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

FORM 10-K

[X]ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 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.
A Delaware corporation
I.R.S. Employer Identification No. 94-1620407
6040 N. Cutter Circle, Suite 317
Portland, OR 97217
Telephone: (503) 283-3911

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.001 par value

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 [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Aggregate market value of the voting stock held by nonaffiliates of the Registrant as February 28, 2001 (assuming conversion of all outstanding voting preferred stock into common stock) was $5,169,975.

Number of shares outstanding of Registrant's common stock as of February 28, 2001: 9,560,458 shares.

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PART I

Certain statements set forth below may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements. With respect to the Company, the following factors, among others, could cause actual results or outcomes to differ materially from current expectations: the possible inability to obtain financing; uncertainties relating to patents and proprietary information; the potential for patent-related litigation expenses and other costs resulting from claims asserted against the Company or its customers by third parties; achievement of product performance specifications; the ability of new products to compete successfully in either existing or new markets; the potential for adverse fluctuations in foreign currency exchange rates; the effect of product or market development activities; availability and future costs of materials and other operating expenses; competitive factors; the risks involved in international operations and sales; the performance and needs of industries served by the Company and the financial capacity of customers in these industries to purchase the Company's products; as well as other factors discussed under the heading "RISK FACTORS" in Item 1. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements. The Company disclaims any obligation subsequently to revise or update forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence

of anticipated or unanticipated events.

ITEM 1. BUSINESS.

Introduction

OXIS International, Inc., ("OXIS" or the "Company"), a Delaware corporation, is engaged in the discovery, development and commercialization of therapeutic and diagnostic products to diagnose, treat and prevent diseases of oxidative stress. Oxidative stress occurs when the concentration of free radicals and reactive oxygen species ("ROS"), highly reactive molecules produced during oxidative processes, exceed the body's antioxidant defense mechanisms.

In February 1998, the Company's Board of Directors approved the restructuring of the Company into two wholly owned subsidiaries, OXIS Health Products, Inc. and OXIS Therapeutics, Inc. The restructuring was completed in April 1998. Since that time the Company's commercial health products business, which manufactures and sells medical instruments and markets research and commercial diagnostic assays and fine chemicals to research and clinical laboratories and other customers, has been carried out by OXIS Health Products, Inc. The Company's drug discovery business, which is focused on new drugs to treat diseases associated with tissue damage from free radicals and ROS, is being carried out by OXIS Therapeutics, Inc. For financial information about these two operating segments, see Note 7 to the consolidated financial statements.

The Company's lead therapeutic drug candidate, BXT-51072, completed a Phase IIA clinical trial in inflammatory bowel disease ("IBD") in 1999. A larger Phase IIB trial is in the planning stages. Two other therapeutic programs are in the preclinical stage of development.

The Company derives revenues primarily from sales of medical instruments, diagnostic assays and fine chemicals, primarily ergothioneine and bovine superoxide dismutase ("bSOD"). The Company's diagnostic products include twenty assays to measure markers of oxidative stress and fourteen commercial therapeutic drug monitoring ("TDM") assays based on fluorescence polarization immunoassay technology ("FPIA") that have been manufactured on a contract basis for the company that purchased that technology in 1999.

The Company has invested significant resources to build an early and substantial patent position on both its antioxidant therapeutic technologies and selected oxidative stress assays.

The Company's corporate offices and assay manufacturing facilities are located in a 15,000 sq. ft. facility at 6040 N. Cutter Circle, Suite 317, Portland, OR 97217. Facilities for developing and manufacturing medical instruments are located at 55 Steam Whistle Drive, Ivyland, PA 18974.

Research and Development

The Company's research and development programs with respect to its therapeutics business are carried out by OXIS Therapeutics, Inc. OXIS' strategy is to develop potent, synthetic, small molecular weight (and therefore orally bioavailable) antioxidants which can penetrate cells in high concentrations to protect against direct ROS damage as well as reduce the activation of transcription factors such as NFkB and therefore reduce inflammation, apoptosis and other major and fundamental disease processes. If vitamins can be viewed as the first generation of antioxidants and large enzymes, such as superoxide dismutase ("SOD") can be viewed as the second generation antioxidants, OXIS believes it is now developing the third generation of antioxidants.

OXIS Technology

Because of the wide range of diseases and organ systems affected by oxidative stress and its consequences, no single compound or family of compounds is likely to be appropriate for all indications. For this reason, OXIS is developing three families of molecules which are targeted to different disease indications.

The Company is targeting acute and subacute inflammatory diseases with a

family of small molecular weight mimics of the enzyme glutathione peroxidase ("GPx"). These molecules have been demonstrated to block direct oxidative damage in vitro, to block NFkB activation at low nanomolar concentrations and to block the production of numerous cytokines and other molecules which are under the control of NFkB. These molecules have also been shown in animal models to block endotoxic shock, restenosis and inflammatory bowel disease.

The second series of molecules is designed to mimic the salutary activity of vitamin E while addressing its limitations as a pharmaceutical. Vitamin E is the predominant natural lipid soluble antioxidant in animals and, as such, has a primary role in the protection of cell membranes from damage from ROS. This role is critical in cardiovascular and central nervous system disease. The limitations of vitamin E as an antioxidant are its potency, which is very low, and its kinetics of membrane incorporation. In-vitro models have shown the OXIS Lipid Soluble Antioxidants (LSAs) are twenty to forty fold more potent than vitamin E as antioxidants and are incorporated into membranes a great deal more quickly. These molecules are currently targeted for development in the area of cardiovascular and neurodegenerative disease.

The third series of molecules is designed around a natural antioxidant known as l-ergothioneine. L-ergothioneine itself is a sulfur-containing antioxidant, related to glutathione, which is a natural product and which is contained in tissues in the body subjected to significant oxidative stress such as the lens of the eye, the liver and red blood cells. Unlike glutathione, l-ergothioneine is stable in aqueous solutions and is well absorbed orally. Humans do not synthesize l-ergothioneine and therefore require it in their diet. It has been demonstrated to be depleted in the lens of the eye in patients with cataracts. OXIS holds a patent for what it believes to be the only commercially feasible synthetic process for pure l-ergothioneine. In addition, Company scientists have synthesized a series of proprietary analogs of l-ergothioneine which are more potent and which can be developed in areas where a proprietary position on natural l-ergothioneine is not available.

Selection of Clinical Targets

OXIS believes that the control or elimination of oxidative stress represents an important but largely untapped area for drug development that holds potential for significant clinical benefit. A large number of complex diseases are thought to be directly caused by damage from free radicals and other ROS, and many others have a component attributable to oxidative stress. Many of these are diseases for which there is currently no acceptable therapy, or the therapy is inadequate.

OXIS has selected inflammatory bowel disease, including ulcerative colitis and Crohn's disease, cardiovascular disease and the neurodegenerative diseases as its primary targets.

Several factors were considered in selecting these major disease areas and indications including: scientific rationale; unmet medical need; market size; potential partners; competing therapeutic strategies; and cost to develop a marketable outlicensing package. The markets initially chosen in terms of target indications also represent an extension of OXIS' strategy to reduce the time and costs required for the development of antioxidant therapeutics. In each of the pharmaceutical project focus areas, potential alliance partners will be identified. As of the date of this report, the Company has not entered into any agreements with such alliance partners.

Markets

The prevalence of ulcerative colitis is estimated to be 0.1% in developed countries. This yields an approximate population of 250,000 patients in the U.S. and 300,000 in western Europe. Crohn's disease, which the Company believes will also be amenable to therapy with BXT-51072, has approximately the same prevalence, so the combined market for the U.S. and Europe is between 1-1.2 million patients. Using a conservative pricing estimate of $1,000 per patient per year, this yields a market size of approximately one billion dollars per year.

Other indications for BXT-51072 or a follow-on compound, such as restenosis, inflammatory arthritis, stroke and reperfusion injury would add significantly to the market potential.

The LSAs will be initially targeted for neurodegenerative and cardiovascular diseases. These markets represent multi-billion dollar opportunities, but given the early stage of development of these molecules, specific market estimates are not yet meaningful.

Clinical results to date with BXT-51072

To date, BXT-51072 has been administered to over 50 patients and volunteers in one Phase I study and a Phase IIA study in patients with ulcerative colitis. No drug related serious adverse events have been seen to date and the drug has been shown to be rapidly absorbed by the oral route.

In the Phase IIA trial, 20 patients with mild to moderate ulcerative colitis who had failed first line therapy (5-ASA drugs) received one of two dosage regimens of BXT-51072 for 28 days. The primary end point was the Mayo Colitis Activity Index ("CAI"), a well accepted composite clinical disease activity score. Findings from this Phase IIA trial include:

. There is a statistically significant improvement in CAI from Day 1 to Day 28 in both dose groups;

. Several patients had rapid, dramatic improvements in their clinical picture;

. There is a suggestion (not statistically significant) of a dose response.

In addition, biochemical tests performed on colon biopsy specimens showed a reduction in markers of oxidative stress with treatment.

The Company is currently planning a larger Phase IIB trial to confirm these initial encouraging findings.

Other Programs

In addition to its research and development programs in synthetic antioxidants, OXIS also has conducted research programs in the development of oxidative stress assays, bovine superoxide dismutase and poly-ethylene glycol technology. The status of these programs are as follows:

Oxidative Stress Assays. The Company has developed thirteen research assay kits for markers of oxidative stress that are designed to ultimately facilitate diagnosis and optimize therapy of free radical-associated diseases. These assays are being sold by OXIS Health Products, Inc. primarily to basic researchers and clinicians working in oxidative stress research. These assays also provide developmental

synergy for the pharmaceutical research and development programs by facilitating the assessment of oxidative stress in laboratory studies and in patients.

Bovine Superoxide Dismutase (bSOD). The Company also has extensive experience in developing, manufacturing and marketing bovine superoxide dismutase ("bSOD"). Bovine superoxide dismutase has been previously studied in numerous clinical trials by OXIS and other companies. OXIS is not currently pursuing an active research program in bSOD, but through its subsidiary, OXIS Health Products, Inc., supplies bulk bSOD for human use.

Poly-Ethylene Glycol Technology (PEG). The Company is not currently pursuing an active research program in PEG technology. During 1999 the Company entered into a licensing arrangement giving Enzon, Inc. the right to its PEG technologies.

Overall, the Company has an extensive portfolio of patents that cover its synthetic antioxidant therapeutic molecules, assays for markers of oxidative stress and fine chemicals. The Company currently holds twenty-four U.S. patents and two French patents on other compounds expiring between 2006 and 2019.

The Company's overall research and development strategy has been to discover and advance its therapeutic molecules through early stage clinical trials to

demonstrate efficacy in the target disease populations. The Company expects to seek strategic pharmaceutical partners for later stage clinical development and commercialization of its therapeutics, but, to date, has not entered into any such partnership and no assurances can be given that it will enter into any such partnership. Without such partnerships, it is unlikely that the Company will be able to complete the development of its therapeutics.

Much of the Company's success depends on its potential products which are in research and development and from which no material revenues have yet been generated. The Company must successfully partner, develop, obtain regulatory approval for and market or sell its potential therapeutic products to achieve profitable operations. No assurances can be given that the Company's product development efforts will be successfully completed, that required regulatory approvals will be obtained, or that any such products, if developed and introduced will be successfully marketed. Furthermore, no assurances can be given that the Company will be able to raise the working capital necessary to continue to advance its research and development programs. Competition in the pharmaceutical industry is intense, and no assurances can be given that OXIS' competitors will not develop technologies and products that are more effective than those being developed by OXIS.

Research and development expenses were $1,910,000, $2,401,000 and $4,374,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Commercial Health Products

Diagnostic Products

Revenues from sales of the Company's diagnostic assays and fine chemicals comprised 61% of its revenues in 2000, 37% of its revenues in 1999 and 43% of its revenues in 1998.

Oxidative Stress Research Products. The Company offers more than 140 research products for sale that include:

- Assays for markers of oxidative stress
- Spin traps
- Antibodies
- Proteins
- Specialty chemicals
- Controls

The primary technology foundation for the research product line are twenty assay test kits which measure key markers in free radical biochemistry (markers of oxidative stress). Specifically, these assays measure levels of antioxidant protection, oxidative alterations, and pro-oxidant activation of specific white blood cells.

These assay kits utilize either chemical (colorimetric) or immunoenzymatic (EIA) reactions that can be read using laboratory spectrophotometers and microplate readers, respectively. The Company believes its assays offer advantages over conventional laboratory methods, including ease of use, speed, specificity and accuracy.

The assays for markers of oxidative stress are currently being sold to researchers in Europe, Japan and the United States, primarily through distributors. The Company estimates that there are more than 7,500 scientists and clinicians who are working directly in research on free radical biochemistry, and who are potential customers for these research assays. Thirteen of the Company's research assays are manufactured at the facility in Portland, Oregon. The others are manufactured pursuant to private label agreements.

The Company's assays for markers of oxidative stress are generally protected by trade secrets, and to a more limited extent, patents. Four U.S. patents have been issued with respect to these assays. The oxidative stress assays are sold under the registered trademark "Bioxytech(R)".

Several companies other than OXIS have developed assays for markers of oxidative stress and offer assays that compete directly with the Company's

assays for superoxide dismutase, cellular glutathione peroxidase, reduced glutathione, lipid peroxidation and glutathione reductase. No assurances can be given that the Company will compete successfully with such competitive assays.

All of the research products are manufactured in batches in anticipation of customer orders. Orders are generally filled within a few days; therefore, the Company does not have any significant backlog of orders for its research products. The Company believes that adequate supplies of raw materials are either currently on hand, available from commercial suppliers or available through development on a custom basis by commercial contractors, as needed.

Therapeutic Drug Monitoring Assays. In its Portland, Oregon facility the Company has been manufacturing fourteen TDM assays which are based on FPIA technology.

The TDM products were sold through a combination of direct customer sales and distributors in the United States, and through a network of distributors outside the United States, principally in Europe. Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. Proceeds from the sale consisted of $500,000 cash, a non-interest bearing note (collected in 1999) and a warrant granting the Company the right to acquire an equity interest in the purchaser of the assets.

The Company recognized $911,000 as compensation for the intellectual property and contract rights. This amount has been included in revenues for 1999. The Company entered into an agreement with the purchaser of the therapeutic drug monitoring assays pursuant to which the Company has continued to manufacture the products and perform certain other services for the purchaser through 2000. The sale of intellectual property and contract rights together with product sales to the purchaser amounted to 21% of the Company's revenues in 1999, and product sales to the purchaser amounted to 20% of the Company's revenues in 2000. The agreement to manufacture TDM products has terminated, and the Company does not expect to manufacture any TDM products after the first quarter of 2001.

Wellness Services. The Company's Wellness Services program is intended to provide products and services to help consumers make informed decisions regarding their current and future health goals.

The Company currently participates in this market by offering its At Home Health Check(TM) kits to test free radical activity and female hormone levels. Revenues from these products through 2000 have not been significant.

OxyScan Instrument System. The Company has developed the OxyScan System which includes both reagents and instrumentation to measure oxidative and nutritional status. The Company believes the OxyScan System to be the first dedicated system on the market for measurement of oxidative and nutritional status. Several OxyScan instruments have been placed in research centers, but through 2000, revenues from the sale of OxyScan instrument have not been significant.

The Company believes that its combination of reagent technology and instrumentation offers this market for the first time a dedicated system to facilitate testing without the extra steps involved with other manual methodologies. The OxyScan System will provide faster assay throughput and better turnaround time for oxidative damage and nutritional supplement assays than has previously been available. The Company believes that it will have a competitive advantage by offering a dedicated system for oxidative and nutritional status testing which offers the following advantages (i) reduced labor costs, (ii) reduced reagent costs, (iii) improved turnaround time and (iv) testing flexibility. The Company commenced marketing the OxyScan in 1999. No assurances can be given that the OxyScan will become a commercially successful product.

Medical Instruments

The Company's subsidiary, OXIS Instruments, Inc., develops, manufactures, markets and sells instruments (primarily medical instruments) in its Pennsylvania facility. Revenues from the development and sale of instruments

comprised approximately 35% of the Company's total revenues in 2000, 18% in 1999 and 48% in 1998. Instruments currently being manufactured include tissue processors, automated stainers and the OxyScan instrument. OXIS Instruments, Inc., generally manufactures product to fill specific orders, and had a backlog of orders of approximately $440,000 at December 31, 2000 and $500,000 at December 31, 1999. While the Company believes such orders to be firm, orders from customers are generally cancelable. The Company believes that adequate supplies of raw materials are either currently on hand or available from commercial suppliers, as needed.

Therapeutic Products

Revenues from sales of bulk bSOD and sales of Palosein(R), the Company's veterinary bSOD product, comprised approximately 19% of the Company's total revenues in 1999 and 4% in 1998. No bulk bSOD or Palosein(R) was sold during 2000.

Bovine SOD (bSOD) Products. Commercial-scale manufacture and quality control of bulk bSOD, as well as subsequent quality control and processing of United States Department of Agriculture-inspected edible beef liver into highly purified bulk bSOD requires a complex, multi-step process. OXIS has significant knowledge regarding the manufacture of bSOD that is protected through trade secrets and proprietary know-how.

The Company has an agreement with Diosynth B.V., a Dutch contract manufacturer of pharmaceutical ingredients, to manufacture bulk bSOD and supply it to OXIS under the terms of a license based on the Company's processes. Diosynth B.V. is an affiliate of AKZO-Nobel N.V., a large, Dutch multinational chemical and health care company. The Company believes that its present source of bSOD is adequate for its near-term foreseeable needs.

The Company's patents protecting the manufacture of bSOD have expired. Expiration of the Company's patents may enable other companies to benefit from research and development efforts of the Company, but such other companies would not receive the benefits of the Company's unpatented trade secrets and know-how or unpublished preclinical or clinical data.

The Company sells bulk bSOD for human use outside the United States, but does not market dosage forms of bSOD for human use. The Company does not currently intend to seek approval for human use of bSOD in the United States for any indication, and only intends to sell bulk bSOD to the extent that there is a demand for it. Palosein(R) is OXIS' registered trademark for its veterinary brand of bSOD. The Company is currently negotiating

the sale of the Palosein(R) product line. Although there are other sources of bSOD and other laboratory and pilot-scale processes to produce bSOD, the Company believes that it is the only company manufacturing bSOD on a commercial scale for pharmaceutical uses.

The Company's Spanish licensee, Tedec-Meiji Farma, S.A., which distributes bSOD for human use in Spain, has been responsible for a significant portion of the Company's revenues in recent years. Sales of bSOD to Tedec-Meiji were 16% of the Company's revenues in 1999. No sales were made to Tedec-Meiji during 1998 or 2000. The Company is currently negotiating orders for delivery of bulk bSOD to Tedec-Meiji in 2001.

Risk Factors

Need for Additional Financing

The Company has incurred losses in each of the last five years. As of December 31, 2000, the Company had an accumulated deficit of approximately $54,386,000. The Company expects to incur operating losses for the foreseeable future. The Company currently does not have sufficient capital resources to complete the Company's contemplated development programs and no assurances can be given that the Company will be able to raise such capital on terms favorable to the Company or at all. The unavailability of additional capital could cause the Company to cease or curtail its operations and/or delay or prevent the development and marketing of the Company's potential pharmaceutical products.

Research and Development Stage Products

Much of the Company's success depends on potential products which are in research and development and no material revenues have been generated to date from sales of these potential products. The preclinical work for one potential new therapeutic product is completed, and the clinical development stage has commenced. No assurance can be given that the Company's product development efforts will be successfully completed, that required regulatory approvals will be obtained, or that any such products, if developed and introduced, will be successfully marketed. If the Company does not successfully introduce new products, its revenues and results of operations will be materially adversely affected.

Future Profitability Uncertain

The Company expects to incur operating losses for the foreseeable future. The Company's research and development expenses are expected to increase as the Company continues human clinical testing. These losses and expenses may increase and fluctuate from quarter to quarter as the Company expands its development activities. There can be no assurance that the Company will ever achieve profitable operations. The report of the Company's independent auditors on the Company's financial statements for the period ended December 31, 2000 includes an explanatory paragraph referring to the Company's ability to continue as a going concern. The Company anticipates that it will expend significant capital resources in product research and development and in human clinical trials. Capital resources may also be used for the acquisition of complementary businesses, products or technologies. The Company's future capital requirements will depend on many factors including: continued scientific progress in its research and development programs; the magnitude of these programs; the success of preclinical and clinical trials; the costs associated with the scale-up of manufacturing; the time and costs required for regulatory approvals; the time and costs involved in filing, prosecuting, enforcing and defending patent claims; technological competition and market developments; the establishment of and changes in collaborative relationships; and the cost of commercialization activities and arrangements.

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 pharmaceutical and/or biotechnology companies to develop and market these products. To date, the Company has not established such business alliances and there can be no assurance that the Company's effort to develop such business alliances will be successful.

Company is in Highly Competitive Business

The biopharmaceutical industry is highly competitive. Competition in most of the Company's primary current and potential product areas from large pharmaceutical companies, and other companies, universities and research institutions is intense and expected to increase. Relative to the Company, many of these entities have substantially greater capital resources, research and development staffs, facilities and experience in conducting clinical trials and obtaining regulatory approvals, as well as in manufacturing and marketing pharmaceutical products. In addition, these and other entities may have or may develop new technologies or use existing technologies that are, or may in the future be, the basis for competitive products.

Any potential products that the Company succeeds in developing and for which it gains regulatory approval will have to compete for market acceptance and market share. For certain of the Company's potential products, an important factor in such competition may be the timing of market introduction of competitive products. Accordingly, the relative speed with which the Company can develop products, complete the clinical testing and regulatory approval processes and supply commercial quantities of the product to the market are expected to be important competitive factors. The Company expects that a competitive edge will be based, among other things, on product efficacy, safety, reliability, availability, timing and scope of regulatory approval and product price. There can be no assurance that the Company's competitors will not develop technologies and products that are more effective than those being developed by the Company. In addition, certain of the Company's competitors

may achieve product commercialization or patent protection prior to OXIS.

NASDAQ Listing

As further discussed in Item 5 the Company has failed to meet certain requirements for continued listing on the Nasdaq National Market.

If the Company's common stock ceases to be listed on the Nasdaq National Market, such failure to be listed could have a material adverse effect on the transferability of the common stock, and may have a material adverse effect on the value of the common stock as well.

Employees

As of December 31, 2000, the Company had 50 employees in the United States and 2 employees in the United Kingdom. None of the Company's employees are subject to a collective bargaining agreement. The Company has never experienced a work interruption.

Foreign Operations and Export Sales

For information regarding the Company's foreign operations and export sales, see Note 7 to the consolidated financial statements.

ITEM 2. PROPERTIES.

The Company occupies, pursuant to leases expiring in 2001, office, laboratory and manufacturing space near Philadelphia, Pennsylvania and in Portland, Oregon. The space in Portland, Oregon is shared by the Company's health products and therapeutic development segments. The Pennsylvania space is occupied by the Company's instrument manufacturing subsidiary, a part of its health products segment.

Although the premises currently occupied are suitable for the Company's present requirements, the Company believes that other equally suitable premises are readily available.

ITEM 3. LEGAL PROCEEDINGS.

In March 2000 the Company filed a complaint in the United States District Court for the Eastern District of Pennsylvania against Joseph B. Catarious, Jr., a former employee and former majority owner of Innovative Medical Systems Corp. ("IMS"). In the complaint the Company seeks to recover damages from Mr. Catarious for breaches of representations and warranties made by him in the agreement pursuant to which the Company acquired IMS in December 1997 (the "IMS Agreement"). Because it believes that Mr. Catarious has committed breaches of his representations and warranties and the damages claimed exceed the value of the payments in stock that would otherwise have been payable to Mr. Catarious the Company has withheld the stock payment that would have been payable in 1999. The Company seeks compensatory damages in excess of $150,000 and seeks a judgment that it has properly exercised its right of offset, and that it is under no obligation to transfer any additional stock or other consideration to Mr. Catarious pursuant to the IMS Agreement.

Mr. Catarious filed a counterclaim in May 2000 and an amended counterclaim against the Company and its subsidiary, OXIS Health Products, Inc., in August 2000. Mr. Catarious denies having made any misrepresentations, and he is claiming damages in excess of $3.5 million for alleged breaches of the IMS Agreement and Mr. Catarious' employment agreement.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

At the Company's Annual Meeting of Stockholders held on December 12, 2000 ("2000 Stockholders Meeting"), the Company's stockholders elected the following persons to Company's Board of Directors:

<TABLE>
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Name	Common shares FOR	Common shares WITHHELD	Series B Preferred FOR*	Series B Preferred WITHHELD*	Series C Preferred FOR*	Series C Preferred WITHHELD*

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Timothy G. Biro.....	5,084,343	71,840	85,677	0	0	0
Joseph F. Bozman, Jr. ..	5,082,320	73,863	85,677	0	0	0
Richard A. Davis.....	5,084,495	71,688	85,677	0	0	0
Stuart S. Lang.....	5,084,453	71,730	85,677	0	0	0
Timothy C. Rodell, M.D.....	5,079,672	76,511	85,677	0	0	0
Ray R. Rogers.....	5,071,754	84,429	85,677	0	0	0

* In equivalent common votes.

At the 2000 Stockholders' Meeting, the stockholders also approved an amendment to the Company's 1994 Stock Incentive Plan to increase the number of shares of common stock available for issuance thereunder by 885,000 shares, to an aggregate of 2,250,000 shares (1,314,716 common shares, Series B Preferred shares with 85,677 equivalent common votes and no Series C Preferred shares voting for; 264,936 common shares voting against; 113,632 common shares abstaining; and 3,462,899 broker non-votes).

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the Nasdaq Stock Market's National Market and the French stock market, Le Nouveau Marche, under the symbol "OXIS".

Recent quarterly high and low sales prices of the Company's common stock on the Nasdaq Stock Market are as follows:

	2000				1999			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
High.....	1.125	2.250	5.000	10.000	8.000	1.250	2.250	3.000
Low.....	.281	1.000	1.563	1.250	.313	.688	.750	1.250

The Company has an estimated 8,300 shareholders, including approximately 4,800 shareholders who hold their shares in street name. The Company utilizes its assets to develop its business and, consequently, has never paid a dividend and does not expect to pay dividends in the foreseeable future.

The Company received a Nasdaq staff determination on March 15, 2001 indicating that, because the bid price of its common stock has continued to be less than $1.00, the Company fails to comply with Nasdaq's minimum bid price requirement for continued listing set forth in Nasdaq's Marketplace Rule 4450(a)(5), and that its common stock is, therefore, subject to delisting from the Nasdaq National Market. The Company has requested a hearing before a Nasdaq Listing Qualifications Panel to review the staff determination. There can be no assurance the Panel will grant the Company's request for continued listing.

Nasdaq also notified the Company on March 12, 2001 that it has failed to meet Nasdaq's requirement to maintain a minimum market value of public float of $5,000,000 under Marketplace Rule 4450(a)(2). This deficiency, if not corrected by June 11, 2001, could also result in delisting of the Company's common stock from the Nasdaq National Market. There can be no assurance that such deficiency can be corrected.

If the Company's common stock ceases to be listed on the Nasdaq National Market, such failure to be listed could have a material adverse effect on the transferability of the common stock, and may have a material adverse effect on the value of the common stock as well.

ITEM 6. SELECTED FINANCIAL DATA.

The following tables set forth selected historical consolidated financial data of the Company. This information should be read in conjunction with the consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
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For years ended December 31:	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Total Revenues(1).....	$ 3,540,000	$ 7,165,000	$ 5,147,000	$ 5,059,000	$ 4,867,000
Net loss.....	$(4,636,000)	$(4,447,000)	$(7,129,000)	$(5,151,000)	$(5,992,000)
Net loss per share-- basic and diluted.....	$ (.50)	$ (.56)	$ (1.02)	$ (1.17)	$ (2.34)

<CAPTION>

As of December 31:	2000	1999	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>
Total assets.....	$ 5,625,000	$ 5,184,000	$11,168,000	$12,575,000	$ 7,997,000
Long-term obligations...	$ 150,000	$ 194,000	$ 1,613,000	$ 1,570,000	$ 2,000
Common shares outstanding.....	9,560,458	7,928,784	7,845,352	5,719,265	2,758,149

</TABLE>

(1) Earned interest not included in revenue.

ITEM 7. 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 2000 from $924,000 as of December 31, 1999 to $2,511,000 as of December 31, 2000. This increase in working capital resulted primarily from proceeds of $6,068,000 from the sale of common stock, offset by the net loss for 2000 ($4,636,000 less non-cash charges of $516,000).

Cash and cash equivalents increased from $789,000 at December 31, 1999 to $2,059,000 at December 31, 2000.

The Company expects to continue to report losses in 2001 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.

Additional capital will be required during 2001 to continue operating in accordance with its current plans. If the Company is unable to generate additional funding through an increase in revenues, additional borrowings or raising additional capital during 2001, it intends to curtail its operations through the reduction of personnel and facility costs and by reducing its research and development efforts; however, no assurances can be given that it will be able to do so. If the Company were to be unable to sufficiently curtail its costs in such a situation, it might be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

See the information under the heading "RISK FACTORS" in Item 1 for a further discussion of these matters. For more information concerning the Company's ability to continue as a going concern, see Note 1 to the consolidated financial statements.

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.

Results of Operations

Possible Divestiture of Assets

During 2000 the Company's Board of Directors considered divesting substantially all of the assets of OXIS Health Products, Inc. and focusing the Company's efforts in the area of ethical pharmaceutical development. A special committee of the Board of Directors was charged with the responsibility of completing an investigation of an offer to purchase the Health Products assets as well as any other avenues of sale. The offer was subsequently withdrawn. The Company's Board of Directors is no longer planning to divest the assets of OXIS Health Products, Inc.

Revenues

The Company's revenues for the past three years consisted of the following:

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Research assays and fine chemicals.....	$1,429,000	$1,098,000	$ 793,000
Therapeutic drug monitoring assays.....	722,000	1,547,000	1,438,000
Medical instruments.....	1,226,000	1,319,000	2,477,000
bSOD for research and human use.....	--	1,123,000	8,000
Palosein(R) (bSOD for veterinary use).....	--	237,000	220,000
License and sale of technology.....	--	1,511,000	--
Other.....	163,000	330,000	211,000
Total sales.....	$3,540,000	$7,165,000	$5,147,000

</TABLE>

In 1999 sales of research assays and fine chemicals increased by $305,000 due to an increase in sales volume of assays to measure markers of oxidative stress and bulk components of those assays. In 2000 sales of research assays and fine chemicals increased by an additional $331,000. The increase in 2000 was due to the release of two new research assays in 2000 and further increases in the volume of other research assays as well as an increase in sales of l-ergothioneine of $216,000.

In 1999 sales of therapeutic drug monitoring assays increased by $109,000, from $1,438,000 to $1,547,000. In 2000 sales of therapeutic drug monitoring assays declined by $825,000, to $722,000.

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 year ended December 31, 1999 include $158,000 for the sale of the therapeutic drug monitoring finished goods inventory to the purchaser of the rights to this technology. Increased sales volumes to the Company's distributors in the first six months of 1999 also contributed to the increase. Therapeutic drug monitoring assay revenues subsequent to June 29, 1999 represent sales of assays and services to the purchaser of the rights to this technology. Such revenues in the second half of 1999 were less than the therapeutic drug monitoring assay sales in the second half of 1998. In 2000 the Company continued to produce therapeutic drug monitoring assays on a contract basis for the purchaser of the rights to the technology, but the total volume was less than in 1999, and the average prices at which the products were sold has been substantially lower subsequent to June 1999. The Company's agreement to manufacture these products has terminated, and the Company does not expect to manufacture or sell any therapeutic drug monitoring products after the first quarter of 2001.

Revenue from instrument sales and development declined by $1,158,000 from $2,477,000 in 1998 to $1,319,000 in 1999. This decrease resulted from reduced orders from certain customers for whom the Company acts as an original equipment manufacturer. Revenue from instrument sales and development declined further in 2000, to $1,226,000 due to further volume reductions.

Sales of bSOD have been made primarily to the Company's Spanish licensee.

The Company sold bulk bSOD to this customer in 1999, but not in 1998 or 2000. The Company is currently negotiating orders for delivery of bulk bSOD to the Spanish licensee in 2001. Future sales of bulk bSOD beyond 2000 are largely dependent on the needs of the Company's Spanish licensee which are uncertain and difficult to predict and no assurances can be given that the Company will continue to sell bulk bSOD to its Spanish licensee.

Palosein(R) sales increased modestly, from $220,000 in 1998 to $237,000 in 1999. The Company did not sell Palosein(R) in 2000, and is negotiating a sale of the Palosein(R) product line.

Revenues from the license and sale of technology in 1999 consist of $911,000 recognized as compensation for the intellectual property and contract rights relating to the therapeutic drug monitoring assays and $600,000 paid to the Company for the assignment of the Company's patents relating to poly-ethylene glycol technology.

Costs and Expenses

Cost of sales decreased slightly from 83% of product sales in 1998 to 82% of product sales in 1999. Improved margins in 1999 on sales of research assays and therapeutic drug monitoring assays were mostly offset by the excess ($368,000) of the cost of technology sold over the proceeds from the sale of technology and an increase in instrument manufacturing costs as a percentage of instrument sales, which resulted from the decline in instrument sales volumes. In 2000 cost of sales increased to 86% of sales. This increase as compared to 1999 was due primarily to a $382,000 reduction in margins on sales of therapeutic drug monitoring products and an increase in the negative gross margin from the Company's wellness services program ($110,000 in 1999 and $351,000 for 2000). These cost increases were partially offset by a $293,000 increase in gross margins from sales of research assays and fine chemicals. The Company's cost of sales includes amortization of purchase price adjustments (primarily technology) acquired in 1994 and 1997 (amortization of $857,000 in 1998, $557,000 in 1999 and $147,000 in 2000). Excluding amortization of purchase adjustments and excluding technology sales and the cost of technology sales in 1999, the Company's cost of sales as a percentage of sales was 66% in 1998, 72% in 1999 and 83% in 2000.

The Company reduced the fixed costs of its medical instruments manufacturing operation in early 1999 by selling the facility and leasing back a portion of the space. However, the Company believes that for current production volumes it would be difficult to further reduce manufacturing costs. Therefore, significant improvements in product margins for both medical instruments and research assays are dependent on increases in sales volumes.

Cost of technology sold in 1999 represents the carrying value of the technology relating to the therapeutic drug monitoring assays that was sold.

Research and development costs decreased by $1,973,000 in 1999, from $4,374,000 to $2,401,000. The decrease in 1999 resulted primarily from the closure of the French research facility in the first half of 1999 and further reductions in expenditures on therapeutic development projects while the Company sought additional funds for its therapeutic development programs. As a result of the closure, expenses of the French research facility were reduced from $2,378,000 in 1998 (including a $585,000 write-down of equipment) to $1,058,000 in 1999, a reduction of $1,320,000. Research and development costs decreased an additional $491,000 in 2000, to $1,910,000. Reductions in expenses of the Company's French research facility of $897,000 were offset by a $266,000 increase in other research and development expenses relating to the Company's therapeutic development programs and a $140,000 increase in expenses relating to the development of research assays.

In 1999 sales, general and administrative expenses decreased by $270,000, from $3,555,000 to $3,285,000. The decrease in 1999 was mostly due to reductions in compensation expense. In 2000 sales, general and administrative expenses increased by $12,000.

Interest Income and Expense

Interest income decreased by $108,000, from $165,000 to $57,000 in 1999 as funds from the 1998 private placement of securities were spent. Interest

income increased to $180,000 in 2000 due to investment of proceeds from the 2000 private placement of securities.

Interest expense decreased from $298,000 in 1998 to $94,000 in 1999 due primarily to the payment of long-term debt in connection with the sale of land and buildings in February 1999.

Net Loss

The Company incurred net losses in 1998, 1999 and 2000 and does not expect to be profitable in the foreseeable future.

The Company's net loss in 1999 was reduced by $2,682,000 as compared to 1998 due primarily to the reduction of research and development costs. The Company's net loss increased by $189,000, to $4,636,000 in 2000 as declines in gross margins from product and technology sales were offset in part by a decrease in research and development expense and an increase in net interest income.

The Company expects to incur a substantial net loss for 2001. If the Company develops substantial new revenue sources or if substantial additional capital is raised through further sales of securities (See Financial Condition, Liquidity and Capital Resources), 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
OXIS International, Inc.:

We have audited the accompanying consolidated balance sheets of OXIS International, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedule listed in Item 14(d) on Form 10-K. These financial statements and financial statement schedule are the responsibility of the management of OXIS International, Inc. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of OXIS International, Inc. and subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all

material respects the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred losses in each of the last three years, and at December 31, 2000, the Company had an accumulated deficit of $54,386,000, raising substantial doubt about its ability to continue as a going concern. Management's plans concerning these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Deloitte & Touche LLP

Portland, Oregon
March 1, 2001

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,059,000	$ 789,000
Accounts receivable, net of allowance of $199,000 ($136,000 at December 31, 1999)	502,000	1,072,000
Inventories	1,271,000	1,327,000
Prepaid and other	81,000	37,000
Total current assets	3,913,000	3,225,000
Property, plant and equipment, net	651,000	808,000
Technology for developed products	681,000	864,000
Other assets	380,000	287,000
Total assets	$ 5,625,000	$ 5,184,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 160,000	$ 681,000
Accounts payable	628,000	1,131,000
Customer deposits	174,000	--
Accrued payroll and payroll taxes	246,000	271,000
Other accrued liabilities	95,000	124,000
Current portion of long-term debt	99,000	94,000
Total current liabilities	1,402,000	2,301,000
Long-term debt due after one year	150,000	194,000
Commitments and contingencies (Notes 1 and 9)		
Shareholders' equity:		
Preferred stock--$.01 par value; 15,000,000 shares authorized:		
Series B--428,389 shares issued and outstanding at December 31, 2000 and 1999 (aggregate liquidation preference of $1,000,000)	4,000	4,000
Series C--296,230 shares issued and outstanding at December 31, 2000 (608,536 at December 31, 1999)	3,000	6,000
Common stock--$.001 par value; 95,000,000 shares authorized; 9,560,458 shares issued and outstanding at December 31, 2000 (7,928,784 at December 31, 1999)	9,000	8,000
</TABLE>

Warrants	2,870,000	--
Additional paid in capital	55,956,000	52,756,000
Accumulated deficit	(54,386,000)	(49,750,000)
Accumulated other comprehensive loss - foreign currency translation adjustments	(383,000)	(335,000)
Total shareholders' equity	4,073,000	2,689,000
Total liabilities and shareholders' equity	$ 5,625,000	$ 5,184,000

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Revenues:			
Product sales	$ 3,540,000	$ 5,654,000	$ 5,147,000
License and sale of technology	--	1,511,000	--
Total revenues	3,540,000	7,165,000	5,147,000
Costs and expenses:			
Cost of product sales	3,059,000	4,610,000	4,214,000
Cost of technology sold	--	1,279,000	--
Research and development	1,910,000	2,401,000	4,374,000
Sales, general and administrative	3,297,000	3,285,000	3,555,000
Total costs and expenses	8,266,000	11,575,000	12,143,000
Operating loss	(4,726,000)	(4,410,000)	(6,996,000)
Interest income	180,000	57,000	165,000
Interest expense	(90,000)	(94,000)	(298,000)
Net loss	(4,636,000)	(4,447,000)	(7,129,000)
Other comprehensive loss - foreign currency translation adjustments	(48,000)	(48,000)	(33,000)
Comprehensive loss	$(4,684,000)	$(4,495,000)	$(7,162,000)
Net loss per share--basic and diluted	$ (.50)	$ (.56)	$ (1.02)
Weighted average number of shares used in computation--basic and diluted	9,185,392	7,888,316	6,985,698

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Cash flows from operating activities:			
Net loss	$(4,636,000)	$(4,447,000)	$(7,129,000)
Adjustments to reconcile net loss to cash used for operating activities:			

Depreciation and amortization.....	443,000	838,000	1,558,000
Loss on disposals of land, building, improvements and equipment.....	73,000	62,000	--
Loss on sale of technology.....	--	368,000	--
Cash proceeds from sale of technology.....	--	342,000	--
Write-down of equipment to be disposed.....	--	--	585,000
Changes in assets and liabilities:			
Accounts receivable.....	567,000	(86,000)	845,000
Inventories.....	56,000	237,000	49,000
Prepaid and other current assets...	(45,000)	220,000	(179,000)
Accounts payable.....	(501,000)	384,000	(845,000)
Customer deposits.....	174,000	(120,000)	120,000
Accrued payroll and payroll taxes.....	(31,000)	(129,000)	(182,000)
Other accrued liabilities.....	13,000	(146,000)	(67,000)
Net cash used for operating activities.....	(3,887,000)	(2,477,000)	(5,245,000)
Cash flows from investing activities:			
Proceeds from sale of land, building, improvements and equipment, net of related costs.....	--	1,967,000	--
Collection of note receivable.....	--	569,000	--
Purchase of equipment and leasehold improvements.....	(160,000)	(257,000)	(104,000)
Additions to patents and other assets.....	(154,000)	(124,000)	(160,000)
Other.....	11,000	(5,000)	20,000
Net cash provided by (used for) investing activities.....	(303,000)	2,150,000	(244,000)
Cash flows from financing activities:			
Proceeds from issuance of stock, net of related cost.....	5,868,000	--	7,513,000
Short-term borrowing.....	--	--	404,000
Proceeds from issuance of long-term debt.....	--	93,000	150,000
Redemption of Series D preferred stock.....	--	--	(700,000)
Repayment of short-term notes.....	(361,000)	(44,000)	(443,000)
Repayment of long-term debt.....	(40,000)	(1,528,000)	(89,000)
Net cash provided by (used for) financing activities.....	5,467,000	(1,479,000)	6,835,000
Effect of exchange rate changes on cash.....	(7,000)	20,000	(61,000)
Net increase (decrease) in cash and cash equivalents.....	1,270,000	(1,786,000)	1,285,000
Cash and cash equivalents--beginning of year.....	789,000	2,575,000	1,290,000
Cash and cash equivalents--end of year..	$ 2,059,000	$ 789,000	$ 2,575,000
Cash paid for interest.....	$ 68,000	$ 125,000	$ 217,000
Supplemental schedule of noncash operating and financing activities:			
Issuance of Common Stock in exchange for cancellation of notes and accrued interest.....	200,000	--	778,000
Conversion of Preferred Stock into Common Stock.....	366,000	233,000	642,000
Note received as part of proceeds from sale of technology.....	--	569,000	--

</TABLE>

See accompanying notes.

Years ended December 31, 2000, 1999, and 1998

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Additional paid-in	Accumulated	Accumulated other comprehensive	Total shareholders'
	Shares	Amount	Shares	Amount	Warrants	capital	deficit	loss	equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, January 1, 1998.....	1,665,030	$17,000	5,719,265	$6,000		$45,160,000	$(38,174,000)	$(254,000)	$ 6,755,000
Conversion of Series B preferred shares to common..	(214,194)	(2,000)	42,839			2,000			--
Conversion of Series C preferred shares to common..	(213,819)	(3,000)	61,770			3,000			--
Conversion of Series D preferred shares to common..	(50)		35,800						--
Sales of common shares.....			1,985,678	2,000		8,289,000			8,291,000
Retirement of Series D preferred shares.....	(700)					(700,000)			(700,000)
Net loss.....							(7,129,000)		(7,129,000)
Foreign currency translation adjustments.....								(33,000)	(33,000)
Balances, December 31, 1998.....	1,236,267	12,000	7,845,352	8,000		52,754,000	(45,303,000)	(287,000)	7,184,000
Shares issued in connection with 1997 business combination.....			25,844						--
Conversion of Series C preferred shares to common..	(199,342)	(2,000)	57,588			2,000			--
Net loss.....							(4,447,000)		(4,447,000)
Foreign currency translation adjustment.....								(48,000)	(48,000)
Balances, December 31, 1999.....	1,036,925	10,000	7,928,784	8,000		52,756,000	(49,750,000)	(335,000)	2,689,000
Conversion of Series C preferred shares to common..	(312,306)	(3,000)	90,221			3,000			--
Sales of common shares and warrants.....			1,376,949	1,000	$2,870,000	3,134,000			6,005,000
Shares issued in connection with 1997 business combination.....			100,000				--		
Options exercised..			64,944			63,000			63,000
Other.....			(440)				--		
Net loss.....							(4,636,000)		(4,636,000)
Foreign currency translation adjustment.....								(48,000)	(48,000)
Balances, December 31, 2000.....	724,619	$ 7,000	9,560,458	$9,000	$2,870,000	$55,956,000	$(54,386,000)	$(383,000)	$ 4,073,000

</TABLE>

See accompanying notes.

OXIS INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2000, 1999 and 1998

1. Description of Business and Basis of Presentation

OXIS International, Inc. (the "Company") develops, manufactures and markets selected therapeutic and diagnostic products and medical instruments. The Company's research and development efforts are concentrated principally in the development of products to diagnose, treat and prevent diseases associated with free radicals and reactive oxygen species. The Company is headquartered in Portland, Oregon, has an instrument manufacturing facility near Philadelphia, Pennsylvania and has an office near Cambridge, England housing therapeutic development employees.

Assays to measure markers of oxidative stress are manufactured by the Company in the United States and are sold directly to researchers and to distributors for resale to researchers, primarily in Europe, the United States and Japan. Medical instruments are manufactured in the United States and are sold to distributors and other customers both within and outside the United States. The Company also sells pharmaceutical forms of superoxide dismutase (SOD) for human and veterinary use. Therapeutic drug monitoring assays have been manufactured by the Company in the United States and were sold to hospital clinical laboratories and reference laboratories by an in-house sales force and a network of distributors both within and outside the United States. Subsequent to June 1999, the Company has manufactured therapeutic drug monitoring assays pursuant to a contract with the purchaser of the therapeutic drug monitoring technology (see Note 7).

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred net losses in each of the last three years and at December 31, 2000 had an accumulated deficit of $54,386,000. These factors, among others, may indicate that the Company may be unable to continue as a going concern for a reasonable period of time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis.

The Company expects that additional capital will be required during 2001 to continue operating in accordance with its current plans. If the Company is unable to generate additional funding through an increase in revenues, additional borrowings or raising additional capital during 2001 it intends to curtail its operations through the reduction of personnel and facility costs and by reducing its research and development efforts; however, no assurances can be given that it will be able to do so. If the Company were to be unable to sufficiently curtail its costs in such a situation, it might be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

Nasdaq notified the Company on December 14, 2000 that because the minimum bid price of the Company's common stock had remained under $1.00 for 30 consecutive trading days, the common stock did not currently meet Nasdaq's requirements for continued listing on the Nasdaq National Market System. Consequently, if the bid price of the common stock is not at least $1.00 for a minimum of ten consecutive trading days before March 14, 2001 the Company' common stock will become the subject of a delisting notification from the Nasdaq National Market System. If the Company's stock does not then satisfy the Nasdaq listing requirements, the Company may seek review of the Nasdaq decision to de-list its stock. There can be no assurance that the Company's common stock will satisfy the requirements for continued listing on the Nasdaq National Market System, or that other alternatives will be available, in which case, the Company's common stock would be traded on the over-the-counter market.

2. Significant Accounting Policies

Principles of consolidation--The accompanying financial statements include the accounts of the Company as well as its subsidiaries. The functional currency of the Company's United Kingdom subsidiary is the British pound and the functional currency of the Company's French subsidiary is the French franc. The foreign subsidiaries' assets and liabilities are translated at the exchange rates at the end of the year, and their statements of operations are translated at the average exchange rates during each year. Gains and losses resulting from foreign currency translation are recorded as other comprehensive income or loss and accumulated as a separate component of shareholders' equity. All significant intercompany balances and transactions are eliminated in consolidation.

Cash equivalents consist of money market accounts with commercial banks.

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

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Raw materials	$ 682,000	$ 666,000
Work in process	398,000	438,000
Finished goods	191,000	223,000
Total	$1,271,000	$1,327,000

</TABLE>

Property, plant and equipment is stated at cost. Depreciation of equipment is computed using the straight-line method over estimated useful lives of three to ten years. Building and building improvements have been depreciated using the straight-line method over estimated useful lives of thirty years. Leasehold improvements are amortized over the shorter of five years or the remaining lease term.

Property, plant and equipment at December 31, 2000 and 1999, consisted of the following:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Furniture and office equipment	$ 348,000	$ 336,000
Laboratory and manufacturing equipment	1,439,000	1,374,000
Leasehold improvements	57,000	57,000
Property, plant and equipment, at cost	1,844,000	1,767,000
Accumulated depreciation and amortization	(1,193,000)	(959,000)
Property, plant and equipment, net	$ 651,000	$ 808,000

</TABLE>

In February 1999, all of the Company's land, building and improvements with a net book value of $1,894,000 was sold for a gross sales price of $2,062,000.

In the first half of 1999 the Company closed its research and development facility in France. Substantially all research and development activities being carried on by the Company's French subsidiary were ceased in early 1999. As of December 31, 1998, the carrying value of the French subsidiary's

equipment was written down to its estimated net realizable value, resulting in a $585,000 charge to research and development expense in 1998. This charge is included in the segment loss for the therapeutic development segment in the segment information in Note 7.

Technology--Technology for developed products acquired in business combinations is amortized over estimated useful lives of seven to ten years. Accumulated amortization of technology for developed products was $820,000 as of December 31, 2000, and $712,000 as of December 31, 1999. The Company periodically reviews net cash flows from sales of products and projections of net cash flows from sales of products on an undiscounted basis to assess recovery of intangible assets.

Stock options--The Company applies the intrinsic value based method described in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock options.

Revenue recognition--The Company manufactures, or has manufactured on a contract basis, products that are sold to customers. The Company recognizes product sales upon shipment of the product to the customer. The Company also develops and acquires technology that is either used in the Company's operations or sold, licensed or assigned to third parties. The Company recognizes revenue upon the sale or assignment of technology to third parties.

Income taxes--Deferred income taxes, reflecting the net tax effects of temporary differences between the carrying amount of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes, are based on tax laws currently enacted. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Net loss per share--Net loss per share is computed based upon the weighted average number of common shares outstanding ("basic") and, if dilutive, the incremental shares issuable upon the assumed exercise of stock options or warrants and the assumed conversion of preferred stock ("dilutive"). Due to the net losses in each of the last three years, the computation of dilutive net loss per share is antidilutive and therefore is the same as basic. If the Company had been profitable in 2000 no additional shares would have been included in the calculation of dilutive earning per share because the market price of the Company's common stock near the end of the year was not consistently in excess of the exercise price of any of the Company's outstanding options or warrants.

Restatement to reflect reverse stock split--As described in Note 5, a one-for-five reverse split of the Company's common stock became effective October 21, 1998. All common share and per common share amounts have been restated to reflect the reverse split.

Use of estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments--The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, notes payable, customer deposits and accounts payable approximates fair value due to the short-term nature of the accounts. The carrying amount reported in the balance sheet for long-term debt reflects fair value based on approximate rates that would currently be available to the Company.

Future accounting changes--In June 1998 the Financial Accounting Standards

Board ("FASB") issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those

instruments at fair value. The implementation of this statement has been postponed by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133. SFAS No. 137 has postponed implementation of SFAS No. 133 until the Company's fiscal year ending December 31, 2001. This statement is not applicable to the Company's current operations.

3. NOTES PAYABLE

Notes payable at December 31, 2000 and 1999 consisted of the following:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Note payable to Commerce Bank	$ --	$361,000
8% unsecured notes	160,000	320,000
	$160,000	$681,000

</TABLE>

The note payable to Commerce Bank was the outstanding balance pursuant to a $450,000 line of credit and bore interest at the bank's prime rate plus 1.75%. The line of credit expired during 2000, and the note was paid in full.

The 8% unsecured notes are due to shareholders of the Company. The notes were due in May 1997. The remaining noteholder is indebted to the Company under the terms of a separate indemnification agreement related to a contingency associated with a previous purchase. Payment of the remaining note has been deferred pending the outcome of ongoing discussions with the noteholder.

4. LONG-TERM DEBT

Long-term debt at December 31, 2000 and 1999 consisted of the following:

<TABLE>
<CAPTION>

	2000	1999
<S>	<C>	<C>
Notes payable to shareholders, interest at 8-8.25% due in monthly installments through 2013	$196,000	$203,000
Other	53,000	85,000
	249,000	288,000
Less amounts due within one year	99,000	94,000
	$150,000	$194,000

</TABLE>

The aggregate annual maturities of the long-term debt during the years ending December 31, 2002 to 2005 are as follows: 2002--$23,000; 2003--$8,000; 2004--$8,000; 2005--$9,000.

5. SHAREHOLDERS' EQUITY

Common Stock--In the second and third quarters of 1998 the Company completed a private placement of its common stock together with warrants to a series of institutional investors ("units"). The units, consisting of one share of common stock plus a warrant to purchase one share of common stock, were priced at the Nasdaq closing price the day prior to the signing of the subscription agreements. A total of 1,985,678 common shares and warrants to purchase an equal number of common shares were issued in exchange for gross proceeds of $8,181,000 in cash and conversion of $778,000 of short-term notes and accrued interest payable. The exercise price of each warrant is equal to 120% of the price paid per unit.

At the Company's Annual Meeting of Stockholders held on July 13, 1998, the stockholders approved proposals to increase the authorized number of common shares to 95,000,000 and reduce the par value of the Company's common stock to $.001. Following the meeting, the number of authorized shares of common stock was increased and the par value was reduced, accordingly. The stockholders also approved a proposal authorizing the Company's Board of Directors at its discretion to effect a one-for-five reverse stock split at any time prior to the Company's 1999 Annual Meeting of Stockholders. In September 1998 the Company's Board of Directors approved the reverse split, which became effective October 21, 1998. All common share and per common share amounts have been restated to reflect the one-for-five reverse stock split.

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 "2000 units"), primarily to a series of institutional investors. The 2000 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 2000 units. The price per 2000 unit ranged from $3.94 to $4.75. A total of 1,376,949 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 $200,000 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 135% of the price paid per 2000 unit. The exercise price of the other half of the warrants is equal to 150% of the price paid per 2000 unit.

The Company issued 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.

Preferred Stock--Terms of the preferred stock are to be fixed by the Board of Directors at such time as the preferred stock is issued. During 1998, 214,194 shares of Series B Preferred Stock were converted into 42,839 shares of common stock. The remaining 428,389 outstanding shares of Series B Preferred Stock are convertible into and have voting rights equivalent to 85,678 shares of common stock. The Series B Preferred Stock has certain preferential rights with respect to liquidation and dividends.

The shares of Series C Preferred Stock are convertible into shares of the Company's common stock at the option of the holders at any time. The conversion ratio is based on the average closing bid price of the common stock for the fifteen consecutive trading days ending on the date immediately preceding the date notice of conversion is given, but cannot be less than .20 nor more than .2889 common shares for each Series C Preferred share. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C Preferred Stock into common stock if the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds $13.00. Each share of Series C Preferred Stock is entitled to the number of votes equal to .26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C Preferred

Stock were purchased. Through December 31, 2000, 1,477,850 shares of Series C Preferred Stock have been converted into common stock. As of December 31, 2000, 296,230 shares of Series C Preferred Stock remained outstanding.

During 1998 the Company entered into a settlement agreement with the holder of the remaining 700 outstanding shares of Series D Preferred Stock whereby such holder and the Company released any and all claims either may have against the other with respect to such Series D Preferred Stock, and the Company paid the holder $700,000 cash. The holder has subsequently returned the Series D certificate which has been cancelled.

Stock Warrants--In connection with the issuance of common stock and Series C and E Preferred Stock prior to 1998, the Company has issued to its placement agents warrants to purchase 78,278 shares of common stock at prices ranging from $7.15 to $16.25 per share that remained outstanding and were exercisable at December 31, 2000. They expire between May 2001 and December 2001.

A warrant to purchase 162,025 common shares at $12.50 per share was issued to the purchaser of the Company's Series D Preferred Stock. This warrant was immediately exercisable and remained outstanding as of December 31, 2000. It expires in May 2001.

Warrants to purchase 60,000 common shares were issued to the purchasers of the secured convertible term notes in October 1996. The warrants have an exercise price of $3.05 per share and expire in October 2001. They were immediately exercisable and remained outstanding as of December 31, 2000.

Warrants to purchase 1,985,678 common shares at exercise prices of $5.25 to $6.75 that were issued in connection with the sale of common shares during 1998 remained outstanding at December 31, 2000. These warrants became exercisable during 1999 and expire in April and May 2003.

Warrants to purchase 2,908,898 common shares at exercise prices of $4.92 to $7.13 that were issued in connection with the sale of common shares during 2000 remained outstanding at December 31, 2000. These warrants became exercisable immediately upon issuance and expire between February 2001 and April 2005.

Stock Options--The Company has a stock incentive plan under which 2,250,000 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. Options granted pursuant to the Plan have a maximum term of ten years; vesting is determined by the Compensation Committee of the Company's Board of Directors. Options granted through 2000 have had vesting requirements of up to five years. The plan permits grants of options at less than the fair market value of the underlying shares on the date of the grant, but through 2000 no such options have been issued. Options granted and outstanding under the plan are summarized as follows:

<TABLE>
<CAPTION>

	2000		1999		1998	
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	1,034,582	$2.92	483,560	$6.36	468,740	$7.10
Granted	895,250	2.21	597,822	.47	112,500	3.37
Exercised	(64,944)	.97	--	--	--	--

Forfeitures.....	(62,402)	6.07	(46,800)	6.99	(97,680)	6.49
Outstanding at end of year.....	1,802,486	$2.53	1,034,582	$2.92	483,560	$6.36
Exercisable at end of year.....	825,137	$3.08	631,780	$4.35	361,356	$7.16

The number of shares under option, weighted average exercise price and weighted average remaining contractual life of all options outstanding as of December 31, 2000, by range of exercise price was as follows:

Range of exercise price	Shares	Weighted average exercise price	Weighted average remaining life
$ .44-$ .88	854,163	$ .60	9.30 years
$ 1.31-$ 1.91	546,750	$ 1.78	9.21 years
$ 2.12-$ 4.53	225,273	$ 2.98	7.40 years
$ 5.75-$ 8.45	130,300	$ 7.95	5.39 years
$11.25-$17.50	46,000	$15.20	4.14 years

The number of shares under option and weighted average exercise price of options exercisable as of December 31, 2000, by range of exercise price was as follows:

Range of exercise price	Shares	Weighted average exercise price
$ .44-$ .88	440,432	$ .54
$ 1.31-$ 1.91	36,163	$ 1.33
$ 2.12-$ 4.53	172,242	$ 3.03
$ 5.75-$ 8.45	130,300	$ 7.95
$11.25-$17.50	46,000	$15.20

The Company applies the intrinsic value based method described in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock options. Accordingly, since the exercise price of all options issued under the plan has been greater than or equal to the fair market value of the stock at the date of issue of the options, no compensation cost has been recognized for options granted under the plan. Had compensation cost for options granted under the plan been determined based on the fair value at the grant dates in a manner consistent with the method determined under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", the net loss and net loss per share for 2000, 1999 and 1998 would have been changed to the pro forma amounts indicated below:

	2000	1999	1998
Net loss:			
As reported.....	$(4,636,000)	$(4,447,000)	$(7,129,000)
Pro forma.....	$(4,911,000)	$(4,282,000)	$(7,183,000)

Net loss per share--basic and diluted:			
As reported	$ (.50)	$ (0.56)	$ (1.02)
Pro forma	$ (.53)	$ (0.54)	$ (1.03)

For the purpose of computing the pro forma expense, the fair value of each option is estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	Grants issued in		
	2000	1999	1998
Dividend yield	0%	0%	0%
Expected volatility	109%	75%	74%
Risk-free interest rate	4.7%	6.6%	4.7%
Expected lives	3 years	3 years	3 years

The weighted average fair value as of the option date was computed to be $.60 per share for options issued during 2000, $.24 per share for options issued during 1999 and $1.72 per share for options issued during 1998.

At December 30, 2000 the Company had the following additional stock options outstanding that were not issued pursuant to its stock incentive plan. An option to acquire 7,000 common shares at an exercise price of $8.44 per share was granted in 1996 and expires in 2006. An option to acquire 25,000 common shares at an exercise price of $1.38 was granted in 2000 and expires in 2005. An additional option to acquire 400,000 common shares at an exercise price of $1.56 was granted in 2000 and, if not exercised, will be forfeited before the end of the first quarter of 2001.

6. Income Taxes

Income Tax Provision--Income tax provisions were not necessary in 2000, 1999 and 1998 due to net losses.

Deferred Taxes--Deferred taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards.

The tax effects of significant items comprising the Company's deferred taxes as of December 31 were as follows:

	2000	1999
United States taxes:		
Deferred tax assets:		
Federal net operating loss carryforward and capitalized research and development expenses	$ 8,128,000	$ 6,592,000
Federal R&D tax credit carryforward	676,000	676,000
State net operating loss carryforward and capitalized research and development expenses	816,000	553,000

Deferred tax liabilities--book basis in excess of noncurrent assets acquired in purchase transactions	(181,000)	(242,000)
Net deferred tax assets	9,439,000	7,579,000
Valuation allowance	(9,439,000)	(7,579,000)
Net deferred taxes	$ --	$ --
French taxes:		
Deferred tax assets--		
Net operating loss carryforward	$ 3,563,000	$ 3,745,000
Valuation allowance	(3,563,000)	(3,745,000)
Net deferred taxes	$ --	$ --

</TABLE>

The tax benefits ($5,136,000) of the net operating losses of $15,410,000 which existed at the date of acquisition (September 7, 1994) of the French subsidiary will be recorded as a reduction of income tax expense when and if realized. Due to the closure of the French subsidiary's operations in early 1999, it is unlikely that the Company will ever realize any benefit from the French subsidiary's operating loss carryforwards.

The tax benefits ($351,000) of the net operating losses of $1,032,000 which existed at the date of acquisition (December 31, 1997) of Innovative Medical Systems Corp. will be recorded as a reduction of the net unamortized balance of property, plant and equipment and intangible assets of $465,000 when and if realized.

Statement of Financial Accounting Standards No. 109 requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's recent history of operating losses, management has provided a valuation allowance equal to its net deferred tax assets.

Tax Carryforwards--At December 31, 2000, the Company had net operating loss carryforwards of approximately $6,217,000 to reduce United States federal taxable income in future years, and research and development tax credit carryforwards of $676,000 to reduce United States federal taxes in future years. In addition, the Company's French subsidiary had operating loss carryforwards of $9,715,000 (67,607,000 French francs) to reduce French taxable income in future years. These carryforwards expire as follows:

<TABLE>
<CAPTION>

Year of expiration	United States net operating loss carryforward	R&D tax credit carryforward	French operating loss carryforward
<S>	<C>	<C>	<C>
2001	$ 22,000	$123,000	$ 3,000
2002	7,000	6,000	--
2003	44,000	55,000	--
2004	5,000	34,000	443,000
2005	25,000	46,000	151,000
2006-2013	6,114,000	412,000	--
No expiration	--	--	9,118,000

	$6,217,000	$676,000	$9,715,000

</TABLE>

Utilization of the United States tax carryforwards is subject to certain restrictions in the event of a significant change (as defined in Internal Revenue Service guidelines) in ownership of the Company.

7. Operating Segments

The Company is organized into two reportable segments--health products and therapeutic development. The two segments have different strategic goals and have been managed separately since 1997. The health products segment manufactures and sells diagnostic products, medical instruments, pharmaceutical forms of SOD and other fine chemicals. The therapeutic development segment operates a drug discovery business focused on development of new drugs to treat diseases associated with tissue damage from free radicals and reactive oxygen species.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company accounts for inter-segment sales at cost. General corporate expenses were allocated equally to the health products and therapeutics development segments in 1998 and 1999. In 2000, 23% of the Company's general corporate expenses were allocated to the health products segment and 77% to the therapeutic development segment.

The following tables present information about the two segments for 2000, 1999 and 1998:

<TABLE>
<CAPTION>

	Health products	Therapeutic development	Total
<S>	<C>	<C>	<C>
Year ended December 31, 2000:			
Revenues from external customers.....	$ 3,540,000	$ --	$ 3,540,000
Interest income.....	12,000	168,000	180,000
Interest expense.....	75,000	15,000	90,000
Depreciation and amortization.....	391,000	52,000	443,000
Net loss.....	(2,368,000)	(2,268,000)	(4,636,000)
Expenditures for long-lived assets.....	97,000	163,000	260,000
As of December 31, 2000--			
Segment assets.....	3,476,000	2,149,000	5,625,000

<CAPTION>

	Health products	Therapeutic development	Total
<S>	<C>	<C>	<C>
Year ended December 31, 1999			
Revenues from external customers.....	$ 7,091,000	$ 74,000	$ 7,165,000
Inter-segment revenues.....	--	297,000	297,000
Interest income.....	39,000	18,000	57,000
Interest expense.....	68,000	26,000	94,000
Depreciation and amortization.....	736,000	102,000	838,000
Net loss.....	(2,028,000)	(2,419,000)	(4,447,000)
Expenditures for long-lived assets.....	294,000	87,000	381,000
As of December 31, 1999--			
Segment assets.....	4,885,000	299,000	5,184,000

<CAPTION>

	Health products	Therapeutic development	Total

<S>	<C>	<C>	<C>
Year ended December 31, 1998:			
Revenues from external customers.....	$ 5,147,000	$ --	$ 5,147,000
Inter-segment revenues.....	--	166,000	166,000
Interest income.....	54,000	111,000	165,000
Interest expense.....	255,000	43,000	298,000
Depreciation and amortization.....	1,142,000	416,000	1,558,000
Net loss.....	(2,866,000)	(4,263,000)	(7,129,000)
Expenditures for long-lived assets.....	144,000	120,000	264,000
As of December 31, 1998--			
Segment assets.....	8,698,000	2,470,000	11,168,000

</TABLE>

Revenues from external customers for the years ended December 31, 2000, 1999 and 1998 were as follows:

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Assays and fine chemicals.....	$2,151,000	$2,716,000	$2,324,000
Medical instruments.....	1,226,000	1,319,000	2,477,000
SOD for human and research use.....	--	1,123,000	8,000
Palosein (SOD for veterinary use).....	--	237,000	220,000
License and sale of technology.....	--	1,511,000	--
Other.....	163,000	259,000	118,000
Total.....	$3,540,000	$7,165,000	$5,147,000

</TABLE>

Effective June 28, 1999, the Company sold the intellectual property, contract rights and finished goods inventory relating to its therapeutic drug monitoring assays. Proceeds from the sale consisted of $500,000 cash, a non-interest bearing note (collected during 1999) and a warrant granting the Company the right to acquire an equity interest in the purchaser of the assets (exercised during 2000). The Company recognized $911,000 as compensation for the intellectual property and contract rights. This amount has been included in sales for 1999. The Company has entered into an agreement with the purchaser of the therapeutic drug monitoring assays pursuant to which the Company continued to manufacture the products and perform certain other services for the purchaser through 2000.

Sales of SOD to one customer of the Company's health products segment represents approximately $1,123,000 in 1999. The Company had no sales to this customer in 1998 or 2000. Revenues of the health products segment include $911,000 for the sale of intellectual property and contract rights and $606,000 for product sales in 1999, and $718,000 for product sales in 2000 to the purchaser of the therapeutic drug monitoring assays.

Revenues attributed to countries based on the location of customers:

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
United States.....	$2,852,000	$4,951,000	$3,347,000
United Kingdom.....	33,000	187,000	336,000
France.....	257,000	180,000	289,000
Germany.....	38,000	233,000	489,000
Japan.....	123,000	167,000	226,000

Spain	14,000	1,148,000	44,000
Other foreign countries	223,000	299,000	416,000
	$3,540,000	$7,165,000	$5,147,000

Long-lived assets (principally property, plant and equipment and technology) at December 31, 2000, 1999 and 1998 were located as follows:

	2000	1999	1998
United States	$1,694,000	$1,959,000	$4,713,000
United Kingdom	18,000	--	--
France	--	--	1,054,000
	$1,712,000	$1,959,000	$5,767,000

8. Foreign Exchange Risk

The Company limits its foreign exchange risk by buying and selling bulk bSOD in a single currency, the Dutch guilder. The Company maintains a bank account in The Netherlands for receipt and disbursement of Dutch guilders and had the equivalent of $2,000 and $167,000 in that account at December 31, 2000 and 1999, respectively.

The Company's French and United Kingdom subsidiaries maintain bank accounts in France and the United Kingdom, respectively. The balance of the French subsidiary's account was insignificant at December 31, 2000 and 1999. The balance of the United Kingdom subsidiary's account, opened during 2000, was equivalent to $88,000 at December 31, 2000. Foreign currency transaction gains and losses were not significant.

9. Commitments and Contingencies

The Company leases its facilities in Oregon and Pennsylvania under operating leases that both expire in 2001. Lease payments to which the Company is committed aggregate $133,000 in 2001.

During 2000 the Company's United Kingdom subsidiary entered into a three-year lease for office space. During the fourth quarter of 2000 the Company decided it did not want to continue the lease. In January 2001 the Company entered into an agreement to terminate the lease in exchange for forfeiture of a deposit and a cash payment aggregating $59,000 and surrender of the Company's leasehold improvements with a carrying value of $66,000. The cash payment, deposit forfeited and leasehold improvements were charged to expense in 2000.

Rental expense included in the accompanying statements of operations was $231,000 in 2000, $260,000 in 1999 and $341,000 in 1998.

In 1995 the Company consummated the acquisition of Therox Pharmaceuticals, Inc. ("Therox") pursuant to a transaction wherein Therox was merged with and into a wholly-owned subsidiary of the Company. In addition to the issuance of its common stock to Therox shareholders, the Company agreed to make payments of up to $2,000,000 by the Company to the Therox stockholders based on the successful commercialization of the Therox technologies. As of December 31, 2000, no additional payments have been made.

In 1997 the Company consummated the acquisition of Innovative Medical Systems Corp. ("IMS") pursuant to a transaction whereby the Company acquired all of the outstanding stock of IMS in exchange for 200,000 shares of the Company's common stock issued immediately and additional common shares to be issued. The name of IMS was changed to OXIS Instruments, Inc. during 1998. Additional common shares are to be issued to former IMS shareholders annually through 2003. The number of additional common shares which may be issued to former IMS shareholders depends, among other things, on future annual revenues of OXIS Instruments, Inc., through 2002 and on the market price of the Company's common stock. The total number of additional shares of common stock which may be issued subsequent to December 31, 2000, to former IMS shareholders in exchange for their IMS stock is limited to a maximum of 778,009 shares.

The Company and its subsidiaries are parties to a claim by the former majority owner of IMS who is also a former employee of the Company. The former majority owner of IMS is claiming damages in excess of $3.5 million for alleged breaches of the agreement pursuant to which the Company acquired IMS and alleged breaches of his employment agreement. Management intends to vigorously contest this claim. The Company is unable to predict whether it will ultimately be successful in its defense of such claim or, if not, the likelihood of any material impact on the Company's financial position, results of operations or cash flows.

The Company and its subsidiaries are also parties to various other claims in the ordinary course of business. The Company does not believe that there will be any material impact on the Company's financial position, results of operations or cash flows as a result of these claims.

10. 401(k) Savings Plan

The Company has a 401(k) savings plan (the "Plan") which covers all United States employees who meet certain minimum age and service requirements. The Company's matching contribution to the Plan for each year is 100% of the first $1,000 of each employee's salary deferral and 33 1/3% of the next $3,000 of salary deferral. The Company's contributions have not been significant.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Directors of the Company are:

<TABLE>
<C> <S>
Timothy G. Biro Joseph F. Bozman, Jr.
Richard A. Davis Stuart S. Lang
Timothy C. Rodell, M.D. Ray R. Rogers
Peter E. Taussig
</TABLE>

Executive Officers of the Company are:

<TABLE>
<C> <S>
Joseph F. Bozman, Jr. Jon S. Pitcher
Chairman, President Secretary,
and Chief Executive Officer Vice President, Finance and Administration,
</TABLE>

Chief Financial Officer

Humberto V. Reyes
President,
OXIS Health Products, Inc.
</TABLE>

Joseph F. Bozman, Jr.
Age: 55

Chairman of the Board. Mr. Bozman has been a director of the Company since August 1, 2000, Chairman of the Board since August 30, 2000, and President and Chief Executive Officer since October 19, 2000. From November 1998 until March 2000, Mr. Bozman was Chairman and Chief Executive Officer of Amarin Corp. (formerly Ethical Holdings plc), a publicly traded pharmaceutical company. Prior to joining Amarin, Mr. Bozman was a founder and Executive Director of SkyePharma plc, a company that develops methods for delivering drugs in the human body. SkyePharma plc is traded on both the London Stock Exchange and the Nasdaq National Market. Mr. Bozman has also been President and Chief Executive Officer of MD Pharmaceutical, Inc. and International Medication Systems, Limited, both subsidiaries of Medeva plc. Mr. Bozman holds a B.S. degree in Business Administration with a concentration in Marketing from California State University Sacramento.

Timothy G. Biro
Age: 47

Director. Mr. Biro has been a director of the Company since August 15, 1995. Mr. Biro is currently the Managing Partner of Ohio Innovation Fund I, L.P., a venture capital partnership which invests in early-stage technology based businesses. In addition to being a director of OXIS, Mr. Biro is a member of the board of directors of Datatrak, Inc.

Mr. Biro was previously a general partner of Brantley Ventures Partners II, L.P. and Brantley Venture Partners III, L.P. Prior to joining Brantley Venture Partners in 1991, Mr. Biro was Superintendent of Pharmaceutical Manufacturing at Merck & Co., Inc. Mr. Biro holds B.S. degrees in Microbiology from Pennsylvania State University and in Pharmacy from Temple University, and an MBA from the Wharton School of Business.

Richard A. Davis
Age: 65

Director. Mr. Davis has been a member of the Board since January 28, 1998. Mr. Davis has retired as President and Chief Executive Officer of Pentzer Corporation, a private investment company and subsidiary of AVISTA Corp. He is currently involved as a private investor. He has 20 years of service with Pacific Northwest Bell (now US West Communications). He has served as Chief of Staff to former Washington Governor Booth Gardner, chief executive of the State of Washington's Department of Labor and Industries and director of the state's Office of Financial Management. Mr. Davis received a B.S. degree from the University of Oregon and attended advanced programs at both the University of Illinois and Stanford University. He has served as an advisor to the Washington State Investment Board and has served on the boards of several medical diagnostic companies. He currently is on the Board of Regents for Washington State University, serves on the Washington Technology Alliance Board, and is Past Chair of the Association of Washington Business.

Stuart S. Lang Age: 64	Director. Mr. Lang has been a director of the Company since January 19, 1996. Mr. Lang has worked in the accounting field for over 25 years. He has been a tax partner and subsequently partner in charge of the Portland office of a national CPA firm. He founded a local accounting firm, The Lang Group, in Portland, Oregon in 1985, and was managing member of that firm until 1997 when it combined with Moss Adams, LLP. Mr. Lang currently divides his time between public accounting and as an officer of a merger and acquisition advisory company. Mr. Lang is past Chairman of IA International, an international affiliation of independent accounting firms. He has served as a member of AICPA tax subcommittees, including Responsibilities in Tax Practice, and as chairman of the OSCPA Taxation and Estate Planning Committees.
Timothy C. Rodell Age: 50	Director. Dr. Rodell was appointed to the Board effective February 15, 2000. Board-certified in Internal Medicine and Pulmonary Medicine, Dr. Rodell received his M.D. from University of North Carolina School of Medicine in 1980. Dr. Rodell also served as a post-doctoral research fellow at the Webb-Waring Lung Institute in Denver, Colorado. Dr. Rodell became Chief Technology Officer of OXIS in 2000. Dr. Rodell has also been President of OXIS Therapeutics, Inc. since March 18, 1998 and was the Chief Operating Officer of OXIS from March 1, 1996 until March 18, 1998. Dr. Rodell resigned as an employee of OXIS effective October 31, 2000. Dr. Rodell is President and Chief Executive Officer of RxKinetix, Inc., a company specializing in drug delivery technology. Prior to joining OXIS, Dr. Rodell was the Executive Vice President of Operations and Product Development for Cortech, Inc.
Ray R. Rogers Age: 61	Special Advisor and Director. Mr. Rogers was the founder and Chairman of the Board of International BioClinical, Inc. ("IBC") until 1994, when he became Chairman of OXIS International, Inc. Mr. Rogers became Chief Executive Officer of OXIS effective March 18, 1998. He also served as Chairman and President of DDI Pharmaceuticals, Inc. from 1993 until the completion of the acquisition

	of IBC and Bioxytech, which resulted in the creation of OXIS. Mr. Rogers served on the Supervisory Board of OXIS International, S.A., the Company's French subsidiary, from 1994 until 1996. Over the years he has served on both for-profit and non-profit boards and has also been active in biotechnology in Oregon serving as Chairman of the Oregon Biotechnology Association during 1993 and 1994. Mr. Rogers resigned as CEO on February 15, 2000 upon Dr. Sharpe assuming the position, and he resigned as Chairman of the Board effective June 30, 2000. Mr. Rogers is believed to be a significant employee within the meaning of that term as used in applicable Securities and Exchange Commission disclosure rules.
Peter E. Taussig Age: 66	Director. Mr. Taussig has been a director of the Company since January 29, 2001. He was previously a director of the Company from 1993 through 1995.

Since the 1980s, Mr. Taussig has worked primarily on turn-arounds of troubled companies and on start-up and emerging growth companies.

During his more than 30 years of law practice, he has worked in corporate law, primarily in the corporate governance, securities, finance, and mergers and acquisitions areas, and on commercial business transactions. During this period, he also has served as an advisor to boards of directors of both public and private companies. In addition, during this same period, he has served as a director and an officer of a number of companies, including New Indria Mining and Chemical Company, a public company that he helped diversify through a series of acquisitions in the 1970s.

Mr. Taussig is self-employed as (i) an attorney at law, licensed to practice in California, (ii) a business and management consultant, (iii) a private investor, and (iv) a free lance writer. Mr. Taussig received his B.S. in journalism from the University of Oregon in 1956 and his law degree from the University of California at Berkeley (Boalt Hall) in 1966.

Jon S. Pitcher Age: 51 — Secretary, Vice President of Finance and Administration and Chief Financial Officer. A Certified Public Accountant, Mr. Pitcher received an M.S. degree in Accounting and Information systems from University of California at Los Angeles. Prior to joining IBC as the Chief Financial Officer, Mr. Pitcher was a partner with Ernst & Young where he was responsible for coordination of the firm's services to private and publicly held clients primarily in the healthcare industry. Mr. Pitcher has been Vice President and Chief Financial Officer of OXIS since September 7, 1994 and Secretary since August 15, 1995.

Humberto V. Reyes Age: 55 — President, OXIS Health Products Inc. Mr. Reyes holds a B.S. in Chemistry from the University of Puerto Rico. He has more than 20 years of progressive management experience in the diagnostic and related industries including VP of Manufacturing, Dade Division at Baxter, VP/GM Chromatography Division, Varian and Associates and Senior VP at Microgenics Corporation, a biotechnology corporation. Mr. Reyes joined the Company in August 1997 and has been the President of OXIS Health Products, Inc. since March 18, 1998.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

To the Company's knowledge, the following persons (directors and/or executive officers of the Company) failed to file on a timely basis reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended, for transactions or events occurring in the preceding fiscal year ended December 31, 2000:

<TABLE>
<CAPTION>

Name	Number of reports	Transactions not timely reported	Form not timely filed
<S>	<C>	<C>	<C>
Joseph F. Bozman, Jr.	1	0	Form 3
Ray R. Rogers	1	2	Form 4

</TABLE>

The above form for Mr. Bozman was filed on September 27, 2000. Mr. Bozman became a reporting person on August 1, 2000. Mr. Bozman did not fail to report any transactions in Company securities on a timely basis. Mr. Rogers' Form 4 reporting gifts of the Company's common stock in September 2000 was filed in March 2001.

ITEM 11. EXECUTIVE COMPENSATION

Directors

The Company pays an annual fee of $4,000 to each non-employee director and an additional $1,000 to non-employee directors for serving as committee chairmen, but does not pay meeting fees. Directors are also reimbursed for their expenses incurred in attending meetings. Employee directors receive no compensation as directors. Compensation is also paid to directors for special assignments.

Under the Company's 1994 Stock Incentive Plan non-employee directors are awarded options to purchase 15,000 shares of the Company's common stock upon becoming directors of the Company and options to purchase 5,000 shares of the Company's common stock annually thereafter.

Executive Officers

Summary Compensation Table

The following table shows the compensation paid during the last three years to Company officers who received more than $100,000 annually, or who served as Chief Executive Officer:

<TABLE>
<CAPTION>

				Long Term Compensation	
		Annual Compensation		Awards	
Name and Position	Year	Salary	Bonus	Options	
<S>	<C>	<C>	<C>	<C>	
Joseph F. Bozman, Jr., Chairman of the Board, President and Chief Executive Officer(9)(10)	2000	$ 68,000	--	415,000(1)	
Paul C. Sharpe President and Chief Executive Officer(8)(10)	2000	$180,064	--	400,000(2)	
Ray R. Rogers, Chairman of the Board and Chief Executive Officer(7)(8)	2000	$240,000	--	200,000(3)	
	1999	$240,000	--	200,000(4)	
	1998	$210,200	$50,000(6)	28,000(5)	
Dr. Anna D. Barker, President and Chief Executive Officer(7)	1998	$ 61,100	--	--	
Dr. Timothy C. Rodell, Chief Technology Officer and President, OXIS Therapeutics, Inc. (Until October 31, 2000)	1999	$192,319	--	97,222(4)	
	1998	$224,600	$50,000(6)	20,000(5)	
Humberto V. Reyes, President, OXIS Health Products, Inc.	2000	$182,000	--	100,000(3)	
	1999	$173,500	--	125,000(4)	
	1998	$150,100	$35,000(6)	15,000(5)	

Jon S. Pitcher, Vice President, Chief Financial Officer and Secretary	2000	$135,000	--	100,000(3)
	1999	$135,000	--	75,000(4)
	1998	$124,200	$25,000(6)	15,000(5)

</TABLE>

- --------

(1) Options to purchase 15,000 shares of Common Stock awarded to Mr. Bozman upon becoming a director and options to purchase 400,000 shares of Common Stock approved by the Board of Directors as a part of his terms of employment.

(2) Options to purchase 400,000 shares of Common Stock approved by the Board of Directors as a part of Dr. Sharpe's terms of employment.

(3) Options to purchase 200,000 shares of Common Stock awarded to Mr. Rogers and options to purchase 100,000 shares of Common Stock awarded to Messrs. Reyes and Pitcher as part of their 2000 compensation.

(4) Options to purchase 200,000 shares of Common Stock awarded to Mr. Rogers, options to purchase 97,222 shares of Common Stock awarded to Dr. Rodell, options to purchase 125,000 shares of Common Stock awarded to Mr. Reyes and options to purchase 75,000 shares of Common Stock awarded to Mr. Pitcher as part of their 1999 compensation.

(5) Options to purchase 28,000 shares of Common Stock awarded to Mr. Rogers, options to purchase 20,000 shares of Common Stock awarded to Dr. Rodell and options to purchase 15,000 shares of Common Stock awarded to Messrs. Reyes and Pitcher as part of their 1998 compensation.

(6) Bonuses for 1998 approved by the Compensation Committee.

(7) Effective March 18, 1998, Dr. Barker resigned as the Company's President and Chief Executive Officer and Mr. Rogers was appointed Chief Executive Officer.

(8) Mr. Rogers was replaced as Chief Executive Officer by Dr. Sharpe, who was appointed President and Chief Executive Officer effective February 15, 2000. Mr. Rogers resigned as Chairman of the Board effective June 30, 2000.

(9) Mr. Bozman was appointed Chairman of the Board effective August 30, 2000.

(10) Dr. Sharpe was replaced as President and Chief Executive Officer by Mr. Bozman effective October 19, 2000.

In connection with Dr. Barker's resignation as the Company's President and Chief Executive Officer, the Company and Dr. Barker entered into a consulting agreement pursuant to which the Company agreed to pay to Dr. Barker $15,417 per month for a nine-month period. Pursuant to the agreement, Dr. Barker has become fully vested with respect to all stock options issued to her by the Company, and her right to exercise such options was extended until a date two years and nine months following her resignation.

OPTION GRANTS IN LAST FISCAL YEAR

Options granted to executive officers of the Company who are included in the Summary Compensation Table above for 2000 were as shown below:

<TABLE>
<CAPTION>

	Individual Grants				
Name	Number of Common Shares Underlying Grant	% of total Options Granted to Employees in 2000	Exercise Price Per Share	Market Price of Underlying Common Shares, if Lower	Expiration Date
<S>	<C>	<C>	<C>	<C>	<C>
Joseph F. Bozman, Jr. ..	15,000(1)	1%	$1.3750		August 1, 2010

	100,000(2)	8%	$1.3125		August 29, 2010
	300,000(2)	23%	$ .8750		November 2, 2010
Paul C. Sharpe.....	400,000(4)	30%	$1.5625		February 15, 2010
Ray R. Rogers.....	200,000(3)	15%	$1.9125	$2.25	January 30, 2010
Humberto V. Reyes.....	100,000(3)	8%	$1.9125	$2.25	January 30, 2010
Jon S. Pitcher.....	100,000(3)	8%	$1.9125	$2.25	January 30, 2010

- --------

(1) The option to purchase 15,000 Common Shares granted to Mr. Bozman becomes exercisable as to all of the shares in 2001.

(2) The options to purchase 100,000 Common Shares and 300,000 Common Shares granted to Mr. Bozman become exercisable as to 1/3 of the shares in each of 2000, 2001 and 2002.

(3) The terms of the options granted to Messrs. Rogers, Reyes and Pitcher during 2000 provide that the options would become exercisable as to 1/5 of the shares in each of the years 2001-2005. The exercise price of these options was 85% of the $2.25 market price of the Company's Common Stock when the grants were approved by the Company's board of directors. However these options required shareholder approval of an amendment to the Company's 1994 Stock Incentive Plan. The market price of the underlying Common Shares was less than the exercise price when shareholder approval was granted. These option grants include performance-based conditions that could accelerate their exercisability. As a result of meeting the performance-based conditions, Mr. Rogers' option grant became exercisable as to 100,000 shares in 2000 and becomes exercisable as to the remaining 100,000 shares in 2001. In addition Messrs. Rogers, Reyes and Pitcher all have employment agreements with the Company that may accelerate the exercisability of all of their outstanding options upon termination of employment. The Company has given notice to Messrs. Reyes and Pitcher that their contracts will not be renewed as of March 31, 2001. As a result of their terminations, Messrs. Reyes' and Pitcher's options will all become exercisable on October 1, 2001.

(4) If not exercised, Dr. Sharpe's options to purchase 400,000 Common Shares will be forfeited before the end of the first quarter of 2001.

No stock appreciation rights were granted by the Company in 2000 to the above-named executive officers.

AGGREGATED OPTION EXERCISES AND FISCAL YEAR END OPTION VALUES

All options issued to executive officers who are included in the Summary Compensation Table above are shown below.

<TABLE>
<CAPTION>

Name	Number of common shares acquired on exercise during 2000	Value realized	Number of common shares underlying unexercised options at December 31, 2000 Exercisable	Number of common shares underlying unexercised options at December 31, 2000 Unexercisable	Value of unexercised in-the-money options at December 31, 2000 Exercisable	Value of unexercised in-the-money options at December 31, 2000 Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Joseph F. Bozman, Jr. ..	--	--	133,333	281,667	--	--
Paul C. Sharpe.....	--	--	133,334	266,666	--	--
Ray R. Rogers.....	--	--	310,733	166,667	--	--
Humberto V. Reyes.....	--	--	138,333	141,667	--	--
Jon S. Pitcher.....	25,000	56,588	69,000	125,000	--	--

</TABLE>

Employment Contracts

Effective April 3, 2000, the Company entered into an Executive Separation and Employment Agreement with Ray R. Rogers. The agreement provides that Mr. Rogers would resign as Chairman of the Company's Board of Directors no later than June 30, 2000, and that the Company would employ Mr. Rogers as a special advisor reporting to the Board of Directors for a period of twelve months following his resignation as Chairman. The agreement provides an annual base salary of $240,000. Unless terminated by either party, the agreement will automatically renew for one year. The agreement prohibits Mr. Rogers from

accepting other full-time employment or engaging in certain activities competitive to the Company without prior consent. If the Company terminates Mr. Rogers' employment prior to the expiration of the agreement, it must continue Mr. Rogers' salary for twelve months after termination. If the agreement is not renewed after one year, Mr. Rogers' salary is to be continued for six months. Upon termination Mr. Rogers' unvested stock options will fully vest, and the period during which he can exercise the options will be extended.

The Company also entered into employment agreements with Mr. Reyes and Mr. Pitcher, effective April 3, 2000. These agreements provided that the Company would employ Mr. Reyes and Mr. Pitcher in their current positions for a period of one year at their current annual salaries ($182,000 for Mr. Reyes and $135,000 for Mr. Pitcher). Unless terminated by either party, the agreements were to automatically renew for one year. The agreements prohibit either executive from accepting other full-time employment or engaging in certain activities competitive to the Company without prior consent. If the Company terminates either executive's employment prior to the expiration of the agreement it must continue his salary for twelve months. If either agreement is not renewed after one year, the executive's salary is to be continued for six months. Upon termination, Mr. Reyes' and Mr. Pitcher's stock options will fully vest, and the period during which they can be exercised will be extended. The Company has notified Mr. Reyes and Mr. Pitcher that their contracts will not be renewed as of March 31, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Beneficial Ownership of Securities

Common Stock

The following table sets forth certain information, as of December 31, 2000, with respect to persons known to the Company to be the beneficial owner of more than five percent of the Company's Common Stock and beneficial ownership by directors and executive officers of the Company's Common Stock.

<TABLE>
<CAPTION>

Name and, as appropriate, address	Amount and nature of beneficial ownership	Percent of class(1)
<S>	<C>	<C>
Pictet & Cie..... 29 Bd Georges Favon P.O. Box 5130 1204 Geneva, Switzerland	2,888,640(8)	25.17%
Teachers Pension Fund of Berne..... Unterdorfstrasse 5 3072 Ostermundigen 2, Switzerland	1,547,826(9)	14.65%
Credit Suisse Asset Management Funds..... Uraniastrasse 9 P.O. Box 800 8070 Zurich, Switzerland	920,000(7)	9.18%
S.R. One Limited..... 200 Barr Harbor Drive, Suite 250 W. Conshohocken, PA 19428	581,200(2)	5.90%
Forsikrings-Aktieselskabet Alka Liv..... Engelholm Alle 1 2630 Taastrup, Denmark	544,389(10)	5.51%
Timothy G. Biro.....	8,100(3)(4)	*
Joseph F. Bozman, Jr.	151,333(3)	1.56%
Richard A. Davis.....	7,340(3)(6)	*

Stuart S. Lang.....	7,800(3)	*
Jon S. Pitcher.....	93,525(3)	*
Humberto V. Reyes.....	158,333(3)	1.63%
Dr. Timothy C. Rodell.....	219,472(3)	2.24%
Ray R. Rogers.....	399,092(3)(5)	4.04%
Dr. Paul C. Sharpe.....	276,667(3)	2.82%
Peter E. Taussig.....	12,000(3)(11)	*
Executive officers and directors as a group -- 10 persons.....	1,333,662	12.37%

</TABLE>

- --------

* Less than one percent.

(1) As required by regulations of the Securities and Exchange Commission, the number of shares in the table includes shares which can be purchased within 60 days, or, shares with respect to which a person may obtain voting power or investment power within 60 days. Also required by such regulations, each percentage reported in the table for these individuals is calculated as though shares which can be purchased within 60 days have been purchased by the respective person or group and are outstanding.

(2) The holdings of S.R. One Limited include 428,389 shares of the Company's Series B Preferred Stock which are convertible into 85,677 shares of Common Stock and warrants exercisable for 207,812 shares of Common Stock.

(3) The holdings of director Taussig include 11,000 shares of Common Stock subject to options. The holdings of director Davis include 5,000 shares of Common Stock subject to options. The holdings of director Lang include 7,000 shares of Common Stock subject to options. The holdings of director Biro include 8,000 shares of Common Stock subject to options. The holdings of director Rodell include 218,472 shares of Common Stock subject to options. The holdings of Joseph F. Bozman, Jr. include 148,333 shares of Common Stock subject to options. The holdings of Jon S. Pitcher include 89,000 shares of Common Stock subject to options. The holding of Humberto V. Reyes include 158,333 shares of Common Stock subject to options. The holdings of Dr. Paul C. Sharpe include 266,667 shares of Common Stock subject to options. The holdings of Ray R. Rogers include 310,733 shares of Common Stock subject to options.

(4) Mr. Biro disclaims beneficial ownership of 5,000 shares of Common Stock subject to options.

(5) Included are 2,000 shares of Common Stock owned by his individual retirement account, as to which Mr. Rogers exercises voting and investment power.

(6) Mr. Davis' holdings include 1,280 shares of Common Stock owned by Mr. Davis jointly with his spouse.

(7) The holdings of Credit Suisse include warrants exercisable for 460,000 shares of Common Stock.

(8) The holdings of Pictet & Cie include warrants exercisable for 1,918,332 shares of Common Stock.

(9) The holdings of Teachers Pension Fund of Berne include warrants exercisable for 1,001,884 shares of Common Stock.

(10) The holdings of Forsikrings-Aktieselskabet Alka Liv include warrants exercisable for 324,826 shares of Common Stock.

(11) Mr. Taussig's holdings include 1,000 shares of Common Stock owned by his

spouse.

Series B Preferred Stock

The following table sets forth certain information, as of December 31, 2000, with respect to persons known by the Company to be the beneficial owner of more than five percent of the Company's Series B Preferred Stock.

<TABLE>
<CAPTION>

Name and address	Amount and nature of beneficial ownership	Percent of class
<S>	<C>	<C>
S.R. One Limited..... 200 Barr Harbor Drive, Suite 250 W. Conshohocken, PA 19428	428,389	100.00%

</TABLE>

Series C Preferred Stock

The following table sets forth certain information, as of December 31, 2000, with respect to persons known by the Company to be the beneficial owner of more than five percent of the Company's Series C Preferred Stock.

<TABLE>
<CAPTION>

Name and address	Amount and nature of beneficial ownership	Percent of class
<S>	<C>	<C>
Rauch & Co..... c/o State Street Bank & Trust 225 Franklin Street Boston, MA 02110	200,000	67.52%
American Health Care Fund, L.P..... 2748 Adeline, Suite A Berkeley, CA 94703	77,000	25.99%
Megapolis BV..... Javastraaat 10 2585 The Hague, Netherlands	19,230	6.49%

</TABLE>

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The Company has paid, or accrued to pay, $98,895 (including reimbursement of expenses) for legal and consulting services during 2000 to Mr. Taussig, who became a director of the Company in January 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:

1. FINANCIAL STATEMENTS

See pages 15 to 32.

2. FINANCIAL STATEMENT SCHEDULES

See Item 14. (d).

3. EXHIBITS

See Exhibit Index--page 46.

(b) Reports on Form 8-K.

One report on Form 8-K was filed by the Company during the fourth quarter of 2000, reporting notification to the Company of a potential delisting notification from the Nasdaq National Stock Market.

(c) Exhibits specified by item 601 of Regulation S-K.

See Exhibit Index--page 46.

(d) Financial Statement Schedules:

OXIS INTERNATIONAL, INC.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

Years ended December 31, 2000, 1999 and 1998

<TABLE>
<CAPTION>

Description	Balance at beginning of year	Additions-charged to costs and expenses	Deductions- write offs	Balance at end of year
<S>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts:				
2000	$136,000	$63,000	--	$199,000
1999	77,000	77,000	18,000	136,000
1998	33,000	56,000	12,000	77,000
Reserve for inventory obsolescence:				
2000	$112,000	$51,000	--	$163,000
1999	48,000	64,000	--	112,000
1998	52,000	(4,000)	--	48,000

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: March 23, 2001

OXIS International, Inc.
Registrant

/s/ Joseph F. Bozman, Jr.
By: _____
Joseph F. Bozman, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ Jon S. Pitcher
_____
Jon S. Pitcher
Chief Financial Officer
(Principal Financial and
Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following directors on behalf of the Registrant.

<TABLE>

<S>	<C>	<C>
/s/ Timothy G. Biro		March 23, 2001
_____		
Timothy G. Biro		

/s/ Joseph F. Bozman, Jr. Joseph F. Bozman, Jr.	March 23, 2001
/s/ Richard A. Davis Richard A. Davis	March 23, 2001
/s/ Stuart S. Lang Stuart S. Lang	March 23, 2001
/s/ Timothy C. Rodell Timothy C. Rodell	March 23, 2001
/s/ Ray R. Rogers Ray R. Rogers	March 23, 2001
Peter E. Taussig	March 23, 2001

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit Number	Description of Document
<C>	<S>
2(a)	Agreement and Plan of Reorganization and Merger between OXIS International, Inc., OXIS Acquisition Corporation and Therox Pharmaceuticals, Inc. dated July 18, 1995 (1)
2(b)	Amendment No. 1 to Agreement and Plan for Reorganization and Merger between OXIS International, Inc., OXIS Acquisition Corporation and Therox Pharmaceuticals, Inc. (2)
2(c)	Share Exchange Agreement by and among Innovative Medical Systems Corp., OXIS International, Inc and each of the shareholders who are signatories thereto. (3)
3(a)	Second Restated Certificate of Incorporation as filed October 21, 1998 (4)
3(b)	Bylaws of the Company as amended on June 15, 1994 (5)
4(a)	Certificate of Designations, Preferences, and Rights of Series E Preferred Stock of the Company (6)
4(b)	Securities Purchase Agreement, Registration Rights Agreement and Security Agreement (7)
4(c)	Forms of Common Stock and Warrant Purchase Agreement, Warrant to Purchase Common Stock, and Registration Rights Agreement (8)
10(a)	OXIS International, Inc. Series B Preferred Stock Purchase Agreement dated July 18, 1995 (9)
10(b)	Form of Promissory Notes dated March 27, 1997--April 24, 1997 (10)
10(c)	Agreement of Sale dated December 2, 1998 (11)
10(d)	Sublease Agreement dated February 19, 1999 (11)
10(e)	Rider to Sublease Agreement dated February 19, 1999 (11)

10(f) Executive Separation and Employment Agreement dated April 3, 2000, between the Company and Ray R. Rogers (12)

10(g) Executive Separation and Employment Agreement dated April 3, 2000, between the Company and Jon S. Pitcher (13)

10(h) Executive Separation and Employment Agreement dated April 3, 2000, between the Company and Humberto V. Reyes (13)

21(a) Subsidiaries of OXIS International, Inc.

23(a) Independent Auditors' Consent
</TABLE>
- -------
(1) Incorporated by reference to the Company's Current Report on Form 8-K dated July 19, 1995.

(2) Incorporated by reference to the Company's Annual Report on Form 10-K for 1995--Exhibit 2 (b).

(3) Incorporated by reference to the Company's Form 8-K Current Report, dated January 15, 1998.

(4) Incorporated by reference to the Company's Form 8-K Current Report, dated October 19, 1998.

(5) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994.

(6) Incorporated by reference to the Company's Form 8-K Current Report dated December 30, 1996.

(7) Incorporated by reference to the Company's Form 8-K Current Report dated November 4, 1996.

(8) Incorporated by reference to the Company's Form 8-K Current Report dated March 3, 2000.

(9) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.

(10) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997.

(11) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March, 31, 1999.

(12) Incorporated by reference to the Company's Form S-3 Registration Statement No. 333-40970 filed July 7, 2000.

(13) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 20, 2000.

EXHIBIT 21(a)

Subsidiaries of OXIS International, Inc.

As of December 31, 2000, the Company's subsidiaries were as follows:

<TABLE>
<CAPTION>

Name	Jurisdiction of incorporation
<S>	<C>
OXIS Health Products, Inc.	Delaware
OXIS Therapeutics, Inc.	Delaware
OXIS International S.A.	France
OXIS Acquisition Corporation	Delaware
OXIS Isle of Man Limited	Isle of Man
OXIS Instruments, Inc.	Pennsylvania
OXIS International (UK) Limited	England

</TABLE>

EXHIBIT 23(a)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-64451, 333-32132 and 333-54600 on Form S-8 and in Registration Statements Nos. 33-61087, 333-5921, 333-18041, 333-61993 and 333-40970 on Form S-3 of our report dated March 1, 2001 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern) appearing in this Annual Report on Form 10-K of OXIS International, Inc. for the year ended December 31, 2000.

DELOITTE & TOUCHE LLP

Portland, Oregon
March 21, 2001