

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 June 30, 2000.

or

___ 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.

(Exact name of registrant as specified in its charter)

Delaware

94-1620407

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

6040 N. Cutter Circle, Suite 317, Portland, Oregon 97217

(Address of principal executive offices)

(Zip Code)

(503) 283-3911

(Registrant's telephone number, including area code)

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 June 30, 2000, the issuer had outstanding the indicated number of shares of common stock: 9,370,677

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

<TABLE>

<CAPTION>

Consolidated Statements of Operations (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2000	1999	2000	1999
	<C>	<C>	<C>	<C>
<S> Revenues	\$ 779,000	\$ 2,701,000	\$ 1,722,000	\$ 4,157,000
Costs and expenses:				
Cost of product sales	833,000	1,406,000	1,685,000	2,413,000
Cost of technology sold	--	1,279,000	--	1,279,000
Research and development	447,000	952,000	785,000	1,722,000

Selling, general and administrative	642,000	830,000	1,364,000	1,688,000
Total costs and expenses	1,922,000	4,467,000	3,834,000	7,102,000
Operating loss	(1,143,000)	(1,766,000)	(2,112,000)	(2,945,000)
Interest income	65,000	7,000	87,000	25,000
Interest expense	(23,000)	(23,000)	(44,000)	(53,000)
Net loss	(1,101,000)	(1,782,000)	(2,069,000)	(2,973,000)
Other comprehensive income (loss) - foreign currency translation adjustments	6,000	(43,000)	(20,000)	(31,000)
Comprehensive loss	\$(1,095,000)	\$(1,825,000)	\$(2,089,000)	\$(3,004,000)
Net loss per share - basic and diluted	\$ (.12)	\$ (.23)	\$ (.24)	\$ (.38)
Weighted average number of shares used in computation - basic and diluted	9,324,735	7,871,196	8,794,943	7,858,631

</TABLE>

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CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,564,000	\$ 789,000
Accounts receivable	665,000	1,072,000
Inventories	1,245,000	1,327,000
Prepaid and other	81,000	37,000
Total current assets	6,555,000	3,225,000
Furniture and equipment, net	689,000	808,000
Technology for developed products	773,000	864,000
Other assets	321,000	287,000
Total assets	\$8,338,000	\$5,184,000

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CONSOLIDATED BALANCE SHEETS
(Unaudited)

<TABLE>
<CAPTION>

	June 30, 2000	December 31, 1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 446,000	\$ 681,000
Accounts payable	479,000	1,131,000
Accrued payroll, payroll taxes and other	482,000	395,000
Current portion of long-term debt	95,000	94,000
Total current liabilities	1,502,000	2,301,000

Long-term debt due after one year	168,000	194,000
Shareholders' equity:		
Preferred stock - \$.01 par value; 15,000,000 shares authorized:		
Series B - 428,389 shares issued and outstanding at June 30, 2000 (liquidation preference of \$1,000,000)	4,000	4,000
Series C - 608,536 shares issued and outstanding at June 30, 2000	6,000	6,000
Common stock - \$.001 par value; 95,000,000 shares authorized; 9,370,677 shares issued and outstanding at June 30, 2000 (7,928,784 at December 31, 1999)	9,000	8,000
Additional paid in capital	58,823,000	52,756,000
Accumulated deficit	(51,819,000)	(49,750,000)
Accumulated other comprehensive loss - foreign currency translation adjustment	(355,000)	(335,000)
	-----	-----
Total shareholders' equity	6,668,000	2,689,000
	-----	-----
Total liabilities and shareholders' equity	\$ 8,338,000	\$ 5,184,000
	=====	=====

</TABLE>

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2000	1999
	<C>	<C>
Cash flows from operating activities:		
Net loss	\$(2,069,000)	\$(2,973,000)
Adjustments to reconcile net loss to cash used for operating activities:		
Depreciation and amortization	276,000	550,000
Gain on sale of land and building	--	(16,000)
Loss on sale of technology	--	368,000
Cash proceeds from sale of technology	--	342,000
Changes in assets and liabilities:		
Accounts receivable	405,000	80,000
Inventories	82,000	124,000
Other current assets	(45,000)	163,000
Accounts payable	(651,000)	(111,000)
Customer deposits	--	(120,000)
Accrued payroll, payroll taxes and other	119,000	(127,000)
	-----	-----
Net cash used for operating activities	(1,883,000)	(1,720,000)
Cash flows from investing activities:		
Proceeds from sale of land and building	--	1,959,000
Purchases of equipment	(55,000)	(142,000)
Additions to other assets	(65,000)	(59,000)
Other, net	5,000	(4,000)
	-----	-----
Net cash provided by (used for) investing activities	(115,000)	1,754,000
Cash flows from financing activities:		
Proceeds from issuance of stock, net of related costs	5,868,000	--
Repayment of short-term borrowings	(75,000)	--
Repayment of long-term debt	(26,000)	(1,517,000)
	-----	-----

Net cash provided by (used for) financing activities	5,767,000	(1,517,000)
Effect of exchange rate changes on cash	6,000	17,000
	-----	-----
Net increase (decrease) in cash and cash equivalents	3,775,000	(1,466,000)
Cash and cash equivalents - beginning of period	789,000	2,575,000
	-----	-----
Cash and cash equivalents - end of period	\$ 4,564,000	\$ 1,109,000
	=====	=====

Non-cash transactions:

Issuance of common stock in exchange for cancellation of notes and accrued interest	\$ 202,000	\$ --
Note received as part of proceeds from sale of technology	--	569,000

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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 accounting principles generally accepted in the United States of America 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, 1999. 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.

2. INVENTORIES

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out method. Inventories at June 30, 2000 and December 31, 1999, consisted of the following:

	June 30, 2000	December 31, 1999
Raw materials	\$ 682,000	\$ 492,000
Work in process	364,000	438,000
Finished goods	199,000	397,000
	-----	-----
Total	\$1,245,000	\$1,327,000
	=====	=====

3. SHAREHOLDERS' EQUITY

In April 2000 the Company completed a private placement of units, consisting of one share of the Company's common stock plus warrants to purchase two shares of the Company's common stock (the "Units"), primarily to a series of institutional investors. The Units were priced at the Nasdaq closing price for the Company's common stock the day prior to the signing of the subscription agreements relating to the purchase of such Units. The price per Unit ranged from \$3.94 to \$4.75. A total of 1,376,950 common shares and warrants to purchase 2,753,000 common shares were issued in exchange for gross proceeds of \$6,050,000 in cash and conversion of \$202,000 of short-term notes and accrued interest payable. The exercise price of one-half of the warrants issued in the private placement is

equal to 125% of the price paid per Unit. The exercise price of the other half of the warrants is equal to 150% of the price paid per Unit.

The Company has agreed to issue additional warrants to its placement agents giving the agents the right to acquire 155,000 common shares at an exercise price of \$5.94 per share.

The Company has filed a preliminary registration statement with the Commission registering the common shares, and the common shares issuable upon exercise of the warrants, issued in the private placement.

4. STOCK OPTIONS

The Company has a stock incentive plan under which 1,365,000 shares of the Company's common stock are reserved for issuance (the "Plan"). The Plan permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. During the six months ended June 30, 2000, options to purchase 225,000 shares at an exercise price of \$1.9125 have been issued under the Plan. Options to purchase an additional 400,000 common shares at an exercise price of \$1.9125 have also been issued, subject to shareholder approval of an amendment to the Plan.

The Company's board of directors has also approved an additional option grant to purchase 400,000 common shares at an exercise price of \$1.5625. This option grant is not issued pursuant to the Plan.

5. OPERATING SEGMENTS

The following table presents information about the Company's two operating segments:

	Health Products	Therapeutic Development	Total
Quarter ended June 30, 2000:			
Revenues from external customers	\$ 779,000	\$ --	\$ 779,000
Intersegment revenues	--	--	--
Net loss	(736,000)	(365,000)	(1,101,000)
As of June 30, 2000 -			
Total assets	2,970,000	5,368,000	8,338,000

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	Health Products	Therapeutic Development	Total
Quarter ended June 30, 1999:			
Revenues from external customers	\$ 2,655,000	\$ 46,000	\$ 2,701,000
Intersegment revenues	--	279,000	279,000
Net loss	(834,000)	(948,000)	(1,782,000)
As of June 30, 1999 -			
Total assets	5,067,000	1,220,000	6,287,000

Six months ended June 30, 2000:

Revenues from external customers	\$ 1,722,000	\$ --	\$ 1,722,000
Intersegment revenues	--	--	--
Net loss	(1,365,000)	(704,000)	(2,069,000)

Six months ended June 30, 1999:

Revenues from external customers	\$ 4,083,000	\$ 74,000	\$ 4,157,000
Intersegment revenues	--	303,000	303,000
Net loss	(1,243,000)	(1,730,000)	(2,973,000)

6. SUBSEQUENT EVENT

At a meeting held August 1, 2000, the Company's board of directors decided to develop additional information as to the value of the Company's Health Products segment, for the purpose of reaching a final decision on whether to continue operations or develop a formal plan for disposal of this business segment. To this end, the board has received a nonexclusive offer from two employees to purchase the Health Products assets. As a result, a special committee of the board has been charged with the responsibility of completing a full due diligence investigation of this offer, as well as other avenues of sale and reporting back to the full board with its recommendation. At the present time, the specter of a sale as well as specific terms are not defined sufficiently to quantify the financial results of any agreed upon disposition or whether continuing operations is a preferable alternative. The Company believes that it is reasonable for the special committee to complete its work and to issue its recommendation during the balance of calendar 2000, at which time it is expected to be clearer as to whether a sale of this business segment is appropriate.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

CERTAIN STATEMENTS SET FORTH BELOW CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. STATEMENTS THAT EXPRESSLY OR BY IMPLICATION PREDICT FUTURE RESULTS, PERFORMANCE OR EVENTS ARE FORWARD-LOOKING. THE WORDS "BELIEVES," "PLANS," "EXPECTS," "ANTICIPATES," "ESTIMATES," AND SIMILAR EXPRESSIONS ALSO IDENTIFY FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY OR INDUSTRY RESULTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. WITH RESPECT TO THE COMPANY, THESE FACTORS INCLUDE UNCERTAINTY OF ADDITIONAL FUNDING; LOSS OR IMPAIRMENT OF SOURCES OF CAPITAL; DEPENDENCE ON STRATEGIC PARTNERS; UNCERTAINTIES RELATING TO PATENTS AND PROPRIETARY INFORMATION; DEPENDENCE ON KEY PERSONNEL; TECHNOLOGICAL CHANGE AND COMPETITION AND CHANGES IN LAWS OR REGULATIONS. GIVEN THESE UNCERTAINTIES READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FORWARD-LOOKING STATEMENTS. THE COMPANY DOES NOT INTEND TO UPDATE ANY FORWARD-LOOKING STATEMENTS.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital increased during the first half of 2000 by \$4,129,000, from \$924,000 at December 31, 1999 to \$5,053,000 at June 30, 2000. The increase in working capital resulted primarily from the net proceeds from issuance of common stock of \$5,868,000, offset in part by the effect of the net loss for the period (\$2,069,000 less non-cash charges of \$276,000).

Cash and cash equivalents increased from \$789,000 at December 31, 1999 to \$4,564,000 at June 30, 2000.

While the Company believes that its new therapeutic 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.

The Company expects to continue to report losses in 2000 as the level of expenses is expected to continue to exceed revenues. The Company can give no assurances as to when and if its revenues will exceed its expenses.

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Possible Divestiture of Assets

At a meeting held August 1, 2000, the Company's board of directors decided to develop additional information as to the value of the Company's Health Products segment, for the purpose of reaching a final decision on whether to continue operations or develop a formal plan for disposal of this business segment. To this end, the board has received a nonexclusive offer from two employees to purchase the Health Products assets. As a result, a special committee of the board has been charged with the responsibility of completing a full due diligence investigation of this offer, as well as other avenues of sale and reporting back to the full board with its recommendation. At the present time, the specter of a sale as well as specific terms are not defined sufficiently to quantify the financial results of any agreed upon disposition or whether continuing operations is a preferable alternative. The Company believes that it is reasonable for the special committee to complete its work and to issue its recommendation during the balance of calendar 2000, at which time it is expected to be clearer as to whether a sale of this business segment is appropriate. Although a formal plan for this possible divestiture has not been put in place, it is anticipated that all of the assets that are currently generating revenues for the Company may either be sold to a third party or spun off to the Company's shareholders. Upon completion of such a restructuring, the Company would no longer have a source of current revenues and the Company's continued operations would be wholly dependent upon additional capital financing until such time as revenues can be generated from its therapeutic development programs.

Revenues

The Company's revenues for the quarters ended June 30, 2000 and 1999 were as follows:

	2000	1999
Research assays and fine chemicals	\$ 293,000	\$ 330,000
Therapeutic drug monitoring assays	174,000	599,000
Instruments	292,000	308,000
Bovine superoxide dismutase (bSOD) for research and human use	--	456,000
Sale of rights to therapeutic drug monitoring assays	--	911,000
Other	20,000	97,000
	-----	-----
	\$ 779,000	\$2,701,000
	=====	=====

Sales of research assays and fine chemicals declined by \$37,000 from \$330,000 in the second quarter of 1999 to \$293,000 in the second quarter of 2000 due to a decline in sales volumes.

Revenues from sales of therapeutic drug monitoring assays declined in the second quarter of 2000 as compared to the second quarter of 1999 resulting in a decrease in sales of \$425,000. Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. Sales of therapeutic drug monitoring assays for the second quarter of 1999 include \$158,000 for the sale of the therapeutic drug monitoring finished goods inventory. Therapeutic drug monitoring assay revenues in the second quarter of 2000 represent contract sales of assays and services to the purchaser of the rights to this technology. Such revenues are expected to continue to be less than the level prior to July 1999. Revenues from therapeutic drug monitoring assay sales and related services may terminate at the end of the third quarter of 2000, when the contract to manufacture product for the purchaser of the technology expires.

Revenue from instrument sales and development declined by \$16,000, from \$308,000 in the second quarter of 1999 to \$292,000 in the second quarter of 2000. This decrease resulted from reduced orders from customers. Since early 1999, the Company has not invested in any significant marketing efforts to replace lost instrument customers.

Sales of bSOD in the second quarter of 1999 were primarily the result of one shipment of bulk bSOD which has not been repeated in 2000.

Costs and Expenses

Cost of sales was 99% of revenues for the second quarter 1999 and increased to 107% of revenues for the second quarter of 2000. Revenues for the second quarter of 1999 include \$911,000 for the sale of rights to the Company's therapeutic drug monitoring assays, and expenses include \$1,279,000 for the cost of that technology. Excluding the sale of the therapeutic drug monitoring technology and related cost, cost of sales for the second quarter of 1999 was approximately 79% of revenues. The increase in the cost of sales as a percentage of sales in the second quarter of 2000 is due primarily to the effect of the fixed manufacturing costs for the Company's products being spread over a lower manufacturing and sales volume. Cost of product sales declined from \$1,406,000 in the second quarter of 1999 to \$833,000 in the second quarter of 2000, but this decrease was not in proportion to the decrease in sales volumes.

Research and development expenses decreased from \$952,000 in the second quarter of 1999 to \$447,000 in the second quarter of 2000. The decrease in research and development expenses resulted primarily from the closure of the Company's French research laboratory in the second quarter of 1999.

Selling, general and administrative expenses decreased from \$830,000 in the second quarter of 1999 to \$642,000 in the second quarter of 2000. A reduction in personnel costs contributed approximately \$128,000 to this decrease.

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Interest Income

Interest income for the second quarter of 2000 was more than for the second quarter of 1999 because the Company had more cash available for investment during 2000.

Net Loss

The Company continued to experience losses in the second quarter of 2000. The second quarter 2000 net loss of \$1,101,000 (\$.12 per share-basic and diluted) was \$681,000 less than the \$1,782,000 (\$.23 per share-basic and diluted) net loss for the second quarter of 1999. The decrease in the net loss is primarily due to the decreases in research and development and selling, general and administrative costs.

The Company expects to incur a substantial net loss for 2000. If the Company develops substantial new revenue sources or if substantial additional capital is raised through further sales of securities, the Company plans to continue to invest in research and development activities and incur sales, general and administrative expenses in amounts greater than its anticipated near-term product margins. If the Company is unable to raise sufficient additional capital or to develop new revenue sources, it will have to cease, or severely curtail, its operations. In this event, while expenses will be reduced, expense levels, and the potential write down of various assets, would still be in amounts greater than anticipated revenues. The Company expects that additional capital will be required in 2001.

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RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 2000 COMPARED WITH SIX MONTHS ENDED JUNE 30, 1999

Revenues

The Company's revenues for the six-month periods ended June 30, 2000 and 1999 were as follows:

	2000	1999
Sales		
Research assays and fine chemicals	\$ 609,000	\$ 736,000

Therapeutic drug monitoring assays	464,000	1,083,000
Instruments	625,000	795,000
Bovine superoxide dismutase (bSOD) for research and human use	--	460,000
Sale of rights to therapeutic drug monitoring assays	--	911,000
Other	24,000	172,000
	-----	-----
	<u>\$1,722,000</u>	<u>\$4,157,000</u>

Sales of research assays and fine chemicals declined by \$127,000, from \$736,000 in the first half of 1999 to \$609,000 in the first half of 2000. This decrease was due primarily to the sale of certain products that became surplus when the Company's French laboratory was closed in early 1999.

Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. The Company recognized \$911,000 as compensation for the intellectual property and contract rights. Sales of the Company's therapeutic drug monitoring assays decreased by \$619,000, from \$1,083,000 in the first six months of 1999 to \$464,000 in the first six months of 2000. Sales of therapeutic drug monitoring assays for the six months ended June 30, 1999 include \$158,000 for the sale of the therapeutic drug monitoring finished goods inventory. Therapeutic drug monitoring assay revenues in the first six months of 2000 represent contract sales of assays and services to the purchaser of the rights to this technology. Such revenues are expected to continue to be less than the level prior to July 1999. Revenues from therapeutic drug monitoring assay sales and related services may terminate at the end of the third quarter of 2000, when the contract to manufacture product for the purchaser of the technology expires.

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Revenue from instrument sales and development declined by \$170,000, from \$795,000 in the first half of 1999 to \$625,000 in the first half of 2000. This decrease resulted from reduced orders from customers. Since early 1999, the Company has not invested in any significant marketing efforts to replace lost instrument customers.

Sales of bSOD in the first half of 1999 were primarily the result of one shipment of bulk bSOD to the Company's Spanish licensee. No significant sales of bulk bSOD were made during 2000.

Other revenues in the first half of 1999 included a \$50,000 royalty payment that did not recur in the first half of 2000.

Costs and Expenses

Cost of sales was 89% of revenues for the first half of 1999 and increased to 98% of product sales for the first half of 2000. Revenues for 1999 include \$911,000 for the sale of rights to the Company's therapeutic drug monitoring assays, and expenses include \$1,279,000 for the cost of that technology. Excluding the sale of the therapeutic drug monitoring technology and related cost, cost of sales for the first half of 1999 was approximately 74% of revenues. The increase in the cost of sales as a percentage of sales in 2000 is due primarily to the effect of the fixed manufacturing costs for the Company's products being spread over a lower manufacturing and sales volume. Excluding the technology sale, sales volume for the first half of 2000 was approximately 47% less than that of the first half of 1999. Cost of product sales declined from \$2,413,000 in the first half of 1999 to \$1,685,000 in the first half of 2000, but this decrease was not in proportion to the decrease in sales volumes.

Research and development expenses decreased from \$1,722,000 in the first half of 1999 to \$785,000 in the first half of 2000. The decrease in research and development expenses resulted primarily from costs in the first half of 1999

relating to the closure of the Company's French research facility and termination of its employees.

Selling, general and administrative expenses decreased by \$324,000, from \$1,688,000 in the first half of 1999 to \$1,364,000 in the first half of 2000. Personnel reductions accounted for approximately \$145,000 of the decrease. Reduced advertising expense contributed an additional \$42,000 to the reduction.

Interest Income

Interest income for the first half of 2000 was more than for the first half of 1999 because the Company had more cash available for investment during 2000.

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Net Loss

The Company continued to experience losses in the first six months of 2000. The first half 2000 net loss of \$2,069,000 (\$.24 per share-basic and diluted) was \$904,000 less than the \$2,973,000 (\$.38 per share-basic and diluted) net loss for the first half of 1999. The decrease in the net loss is primarily due to reductions in research and development and selling, general and administrative expenses, partially offset by reduced margins on product sales.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

In March 2000 the Company issued 1,010,868 shares of its common stock and warrants to purchase 2,021,736 shares of its common stock to eight accredited investors. Gross proceeds from the sale of these securities were \$4,802,000, including \$4,600,000 in cash and \$202,000 in exchange for a note and accrued interest. The securities were sold in a private placement pursuant to Regulation D of the rules of the Securities and Exchange Commission.

In April 2000 the Company completed the second and final closing of its private placement pursuant to Regulation D by issuing an additional 366,081 shares of its common stock and warrants to purchase 732,162 shares of its common stock to three accredited investors, two of which also acquired shares and warrants in the March closing. Gross proceeds from the April closing were \$1,450,000.

In total, warrants to purchase 2,753,898 shares of common stock were issued to investors in the private placement. The number of shares subject to the warrants by exercise price is as follows:

Exercise Price	Shares subject to warrants
-----	-----
\$7.13	1,021,394
\$5.94	1,021,394
\$5.91	355,555
\$4.92	355,555

The \$5.94 and \$4.92 warrants expire one year from issuance. The \$7.13 and \$5.91 warrants expire two years from issuance.

In connection with this sale of securities the Company has paid or will pay to its placement agents \$219,000 in cash commissions together with warrants to purchase 155,000 shares of the Company's common stock at an exercise price of \$5.94 per share.

Item 6. Exhibits and Reports on Form 8-K.

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(a) Exhibits - See Exhibit Index on page 16.

(b) Reports on Form 8-K

On April 12, 2000, the Company filed a report on Form 8-K demonstrating compliance with a minimum net tangible asset requirement that had been required by a Nasdaq Listing Qualifications Panel.

SIGNATURES

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.

August 10, 2000 By /s/ Paul C. Sharpe

Paul C. Sharpe
Chief Executive Officer

August 10, 2000 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)	Executive Employment Agreement dated April 3, 2000, between the Company and Jon S. Pitcher	
10(b)	Executive Employment Agreement dated April 3, 2000, between the Company and Humberto V. Reyes	
27(a)	Financial data schedule	

Exhibit 10(a)

Executive Employment Agreement

This Executive Employment Agreement ("Agreement"), is entered into as of April

3, 2000, by and between OXIS International, Inc., its affiliated, related,
parent or subsidiary corporations (the "Company") located at 6040 N. Cutter

Circle, Suite 317, Portland, OR 97217-3935, and Jon S. Pitcher ("Executive")

residing in Clackamas County, Oregon (collectively, the "parties").

RECITALS

Executive and the Company desire that Executive continue as its Chief Financial
Officer for the Period of Employment (as defined below), upon the following
terms and conditions.

AGREEMENT

ACCORDINGLY, the parties hereto agree as follows:

1. General Release of Claims. In exchange for the consideration set forth in
this Agreement, the parties agree to execute a release agreement with terms
modeled on the General Release of Claims I, attached hereto as Exhibit A

and agreed to by the parties ("Release I"), in accordance with the terms

thereof.

2. Period of Employment

a. Initial Term. Effective March 31, 2000, the Company shall employ

Executive to render Services (as defined below) to the Company in the
position and with the duties and responsibilities described in Section 3
for a term of twelve (12) months (the "Period of Employment"), unless the

Period of Employment is terminated sooner in accordance with Section 8
below.

b. Renewal. This Agreement will be automatically renewed one time

for an additional one (1) year period (without any action taken by either
party) on the last day of the Period of Employment, unless either party
gives the other written notice of termination at least sixty (60) days
before the last day of the Period of Employment.

c. Non-Renewal. If either party gives notice of termination in

accordance with Section 2 (b), and Executive signs a release agreement with
terms modeled on the General Release of Claims II, attached hereto as
Exhibit B, Executive shall receive a continuation of his then-current

salary for six (6) months after the Period of Employment; and,
notwithstanding any vesting or termination provisions contained in
Executive's applicable Stock Option Grants with the Company, Executive's
unvested Options (as defined in Section 4 below) shall immediately vest
eighteen (18) months after the effective date of this Agreement and
Executive shall be able to exercise his vested Options at any time
subsequent to the period of employment until a date one year after the
eighteen (18) month anniversary of the effective date of this Agreement,
and otherwise in accordance with and subject to Executive's applicable
Stock Option Grants with the Company (collectively, "Non-Renewal

Benefits").

3. Position, Duties, Responsibilities

a. Position. During the Period of Employment, the Company agrees to

continue to employ Executive and Executive agrees to continue in the Company's employ as its Chief Financial Officer. Executive shall perform all duties appropriate to that position, as well as such other responsibilities as may reasonably be assigned by the Company including, but not limited to,

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assisting the Company's Special Advisor with the divestiture of OXIS Health Products and other non-related technology ("Divestiture") (collectively,

"Services"). Executive shall report to the Company's Chief Executive Officer.

b. Other Activities. During the Period of Employment, Executive will not,

except upon the prior written consent of the Company's CEO, which consent shall not be unreasonably withheld: (i) accept any other full-time employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) in the field of ethical pharmaceuticals that is or may be in direct competition with the business of the Company.

4. Compensation. In exchange for Services and the other consideration he provides under this Agreement, Executive shall be entitled to an annual base salary of one hundred and thirty-five thousand dollars (\$135,000.00) payable in accordance with the Company's regular payroll practices. In addition, the Board of Directors has awarded Executive options to purchase shares of the Company's Common Stock under, in accordance with, and subject to Executive's applicable Stock Option Grants (certain of the options under the 2000 Stock Option Agreement are subject to shareholder approval) with the Company (collectively, "Options"). Executive will not be entitled to

any cash or other bonus for 1999. In addition, Executive's entitlement to shares under the 2000 Stock Option Grant may be accelerated in accordance with the terms thereof, as set forth in the Board of Directors' consent document dated January 31, 2000. Executive will be eligible to participate in the Company's benefit plans (including vacation and health insurance) as stated in the Company's employment policies (and as may be amended from time to time in the Company's sole discretion), provided that Executive shall receive such benefits at the same level provided from time to time to other senior executives of Company.

5. Proprietary Information

a. Company Information. Executive agrees during his employment with

the Company and for a period of three years thereafter, to hold in strictest confidence, and not to use or disclose to any person, firm or corporation any Proprietary Information of the Company. "Proprietary

Information" means any Company proprietary or confidential information, technical data, trade secrets or know-how. This includes, but is not limited to, research, product plans, products, services, customer lists, customers, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other Company business information. This information shall remain confidential whether it was disclosed to Executive either directly or indirectly in writing, orally or by drawings or observation. Proprietary Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of Executive or others who were under confidentiality obligations as to the items involved.

b. Former Employer Information. Executive agrees that he will not,

during his employment with the Company, improperly use or disclose any proprietary information or trade secrets, or bring onto the premises of the Company any proprietary information belonging to any former or concurrent employer or other person or entity.

c. Third Party Information. Executive recognizes that the Company

has received and in the future will receive confidential or proprietary

information from third parties. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

d. No Conflict. Executive represents and warrants that Executive's

execution of this Agreement, his employment with the Company, and the performance of his proposed duties under this Agreement shall not violate any obligations he may have to any former employer (or

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other person or entity), including any obligations with respect to proprietary or confidential information of any other person or entity.

6. Inventions

a. Inventions Retained and Licensed. Executive has attached, as

Exhibit C, a list describing all inventions, original works of authorship,

developments, improvements, and trade secrets which were made by Executive prior to Executive's employment with the Company ("Prior Inventions"), which belong to

Executive, and which relate to the Company's actual and/or proposed business, products or research and development. If, in the course of his employment with the Company, Executive incorporates into a Company product, process or machine a Prior Invention owned by Executive or in which Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

b. Assignment of Inventions. Except as provided in Section 6.e

below, Executive agrees that he will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all Executive's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice ("Inventions"), while Executive is employed by the Company and within the course

and scope of employment. Executive further acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the course and scope of and during his employment with the Company and which are protectible by copyright are "works made for hire", as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any invention developed by Executive solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such invention.

c. Maintenance of Records. Executive agrees to keep and maintain

adequate and current written records of all Inventions made by Executive (solely or jointly with others) during Executive's employment with the Company and subject to license or assignment under Section 6.a or 6.b. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

d. Patent and Copyright Registrations. Executive agrees to assist

the Company, or its designee, at the Company's expense, in every proper way, to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries. Executive will disclose to the Company all pertinent information and data which is necessary for the execution of all applications, specifications, oaths, assignments and all other instruments necessary to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and

interest in and to such Inventions, and any copyrights, patents, mask work rights, or other intellectual property rights relating thereto. Executive further agrees that Executive's obligation to execute or cause to be executed, when it is in Executive's power to do so, any such instrument or papers shall continue after the termination of this Agreement for a

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reasonable duration. If the Company is unable, because of Executive's mental or physical incapacity or for any other reason, to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the company as above, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters-patent or copyright registrations thereon with the same legal force and effect as if executed by Executive.

e. Exception to Assignments. The provisions of this Agreement

requiring assignment of Inventions to the Company do not apply to any invention which qualifies for protection or different treatment under the provisions of any applicable state law. Executive will advise the Company promptly in writing of any inventions that Executive believes meet the criteria of any applicable state law which affects ownership of Inventions.

7. Post-Termination Activity

a. Executive acknowledges that the pursuit of the activities forbidden by this subsection would necessarily involve the use or disclosure of Proprietary Information in breach of this Agreement, but that proof of such a breach would be extremely difficult. To forestall this use or disclosure, Executive agrees that, during the Severance Period (if any) or for a period of one year after the Period of Employment, whichever is longer, Executive shall not, without the Company's prior written consent (i) divert or attempt to divert from the Company any business of any kind in which the Company is then engaged; (ii) employ, solicit for employment, or recommend for employment any person employed by the Company (except where providing such job related references as are common in the industry); or (iii) except as otherwise addressed in this Agreement, accept employment with another company directly involved in developing the technology then in development for the Company at the time of Executive's termination in any state in which the Company conducts its business.

b. In addition, because Executive acknowledges the difficulty of establishing when any intellectual property, invention, or proprietary information was first conceived or developed by Executive, or whether it resulted from access to Proprietary Information or Company equipment, supplies, facilities, or data, Executive agrees that any intellectual property, invention, or proprietary information related to the development of ethical pharmaceuticals shall be rebuttably presumed to be an Invention, if reduced to practice by Executive or with the aid of Executive within one (1) year after termination of the Period of Employment. Executive may rebut such presumption by producing evidence which establishes to a preponderance that such intellectual property, invention, or proprietary information was first conceived or developed by Executive after the termination of the Period of Employment, or did not otherwise result from access to Proprietary Information or Company equipment, supplies, facilities, or data.

8. Termination of Employment

a. Termination by Company not for Cause. At any time, the Company

may terminate the Period of Employment for any reason other than for Cause (as defined below) by providing Executive fourteen (14) days' advance written notice. The Company shall pay to Executive all compensation due and owing through the last day actually worked and Executive shall be entitled to Severance in accordance with Section 9 below, subject to the conditions therein. In the event Company terminates the Period of Employment not for Cause, Executive shall be released from the obligations of Section 7 .a (iii) above. In addition, the Company may decline to allow the

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renewal of the Agreement in accordance with Section 2 .b. above, regardless of the existence of Cause, but in such case shall be obligated to provide only the benefits set forth in Section 2 .c above.

b. Termination by Company for Cause. At any time, and without

prior notice, the Company may terminate the Period of Employment for Cause (as defined below). The Company shall pay Executive all compensation then due and owing through the last day actually worked. Executive will not be entitled to Severance. "Cause" shall mean Executive's: (i) Commission of a felony involving

moral turpitude; (ii) Repeated failure to perform services in accordance with the reasonable requests of superiors within the course and scope of Executive's duties; (iii) Commission of a material fraud, misappropriation, embezzlement or other act of gross dishonesty which resulted in material loss, damage or injury to the Company; or (iv) Death. Notwithstanding anything herein, however, if the Period of Employment is terminated by reason of the death of Executive, all unvested Options shall immediately vest and shall be exercisable by Executive's estate or heirs for two years thereafter, otherwise in accordance with the terms of his applicable Stock Option Grants with the Company.

c. By Executive Not for Good Reason. At any time, Executive may

terminate the Period of Employment for any reason other than Good Reason (as defined below) by providing the Company fourteen (14) days' advance written notice. The Company shall have the option, in its complete discretion, to make termination of the Period of Employment effective at any time prior to the end of such notice period, provided the Company pays Executive all compensation due and owing through the last day actually worked. Thereafter, all of the Company's obligations under this Agreement shall immediately and forever cease, except for those required by law, except for those which expressly survive termination of this Agreement and except that notwithstanding any vesting or termination provisions contained in Executive's applicable Stock Option Grants with the Company, Executive's unvested Options shall immediately vest upon such termination and Executive shall be able to exercise his vested Options for one year thereafter, otherwise in accordance with the terms of his applicable Stock Option Agreements with the Company. Executive, however, will not be entitled to Severance.

d. By Executive for Good Reason. At any time, and without prior

notice, Executive may terminate the Period of Employment for Good Reason (as defined below). The Company shall pay Executive all compensation due and owing through the last day actually worked, and Executive shall be entitled to Severance in accordance with Section 9 below, subject to the conditions therein. Thereafter, all obligations of the Company and Executive under this Agreement shall terminate, except for those which expressly survive termination of this Agreement. Neither the Company's giving of notice of termination in accordance with Section 2.b nor its termination of the Period of Employment for Cause shall constitute "Good Reason" for Executive to terminate the Period of Employment. "Good Reason" only shall exist if the Company undertakes any of the following

without Executive's prior consent: (i) The assignment to Executive of any duties or responsibilities which result in any material diminution or material adverse change of Executive's position, status or circumstances of employment; a change in Executive's titles or offices that results in any material diminution or material adverse change of Executive's position, status or circumstances of employment; or any removal of Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of his employment for Cause, retirement, or any other voluntary termination of employment by Executive other than a termination of employment by Executive for Good Reason; (ii) A reduction by the Company in Executive's base salary by greater than ten (10)

percent; (iii) Any failure by the Company to continue in effect any benefit plan or arrangement, including incentive plans or plans to receive securities of the Company, in which Executive is participating as of the date hereof (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would materially adversely affect Executive's participation in or reduce Executive's benefits under the Benefit Plans or deprive Executive of any fringe benefit enjoyed by Executive as in effect on the date hereof; provided, however, that no termination of employment by Executive for Good Reason shall be deemed to occur based upon this subsection 8.d (iii) if the Company offers a range of benefit plans and programs which, taken as a whole, are comparable to the

Benefit Plans offered Executive before the action; (iv) A relocation of the Executive, or the Company's principal offices if Executive's principal office is at such offices, to a location more than fifty (50) miles from the location at which Executive was performing his duties as of the date hereof, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations as of the date hereof; (v) Any material breach by the Company of any provision of this Agreement; (vi) Any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; (vii) Any directive to Executive to perform any act which would expose him to personal legal liability or which, viewed objectively, is likely to constitute an unethical act; or (viii) Any conduct directed to Executive by Company or any condition under which Executive works which constitutes constructive discharge under the principles of the governing law.

9. Severance

a. In the event that the Period of Employment is terminated in accordance with Sections 8.a or 8.d hereof and Executive signs a waiver agreement with terms modeled on the General Waiver of Claims, attached hereto as Exhibit D and agreed to by the parties (the "Waiver"), the Company shall

continue Executive's then current base salary and COBRA premiums in accordance with the Company's normal payroll procedures for a period of twelve (12) months (the "Severance Period"), and notwithstanding any vesting or termination

provisions contained in Executive's applicable Stock Option Grants with the Company Executive's unvested Options shall immediately vest and Executive shall have two years from the date of Executive's termination of employment to exercise his vested options otherwise in accordance with the terms of his applicable Stock Option Grants with the Company (collectively, "Severance"). In the event the then current base salary is less than the compensation set out in Section 4 of this Agreement, Executive shall be entitled to severance calculated on the basis of the compensation set out in Section 4 of this Agreement.

b. Notwithstanding any other provision of this Agreement, Release I or II, or the Waiver, at any time should Executive engage in or pursue any of the activities described in Section 7 (except where advance consent has been granted, or except where released from Section 7 .a (iii) by virtue of a Termination by Company not for Cause or by virtue of a Termination by Executive for Good Reason) or should Executive not fulfill his obligations in Section 10 below, the Company's obligation to pay and Executive's entitlement to any Severance or Non-Renewal Benefits shall immediately and forever cease.

10. Termination Obligations.

Executive agrees that his obligations under Sections 5 and 6 of this Agreement survive the expiration of this Agreement.

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11. Alternative Dispute Resolution

a. The Company and Executive mutually agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between the parties, shall be submitted to mediation before a mutually agreeable mediator, which cost is to be borne equally by the parties hereto. In the event the parties are unable to agree upon a mediator, the mediator shall be Douglass Hamilton or such person as Hamilton Mediation Inc. designates. In the event mediation is unsuccessful in resolving the claim or controversy, such claim or controversy shall be resolved by arbitration as described below. The claims covered by this Agreement ("Arbitrable Claims")

include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract (including this Agreement) or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, religion, national origin, age, marital status, medical condition, or disability); claims for benefits (except where an Executive benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other law, statute, regulation, or ordinance, except claims excluded in the following paragraph. The parties hereto hereby waive any rights they may have to trial by jury in regard to Arbitrable Claims.

b. Claims Executive may have for workers' compensation or unemployment compensation benefits are not covered by this Agreement. Also not covered is either party's right to obtain provisional remedies or interim relief from a court of competent jurisdiction for any claim or controversy arising out of or related to the unauthorized use, disclosure, or misappropriation of the confidential and/or proprietary information of either party. Notwithstanding anything in this Agreement to the contrary, however, should either party initiate litigation in any court as authorized by this section, the other party may assert any claims he or it may have as counterclaims or separate claims in such court and shall not be obligated to resolve them by mediation and/or arbitration.

c. Except as provided in Section 11.b, mediation and arbitration under this Agreement shall be the exclusive remedy for all Arbitrable Claims. The Company and Executive agree that arbitration shall be held in or near Multnomah County, Oregon, or such location as the parties mutually agree upon, and shall be in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association, before an arbitrator licensed to practice law in the State of Oregon or such other forum as the parties have agreed upon. The arbitrator shall have authority to award or grant legal, equitable, and declaratory relief. Such arbitration shall be final and binding on the parties. The Federal Arbitration Act shall govern the interpretation and enforcement of this section pertaining to Alternative Dispute Resolution. The parties shall use their best efforts to agree upon an Arbitrator. If the parties are unable to agree upon an Arbitrator within 14 days of either party requesting arbitration of a dispute, the Arbitrator shall be designated by Douglass Hamilton or Hamilton Mediation Inc.

d. This Agreement to mediate and arbitrate survives termination of the Period of Employment.

12. Miscellaneous

a. Legal Fees. If any action at law or in equity or arbitration is

necessary to enforce or interpret the terms of this Agreement, to the extent permitted by law, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which the prevailing party may be entitled.

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b. Entire Agreement. This Agreement (inclusive of exhibits and

attachments and incorporated documents) represents the entire agreement and understanding between the parties regarding its subject matter, supersedes and replaces any and all prior agreements and understandings regarding its subject matter.

c. Amendments, Waivers. This Agreement may only be modified by a

subsequent written agreement executed by the Chief Executive Officer of the Company (after approval of the Company's Board of Directors) and Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

d. Assignment; Successors and Assigns. This Agreement shall not be

assignable by either party without the express written consent of the other.

e. Notices. All notices required or given herewith shall be

addressed to the parties at the addresses designated above by registered mail, special delivery, or by certified courier service. Executive shall notify Company in writing of any change of address. Notice of change of address shall be effective only when done in accordance with this Section.

f. Severability; Governing Law. If any provision of this Agreement,

or its application to any person, place, or circumstance, is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced (by blue-penciling or otherwise) to the greatest extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, or circumstances shall remain in full force and effect. This Agreement will be governed by the laws of the State of Oregon.

g. Acknowledgment. Company and Executive acknowledge that they have

been afforded every opportunity to and have read this Agreement, are fully aware

of its contents and legal effect, and have chosen to enter into this Agreement freely, without coercion, and based upon their own judgment. The parties have duly executed this Agreement as of the date first written above.

EXECUTIVE

/s/ Jon S. Pitcher

Jon S. Pitcher

COMPANY

OXIS International, Inc.

By: /s/ Ray R. Rogers

Name: Ray R. Rogers
Title: Chairman

By: /s/ Stuart Lang

Name: Stuart Lang
Title: Chairman, Audit and
Compensation Committee

Exhibit 10(b)

Executive Employment Agreement

This Executive Employment Agreement ("Agreement"), is entered into as of

April 3, 2000, by and between OXIS International, Inc., its affiliated,
related, parent or subsidiary corporations (the "Company") located at 6040 N.

Cutter Circle, Suite 317, Portland, OR 97217-3935, and Humberto V. Reyes
("Executive") residing in Portland, OR (collectively, the "parties").

RECITALS

Executive and the Company desire that Company employ Executive as the
President and Chief Executive Officer of OXIS Health Products for the Period
of Employment (as defined below), upon the following terms and conditions.

AGREEMENT

ACCORDINGLY, the parties hereto agree as follows:

1. General Release of Claims. In exchange for the consideration set forth in
this Agreement, the parties agree to execute a release agreement with terms
modeled on the General Release of Claims I, attached hereto as Exhibit A and

agreed to by the parties ("Release I"), in accordance with the terms thereof.

2. Period of Employment

a. Initial Term. Effective March 31, 2000, the Company shall employ

Executive to render Services (as defined below) to the Company in the position
and with the duties and responsibilities described in Section 3 for a term of
twelve (12) months (the "Period of Employment"), unless the Period of Employment

is terminated sooner in accordance with Section 8 below.

b. Renewal. This Agreement will be automatically renewed one time for an

additional one (1) year period (without any action taken by either party) on the
last day of the Period of Employment, unless either party gives the other
written notice of termination at least sixty (60) days before the last day of
the Period of Employment.

c. Non-Renewal. If either party gives notice of termination in accordance

with Section 2 (b), and Executive signs a release agreement with terms modeled
on the General Release of Claims II, attached hereto as Exhibit B, Executive

shall receive a continuation of his then-current salary for six (6) months after
the Period of Employment; and, notwithstanding any vesting or termination
provisions contained in Executive's applicable Stock Option Grants with the
Company, Executive's unvested Options (as defined in Section 4 below) shall
immediately vest eighteen (18) months after the effective date of this Agreement
and Executive shall be able to exercise his vested Options at any time
subsequent to the period of employment until a date one year after the eighteen
(18) month anniversary of the effective date of this Agreement, and otherwise in
accordance with and subject to Executive's applicable Stock Option Grants with
the Company (collectively, "Non-Renewal Benefits").

3. Position, Duties, Responsibilities

a. Position. During the Period of Employment, the Company will employ

Executive in the position of President and Chief Executive Officer of the
Company's subsidiary, OXIS Health Products, Inc. Executive shall be responsible
for the daily operations of OXIS Health Products,

assist with the divestiture of OXIS Health Products and other non-related technology ("Divestiture"), and shall perform any other duties that may be

reasonably assigned by the Company (collectively, "Services"). Executive

shall report to the Company's Board of Directors, who have assigned Special Advisor Ray R. Rogers as its designee to interface with Executive on a daily basis.

b. Other Activities. During the Period of Employment, Executive will not,

except upon the prior written consent of the Company's Board of Directors or designee, which consent shall not be unreasonably withheld: (i) accept any other full-time employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) in the field of ethical pharmaceuticals that is or may be in direct competition with the business of the Company.

4. Compensation. In exchange for Services and the other consideration he provides under this Agreement, Executive shall be entitled to an annual base salary of one hundred and eighty-two thousand dollars (\$182,000.00) payable in accordance with the Company's regular payroll practices. In addition, the Board of Directors has awarded Executive options to purchase shares of the Company's Common Stock under, in accordance with, and subject to Executive's applicable Stock Option Grants (certain of the options under the 2000 Stock Option Agreement are subject to shareholder approval) with the Company (collectively, "Options"). Executive will not be entitled to any cash or

other bonus for 1999.

In addition, Executive's entitlement to shares under the 2000 Stock Option Grant may be accelerated in accordance with the terms thereof, as set forth in the Board of Directors' consent document dated January 31, 2000. Executive will be eligible to participate in the Company's benefit plans (including vacation and health insurance) as stated in the Company's employment policies (and as may be amended from time to time in the Company's sole discretion), provided that Executive shall receive such benefits at the same level provided from time to time to other senior executives of Company.

5. Proprietary Information

a. Company Information. Executive agrees during his employment with the

Company and for a period of three years thereafter, to hold in strictest confidence, and not to use or disclose to any person, firm or corporation any Proprietary Information of the Company. "Proprietary Information" means any

Company proprietary or confidential information, technical data, trade secrets or know-how. This includes, but is not limited to, research, product plans, products, services, customer lists, customers, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other Company business information. This information shall remain confidential whether it was disclosed to Executive either directly or indirectly in writing, orally or by drawings or observation. Proprietary Information does not include any of the foregoing items which has become publicly known and made generally available through no wrongful act of Executive or others who were under confidentiality obligations as to the items involved.

b. Former Employer Information. Executive agrees that he will not, during

his employment with the Company, improperly use or disclose any proprietary information or trade secrets, or bring onto the premises of the Company any proprietary information belonging to any former or concurrent employer or other person or entity.

c. Third Party Information. Executive recognizes that the Company has

received and in the future will receive confidential or proprietary information from third parties. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out his work for the Company consistent with the Company's agreement with such third party.

d. No Conflict. Executive represents and warrants that Executive's

execution of this Agreement, his employment with the Company, and the performance of his proposed duties under this Agreement shall not violate any obligations he may have to any former employer (or other person or entity), including any obligations with respect to proprietary or confidential information of any other person or entity.

6. Inventions

a. Inventions Retained and Licensed. Executive has attached, as Exhibit C,

a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by Executive prior to Executive's employment with the Company ("Prior Inventions"), which belong to

Executive, and which relate to the Company's actual and/or proposed business, products or research and development. If, in the course of his employment with the Company, Executive incorporates into a Company product, process or machine a Prior Invention owned by Executive or in which Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

b. Assignment of Inventions. Except as provided in Section 6.e below,

Executive agrees that he will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all Executive's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice ("Inventions"), while Executive is employed by the Company and within the course

and scope of employment. Executive further acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the course and scope of and during his employment with the Company and which are protectible by copyright are "works made for hire", as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any invention developed by Executive solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such invention.

c. Maintenance of Records. Executive agrees to keep and maintain adequate

and current written records of all Inventions made by Executive (solely or jointly with others) during Executive's employment with the Company and subject to license or assignment under Section 6.a or 6.b. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

d. Patent and Copyright Registrations. Executive agrees to assist the

Company, or its designee, at the Company's expense, in every proper way, to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries. Executive will disclose to the Company all pertinent information and data which is necessary for the execution of all applications, specifications, oaths, assignments and all other instruments necessary to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask

work rights, or other intellectual property rights relating thereto. Executive further agrees that Executive's obligation to execute or cause to be executed, when it is in Executive's power to do so, any such instrument or papers shall

continue after the termination of this Agreement for a reasonable duration. If the Company is unable, because of Executive's mental or physical incapacity or for any other reason, to secure Executive's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the company as above, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters- patent or copyright registrations thereon with the same legal force and effect as if executed by Executive.

e. Exception to Assignments. The provisions of this Agreement requiring

assignment of Inventions to the Company do not apply to any invention which qualifies for protection or different treatment under the provisions of any applicable state law. Executive will advise the Company promptly in writing of any inventions that Executive believes meet the criteria of any applicable state law which affects ownership of Inventions.

7. Post-Termination Activity

a. Executive acknowledges that the pursuit of the activities forbidden by this subsection would necessarily involve the use or disclosure of Proprietary Information in breach of this Agreement, but that proof of such a breach would be extremely difficult. To forestall this use or disclosure, Executive agrees that, during the Severance Period (if any) or for a period of one year after the Period of Employment, whichever is longer, Executive shall not, without the Company's prior written consent (i) divert or attempt to divert from the Company any business of any kind in which the Company is then engaged; (ii) employ, solicit for employment, or recommend for employment any person employed by the Company (except where providing such job related references as are common in the industry); or (iii) except as otherwise addressed in this Agreement, accept employment with another company directly involved in developing the technology then in development for the Company at the time of Executive's termination in any state in which the Company conducts its business.

b. In addition, because Executive acknowledges the difficulty of establishing when any intellectual property, invention, or proprietary information was first conceived or developed by Executive, or whether it resulted from access to Proprietary Information or Company equipment, supplies, facilities, or data, Executive agrees that any intellectual property, invention, or proprietary information related to the development of ethical pharmaceuticals shall be rebuttably presumed to be an Invention, if reduced to practice by Executive or with the aid of Executive within one (1) year after termination of the Period of Employment. Executive may rebut such presumption by producing evidence which establishes to a preponderance that such intellectual property, invention, or proprietary information was first conceived or developed by Executive after the termination of the Period of Employment, or did not otherwise result from access to Proprietary Information or Company equipment, supplies, facilities, or data.

8. Termination of Employment

a. Termination by Company not for Cause. At any time, the Company may

terminate the Period of Employment for any reason other than for Cause (as defined below) by providing Executive fourteen (14) days' advance written notice. The Company shall pay to Executive all compensation due and owing through the last day actually worked and Executive shall be entitled

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to Severance in accordance with Section 9 below, subject to the conditions therein. In the event Company terminates the Period of Employment not for Cause, Executive shall be released from the obligations of Section 7 .a (iii) above. In addition, the Company may decline to allow the renewal of the Agreement in accordance with Section 2 .b. above, regardless of the existence of Cause, but in such case shall be obligated to provide only the benefits set forth in Section 2 .c above.

b. Termination by Company for Cause. At any time, and without prior notice,

the Company may terminate the Period of Employment for Cause (as defined below). The Company shall pay Executive all compensation then due and owing through the

last day actually worked. Executive will not be entitled to Severance. "Cause"

shall mean Executive's: (i) Commission of a felony involving moral turpitude; (ii) Repeated failure to perform services in accordance with the reasonable requests of superiors within the course and scope of Executive's duties; (iii) Commission of a material fraud, misappropriation, embezzlement or other act of gross dishonesty which resulted in material loss, damage or injury to the Company; or (iv) Death. Notwithstanding anything herein, however, if the Period of Employment is terminated by reason of the death of Executive, all unvested Options shall immediately vest and shall be exercisable by Executive's estate or heirs for two years thereafter, otherwise in accordance with the terms of his applicable Stock Option Grants with the Company.

c. By Executive Not for Good Reason. At any time, Executive may terminate

the Period of Employment for any reason other than Good Reason (as defined below) by providing the Company fourteen (14) days' advance written notice. The Company shall have the option, in its complete discretion, to make termination of the Period of Employment effective at any time prior to the end of such notice period, provided the Company pays Executive all compensation due and owing through the last day actually worked. Thereafter, all of the Company's obligations under this Agreement shall immediately and forever cease, except for those required by law, except for those which expressly survive termination of this Agreement and except that notwithstanding any vesting or termination provisions contained in Executive's applicable Stock Option Grants with the Company, Executive's unvested Options shall immediately vest upon such termination and Executive shall be able to exercise his vested Options for one year thereafter, otherwise in accordance with the terms of his applicable Stock Option Agreements with the Company. Executive, however, will not be entitled to Severance.

d. By Executive for Good Reason. At any time, and without prior notice,

Executive may terminate the Period of Employment for Good Reason (as defined below). The Company shall pay Executive all compensation due and owing through the last day actually worked, and Executive shall be entitled to Severance in accordance with Section 9 below, subject to the conditions therein. Thereafter, all obligations of the Company and Executive under this Agreement shall terminate, except for those which expressly survive termination of this Agreement. Neither the Company's giving of notice of termination in accordance with Section 2.b nor its termination of the Period of Employment for Cause shall constitute "Good Reason" for Executive to terminate the Period of Employment. "Good Reason" only shall exist if the Company undertakes any of the following

without Executive's prior consent: (i) The assignment to Executive of any duties or responsibilities which result in any material diminution or material adverse change of Executive's position, status or circumstances of employment; a change in Executive's titles or offices that results in any material diminution or material adverse change of Executive's position, status or circumstances of employment; or any removal of Executive from or any failure to re-elect Executive to any of such positions, except in connection with the

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termination of his employment for Cause, retirement, or any other voluntary termination of employment by Executive other than a termination of employment by Executive for Good Reason; (ii) A reduction by the Company in Executive's base salary by greater than ten (10) percent; (iii) Any failure by the Company to continue in effect any benefit plan or arrangement, including incentive plans or plans to receive securities of the Company, in which Executive is participating as of the date hereof (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would materially adversely affect Executive's participation in or reduce Executive's benefits under the Benefit Plans or deprive Executive of any fringe benefit enjoyed by Executive as in effect on the date hereof; provided, however, that no termination of employment by Executive for Good Reason shall be deemed to occur based upon this subsection 8.d (iii) if the Company offers a range of benefit plans and programs which, taken as a whole, are comparable to the Benefit Plans offered Executive before the action; (iv) A relocation of the Executive, or the Company's principal offices if Executive's principal office is at such offices, to a location more than fifty (50) miles from the location at which Executive was performing his duties as of the date hereof, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations as of the date hereof; (v) Any material breach by the Company of any provision of this Agreement; (vi) Any failure by the Company

to obtain the assumption of this Agreement by any successor or assign of the Company; or (vii) Any directive to Executive to perform any act which would expose him to personal legal liability or which, viewed objectively, is likely to constitute an unethical act ; or (viii) Any conduct directed to Executive by Company or any condition under which Executive works which constitutes constructive discharge under the principles of the governing law.

9. Severance

a. In the event that the Period of Employment is terminated in accordance with Sections 8.a or 8.d hereof and Executive signs a waiver agreement with terms modeled on the General Waiver of Claims, attached hereto as Exhibit D and

agreed to by the parties (the "Waiver"), the Company shall continue Executive's

then current base salary and COBRA premiums in accordance with the Company's normal payroll procedures for a period of twelve (12) months (the "Severance

Period"), and notwithstanding any vesting or termination provisions contained in

Executive's applicable stock option Grants with the Company Executive's unvested Options shall immediately vest and Executive shall have two years from the date of Executive's termination of employment to exercise his vested options otherwise in accordance with the terms of his applicable Stock Option Agreements with the Company. In the event the then current base salary is less than the compensation set out in Section 4 of this Agreement, Executive shall be entitled to severance calculated on the basis of the compensation set out in Section 4 of this Agreement.

b. Notwithstanding any other provision of this Agreement, Release I or II, or the Waiver, at any time should Executive engage in or pursue any of the activities described in Section 7 (except where advance consent has been granted, or except where released from Section 7 .a (iii) by virtue of a Termination by Company not for Cause or by virtue of a Termination by Executive for Good Reason) or should Executive not fulfill his obligations in Section 10 below, the Company's obligation to pay and Executive's entitlement to any Severance or Non-Renewal Benefits shall immediately and forever cease.

10. Termination Obligations.

Executive agrees that his obligations under Sections 5 and 6 of this Agreement survive the expiration of this Agreement.

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11. Alternative Dispute Resolution

a. The Company and Executive mutually agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between the parties, shall be submitted to mediation before a mutually agreeable mediator, which cost is to be borne equally by the parties hereto. In the event the parties are unable to agree upon a mediator, the mediator shall be Douglass Hamilton or such person as Hamilton Mediation Inc. designates. In the event mediation is unsuccessful in resolving the claim or controversy, such claim or controversy shall be resolved by arbitration as described below. The claims covered by this Agreement ("Arbitrable Claims") include, but are not

limited to, claims for wages or other compensation due; claims for breach of any contract (including this Agreement) or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, religion, national origin, age, marital status, medical condition, or disability); claims for benefits (except where an Executive benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other law, statute, regulation, or ordinance, except claims excluded in the following paragraph. The parties hereto hereby waive any rights they may have to trial by jury in regard to Arbitrable Claims.

b. Claims Executive may have for workers' compensation or unemployment compensation benefits are not covered by this Agreement. Also not covered is either party's right to obtain provisional remedies or interim relief from a court of competent jurisdiction for any claim or controversy arising out of or related to the unauthorized use, disclosure, or misappropriation of the confidential and/or proprietary information of either party. Notwithstanding anything in this Agreement to the contrary, however, should either party

initiate litigation in any court as authorized by this section, the other party may assert any claims he or it may have as counterclaims or separate claims in such court and shall not be obligated to resolve them by mediation and/or arbitration.

c. Except as provided in Section 11.b, mediation and arbitration under this Agreement shall be the exclusive remedy for all Arbitrable Claims. The Company and Executive agree that arbitration shall be held in or near Multnomah County, Oregon, or such location as the parties mutually agree upon, and shall be in accordance with the then current Employment Dispute Resolution Rules of the American Arbitration Association, before an arbitrator licensed to practice law in the State of Oregon or such other forum as the parties have agreed upon. The arbitrator shall have authority to award or grant legal, equitable, and declaratory relief. Such arbitration shall be final and binding on the parties. The Federal Arbitration Act shall govern the interpretation and enforcement of this section pertaining to Alternative Dispute Resolution. The parties shall use their best efforts to agree upon an Arbitrator. If the parties are unable to agree upon an Arbitrator within 14 days of either party requesting arbitration of a dispute, the Arbitrator shall be designated by Douglass Hamilton or Hamilton Mediation Inc.

d. This Agreement to mediate and arbitrate survives termination of the Period of Employment.

12. Miscellaneous

a. Legal Fees. If any action at law or in equity or arbitration is

necessary to enforce or interpret the terms of this Agreement, to the extent permitted by law, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which the prevailing party may be entitled.

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b. Entire Agreement. This Agreement (inclusive of exhibits and attachments

and incorporated documents) represents the entire agreement and understanding between the parties regarding its subject matter, supersedes and replaces any and all prior agreements and understandings regarding its subject matter.

c. Amendments, Waivers. This Agreement may only be modified by a

subsequent written agreement executed by the Chief Executive Officer of the Company (after approval of the Company's Board of Directors) and Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

d. Assignment; Successors and Assigns. This Agreement shall not be

assignable by either party without the express written consent of the other.

e. Notices. All notices required or given herewith shall be addressed to

the parties at the addresses designated above by registered mail, special delivery, or by certified courier service. Executive shall notify Company in writing of any change of address. Notice of change of address shall be effective only when done in accordance with this Section.

f. Severability; Governing Law. If any provision of this Agreement, or its

application to any person, place, or circumstance, is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced (by blue-penciling or otherwise) to the greatest extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, or circumstances shall remain in full force and effect. This Agreement will be governed by the laws of the State of Oregon.

g. Acknowledgment. Company and Executive acknowledge that they have been

afforded every opportunity to and have read this Agreement, are fully aware of its contents and legal effect, and have chosen to enter into this Agreement freely, without coercion, and based upon their own judgment. The parties have duly executed this Agreement as of the date first written above.

EXECUTIVE

/s/ Humberto V. Reyes

Humberto V. Reyes

COMPANY

OXIS International, Inc.

By: /s/ Ray R. Rogers

Name: Ray R. Rogers
Title: Chairman

By: /s/ Stuart Lang

Name: Stuart Lang
Title: Chairman, Audit and
Compensation Committee

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