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

X Quarterly report pursuant toSection 13 or 15(d) of the Securities
----- Exchange Act of 1934 for the quarterly period ended September 30, 1997.

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
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At September 30, 1997, the issuer had outstanding the indicated number of shares of common stock: 26,573,175

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Product sales	$ 1,293,000	$ 1,396,000	$ 3,137,000	$ 3,933,000
Royalties and license fees	150,000	6,000	209,000	64,000
Total revenues	1,443,000	1,402,000	3,346,000	3,997,000
Costs and expenses:				
Cost of sales	904,000	967,000	2,148,000	2,544,000
Research and development	1,210,000	1,258,000	3,199,000	3,619,000
Selling, general and administrative	717,000	621,000	2,049,000	2,247,000
Total costs and expenses	2,831,000	2,846,000	7,396,000	8,410,000
Operating loss	(1,388,000)	(1,444,000)	(4,050,000)	(4,413,000)
Interest income	30,000	12,000	53,000	33,000

Interest expense	(40,000)	(7,000)	(112,000)	(124,000)
Net loss	$(1,398,000)	$(1,439,000)	$(4,109,000)	$(4,504,000)
Net loss per share	$(.05)	$(.11)	$(.20)	$(.36)
Weighted average number of shares used in computation	26,306,840	13,301,037	20,144,549	12,546,092

</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED BALANCE SHEETS

	September 30, 1997 (Unaudited)	December 31, 1996
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$2,752,000	$ 422,000
Accounts receivable	882,000	861,000
Inventories	733,000	591,000
Prepaid and other	373,000	191,000
Total current assets	4,740,000	2,065,000
Property and equipment, net	1,214,000	1,327,000
Assets under capital leases, net	--	309,000
Technology for developed products and custom assays, net	3,244,000	3,782,000
Other assets	255,000	514,000
Total assets	$9,453,000	$7,997,000

</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED BALANCE SHEETS

	September 30, 1997 (Unaudited)	December 31, 1996
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 1,148,000	$ 1,221,000
Accounts payable	1,348,000	1,386,000
Customer deposits	116,000	132,000
Accrued liabilities	579,000	655,000
Current portion of long-term obligations	9,000	76,000
Total current liabilities	3,200,000	3,470,000
Other liabilities	--	2,000
Shareholders' equity:		
Preferred stock - $.01 par value; 15,000,000 shares authorized:		
Series B - 642,583 shares issued and outstanding (liquidation preference of $1,500,000)	6,000	6,000

Series C - 1,021,697 shares issued and outstanding at September 30, 1997	10,000	17,000
Series D - 1,150 shares issued and outstanding at September 30, 1997	--	--
Series E - no shares outstanding at September 30, 1997	--	--
Common stock - $.50 par value; 50,000,000 shares authorized; 26,573,175 shares issued and outstanding at September 30, 1997	13,287,000	6,895,000
Additional paid in capital	30,321,000	30,706,000
Accumulated deficit	(37,132,000)	(33,023,000)
Accumulated translation adjustments	(239,000)	(76,000)
Total shareholders' equity	6,253,000	4,525,000
Total liabilities and shareholders' equity	$ 9,453,000	$ 7,997,000

</TABLE>

<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	1997	1996
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$(4,109,000)	$(4,504,000)
Adjustments to reconcile net loss to cash provided by (used for) operating activities:		
Depreciation and amortization	949,000	1,013,000
Changes in assets and liabilities:		
Accounts receivable	(39,000)	(216,000)
Inventories	(148,000)	348,000
Other current assets	(183,000)	56,000
Accounts payable	9,000	430,000
Customer deposits	(16,000)	6,000
Accrued liabilities	(41,000)	(141,000)
Net cash used for operating activities	(3,578,000)	(3,008,000)
Cash flows from investing activities:		
Purchases of equipment	(85,000)	(54,000)
Other, net	(14,000)	55,000
Net cash provided by (used for) investing activities	(99,000)	1,000
Cash flows from financing activities:		
Proceeds from issuance of short-term notes	872,000	65,000
Proceeds from issuance of stock, net of related cost	6,215,000	3,181,000
Repayment of short-term borrowings	(946,000)	(627,000)
Repayment of long-term debt and capital lease obligations	(63,000)	(199,000)
Net cash provided by financing activities	6,078,000	2,420,000
Effect of exchange rate changes on cash	(71,000)	--
Net increase (decrease) in cash and cash equivalents	2,330,000	(587,000)
Cash and cash equivalents - beginning of period	422,000	727,000

Cash and cash equivalents - end of period	$ 2,752,000	$ 140,000

</TABLE>

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, 1996. 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.

NEW ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT ADOPTED

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains, and losses) in a full set of general-purpose financial statements. This Statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. This Statement is effective for fiscal years beginning after December 15, 1997.

In June 1997, FASB issued SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 establishes standards for the way that public enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. This Statement is effective for fiscal years beginning after December 15, 1997. The Company has not completed its analysis of which segments it will report on.

2. 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 September 30, 1997 and December 31, 1996, consisted of the following:

<TABLE>
<CAPTION>

	September 30, 1997	December 31, 1996
<S>	<C>	<C>
Raw materials	$161,000	$148,000
Work in process	440,000	200,000
Finished goods	132,000	243,000
Total	$733,000	$591,000

</TABLE>

3. NOTES PAYABLE

During March and April 1997 the Company borrowed $808,000 from certain shareholders pursuant to issuance of short-term unsecured promissory notes with a 3% origination fee and bearing interest at an annual rate of 8%. All of the notes were due in May 1997. The majority of the noteholders are indebted to the Company under the terms of a separate indemnification agreement. Payment of certain of these notes has been deferred pending the outcome of ongoing discussions with representatives of the noteholders.

4. SHAREHOLDERS' EQUITY

On May 20, 1997, the Company issued 9,000,000 shares of its common stock pursuant to an underwriting agreement with certain underwriters in France. The underwriters purchased the stock at a price of 4.60 French francs per share (an aggregate of $7,328,000). The newly-issued shares have been listed on the French stock market, Le Nouveau Marche, and on the NASDAQ National Market System.

During the first nine months of 1997, 625,460 shares of Series C Preferred Stock, 500 shares of Series D Preferred Stock and 2,200 shares of Series E Preferred Stock were converted into an aggregate of 3,712,384 shares of common stock.

5. STOCK OPTIONS

The Company has a stock incentive plan under which 4,200,000 shares of the Company's common stock are reserved for issuance. The plan permits granting stock options to acquire shares of the Company's common stock, awarding stock bonuses of the Company's common stock, and granting stock appreciation rights. During the nine months ended September 30, 1997, options to purchase 734,800 shares at an exercise price of $.53125 have been issued under the plan.

6. PENDING ACQUISITION

In July 1997 the Company entered into a letter of intent to acquire 100% of the capital stock of Innovative Medical Systems Corporation ("IMS"). IMS, located near Philadelphia, Pennsylvania, is a privately-held company which specializes in the development, engineering and manufacture of instruments for the biomedical industry. The acquisition is subject to negotiating and entering into a definitive purchase agreement, the approval of the boards of directors of OXIS and IMS, and the satisfactory completion of OXIS' due diligence investigation.

7. EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." SFAS 128 changes the standards for computing and presenting earnings per share ("EPS") and supersedes APB Opinion No. 15, "Earnings per Share." SFAS 128 simplifies the standards for computing earnings per share and makes them comparable to international EPS standards. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ended after December 15, 1997, including interim periods; earlier application is not permitted. This Statement requires restatement of all prior-period EPS data presented. Earnings per share reported for the nine-month periods ended September 30, 1996 and 1997 are not affected as a result of adopting SFAS 128 due to the Company's losses.

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

RESULTS OF OPERATIONS.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital increased during the first nine months of 1997 from a deficit of $1,405,000 at December 31, 1996 to positive working capital of $1,540,000 at September 30, 1997. This increase in the Company's working capital resulted primarily from the issuance of common stock (net proceeds of $6,215,000), offset by the effect of the net loss for the first nine months of 1997 ($4,109,000 less non-cash charges of $949,000).

Cash and cash equivalents increased from $422,000 at December 31, 1996 to $2,752,000 at September 30, 1997.

The Company expects to continue to report losses in 1997 as the level of expenses is expected to continue to exceed revenues. To continue operations in accordance with its current plans, the Company must raise additional capital before the end of the first quarter of 1998. Although the Company has continued to raise additional funds through private placements and a public offering (described below), it cannot predict the sources, terms, amount, form, and/or availability of additional capital to fund its operations to the end of the current year. Failure to raise such additional capital would cause the Company to severely curtail or cease operations.

The Company can give no assurances as to when and if its revenues will exceed its expenses. 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 that have the required resources to develop and market certain of these products. There is no assurance that the Company's effort to develop such business alliances will be successful.

During March and April 1997, the Company raised $808,000 through the issuance of short-term notes to certain of its shareholders.

On May 20, 1997, the Company issued 9,000,000 shares of its common stock pursuant to an underwriting agreement with certain underwriters in France. The underwriters purchased the stock at a price of 4.60 French francs per share (an aggregate of $7,328,000). The newly-issued shares have been listed on the French stock market, Le Nouveau Marche, and on the NASDAQ National Market System.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 1996

REVENUES

The Company's product sales for the quarters ended September 30, 1997 and 1996 were as follows:

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Diagnostic and research assays	$ 557,000	$ 552,000
Bovine superoxide dismutase (bSOD) for research and human use	582,000	688,000
Palosein(R) (bSOD for veterinary use)	84,000	156,000
Other	70,000	--
	$1,293,000	$1,396,000

</TABLE>

Sales of bulk bSOD for research and human use decreased by $106,000 in the third quarter of 1997 as compared to the third quarter of 1996. The quantity of bSOD sold in the third quarter of 1997 was slightly higher than in the third quarter of 1996. However, the price in 1997 was five percent lower and the Dutch guilder (the currency in which the Company makes its bulk bSOD sales) declined in value compared to the U.S. dollar by approximately 15%, resulting in a net decrease in bSOD sales in the third quarter of 1997 as compared to the third quarter of 1996. The Company's sales of bulk bSOD in 1996 and 1997 have been almost entirely to the Company's Spanish licensee. Future sales of bulk bSOD continue to be largely dependent on the needs of the Company's Spanish licensee. The Company expects its sales for 1997 to the Spanish licensee to be less than those for 1996. The Company's sales of bulk bSOD beyond 1997 are uncertain and difficult to predict and no assurances can be given with respect thereto.

Palosein(R) sales, which are primarily to distributors, declined due to a temporary stock shortage at the end of the quarter, and to a lesser extent to the timing of distributors' orders.

The Company realized license fee revenue of $150,000 in the third quarter of 1997 from an agreement to license its patented polyethylene glycol technology to Enzon, Inc. on a non-exclusive basis.

COSTS AND EXPENSES

Cost of sales was 69% of product sales for the third quarter of 1996 and 70% for the third quarter of 1997. Cost of sales in both the third quarter of 1996 and the third quarter of 1997 include approximately $180,000 in amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization the cost of sales for the third quarter of both 1996 and 1997 was approximately 56% of sales.

Research and development expenses decreased from $1,258,000 in the third quarter of 1996 to $1,210,000 in the third quarter of 1997. The decrease in research and development expenses resulted from cost reductions in the third quarter of 1997 compared to the third quarter of 1996 of $220,000 in research and development costs of the Company's French subsidiary. This decrease in expenses was partially offset by increases of $90,000 in other research and development costs in the U.S. and $82,000 in expenses for outside development contracts primarily related to preclinical development work and the initiation of clinical trials on the lead molecule from the Company's glutathione peroxidase mimics program.

Selling, general and administrative expenses increased from $621,000 in the third quarter of 1996 to $717,000 in the third quarter of 1997. The increase is primarily due to two factors: (1) an increase in U.S. personnel costs of $57,000; and (2) salary, benefits and travel expenses of $48,000 for a sales manager in Europe hired in the fourth quarter of 1996.

INTEREST INCOME AND EXPENSE

Interest income increased by $18,000 in the third quarter of 1997 as compared with the third quarter of 1996, primarily due to an increase in funds available for short-term investments following the sale of common stock in May 1997.

Interest expense increased by $33,000 in the third quarter of 1997 as compared with the third quarter of 1996, due to an increase in short-term notes outstanding.

NET LOSS

The Company continued to experience losses in the third quarter of 1997. The third quarter 1997 loss of $1,398,000 ($.05 per share) was $142,000 less than the $1,439,000 ($.11 per share) loss for the third quarter of 1996. The reduction in the net loss is primarily due to the decreased

research and development expenses and increase in royalties and license fees, offset by a decline in gross margin from product sales and an increase in selling, general and administrative expenses. The decrease in net loss per share is primarily due to the increase in the weighted average number of shares outstanding.

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, and, as a result, expects to incur a substantial net loss for 1997.

RESULTS OF OPERATIONS - NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 1996

REVENUES

The Company's product sales for the nine-month periods ended September 30, 1997 and 1996 were as follows:

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Diagnostic and research assays	$1,735,000	$1,714,000
Bovine superoxide dismutase (bSOD) for research and human use	997,000	1,922,000
Palosein(R) (bSOD for veterinary use)	314,000	297,000
Other	91,000	--
	$3,137,000	$3,933,000

</TABLE>

Sales of bSOD in 1996 and 1997 have been almost entirely to the Company's Spanish licensee. The reduction in bSOD sales for the first nine months of 1997 compared to 1996 is primarily the result of a reduction in volume of product delivered to the Spanish licensee. A shipment of bSOD is scheduled during the fourth quarter of 1997 which is expected to result in total bSOD sales for 1997 to be approximately 80% of 1996 bSOD sales.

COSTS AND EXPENSES

Cost of sales as a percent of product sales increased from 65% in the first nine months of 1996 to 68% in the first nine months of 1997. Cost of sales in both the first nine months of 1996 and 1997 include amortization of purchase adjustments relating to 1994 business acquisitions. Excluding such amortization, cost of sales would have been approximately 51% of product sales for the first half of both 1996 and 1997.

Research and development expenses decreased by $420,000 from $3,619,000 for the first nine months of 1996 to $3,199,000 for the first nine months of 1997. The decrease in research and development expenses resulted from cost reductions in the first nine months of 1997 compared to the first nine months of 1996 of $395,000 in costs of the Company's French subsidiary, and $152,000 in internal research and development costs in the U.S. Outside development contract costs, primarily relating to the glutathione peroxidase mimics development program, increased by $127,000.

Selling, general and administrative expenses decreased from $2,247,000 for the first nine months of 1996 to $2,049,000 for the first nine months of

1997, a decrease of $198,000. The decrease was primarily due to a reduction of $275,000 in general and administrative expenses of the Company's French subsidiary, which was partially offset by salary, benefits and travel expenses of $139,000 for a sales manager in Europe hired in the fourth quarter of 1996.

INTEREST INCOME

Interest income increased by $20,000 in the first nine months of 1997 as compared to the first nine months of 1996, due to an increase in funds available for investments following the sale of common stock in May 1997.

NET LOSS

The Company's loss for the first nine months of 1997 was $4,109,000 ($.20 per share) compared to a loss of $4,504,000 ($.36 per share) for the first nine months of 1996. The decrease in the net loss is primarily due to reductions in research and development expenses ($420,000) and selling general and administrative expenses ($198,000) and an increase in royalties and license fees ($145,000), offset by reduced profit margins on product sales ($400,000). The decrease in net loss per share is primarily due to the increase in the weighted average number of shares outstanding.

Certain of the matters discussed in this report are forward-looking statements that involve risks and uncertainties, including the timely development and market acceptance of new products, the impact of competitive products and pricing, economic conditions, and other risks. These factors could cause actual results to differ materially from those described in any forward-looking statements.

PART II. OTHER INFORMATION

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

(a) Exhibits - See Exhibit Index on page 14.

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.

November 10, 1997 By s/Anna D. Barker

Anna D. Barker, Ph.D.
President and Chief Executive Officer

November 10, 1997 By s/Jon S. Pitcher

Jon S. Pitcher
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Document	Page Number
10(a)	Non-Exclusive License Agreement between OXIS International, Inc. and Enzon, Inc. dated July 29, 1997	

27(a) Financial Data Schedule

Exhibit 10(a)
NON-EXCLUSIVE LICENSE AGREEMENT

THIS AGREEMENT is entered into as of the 29th day of July, 1997 (the "Effective Date"), by and between OXIS International, Inc., a corporation organized under the laws of Delaware ("OXIS") and ENZON, Inc., a corporation organized under the laws of ('Licensee") having an office located at 20 Kingsbridge Road, Piscataway, New Jersey 08854-3998.

0. BACKGROUND

OXIS is the owner of certain patents as further described herein (the "OXIS Patents"). Licensee seeks to obtain a non-exclusive license to practice and use the OXIS Patents, each according to the terms contained herein.

Now, Therefore, in consideration of the foregoing and the covenants and premises contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

As used herein, capitalized terms will have the meanings set forth below:

1.1 "AFFILIATE" means any person or entity directly or indirectly controlling, controlled by or under common control with, either party to this Agreement. For purposes of the preceding definition, "control" means the direct or indirect ownership of over fifty percent (50%) of the outstanding voting securities of a person or entity, or the right to receive over fifty percent (50%) of the profits or earnings of a person or entity, or the ability to control decisions of a person or entity.

1.2 "NET SALES" means the amounts actually received for sales of Licensed Products by or on behalf of Licensee and its Affiliates and sublicensees of rights with respect to Licensed Products or for otherwise making such Licensed Products available to others without sale or other disposition, whether invoiced or not, less (i) any returns and allowances actually granted, (ii) packing costs, insurance costs and freight out, (iii) taxes (excluding income taxes) or excise duties imposed on the transaction (if separately invoiced), and (iv) wholesaler quantity and cash discounts in amounts customary in the trade. No deductions shall be made for commissions paid to individuals, whether they be with independent sales agencies or regularly employed, or for the cost of collections. On sales of such Licensed Products by Licensee to its Affiliates or on sales

made in other than an arm's-length transaction, which are not intended for resale to third parties, the value of the Net Sales attributed to such a transaction shall be that which would have been received in an arm's-length transaction, based on sales of like quantity and quality products on or about the time of such transaction.

1.3 "LICENSED PRODUCT(S)" means any low molecular weight polyethelyene glycol material used for human therapeutics which, in the course of manufacture, use, or sale would, in the absence of this license, infringe one or more Valid Claims of one or more OXIS Patents.

1.4 "OXIS PATENTS" means the U.S. patents listed on Exhibit A hereto, and any reissues, extensions, substitutions, confirmations, re-registrations, re-examinations, continuations, divisionals or continuations-in-part patent applications (but excluding any improvements covered thereby) of the foregoing patents, as well as all foreign counterparts or equivalents, including patents and pending applications, of the above and any other patents covered by the warranty stated in Article 9.2.

1.5 "VALID CLAIMS" means a claim of a duly issued patent which has not lapsed or become abandoned or been invalidated by a final judgment of a court of competent jurisdiction from which no further appeal has or can be taken.

2.0 GRANT

2.1 LICENSE. OXIS grants to Licensee a non-exclusive, royalty-

bearing, world-wide license to make, have made, use and sell up to ten (10) Licensed Products.

2.1 RIGHT TO SUBLICENSE. Licensee shall have the right to grant a non-exclusive, royalty-bearing, world-wide license to make, have made, use and sell Licensed Products, provided that Licensee grants only one sublicense per Licensed Product and that the sublicense is not one of the parties already in discussions with OXIS listed in Exhibit B. Upon granting a sublicense hereunder, Licensee shall promptly provide the name and address of sublicensee and a description of the Licensed Product.

3.0 COMPENSATION

3.1 LICENSE FEE. In consideration of the rights granted herein, Licensee shall pay to OXIS upon execution of this Agreement a non-refundable, license fee of One Hundred and Fifty Thousand Dollars ($150,000). This fee is creditable against future royalties earned during the term of this Agreement.

3.2 ANNUAL MAINTENANCE FEES. Following the date of this Agreement and until this Agreement expires or is terminated under Section 6.2, Licensee shall pay to OXIS a non-refundable annual maintenance fee of Fifty Thousand Dollars ($50,000) on or before the first day of each calendar year following execution of this Agreement. Each annual fee is creditable against royalties earned during the calendar year following payment of such fee.

3.3 EARNED ROYALTIES. Licensee shall pay to OXIS an earned royalty equal to two percent (2%) of the Net Sales of Licensed Products sold by Licensee, its Affiliates or its sublicensees.

3.4 SUBLICENSE FEES. Licensee shall pay to OXIS a fee of One Hundred and Twenty-Five Thousand Dollars ($125,000) for each sublicense of a Licensed Product granted hereunder. Such payment is due within twenty (20) days after execution of the sublicense agreement or the sale of a Licensed Product pursuant to such sublicense, whichever is sooner. Sublicense fees are not creditable against earned royalties.

4.0 PAYMENT TERMS

4.1 ACCRUAL; REPORTING. Royalty payments due under this Agreement shall accrue on a calendar quarter basis and Licensee shall pay to OXIS all such royalty payments due under this Agreement within sixty (60) days of the end of each calendar quarter. Each payment shall be accompanied by a report summarizing the relevant sales of the Products and royalty payment due thereon, including a description of any offsets or credits deducted, in sufficient detail to permit confirmation of the accuracy of the payment made. In the event that any payment due hereunder is not made when due, the payment shall accrue interest beginning on the first day following the due date at the rate of 1.5% per month or, if less, the maximum rate permissible under Oregon law.

4.2 RECORDS. During the term of this Agreement, Licensee shall keep full and accurate books and records setting forth, for products on which payments are due, gross sales, all deductions allowed in arriving at Net Sales and any other information necessary and in sufficient detail to allow the calculation of the amounts to be paid hereunder. During the term of this Agreement and for a period of five (5) years thereafter, Licensee shall permit OXIS, by independent certified public accountants selected by OXIS, to examine Licensee's relevant books and records at any reasonable time, within five (5) years of the payment of such royalties. If it is determined that there was an underpayment of royalties or other amounts due to OXIS of five percent (5%) or more, without prejudice to any other rights OXIS may have, Licensee shall promptly reimburse OXIS for the balance of the royalties or other amounts due and shall also reimburse OXIS for the cost of such verification examination.

5.0 PATENT MATTERS

5.1 PATENT PROSECUTION AND MAINTENANCE. OXIS shall be solely responsible for the prosecution and maintenance of the OXIS Patents at its expense.

5.2 PATENT INFRINGEMENT. If Licensee becomes aware of any actual or threatened infringement of any OXIS Patent, Licensee will notify OXIS in writing promptly after learning of such infringement. OXIS shall have the sole right (but not the obligation) to bring and control, at its own expense, any infringement action against any person or entity infringing the OXIS Patents. Licensee will reasonably assist OXIS and cooperate in any litigation at OXIS' request and expense. This Section 5.2 shall survive the termination of this Agreement.

6.0 TERM AND TERMINATION.

6.1 TERM. This Agreement will commence as of the Effective Date and, unless sooner terminated as provided hereunder, will expire on a country-by-country basis, upon the expiration of the last to expire patent of the OXIS Patents licensed hereunder in such country.

6.2 TERMINATION.

(a) This Agreement may be terminated by either party upon sixty (60) days written notice (i) upon the bankruptcy, insolvency, dissolution or winding up of Licensee (other than dissolution or winding up for the purposes of reconstruction or amalgamation); or (ii) upon

or after the breach of any material provision of this Agreement by Licensee if Licensee has not cured such breach within the sixty (60) day period following written notice of termination by OXIS.

(b) This Agreement may be terminated by Licensee upon ninety (90) days written notice to OXIS.

(c) Upon termination of the Agreement under this Section 6.2, royalties due pursuant to Section 3.3 on any sales of Products discovered prior to the date of such termination or deletion (and the payment terms with respect thereto under Article 4) will survive the termination of this Agreement.

6.3 OBLIGATIONS UPON TERMINATION. Upon any termination of this Agreement, all rights granted by OXIS to Licensee hereunder shall terminate and revert to OXIS. Without limiting any remedies otherwise available to the terminating party, termination of this Agreement pursuant to this Article 6 will not relieve Licensee from any amounts owing to OXIS at the time of termination and will not terminate any rights or obligations arising and existing prior to or upon termination of this Agreement.

7.0 INDEMNIFICATION

7.1 INDEMNIFICATION. Licensee agrees to indemnify, hold harmless and defend OXIS, its officers, directors, employees and agents, from and against any and all claims, suits, losses, damages, costs, fees and expenses (collectively, "Claims") resulting from or arising out of the development, manufacture, storage, sale or other distribution or use of Licensed Products, the exercise of rights granted hereunder, or the negligence or willful misconduct of Licensee in its performance of its obligations under this Agreement.

7.2 SURVIVAL. This Article 7 shall survive the termination or expiration of this Agreement .

8.0 LIMITATION OF LIABILITY

8.1 WAIVER OF CONSEQUENTIAL DAMAGES. IN NO EVENT WILL OXIS BE LIABLE TO LICENSEE OR ITS AFFILIATES OR ANY SUBLICENSEE OF RIGHTS TO ANY

PROFITS, LOST SAVINGS, OR OTHER INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES OR FOR ANY CLAIM BY ANY OTHER PARTY.

8.2 DISCLAIMER OF WARRANTIES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, OXIS MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND. OXIS HEREBY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED, RELATING TO THE OXIS PATENTS, INCLUDING ANY EXPRESS OR IMPLIED WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR

THAT THE PRACTICE OF THE OXIS PATENTS, OR THE MANUFACTURE, USE OR SALE OF A PRODUCT DISCOVERED OR IDENTIFIED THROUGH THE USE OF THE OXIS PATENTS, WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS OF THIRD PARTIES. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OXIS EXPRESSLY DOES NOT WARRANT THE ACCURACY, SAFETY, OR USEFULNESS FOR ANY PURPOSE, OR THE TECHNOLOGY COVERED UNDER THE OXIS PATENTS. NOTHING CONTAINED IN THIS AGREEMENT SHALL BE CONSTRUED AS EITHER A WARRANTY OF REPRESENTATION BY OXIS AS TO THE VALIDITY OR SCOPE OF ANY OXIS PATENTS. OXIS DOES NOT ASSUME ANY LIABILITY IN RESPECT OF ANY INFRINGEMENT OF ANY PATENT OR OTHER RIGHT OF THIRD PARTIES DUE TO THE ACTIVITIES OF LICENSEE UNDER THIS AGREEMENT.

8.3 SURVIVAL. This Article 8 shall survive the termination or expiration of this Agreement.

9.0 REPRESENTATIONS AND WARRANTIES

9.1 MUTUAL REPRESENTATIONS AND WARRANTIES. Each party hereby represents and warrants:

9.1.1 CORPORATE POWER. Such party is duly organized and validly existing and in good standing under the laws of the state of its incorporation and has all requisite corporate power and authority to enter into this Agreement and to carry out the provisions hereof.

9.1.2. DUE AUTHORIZATION. Such party is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder.

9.1.3. BINDING AGREEMENT. This Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by such party does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which is may be bound, not violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

9.2 OXIS PATENTS. OXIS represents and warrants that the OXIS Patents listed in Exhibit A are all the U.S. patents OXIS owns or has rights to as of the Effective Date of this Agreement, that, but for this Agreement would be infringed by the making, using or selling of Licensed Products. OXIS further represents and warrants that it will update Exhibit A to include any reissues, extensions, substitutions, confirmations, re-registrations, re-examinations, continuations, divisionals or continuations-in-part patent applications of the foregoing patents which issue during the terms of this Agreement after the Effective Date.

10. GENERAL PROVISIONS

10.1 RELATIONSHIP OF THE PARTIES. Neither party is, nor will be deemed to be, an agent or legal representative of the other party for any purpose. Neither party will be entitled to enter into any contracts, incur any debts or make any commitments in the name of or on behalf of the other party, and neither party will be entitled to pledge the credit of the other party in any way or hold itself out as having authority to do so.

10.2 COMPLIANCE WITH LAWS. Licensee shall use its best efforts to comply with all applicable laws, rules and regulations pertaining to the development, testing, manufacture, marketing and import or export of the Licensed Products.

10.3 NON-ASSIGNMENT. Licensee shall not assign this Agreement, in whole or in part, without the prior written consent of OXIS, except such consent shall not required in connection with Licensee's sale of the entire business to which this Agreement pertains.

10.4 DIVISIBILITY. If any provision of this Agreement is found to be prohibited by law and invalid, or for any other reason if any provision is held to be unenforceable, in whole or in

part, such provision shall be ineffective to the extent of the prohibition or unenforceability without invalidating or having any other adverse effect upon

any other provision of this Agreement.

10.5 ENTIRE AGREEMENT. This Agreement, including the documents and the instruments referred to herein, constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior or contemporaneous negotiations or agreements, whether oral or written, relating to the subject matter hereof. No extension, modification or amendment of this Agreement shall be binding upon a party unless such extension, modification or amendment is set forth in a written instrument, which is executed and delivered on behalf of such party.

10.6 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the substantive law of the State of Oregon, without giving effect to any conflicts or choice of laws principles which otherwise might be applicable.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, including the Exhibits attached hereto and incorporated herein by reference, as of the date first written above.

OXIS INTERNATIONAL, INC.	ENZON, INC.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A
OXIS PATENTS

. U.S Patent No. 5,468,478, entitled "Conjugates of Superoxide Dismutase Coupled to High Molecular Weight Polyalkylene Glycols, issued November 21, 1995.

. U.S Patent No. 5,283,317, entitled "Intermediates for Conjugation of Polypeptides With High Molecular Weight Polyalkylene Glycols, issued February 1, 1994.

. U.S Patent No. 5,080,891, entitled "Conjugates of Superoxide Dismutase Coupled to High Molecular Weight Polyalkylene Glycols, issued January 14, 1992.

. U.S Patent No. 5,006,333, entitled "Conjugates of Superoxide Dismutase Coupled to High Molecular Weight Polyalkylene Glycols, issued April 9, 1991.

EXHIBIT B

. Amgen, Inc., Thousand Oaks, California

. Mountain View Pharmaceuticals, Inc., Mountain View, California

. Centorcor, Inc., Malvern, Pennsylvania

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