid by purchasers of Equity Securities in the Private Placement.

At the option of the Lender, the Lender shall be entitled to apply all principal and interest owed by the Company hereunder to the Lenders' purchase of Equity Securities in the Private Placement. In the event the Lender exercises the option set forth in the immediately preceding sentence, this Note shall be canceled and the Company's obligations hereunder shall be deemed satisfied at the closing of the Private Placement.

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note (except for an Event of Default pursuant to the terms of subparagraphs (a) or (b) of the fourth paragraph of this Note or a default resulting from a breach of the terms of the Security Agreement), shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgment or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

By: s/Ray R. Rogers

Title: Chairman

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SECURED PROMISSORY NOTE

\$74,074.00

FEBRUARY 7, 1995

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of Sofinnova S.A. ("Lender"), the sum of THIRTY SEVEN THOUSAND AND THIRTY-SEVEN DOLLARS (\$37,037.00) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum (computed on the actual number of days elapsed over a year of 365 days). In addition, on February 24, 1995, the Lender will deliver \$37,037.00 (the "Second Tranche") to the Company, thereby increasing the principal balance of this Promissory Note to \$74,074.00. The issuance of the warrant and the delivery of the shares of the Company's Common Stock to Lender described herein is dependent and expressly conditioned upon (provided that an Event of Default (below defined) has not occurred) the Lender delivering the Second Tranche on or before February 24, 1995 (the "Second Tranche February 24 Delivery Obligation"). The failure of the Lender to deliver, or to give irrevocable instructions for the wire transfer of, the Second Tranche on or before February 24, 1995 will result in the Company having no obligation to issue the warrant or deliver any shares of Common Stock described below.

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on February 5, 1996 (the "Due Date").

The Company shall have the privilege to prepay at any time, and from time to time, all or any part of the principal amount of this Note and any accrued interest thereon, without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

(a) any principal of or interest on this Note shall not have been paid on February 5, 1996; or

(b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment or debts or other insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceedings; or

(c) a breach of any of the nonpayment terms of this Note by the Company which is not cured by the Company within forty-five (45) days of receipt of notice by the Company or a breach of the terms of the Security Agreement which is not cured (where cure is possible and permitted) within the periods provided in the Security Agreement.

This Note is secured by and is subject to that certain Security Agreement dated as of the date hereof between the Company and the Security Agents on behalf of themselves, the Lender and other lenders. The Lender acknowledges it is aware of the terms of the Security Agreement and authorizes the Security Agents to act thereunder and as the Security Agents may determine in their reasonable discretion.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note and all interest then accrued hereon, at once due and payable; and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

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As additional consideration for the loans evidenced hereby, the Company shall issue promptly after the date hereof 9,020 shares of its Common Stock in Lender's name. Such issued shares shall be held in escrow by the Secretary of the Company and shall be promptly delivered to the Lender on or about February 24, 1995, subject only to satisfaction of the Second Tranche February 24 Delivery Obligation. If the Second Tranche February 24 Delivery Obligation is not satisfied (other than as a result of an Event of Default by the Debtor hereunder), such shares shall be canceled and deemed null and void by the Company. Such shares shall be entitled to the same, or substantially equivalent, registration rights as those granted to the purchasers of Equity Securities in the Private Placement (as such terms are defined below).

The Company is contemplating a Private Placement as described in Article 8B of that certain Stock Purchase Agreement (the "Purchase Agreement") dated as of June 21, 1994 among the Company (then named "DDI Pharmaceuticals, Inc."), Bioxytech S.A. ("Bioxytech"), the Lender and certain other stockholders of Bioxytech, and that certain letter from the Lender to the Company dated September 7, 1994 (the "Firm Commitment Letter"). (All capitalized terms not defined herein shall have the meanings as set forth in the Purchase Agreement or the Firm Commitment Letter.) In consideration for the Lender making the loan evidenced by this Note and provided that the Second Tranche February 24 Delivery Obligation is satisfied, at the closing of a Private Placement of Equity Securities by the Company, the Company shall issue a warrant entitling the Lender to purchase at any time up to and through December 31, 1997, such number of shares of Equity Securities equal to (x) seven percent (7%) of the principal amount of this Note, divided by (y) the price per share paid by the investors in the Private Placement for Equity Securities. The exercise price of such warrant shall be the same as applicable to other warrants issued in the Private Placement; provided, however, if no such warrants are issued in the Private Placement, the exercise price shall be One Hundred Twenty Percent (120%) of the price per share paid by purchasers of Equity Securities in the Private Placement.

At the option of the Lender, the Lender shall be entitled to apply all principal and interest owed by the Company hereunder to the Lenders' purchase of Equity Securities in the Private Placement. In the event the Lender exercises the option set forth in the immediately preceding sentence, this Note shall be canceled and the Company's obligations hereunder shall be deemed satisfied at

the closing of the Private Placement.

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note (except for an Event of Default pursuant to the terms of subparagraphs (a) or (b) of the forth paragraph of this Note or a default resulting from a breach of the terms of the Security Agreement), shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgment or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

By: s/Ray R. Rogers

Title: Chairman

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SECURED PROMISSORY NOTE

\$183,773.00

FEBRUARY 7, 1995

FOR VALUE RECEIVED, OXIS INTERNATIONAL, INC., a Delaware corporation (the "Company"), promises to pay to the order of Finovelec S.A. ("Lender"), the sum of NINETY ONE THOUSAND EIGHT HUNDRED EIGHTY-SIX AND 50/100 DOLLARS (\$91,886.50) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with interest on the principal amount hereof remaining outstanding and unpaid, from the date hereof until maturity, at the rate of eight percent (8%) per annum (computed on the actual number of days elapsed over a year of 365 days). In addition, on February 24, 1995, the Lender will deliver \$91,886.50 (the "Second Tranche") to the Company, thereby increasing the principal balance of this Promissory Note to \$183,773.00. The issuance of the warrant and the delivery of the shares of the Company's Common Stock to Lender described herein is dependent and expressly conditioned upon (provided that an Event of Default (below defined) has not occurred) the Lender delivering the Second Tranche on or before February 24, 1995 (the "Second Tranche February 24 Delivery Obligation"). The failure of the Lender to deliver, or to give irrevocable instructions for the wire transfer of, the Second Tranche on or before February 24, 1995 will result in the Company having no obligation to issue the warrant or deliver any shares of Common Stock described below.

The principal balance evidenced by this Promissory Note ("Note"), and any accrued but unpaid interest, shall be due and payable in full on February 5, 1996 (the "Due Date").

The Company shall have the privilege to prepay at any time, and from time to time, all or any part of the principal amount of this Note and any accrued interest thereon, without notice, penalty or fee.

The occurrence or existence of any one of the following events or conditions shall constitute an "Event of Default" under this Note:

(a) any principal of or interest on this Note shall not have been paid on February 5, 1996; or

(b) the Company makes an assignment for the benefit of creditors, or applies to any tribunal for the appointment of a trustee or receiver of a substantial part of the assets of the Company, or commences, or has commenced against it, any proceedings relating to the Company under any bankruptcy, reorganization, arrangement, readjustment or debts or other

insolvency law of any jurisdiction; or an order is entered appointing such trustee or receiver, or adjudicating the Company bankrupt, or approving the petition in any such proceedings; or

(c) a breach of any of the nonpayment terms of this Note by the Company which is not cured by the Company within forty-five (45) days of receipt of notice by the Company or a breach of the terms of the Security Agreement which is not cured (where cure is possible and permitted) within the periods provided in the Security Agreement.

This Note is secured by and is subject to that certain Security Agreement dated as of the date hereof between the Company and the Security Agents on behalf of themselves, the Lender and other lenders. The Lender acknowledges it is aware of the terms of the Security Agreement and authorizes the Security Agents to act thereunder and as the Security Agents may determine in their reasonable discretion.

The Company expressly agrees that upon the happening or occurrence of an Event of Default, Lender may at its option, declare the unpaid principal balance of this Note and all interest then accrued hereon, at once due and payable; and in such event if this Note is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial or other proceeding whatsoever, then the Company agrees and promises to pay reasonable attorneys' fees and expenses.

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As additional consideration for the loans evidenced hereby, the Company shall issue promptly after the date hereof 22,385 shares of its Common Stock in Lender's name. Such issued shares shall be held in escrow by the Secretary of the Company and shall be promptly delivered to the Lender on or about February 24, 1995, subject only to satisfaction of the Second Tranche February 24 Delivery Obligation. If the Second Tranche February 24 Delivery Obligation is not satisfied (other than as a result of an Event of Default by the Debtor hereunder), such shares shall be canceled and deemed null and void by the Company. Such shares shall be entitled to the same, or substantially equivalent, registration rights as those granted to the purchasers of Equity Securities in the Private Placement (as such terms are defined below).

The Company is contemplating a Private Placement as described in Article 8B of that certain Stock Purchase Agreement (the "Purchase Agreement") dated as of June 21, 1994 among the Company (then named "DDI Pharmaceuticals, Inc."), Bioxytech S.A. ("Bioxytech"), the Lender and certain other stockholders of Bioxytech, and that certain letter from the Lender to the Company dated September 7, 1994 (the "Firm Commitment Letter"). (All capitalized terms not defined herein shall have the meanings as set forth in the Purchase Agreement or the Firm Commitment Letter.) In consideration for the Lender making the loan evidenced by this Note and provided that the Second Tranche February 24 Delivery Obligation is satisfied, at the closing of a Private Placement of Equity Securities by the Company, the Company shall issue a warrant entitling the Lender to purchase at any time up to and through December 31, 1997, such number of shares of Equity Securities equal to (x) seven percent (7%) of the principal amount of this Note, divided by (y) the price per share paid by the investors in the Private Placement for Equity Securities. The exercise price of such warrant shall be the same as applicable to other warrants issued in the Private Placement; provided, however, if no such warrants are issued in the Private Placement, the exercise price shall be One Hundred Twenty Percent (120%) of the price per share paid by purchasers of Equity Securities in the Private Placement.

At the option of the Lender, the Lender shall be entitled to apply all principal and interest owed by the Company hereunder to the Lenders' purchase of Equity Securities in the Private Placement. In the event the Lender exercises the option set forth in the immediately preceding sentence, this Note shall be canceled and the Company's obligations hereunder shall be deemed satisfied at the closing of the Private Placement.

All of the provisions hereof shall be binding upon and inure to the benefit of the Company and Lender and their respective successors and permitted assigns, except as otherwise provided. This Note may not be assigned by Lender without the consent of the Company.

This Note shall be governed by the laws of the State of Oregon. The

parties hereto agree that any dispute, action or proceeding which arises under or relates to this Note (except for an Event of Default pursuant to the terms of subparagraphs (a) or (b) of the forth paragraph of this Note or a default resulting from a breach of the terms of the Security Agreement), shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association with such arbitration to be held in New York City, New York. The results, determination, finding, judgment or award rendered through such arbitration, shall be final and binding on each of the Company and Lender and not subject to final appeal.

OXIS INTERNATIONAL, INC.
(the "Company")

By: s/Ray R. Rogers

Title: Chairman

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