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

Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transaction period from______ to______

Commission file number: 000-08092

OXIS International, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-1620407**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
468 N. Camden Drive, 2nd Fl., Beverly Hills, California	**90210**
(Address of Principal Executive Offices)	(Zip Code)

(310) 860-5184
(Registrant's Telephone Number, Including Area Code)

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer or non-accelerated filer (See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act) (Check one).

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock, $0.001 par value per share, held by non-affiliates of the registrant on

June 30, 2009, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $4.1 million.   As of March 30, 2010, 77,403,440 shares of the registrant's common stock, $.001 par value, were issued and outstanding.

TABLE OF CONTENTS

PART I

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including our plans of operation, any projections of revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under "Risk Factors" and elsewhere in this report.

Introductory Comment

Throughout this Annual Report on Form 10-K, the terms "OXIS," "we," "us," "our," "the company" and "our company" refer to OXIS International, Inc., a Delaware corporation formerly known as DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc., together with our subsidiaries. References to "OXIS," "we," "us," "our," "the company" and "our company" for periods prior to June 2008 include BioCheck, Inc., a majority owned subsidiary.

ITEM 1. BUSINESS

OXIS International, Inc. (OXIS.OB) is engaged in the research, development and sale of products that counteract the harmful effects of "oxidative stress." Oxidative stress refers to the situations in which the body's antioxidant and other defensive abilities to combat free radicals (a.k.a highly reactive species of oxygen and nitrogen) are overwhelmed and normal healthy balance is lost. Our product candidates include therapeutic nutraceutical products, cosmeceutical products and proprietary formulations that may out-licensed to biotech and pharmaceutical companies as drug candidates. The primary products that we are initially focusing on incorporate the naturally occurring compound, L-Ergothioneine ("ERGO"), as a key component.

Until 2008, we engaged in the business of developing clinical and research assays and therapeutic compounds including developing new approaches to assessing and treating conditions and diseases associated with oxidative stress. BioCheck, Inc., our majority owned subsidiary at that time, produced enzyme immunoassay diagnostic kits for clinical laboratories though 2008. In 2008, we exited most of these lines of business relating to diagnostics and have since directed our attention to our current business of developing and marketing nutraceutical and cosmeceutical products in the field of oxidative stress reduction with a focus on products that include ERGO as a component.

Corporate History

The corporate predecessor of this company was incorporated in California in 1965 as Diagnostic Data, Inc (DDI). DDI changed its state of incorporation to Delaware in 1972, and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc.

Through 2008, we derived most of our revenues from sales of research diagnostic reagents and assays to medical research laboratories ("Research Assays"). Our Research Assay products included approximately 45 research reagents and 26 assays in most cases related to ways to measure oxidative stress. We developed, commercialized and marketed an extensive product line that provided several types of tools for researchers to identify and measure the balance between oxidative, nitrosative, antioxidant and inflammatory biomarkers in biological samples. We owned five U.S. patents and eight international patents with respect to these assays. We also held the rights to four therapeutic classes of compounds in the area of oxidative stress and inflammation and marketed the antioxidant ERGO to industry leaders in the cosmetics industry.

In 2005, we acquired a majority interest in BioCheck, Inc., a privately held California corporation engaged in the production of enzyme immunoassay diagnostic kits for domestic and international clinical laboratories and in the development of certain custom antibodies. Commencing in June 2006, we provided certain services to BioCheck and BioCheck provided certain services to us. These services were billed and paid for on an hourly rate with an overhead surcharge. The services that BioCheck provided included as requested assisting us: (1) in manufacturing of our Research Assay test kits, (2) packaging and shipping such Research Assay test kits to our customers, and (3) undertaking research and development of certain new OXIS Research Assay test kits.

In October, 2006, we issued $1,694,250 of Secured Convertible Debentures to a group of investors. To secure our obligations under the Secured Convertible Debentures, we granted the investors a security interest in substantially all of our assets, including a pledge of our ownership interests in our wholly-owned subsidiaries, OXIS Therapeutics, OXIS Isle of Man, and our majority-owned subsidiary, BioCheck, Inc. Bristol Investment Fund, Ltd., ("Bristol") acted as the agent for itself and three other holders of the Secured Convertible Debentures. As a result of this company's default under the Secured Convertible Debentures, Bristol acquired our interest in the shares of BioCheck in June, 2008**.**

Our lead therapeutic drug candidate during 2004 to 2008 was BXT-51072, a low molecular weight oral drug that mimics the antioxidant activity of glutathione peroxidase. BXT-51072 directly neutralizes hydrogen peroxide (a central reactive oxygen species) and appears to protect cells from peroxide mediated damage. In September, 2004, we licensed the rights to BXT-51072 for cardiac indications to a company now known as Synvista Therapeutics, Inc. Synvista conducted certain clinical trials with BXT-51072, but these trials were not successful and we do not anticipate any further revenue from this license. OXIS retains the rights to BXT-51072 for other indications and is considering evaluating the feasibility and desirability of out-licensing BXT-51072 and its other owned compounds for other indications.

In the third quarter of 2007, we initiated and completed an internal strategic review and analysis of our businesses with a goal of achieving financial stability and long term growth. As a result of this review and analysis, our Board decided in September, 2007 to divest itself of the diagnostic elements of our business and change this Company's business model to position the company for better growth opportunities. We sought and obtained offers for our BioCheck, Inc. majority-owned subsidiary and our Research Assay product line. However, before we could complete the sale of these businesses, Bristol foreclosed on its security interest in the BioCheck shares, and all of the shares of stock in BioCheck were acquired by Bristol. Later, in December, 2008, we sold substantially all of the assets related to our Research Assay business to Percipio Biosciences, Inc. However, the Research Assay product line that we sold did not include any rights, title, and interest related to our marketing and sale of nutraceutical, cosmeceutical or therapeutic products, such as the sale of ERGO or superoxide dismutase. In particular, the Board believed that that ERGO had potent antioxidant as well as other properties and, accordingly, had potential for sale as a dietary supplement or "nutraceutical" and for use as an ingredient in personal care products.

Business

OXIS focuses on the research, development and sale of products and/or proprietary formulations that can be classified generally into four main business sectors:

1. Dietary supplements, functional foods and functional beverages;

2. Personal care products, including skin care and cosmetics products;

3. Veterinary products for companion animals, livestock and performance animals such as race horses; and,

4. Proprietary compounds that may be out-licensed to biotechnology and/or pharmaceutical companies.

To date, our operations have been focused on to developing a line of dietary supplements containing ERGO. A limited release of a joint health product named “Ergo-Plex” in 2009 by means of a long-form direct mail program produced a very favorable response rate. While we have not released any of our other proposed products as of this date, we have entered into an agreement with a leading service provider in the direct marketing response business for the purpose of developing a follow-up offering with a target mailing date of summer 2010. This offering will include a "foundation" ERGO supplement with a higher level of ERGO than in the previous “Ergo-Plex” product and is intended to build the body's total ERGO supply. A second product will be an improved joint health formulation similar to the Ergo-Plex product offered in 2009. Our plans call for subsequent offerings that contain ERGO, including, but not limited to, enhanced formulations to support cardiovascular, brain and immunological health.

Based on our current internal projections regarding the development of these products, and on the estimated time to manufacture, package and market these products, we anticipate that we will commercially release our first products during the summer of 2010.

Science Background/Rationale

The following key points summarize the science background and rationale for our business.

Internally and externally generated free radical and oxidative stress have been proven to contribute to disease and aging.

Free radicals (a.k.a. highly reactive species of oxygen and nitrogen) can damage the body when they exceed the body’s natural defenses to counteract them. This condition is commonly referred to as “oxidative stress.” These unstable molecules are produced continuously in the body as a result of oxygen metabolism and inflammatory reactions. Inflammation contributes to many disorders including most of the “itis” diseases and mostly notably arthritis. The body also encounters free radicals when exposed to sunlight, air pollution, pharmaceutical drugs tobacco smoke, and following strenuous exercise. Free radicals can react with key organic substances such as lipids (fats), proteins and DNA in a process called “oxidation.” Oxidative damage disturbs the function of biological molecules causing disease and a wide variety of physiological changes associated with premature aging and disease. By way of example, free radical damage to DNA has been associated with cancer, damage to lipids with atherosclerosis, damage to proteins with premature aging and neurodegenerative diseases such as Alzheimer’s disease. All of the body’s organ systems are susceptible to oxidative stress but the lungs, the brain, the eyes, the cardiovascular system, the skin and the reproductive systems are especially vulnerable.

Antioxidants and other systems in the human body work to counteract the effects of oxidative stress.

The human body has a special intrinsic group of “defensive” antioxidant enzymes including superoxide dismutase, catalase and glutathione peroxidase that can act synergistically to neutralize oxidative stress. Antioxidants that are ingested either as components of the foods or as ingredients in dietary supplements also play an important role in reducing oxidative stress. These include well-known and widely consumed vitamins such as Vitamin C and Vitamin E. Other dietary antioxidants include beta-carotene (converted in the body to Vitamin A and found in dark green vegetables, fruits like apricots and cantaloupes, squash, carrots, sweet potatoes and pumpkins). In addition, certain dietary substances such as proanthocyanins, anthocyanins, polyphenols, flavonoids, and metal chelators can also reduce oxidative stress. These natural compounds exist in a variety of food products such as grains, fruits, vegetables, herbs, spices, teas, red wine and soybeans. For example, tomatoes are a particularly good source of lycopene, also believed to be an antioxidant.

The key concern is that the protective antioxidant systems of the body can be overwhelmed as a result of the stresses of aging, disease, exposure to environmental toxins and the day-to-day stresses of modern life. The consequence is a reduction in overall health and well being, the development of disease and/or accelerated aging.

Our business focuses on this major health challenge with the goal of identifying and developing a number of naturally occurring substances that can be used by humans and animals as supplements to protect them from the harmful effects of oxidative stress. These supplements would bolster the effects produced by the body’s own intrinsic defense mechanisms and amplify the helpful impact of the dietary intake of antioxidants and other helpful nutrients.

We believe that there is a rationale for focusing our efforts on naturally occurring protective substances since they are more likely to be both safe and efficacious. Many of these naturally occurring compounds promoting better health are contained in foods. However, in most cases, these foods cannot be consumed in sufficient quantities to obtain the health benefits of these naturally occurring substances. Thus, a key component of our business plan is providing these specific helpful compounds in sufficient quantities in the form of dietary supplements or “functional” foods that contain these compounds.

Our first group of products incorporates the naturally occurring compound, L-Ergothioneine (“ERGO”), as a key component.

ERGO is naturally occurring, water soluble, amino acid antioxidant produced by microbes in the soil and most commonly found in (but not produced by) various species of mushrooms and grapes, meats and dairy products. Humans and most animals typically have low levels of ERGO since the amount of ERGO in the diet is relatively small.

Our intellectual property includes three patents and two patent pending applications that cover the synthesis of highly-purified ERGO and the protective effect of ERGO on mitochondria and other pivotal body structures and functions. A number of peer reviewed scientific papers referenced on our website (www.oxis.com) indicate that ERGO is one of the most potent, multifaceted biological compounds with both appreciable antioxidant and other protective properties. ERGO acts by itself, or in combination with other natural compounds to improve the body’s own intrinsic defenses against oxidative stress. Accordingly, Oxis focuses its efforts on developing products that deliver the benefits of ERGO taken by itself and in combination with other elements that enhance other health protective systems.

Our patented and proprietary manufacturing method produces ERGO in commercial quantities analytically indistinguishable from its form found in humans. ERGO exists in certain types of mushrooms, grapes, meats and dairy products. However, it is not commercially practical to extract ERGO from these natural sources and it essentially impossible to ingest a diet that provides enough ERGO to take full advantage of its potential health benefits.

We are establishing several marketing channels to commercialize our planned products. These include non-traditional, direct to consumer channel (i.e. multi-level-marketing (MLM), infomercials, direct-mail, Internet) as well as traditional channels of mass retail and specialty retail. We plan to develop products internally and seek complementary acquisitions that may provide additional products, expand our customer base and/or add to our distribution capabilities.

ERGO has a number of special properties that decrease oxidative stress and may be beneficial for reducing the risk of developing certain diseases, contributing to healthy aging and reducing the risk of age-related diseases.

ERGO has been known to science since the early 20th century and the efficacy of ERGO as a multi-faceted antioxidant is supported by considerable published peer-review scientific research. In particular, ERGO also has fundamental anti-inflammatory and other potentially beneficial effects as evidenced by its ability to inhibit multiple mechanisms that contribute to inflammation and oxidative stress. Some specific examples include the ability of ERGO to: 1) inhibit NF-kB activation (a central mechanism for implementing inflammatory responses), 2) abolish the transcriptional activation of interleukin-8 (a pro-inflammatory cytokine chemical that attracts white blood cells into sites of inflammation, for example an arthritic joint), 3) reduce apoptosis (a mechanism by which cells commit suicide which may be important in controlling inflammation and aging), 4) suppress the formation of peroxynitrite (a reactive nitrogen species that has many effects, especially the damaging nitration of proteins seen in neurodegenerative and vascular disorders), and, 5) to decrease hydrogen peroxide formation and its many effects on pro-inflammatory signaling mechanisms. These multiple scientific observations suggest the multifaceted actions of ERGO and suggest the potential importance of having this broad reaching agent in optimal levels to achieve health and combat aging and disease.

A good example of the protective effect of ERGO has been demonstrated in studies of Amyloid beta (Ab) which is the major component of senile plaques - the brain lesion that commonly occurs and is considered to play a causal role in the development and progression of Alzheimer's disease.

The exact cause of the injury due to this amyloid molecule is of current interest in neurodegenerative disease research. A key finding is that ERGO may reduce this injury process that appears to involve oxidative stress damage to important brain constituents. Moreover, peer-reviewed, published scientific research shows that reactions involving *b*-amyloid peptides are associated with important neurotransmitter signaling deficits in the brains of patients with Alzheimer's disease. The conclusion that can be drawn is that ERGO protects the neurons of the brain against injury by reducing the damage caused by neurotoxins. We intend to continue to pursue the practical value of these and other observations about the potential wide ranging benefits of ERGO by conducting research and collaborating with experts in academic institutions.

It is also significant that ERGO has been shown to possess properties that may be beneficial in maintaining overall health and reducing the risk of disease.

Some of these additional benefits include the ability of ERGO to:

1. Conserve and maintain the levels of other antioxidants such as Vitamin E, Vitamin C and glutathione;

2. Increase respiration and the oxidation of fat (possibly contributing to increased energy and exercise capacity);

3. Protect the mitochondria from damage;

4. Protect against environmental ultraviolet radiation (likely to be important in protecting the eyes against cataract producing oxidative injury); and,

5. Neutralize increased oxidative stress by providing an ROS (radical oxygen species) and RNS (radical nitrogen species) scavenging capacity that protects key molecules in the body.

The recent identification of an ERGO transporter (a facilitator for moving ERGO into cells and maximizing its activities) suggests the physiological relevance of ERGO as a potential therapeutic agent. Although more needs to be learned about this intrinsic mechanism for localizing and using ERGO, the presence of a special system dedicated to ERGO further suggests the potential importance of ERGO. Moreover, the ERGO transporter system suggests the potential specific importance of ERGO as a therapeutic agent for chronic inflammatory diseases, such as Crohn's disease, ulcerative colitis, and rheumatoid arthritis and Type I diabetes as well as aging and other significant health processes.

Products

Our strategy is to develop and maximize product designed for consumer use and to utilize the most effective distribution channels to: (1) attract new customers, (2) develop "relationships" with them, and (3) build and maintain sales with them. Essentially all of our products are "consumables" that can generate a stream of repeat sales with the same customers.

We produced and sold a product named "Ergo-Plex" during 2009 via a direct mail program conducted in conjunction with a company specializing in this type of marketing. Ergo-Plex is a dietary supplement that may be prepared in a variety of ingestible forms that provides ERGO and other widely accepted and clinically proven ingredients for the maintenance of joint health.

We have sold small amounts of ERGO as a component to selected commercial customers in the cosmetics industry, especially in skin care products. We have also provided ERGO to a customer for use in veterinary fertility. However, our initial focus is to develop and sell products to the consumer products sector.

This company is in the process of developing a broader line of dietary supplements containing ERGO, and plans in the future to develop, by itself or via alliances, functional food and beverages and cosmeceutical products. Oxis' product/market strategy is based on the rapid development of innovative products for these consumer markets. Product development will be achieved by a team comprised of our executive leadership, our Science Advisory Board and outside firms that specialize in these fields.

Markets

The products that Oxis is developing and plans to sell address very large, but fragmented markets with a wide variety of products, producers and marketing channels. According to *Nutrition Business Journal*, the total retail natural products market amounted to approximately $101.8 billion in retail sales in calendar 2008.

Oxis competes in: (1) the dietary supplements market with 2008 estimated retail sales of $25.2 billion (vitamins, minerals and other supplements), (2) the functional foods market with 2008 estimated retail sales of $36.8 billion, and, (3) the personal care market with $10.1 billion in estimated retail sales in 2008.

Oxis also intends to compete in the market for veterinary products including both products for companion animal (such as dietary supplements and topical products) and products based on our prior experience with companies in reproductive science for horses, pigs and other livestock.

We may also enter the health care segment of the companion animal products segment, which is an very large target segment accounting for over $6.8 billion in global sales, with the US being the dominant market. The total global market for animal health products is estimated to be $17.4 billion.

Finally, we believe that there are opportunities for us to out-license proprietary compounds to biotech and pharmaceutical companies as drug candidates. Oxis owns several patents that could cover viable drug candidates at this time and expects to add to its IP portfolio as it builds relationships with various researchers around the globe, especially those focusing on therapeutics employing ERGO. Oxis believes that several of its patents may be related to the potential use of ERGO in compounds having therapeutic value in the preservation of organs for transplantation and as a treatment to address the significant oxidation stress occurring after both stroke and heart attack.

Oxis owns one approved pharmaceutical product (trademarked as Palosein) for veterinary use and is evaluating the re-launch of this product. This drug would compete with several prescription drugs for veterinary use such as Adequan (Polysulfated Glycosaminoglycan - PSGAG Solution) and Rimadyl.

Marketing, Sales and Distribution

North American Marketing

Our immediate marketing and sales plan emphasizes close and direct contact with the consumer. This strategy stresses building a significant and enduring customer base and maximizing profits by eliminating one or more layers in the certain distribution channels. This approach compares favorably with a traditional retail distribution strategy where the consumer relationship is with the retailer and manufacturer profits are lower in terms of both sales and profits.

Examples of methods to build direct consumer relationships include multi-level marketing, Internet sales, long and short-form television infomercials, long and short-form radio infomercials and direct mail programs. We plan to further evaluate all of these approaches for the distribution of our consumer products and utilize the approaches which best build and maintain consumer relationships and maximize our profits.

Foreign Marketing

While we initially will be focusing on the North American market, we expect to market our products in high potential foreign markets such as Europe, Japan, and certain emerging Asian markets. We intend to reach these markets through business alliances with companies in these geographic regions that possess the necessary market knowledge, expertise and ability to reach and sell to consumers and other market participants.

Manufacturing

We have outsourced the manufacturing of the ERGO and we are working to expand our manufacturing capacity and reduce the cost of producing ERGO. We have had a multi-year relationship with our primary manufacturing source that manufactures ERGO according to our patented, proprietary process. We also plan to outsource the manufacture of all products that we plan to sell through various channels into the marketplace. We believe there is wide variety of companies who can efficiently and cost-effectively manufacture our products.

Patents and Trademarks

OXIS Patent Portfolio

Below is a list of patents and patent applications that serve as a base for new product development and are particularly relevant to our planned businesses. These patents and patent applications address the protective effect of ERGO on mitochondria, the ERGO manufacturing process, and the neuroprotectant methods and compositions of ERGO. Certain patents cover potential therapeutic drug candidates that we may out-license to biotech and pharmaceutical companies. In addition, we own certain other patents not directly related to our planned nutraceutical and cosmeceutical business that are not shown here.

OXIS Ergothioneine Patents

- U.S. Patent 5,438,151 issued August 1, 1995 entitled "Process for the Preparation of Ergothioneine" will expire on February 8, 2014.
- U.S. Patent 6,103,746 issued August 8, 2000 entitled "Methods and Compositions for the Protection of Mitochondria" will expire on February 19, 2018.
- Mexican Patent 211035 issued October 25, 2002 entitled "Methods and Compositions for the Protection of Mitochondria" will expire on February 19, 2018.

OXIS Ergothioneine Pending Applications

- U.S. Application 12/595,506 filed October 9, 2009 entitled "Ergothioneine and/or its Derivatives as a Cell Preservative".
- Canadian Application (Number not yet assigned) filed October 9, 2009 entitled "Ergothioneine and/or its Derivatives as a Cell Preservative".

Selected Licensed BXT-51072 Patents – Potential Drug Candidates and Related Patents

- U.S. Patent 5,968,920 issued October 19, 1999 entitled "Novel Compounds having a Benzoisoelen-Azoline and -Azine Structure, Method for Preparing Same and Therapeutic Uses Thereof" will expire on April 7, 2015.
- U.S. Patent 6,093,532 issued July 25, 2000 entitled "Method for Storing a Biological Organ Transplant Graft Using a Benzisoelen-Azoline or -Azine Compound" will expire on April 7, 2015.
- U.S. Patent 5,973,009 issued October 26, 1999 entitled "Aromatic Diselenides and Selenosulfides, their Preparation and their Uses, more Particularly their Therapeutic Use" will expire on December 23, 2017.
- U.S. Patent 6,525,040 issued February 25, 2003 entitled "Cyclic Organoselenium Compounds, their Preparation and their Uses" will expire on December 23, 2017.

The foregoing patents can expire earlier if they are abandoned or are not adequately maintained. No assurance can be given that patents will be issued from any of the pending patent applications or that the scope of the coverage claimed in our patent applications will not be significantly reduced prior to any patent being issued.

Trademarks

Oxis has a number of trademarks available for its use including: Ergo-Plex®, ERGOLD®, Ergo-Max®, Ergo-Pur®, V[eye]tamin®, Immortal Energy®, Palosein®, ERGO®, L-Ergo®.

Competition

Our primary initial target markets of: (1) dietary supplements and functional foods and beverages, and, (2) personal care products are very large and includes some bigger, more dominant companies. However, these larger companies co-exist in the market with many smaller companies with less than $5 million of sales per year. Companies in these fields have vastly different amounts of financial and other resources. A few larger competitors are able to distribute through drug store and food chains and other mass marketers. However, many smaller companies develop their own followings and distribution approaches and are many are believed to have achieved profitability, albeit at lower levels of sales. Competition is based on perceived product benefits and image (especially for cosmeceuticals) and to a lesser degree on price. The more price sensitive items are typically the less differentiated products such a single vitamins in standard tablets (e.g., Vitamin C or E).

In the dietary supplement field the largest, best known competitors include: NBTY, Pharmavite, Amway Nutrilite and Herbalife. Some apparently successful smaller companies include New Chapter and Nature's Way.

In functional foods and beverages field, some of the largest and best known competitors include Monavie, Hain-Celestial, Pom, Wonderful, Hanson, Red Bull and Silk. Some apparently successful smaller companies include Lifeway and Honest Teas.

In the cosmeceutical space the largest, best known competitors include: L'Oreal, Estee Lauder, NuSkin and Mary Kay. Some apparently successful smaller companies include Nature's Gate and Dermalogica.

The Company believes that its products in these segments based initially on ERGO can compete successfully in these markets and that the Company will have sufficient resources to do so.

Government Regulation

The manufacturing, packaging, labeling, advertising, distribution and sale of our proposed nutraceutical and cosmeceutical products will be subject to regulation by one or more federal agencies, principally the U.S. Food and Drug Administration ("FDA") and the Federal Trade Commission ("FTC"). Our activities will also be regulated by various governmental agencies for the states and localities in which our products are sold, as well as by governmental agencies in certain countries outside the United States if we offer and sell any products abroad. Among other matters, regulation by the FDA and FTC is concerned with product safety and claims made with respect to a product's ability to provide health-related benefits. Specifically, the FDA, under the Federal Food, Drug, and Cosmetic Act ("FDCA"), regulates the manufacturing, packaging, labeling, distribution and sale of food, pharmaceutical, and over-the-counter drugs. The FTC regulates the advertising of these products.

In addition, our nutraceutical business may be regulated by the United States Food and Drug Administration, or FDA as a dietary supplement (under the Dietary Supplement Health and Education Act of 1994 ("DSHEA") or as a food under the Nutrition Labeling and Education Act of 1990 ("NLEA"). The FDA monitors the safety of dietary supplements along with the label claims made for both functional foods and dietary supplements. The FTC monitors advertising claims made for all products, including nutraceutical and cosmeceutical products to ensure that all labeling, including health related claims, are truthful and not misleading. We believe that we are in compliance with all guidelines with regarding the manufacturing, marketing and sales of our nutraceutical products.

We do not anticipate that we will be directly involved in any regulation regarding our therapeutic compounds since we will be out-licensing these compounds to biotech and pharmaceutical companies that will be responsible for this aspect of our therapeutic business.

Employees

As of December 31, 2009, we had no employees. During 2009, because we were transitioning our operations to our new business plan, the company's business was managed by several part-time consultants, including our chief executive officer, who reported directly to the Board of Directors. Our financial affairs were primarily managed by an outside finance consultant who reported to the Board and is now our Chief Financial Officer. As of March 30, 2010, these two individuals and a new President are all officers and employees of the Company. As business activities require and capital resources permit, we will hire additional employees to fulfill our company's needs.

ITEM 1A. RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in or maintain your investment in our company. The risks described below are not intended to be an all-inclusive list of all of the potential risks relating to an investment in our securities. If any of the following or other risks actually occurs, our business, financial condition or operating results and the trading price or value of our securities could be materially and adversely affected.

Risks Related To Our Business

We have operated at a loss and will likely continue to operate at a loss for the foreseeable future.

We have operated at a loss since our inception. We incurred net losses of $2,246,000, and $5,006,000 for the years ended December 31, 2009 and 2008, respectively. We had an accumulated deficit as of December 31, 2009 of approximately $77,100,000 and a working capital deficit of approximately $5.8 million. We are likely to continue to incur losses unless and until we are able to commercialize one or more of our proposed products. These losses, among other things, have had and will continue to have an adverse effect on our stockholders' equity and working capital. Because of the numerous risks and uncertainties associated with our product development efforts, we are unable to predict when we may become profitable, if at all. If we do not become profitable or are unable to maintain future profitability, the market value of our common stock will be adversely affected.

We will need additional capital in order to successfully implement our business plan, without which we may not be able to successfully implement our business plan, which may cause us to have to curtail or cease operations.

Based on our current level of operations and assumptions regarding future expenses, we believe that we have sufficient cash on hand and future cash in-flows to fund our administrative expenses for the next year. However, our business plan calls for us to incur significant additional expenses in connection with marketing and commercializing our future products and in developing and expanding our business and operations. Although we anticipate that our future operations will generate operating revenues, our future development costs, and the costs of commercially releasing any of our proposed products will exceed the amount of cash that we currently have. Accordingly, in order to expand our operations in the manner contemplated by our business plan, or to continue to operate our company more than twelve months from now, we will have to either (i) obtain additional debt or equity financing or (ii) enter into a strategic alliance with a synergistic company to provide its required funding.

While we have had substantive discussions with potential providers of additional capital, we do not have commitments from any third parties at this time to provide this financing. Thus, there can be no assurance that sufficient funding will be available to us at acceptable terms or at all. If we are unable to obtain sufficient financing on a timely basis, the development of our products could be delayed, our marketing plans may have to be scaled back, and we could be forced to reduce the scope of our product development and operations, or otherwise limit or terminate our operations altogether. Any equity additional funding that we obtain will reduce the percentage ownership held by our existing security holders.

We have no direct operating history in the nutraceutical and cosmeceutical business, which makes it difficult to evaluate our financial position and our business plan.

Until the end of 2008, we were engaged in the sale of research diagnostic reagents and assays to medical research laboratories, and in the production of enzyme immunoassay diagnostic kits for domestic and international clinical laboratories. Since 2008, we no longer are engaged in those businesses, and have restructured our operations as discussed in Part I of this document. However, since we have only recently commenced our new operations pursuant to this business model and have not yet generated significant revenues from our new operations, we have no operating history in that line of business on which a decision to invest in our company can be based. The future of our company currently is dependent upon our ability to implement our new business plan. And, we have brought onto our team several individuals with direct experience in these fields. to help achieve this. However, while we believe that our business plan, if implemented as contemplated, will make our company successful, we have no operating history against which we can test our plans and assumptions, and therefore cannot evaluate the likelihood of success.

We plan to outsource and rely on third parties for the development and manufacture and marketing of our products.

Our business model calls for the outsourcing of the development, manufacturing and marketing of our products in order to reduce our capital and infrastructure costs as a means of potentially improving the profitability of these products for us. We have not yet entered into all of the manufacturing arrangements that we will required and there can be no assurance that we will be able to enter into satisfactory arrangements for these development and manufacturing services or the marketing of our products.

Our products will be subject to government regulation, both in the United States and abroad, which could increase our costs significantly and limit or prevent the sale of our products.

The manufacture, packaging, labeling, advertising, promotion, distribution, and sale of any products that we may in the future release will be subject to regulation by numerous national and local governmental agencies in the United States and other countries. The primary regulatory bodies in the United States are the FDA and FTC. Failure to comply with these regulatory requirements may result in various types of penalties or fines. These include injunctions, product withdrawals, recalls, product seizures, fines, and criminal prosecutions. Individual states also regulate nutritional supplements. A state may interpret claims or products presumptively valid under federal law as illegal under that state's regulations. In markets outside the United States, we may have to obtain approvals, licenses, or certifications from a country's ministry of health or comparable agency, as well as labeling and packaging regulations, all of which vary from country to country. Approvals or licensing may be conditioned on reformulation of products or may be unavailable with respect to certain products or product ingredients. Any of these government agencies, as well as legislative bodies, can change existing regulations, or impose new ones, or could take aggressive measures, causing or contributing to a variety of negative consequences, including:

- requirements for the reformulation of certain or all products to meet new standards,
- the recall or discontinuance of certain or all products,
- additional record keeping,
- expanded documentation of the properties of certain or all products,

- expanded or different labeling,
- adverse event tracking and reporting, and
- additional scientific substantiation.

Any or all of these requirements could have a material adverse effect on us. There can be no assurance that the regulatory environment in which we operate will not change or that such regulatory environment, or any specific action taken against us, will not result in a material adverse effect on us.

Our success may be linked to the size and growth rate of the vitamin, mineral and supplement market and an adverse change in the size or growth rate of that market could have a material adverse effect on us.

Some manufacturers in our industry have experienced a slow-down in sales of nutritional supplements. An adverse change in size or growth rate of the vitamin, mineral and supplement market could have a material adverse effect on us. Underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond our control, including media attention and scientific research, which may be positive or negative.

We are highly dependent upon consumers' perception of the safety and quality of our products as well as similar products distributed by other companies in our industry, and adverse publicity and negative public perception regarding particular ingredients or products or our industry in general could limit our ability to increase revenue and grow our business. Decisions about purchasing made by consumers of our products may be affected by adverse publicity or negative public perception regarding particular ingredients or products or our industry in general. This negative public perception may include publicity regarding the legality or quality of particular ingredients or products in general or of other companies or our products or ingredients specifically. Negative public perception may also arise from regulatory investigations, regardless of whether those investigations involve us. We are highly dependent upon consumers' perception of the safety and quality of our products as well as similar products distributed by other companies. Thus, the mere publication of reports asserting that such products may be harmful could have a material adverse effect on us, regardless of whether these reports are scientifically supported. Publicity related to nutritional supplements may also result in increased regulatory scrutiny of our industry and/or the healthy foods channel. Adverse publicity may have a material adverse effect on our business, financial condition, and results of operations. There can be no assurance of future favorable scientific results and media attention or of the absence of unfavorable or inconsistent findings.

We face intense competition from competitors that are larger, more established and that possess greater resources than we do, and if we are unable to compete effectively, we may be unable to maintain sufficient market share to sustain profitability.

Numerous manufacturers and retailers compete actively for consumers. There can be no assurance that we will be able to compete in this intensely competitive environment. In addition, nutraceutical and cosmeceuticals can be purchased in a wide variety of channels of distribution. These channels include mass market retail stores and the Internet. Because these markets generally have low barriers to entry, additional competitors could enter the market at any time. Private label products of our customers also provide competition to our products. Additional national or international companies may seek in the future to enter or to increase their presence in the nutraceutical and cosmeceutical or the vitamin, mineral supplement market. Increased competition in either or both could have a material adverse effect on us.

The nutritional supplement industry increasingly relies on intellectual property rights and although we seek to ensure that we do not infringe the intellectual property rights of others, there can be no assurance that third parties will not assert intellectual property infringement claims against us, which claims may result in substantial costs and diversion of management and other resources and could have a material adverse effect on our business, financial condition, and operating results. Recently it has become more and more common for suppliers and competitors to apply for patents or develop proprietary technologies and processes. We seek to ensure that we do not infringe the intellectual property rights of others, but there can be no assurance that third parties will not assert intellectual property infringement claims against us. These developments could prevent us from offering or supplying competitive products or ingredients in the marketplace. They could also result in litigation or threatened litigation against us related to alleged or actual infringement of third-party rights. If an infringement claim is asserted or litigation is pursued, we may be required to obtain a license of rights, pay royalties on a retrospective or prospective basis, or terminate our manufacturing and marketing of our products that are alleged to have infringed. Litigation with respect to such matters could result in substantial costs and diversion of management and other resources and could have a material adverse effect on our business, financial condition, and operating results.

Our patents may not protect the proprietorship of our products.

Our ability to compete successfully will depend to a significant extent, on our patents and on our ability to defend our patents. Most of the initial products that we plan to release are based on the benefits of ERGO. Our patents and patent applications address the ability to make ERGO and its protective effect of ERGO on mitochondria and its neuroprotectant properties. We believe these patents thus provide us with a competitive advantage in our market. We have retained the service of the law firm of Quinn Emanuel Urquhart & Sullivan, LLP to assess and enforce our patent protection rights for manufacture and use of ERGO which has been used in a variety of product world-wide, principal in cosmeceuticals. However, the failure to defend our patents could have an adverse effect on our planned business operations and product sales.

Even though we have obtained patent protection for certain effects and preparation processes related to Ergothioneine, there is no guarantee that the coverage of these patents will be sufficiently broad to protect us from competitors or that we will be able to enforce our patents against potential infringement by third parties or protect us against our infringement of the proprietary rights of third parties. Patent litigation is expensive, and we may not be able to afford the costs.

Ergothioneine has been previously marketed by various other companies in cosmeceutical and nutraceutical purposes. This may make it more difficult for us to enforce our patent coverage for our proposed products and easier for third parties to compete against us.

Risks Related to Our Securities

Our common stock is quoted on the OTC Bulletin Board and may be traded infrequently and in low volumes, which may negatively affect your ability to sell your shares at or near the quoted bid prices and may reduce the stock price of your shares.

The shares of our common stock may trade infrequently and in low volumes on the OTC Bulletin Board, meaning that the number of persons interested in purchasing our common shares at or near bid prices at any given time may be relatively small or non-existent. This situation may be attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who can generate or influence sales volume, and that even if we came to the attention of such institutionally oriented persons, they tend to be risk-averse in this environment and would be reluctant to follow an early stage company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common shares will develop or be sustained. Due to these conditions, we can give you no assurance that you will be able to sell your shares at or near bid prices or at all if you need money or otherwise desire to liquidate your shares. Further, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities traded in the over-the-counter market. These factors may have an adverse impact on the trading and price of our securities, and could even result in the loss by investors of all or part of their investment.

You may have difficulty selling our shares because they are deemed "penny stocks."

Since our common stock is not listed on a national securities exchange, if the trading price of our common stock remains below $5.00 per share, trading in our common stock will be subject to the requirements of certain rules promulgated under the Exchange Act, which require additional disclosure by broker-dealers in connection with any trades involving a stock defined as a penny stock (generally, any non-national securities exchange equity security that has a market price of less than $5.00 per share, subject to certain exceptions). Such rules require the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors (generally defined as an investor with a net worth in excess of $1,000,000 or annual income exceeding $200,000 individually or $300,000 together with a spouse). For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to the sale. The broker-dealer also must disclose the commissions payable to the broker-dealer, current bid and offer quotations for the penny stock and, if the broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market. Such information must be provided to the customer orally or in writing before or with the written confirmation of trade sent to the customer. Monthly statements must be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. The additional burdens imposed upon broker-dealers by such requirements could discourage broker-dealers from effecting transactions in our common stock, which could severely limit the market liquidity of the common stock and the ability of holders of the common stock to sell their shares.

Our existing stockholders are subject to significant additional dilution if the currently outstanding options, warrants and convertible promissory notes are exercised.

As of March 30, 2010, a total of 77,403,440 shares of our common stock were issued and outstanding. However, we currently have outstanding options, warrants and convertible promissory notes that could result in the issuance of a total of 459,416,847 additional shares of common stock. In addition, we have entered into agreement that grant certain parties the right to convert amounts that we owe into up to 2,500,000 shares of additional shares. If all shares issuable under the foregoing options, warrants, convertible promissory notes and other agreements were issued, our current shareholders would own 14% of the then outstanding shares of common stock. We plan to take measures, as they are available and appropriate, to reduce the amount of potential dilution. These measures might include paying off certain debt instruments that contain rights to convert into a substantial number of shares.

Our existing directors, executive officers and principal stockholders hold a substantial amount of our common stock and may be able to prevent other stockholders from influencing significant corporate decisions.

As of March 30, 2010, our directors and executive officers have the ability to direct the voting of approximately 59% of our outstanding common stock. Theorem Group, LLC, an affiliate of Mr. Dube, through its right to vote approximately 81% of our voting shares, will be able to direct the outcome of matters, including the election of our directors and other corporate actions such as:

- our merger with or into another company;
- a sale of substantially all of our assets; and
- amendments to our certificate of incorporation.

The decisions of these stockholders may conflict with our interests or those of our other stockholders.

Substantial sales of our common stock could cause our common stock price to fall.

In addition to the 77,403,440 shares of common stock that are outstanding as of March 30, 2010, there are currently approximately 461,916,847 shares of our common stock issuable upon exercise of outstanding stock options, warrants, convertible debentures, and other agreements. If many of these shares are actually issued, the percentage of our company owned by the current stockholders will substantially decrease, which could substantially reduce the value of each shares of currently outstanding common stock. In addition, the voting power of the currently outstanding shares would substantially decrease. Furthermore, the possibility that substantial amounts of our common stock may be sold in the public market could adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through the sale of our equity securities. However, holders of certain securities that may be convertible into common stock are limited in their ability to convert by contractual terms and other practical limitations.

The market price of our stock may be adversely affected by market volatility.

The market price of our common stock is likely to be volatile and could fluctuate widely in response to many factors, including:

- announcements by us of new product releases, or the delay in releasing new products;
- developments with respect to our patents or proprietary rights;
- announcements of new products or new contracts by our competitors;
- actual or anticipated variations in our operating results;
- changes in financial estimates by securities analysts and whether our earnings meet or exceed such estimates;

- conditions and trends in the nutraceutical, cosmeceutical and other industries;
- new accounting standards;
- general economic, political and market conditions and other factors; and
- the occurrence of any of the risks described in this report.

ITEM1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive office is located at 468 N. Camden Drive, 2 nd Fl., Beverly Hills, California 90210. We also currently sublease office space and other facilities from Theorem Capital, LLC at 2049 Century Park East, Suite 3630, Los Angeles, California 90067 on a month-to-month basis for $5,000 per month. See, "Item 13. Certain Relationships and Related Transactions, and Director Independence," below.

ITEM 3. LEGAL PROCEEDINGS

On December 29, 2009 Hines Vaf No Cal Properties, L.P. ("Hines") filed a verified complaint against us for breach of written contract (lease) for failure to pay rent. The lawsuit was filed in the Superior Court of California, County of San Mateo. Hines is seeking damages in the amount of approximately $60,000 with interest of 10%, attorneys' fees and costs of the suit. We are currently in discussions with Hines to resolve this matter out of court.

We may occasionally become subject to legal proceedings and claims that arise in the ordinary course of our business. It is impossible for us to predict with any certainty the outcome of pending disputes, and we cannot predict whether any liability arising from pending claims and litigation will be material in relation to our consolidated financial position or results of operations.

ITEM 4. RESERVED

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Until May 2009, our common stock was traded on the Over-The-Counter Bulletin Board ("OTCBB") under the symbol "OXIS." From May 20, 2009 until March 11, 2010, our common stock was traded on Pink OTC Markets Inc. trading platform under the symbol "OXIS". Since March 11, 2010, our common stock is again quoted on the OTCBB under the "OXIS" trading symbol.

There has been limited trading in our common stock. Accordingly, the prices for our common stock quoted on the OTCBB or Pink OTC Markets Inc. may not be reliable indicators of the value of our common stock. The following table sets forth the high and low bid prices for shares of our common stock for the quarters noted, as reported on the OTCBB and the Pink OTC Markets Inc. The following price information reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

YEAR	PERIOD	HIGH	LOW
Fiscal Year 2008	First Quarter	$ 0.13	$ 0.06
	Second Quarter	$ 0.13	$ 0.01
	Third Quarter	$ 0.05	$ 0.02
	Fourth Quarter	$ 0.07	$ 0.03
Fiscal Year 2009	First Quarter	$ 0.06	$ 0.04
	Second Quarter	$ 0.15	$ 0.04
	Third Quarter	$ 0.17	$ 0.07
	Fourth Quarter	$ 0.40	$ 0.16

Our common stock is also quoted on several European based exchanges including Berlin (OXI.BE), Frankfort (OXI.DE), Nouveau Marche) (OXIS.F),the Euronext (OXI.NX), Paris, (OXI.PA) and London (OHLW.L). The foregoing trading prices exclude trading on these foreign stock markets.

Stockholders

As of March 30, 2010, there were approximately 1,050 stockholders of record, which total does not include stockholders who hold their shares in "street name." The transfer agent for our common stock is ComputerShare, whose address is 350 Indiana Street, Golden, CO 80401.

Dividends

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the amount of funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other factors that the Board of Directors may think are relevant. However, we currently intend for the foreseeable future to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do not expect to pay any dividends on our common stock in the foreseeable future.

Equity Compensation Plan Information

See Part III, Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, of this Annual Report on Form 10-K for information regarding securities authorized for issuance under our equity compensation plans.

Recent Issuances of Unregistered Securities

We did not issue any unregistered securities during the three-month period ended December 31, 2009 that were not previously reported in a Current Report on Form 8-K, and we did not repurchase any securities during that period.

Repurchase of Shares

We did not repurchase any shares during the fourth quarter of the fiscal year covered by this report.

ITEM 6. SELECTED FINANCIAL DATA

This company qualifies as a smaller reporting company, as defined in 17 C.F.R. §229.10(f)(1) and is not required to provide information by this Item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Until the end of 2008, we were engaged in the business of developing clinical, and research assay products and out-licensed certain and therapeutic compounds addressing conditions and diseases associated with oxidative stress. During 2008, we lost our ownership interest in BioCheck, Inc., our majority owned subsidiary that was engaged in the production of enzyme immunoassay diagnostic kits for clinical laboratories, and in December 2008 we sold substantially all of the assets of our Research Assay product line to Precipio Biosciences, Inc. Since the beginning of 2009, our focus has been on continuing the re-direction our business plan, on obtaining financing to fund our revised business plan, building a new management team to further develop and implement our new business strategy. . As a result, we conducted limited sales operations during 2009. In 2008 we primarily earned our revenues from sales of research diagnostic reagents and assays to medical research laboratories. Our diagnostic products included approximately 45 research reagents and 26 assays primarily related to oxidative stress. We hold the rights to four therapeutic classes of compounds in the area of oxidative stress and inflammation. One such compound is L-Ergothioneine ("ERGO"), a potent antioxidant produced by OXIS we believe is appropriate for sale over-the-counter as a dietary supplement. In 2009, the company continued to pursue the sales of nutraceuticals based on ERGO as part of its continuing strategy.

We incurred net losses of $2,246,000 and $5,006,000 in 2009 and 2008, respectively. The net loss in 2009 was primarily affected by interest expense associated with notes payable of $1,136,000. The net loss in 2008 was primarily affected by the loss on disposition of a subsidiary of $2,978,000, as well as interest expense associated with notes payable of $1,657,000.

As shown in the accompanying consolidated financial statements, we have incurred an accumulated deficit of $77,100,000 through December 31, 2009. Our cash holdings at December 31, 2009 were $1,293,000, of which $1,261,930 was held in escrow. Because our current activities generate minimal revenues, we will have to raise additional capital in order to fund our selling, general and administrative, and research and development expenses. There are no assurances that we will be able to raise the funds necessary to maintain our operations or to implement our business plan. The consolidated financial statements included in this Annual Report do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue our operations.

Disposition of Our Subsidiaries – BioCheck, Inc. and OXIS Therapeutics, Inc.

On October 25, 2006, we completed a private placement of debentures and warrants under a securities purchase agreement with four accredited investors. In connection with this financing we issued secured convertible debentures in an aggregate principal amount of $1,694,250, and Series A, B, C, D, and E common stock warrants. We were in default under the terms of the debentures, because we were unable to make monthly payments to our investors. Bristol Investment Fund, Ltd., acting on behalf of itself and the other investors of our convertible debentures, foreclosed on most of the shares of BioCheck, Inc. that we owned in July 2008, and subsequently purchased our remaining 2% interest in BioCheck for $40,000 in October 2008. Accordingly, we no longer have an ownership interest in BioCheck, Inc.

Divestment of the Oxis Research Assays

On December 11, 2008, we entered into and closed an Asset Purchase Agreement with Percipio Biosciences, Inc., ("Percipio"), pursuant to which we agreed to sell substantially all of our Research Assay product line including all or substantially all of its accounts receivable, patents and trademarks. The Research Assay assets did not include any rights related to our ability to market, sell or license nutraceutical or therapeutic products including, the sale of L-Ergothioneine or superoxide dismutase as a nutraceutical or a component of a therapeutic product. In consideration for the acquisition of the Research Assays assets, Percipio issued to us a 6% secured promissory note in the principal amount of $250,000. On April 7, 2009 the Company entered into an Assignment and Assumption Agreement with Bristol Investment Fund, Ltd whereby Bristol agreed to lend us $156,875. As a condition to funding the convertible demand loan, we assigned all of its rights, title and interest under the Percipio promissory note receivable to Bristol.

Bristol Debt Financing

From October 8, 2008 to June 25, 2009, we issued a series of convertible demand notes to Bristol Investment Fund, Ltd. ("Bristol") for an aggregate principal amount of $261,040 (the "Bristol Notes"). The Bristol Notes were purchased for an aggregate purchase price of $208,000, are issued with original interest discount of 20.3%, are payable upon demand and are convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies we that it elects to effectuate a conversion. In connection with the Bristol Notes, we issued to Bristol warrants to purchase up to the number of shares of common stock equal to the number of shares of common stock issuable upon full conversion of the principal amount of the Bristol Notes at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the such Bristol Note. Bristol may exercise the warrants on a cashless basis if the shares of common stock underlying such warrants are not then registered pursuant to an effective registration statement. To date, we have not registered the shares underlying these notes. In the event Bristol exercises a warrant or warrants on a cashless basis, we will not receive any proceeds from the exercise of such warrant or warrants.

October 2009 Financing

On October 1, 2009, we completed a $2,000,000 private placement of the following convertible debentures and warrants. The securities were sold to certain accredited investors, including Theorem Group, LLC, an affiliate of Mr. Dube, one of our directors. The securities consisted of the following:

- 0% Convertible Debentures in the aggregate principal amount of $2,000,000 (the "Convertible Debentures"), convertible into an aggregate of up to 40,000,000 shares of the Company's common stock at a per share conversion price equal to $0.05 per share. The Convertible Debenture is not secured by any collateral and become due and payable on September 30, 2011.

- "Series A Warrants" to purchase an aggregate of up to 20,000,000 shares of the Company's common stock. The Series A Warrants have an exercise price of $0.0625 per share and expire on September 30, 2014.

- "Series B Warrants" to purchase an aggregate of up to 20,000,000 shares of the Company's common stock. The Series B Warrants have an exercise of $0.0750 per share and expire on September 30, 2014.

The terms of the Convertible Debentures, the Series A Warrants and the Series B Warrants do not permit conversion or exercise, as the case may be, if, following such conversion or exercise, the holder would beneficially own more than 4.99% of our outstanding common stock. This limitation may be waived upon 61 days' prior notice to us, provided that in no event shall the limitation exceed 9.99%. The Convertible Debentures, Series A Warrants and Series B Warrants also entitle its holders full anti-dilution coverage and piggy-back registration rights. The Convertible Debentures grant the holders thereof certain preemptive rights to purchase the securities that we may issued during the term of the debentures.

The proceeds from the sale of our securities in October 2009 were placed in escrow, and are subject to the terms and conditions of that certain Escrow Agreement we entered into with Law Offices of Jacques Chen (as escrow agent), Theorem Capital, LLC and Theorem Group, LLC. Pursuant to the terms of the escrow agreement, the escrow agent will disburse funds from the escrow on a monthly basis only if it receives written instructions from both this company and Theorem Capital. If either party does not execute the notice, the escrow agent is not permitted to disburse any funds to the company. Mr. Dube is a member of this company's Board of Directors and the Managing Member of Theorem Capital. As of March 30, 2010, a total of $1,193,070 has been released from the escrow to us, and the balance, $806,930, is still held in the escrow account.

Standstill and Forbearance Agreement with Bristol

At the time we sold the $2,000,000 Convertible Debentures in October 2009, we were in default of our indebtedness under the October 2006 Debentures and the various Bristol Notes. In connection with the October 2009 financing, we entered into that certain Standstill and Forbearance Agreement with Bristol, pursuant to which Bristol agreed to forbear from exercising its rights and remedies under the October 2006 Debentures and the Bristol Notes until the date when the outstanding principal balance of the Convertible Debentures falls below $500,000, or at such time as Theorem Group, LLC permits Bristol to call the amounts outstanding under the October 2006 Debentures and the Bristol Notes. Once the outstanding principal balance of the Convertible Debentures falls below $500,000, Bristol may declare the October 2006 Debentures and the Bristol Notes due and payable at any time.

No adjustments were made to the exercise price, conversion price, or the number of shares of common stock issuable upon exercise or conversion, as the case may be, to the convertible securities held by Bristol upon the issuance of securities by the Company in October 2009, pursuant to that certain letter of waiver executed by Bristol on October 1, 2009.

Recent Developments

Issuance of Series G Convertible Preferred Stock

On December 4, 2008, Bristol Investment Fund, Ltd. ("Bristol") agreed to cancel debt payable by us to Bristol in the amount of approximately $20,000 in exchange for 25,000 shares of Series G Convertible Preferred Stock ("Series G Preferred Stock"). The shares of Series G Preferred Stock have a stated value equal to $1.00 per share.

The Series G Preferred Stock was convertible, at any time at Bristol's option, into our common shares based on a conversion price equal to the lesser of $.01 or 60% of the average of the three lowest trading prices occurring at any time during the 20 trading days preceding the conversion. The Certificate of Designation of the Series G Preferred Stock incorrectly stated that the shares had voting rights on an as converted basis multiplied by 10 (rather than 100, as was the intention of the parties) On October 13, 2009, Bristol sold all of the shares of Series G Preferred Stock to Theorem Group, LLC ("Theorem").

Issuance of Series H Convertible Preferred Stock; Exchange of Series G Convertible Preferred Stock

Following our discovery of the error in the Series G Preferred Stock Certificate Designation, on December 10, 2008 we disclosed the error and our intention to amend the Certificate of Designation of the Series G Preferred Stock to correct the voting rights granted to the holder of the Series G Preferred Stock. Following the purchase by Theorem of the Series G Preferred Stock from Bristol on October 13, 2009, we discovered certain other inaccuracies in the terms of the Series G Preferred Stock and inconsistencies with the disclosures made by us regarding such terms. Accordingly, rather than amending the Certificate of Designation of the Series G Preferred Stock to correct the voting rights provisions and to otherwise confirm the rights of the Series G Preferred Stock, we filed a Certificate of Designations with the Secretary of State of the State of Delaware to authorize and create a new series of preferred stock designated as “Series H Convertible Preferred Stock” (the “Series H Preferred Stock”) on February 5, 2010. In connection with the filing of the Certificate of Designations for the Series H Preferred Stock, we entered that certain Exchange Agreement with Theorem, dated February 10, 2010, pursuant to which Theorem exchanged all its shares of Series G Preferred Stock for an equal number of Series H Preferred Stock. In the Exchange Agreement, Theorem also released us from any liabilities related to the incorrect terms of the Series G Preferred Stock.

Conversion of Debt to Equity

During the first quarter of 2010, we reached agreements with several parties pursuant to which we were able to extinguish a total of over $500,000 of obligations that we owed to various creditors and service providers, including to (i) Ambient Advisors, LLC, an affiliate of Gary Post, one of our directors, and (ii) John Repine, a member of our Scientific Advisory Board and a former director of the Company, and the University of Colorado, the university with which Dr. Repine is associated. The foregoing obligations were released and extinguished in consideration for the issuance of a total of 2,125,131unregistered shares of our common stock (and in the case of John Repine and Gary Post, also in consideration for the signing of new agreements with them for continuing roles with the Company). In addition, we also agreed with one of our creditors to settle a $411,082 obligation through the payment of $225,000. The foregoing $225,000 payment is due and payable by no later than July 13, 2011. Until the $225,000 payment is made, the creditor has the right, subject to certain limitations, to convert some or that entire amount into shares of our common stock at a conversion price of $0.10 per share.

Results of Operations

Revenues

During the fiscal year ended December 31, 2008 (“fiscal 2008”), we generated revenues from sales of assays made by our research assays business that was conducted in fiscal 2008 by our Oxis Therapeutics and BioCheck, Inc. subsidiaries. In the fiscal year ended December 31, 2009 (“fiscal 2009”), we obtained all of our revenues from the sale of a nutraceutical product. The following table presents the changes in revenues from fiscal 2008 to fiscal 2009:

	2009	2008	Decrease from 2008 Amount	%
Product revenues	$ 48,000	$ 1,143,000	$ (1,095,000)	(95.8)

The decrease in product revenues in fiscal 2009 compared to fiscal 2008 was attributable to the sale of the Oxis Research Assay product line in December 2008. Accordingly, we did not generate any revenues from our research assay business in fiscal 2009.

Cost of product revenues

The following table presents the changes in cost of product revenues from fiscal 2008 to fiscal 2009:

	2009	2008	Decrease from 2008 Amount	Decrease from 2008 %
Cost of product revenues	$ 50,000	$ 909,000	$ (859,000)	(94.5)

The change in cost of product revenues is attributable to the change in product sales. Cost of product revenue as a percentage of product revenues was 104% for 2009, compared to 59.9% for 2008. The change was as a direct result of write down of inventory.

Gross profit was $(3,000) in fiscal 2009 compared to $234,000 for fiscal 2008. Gross profit as a percentage of revenues was (6.2) % compared to 40.0% for 2009 and 2008, respectively. The decrease in gross profit percentage is due to the decrease in product revenues and licensing revenues as well as a write down of inventory.

Research and development expenses

During fiscal 2008, we incurred $44,000 of research and development expenses in connection with currently expensed research and development towards patent development and other capitalized research programs and projects. During fiscal 2009, we did not conduct any research and development activities and, accordingly, did not incur any research and development expenses.

Selling, general and administrative expenses

As discussed above, during 2008 we lost our interest in BioCheck, Inc. in June 2008, and we sold our assay assets in December 2009. Accordingly, during fiscal 2009, we did not conduct any active business operations, which enabled us to reduce the number of our salaried employees, decrease overhead expenses, and reduce our shareholder relations expenses. As a result, our selling, general and administrative expenses decreased in fiscal 2009 by $247,000 from $1,401,000 in fiscal 2008 to $1,154,000. Because we have recently hired additional officers and employees, and because we expect to more actively engage in operating activities in 2010, we expect that your selling, general and administrative expenses during the current fiscal year will increase compared to fiscal 2008.

Interest Income

Interest income was $4,000 compared to $0 for the year ended December 31, 2009 and 2008, respectively. The interest income was the result of interest earned on the note receivable from the sale of the assay division through the date the note was assigned to Bristol.

Change in value of warrant and derivative liabilities

The change in the value of warrant and derivative liabilities relates to the change in fair value of these liabilities recorded by us as a result of the convertible debentures issued in October 2006. When we entered into the convertible debentures with the warrants on October 25, 2006, the beneficial conversion feature was valued at $690,000 and the warrants were valued at $2,334,000. We recognized an increase in income of $26,000 and $159,000 for the years ended December 31, 2009 and 2008, respectively.

Interest Expense

Interest expense was $1,136,000 compared to $1,657,000 for the year ended December 31, 2009 and 2008, respectively. The decrease is due to the interest on the convertible debentures and the amortization of the debt issuance costs associated with the convertible debentures as well as penalty interest associated with the delinquent payment of the issued debentures.

Liquidity and Capital Resources

On a consolidated basis, we had cash and cash equivalents of $1,293,000 at December 31, 2009, total current assets of $1,384,000, and a working capital deficit of $5,566,000. Cash used in operating activities was $937,000 during the year ended December 31, 2009. Our cash holdings of $1,293,000 at December 31, 2009 together with the receipt of certain anticipated payments, is expected to be sufficient to fund our administrative expenses through the end of 2010. However, our lack of revenues, our current liabilities of over $7 million, and our current rate of cash usage raise substantial doubt about our ability to continue as a going concern, absent any new sources of significant cash flows or outside financing. Although we anticipate that our revenues will increase during 2010 when we introduce our new proposed products as further describe in "Item 1, Business," above, we do not currently anticipate that those funds will be sufficient in the short term to fund our working deficit or to repay our current liabilities. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that we cannot continue in existence.

We presently do not have any available credit, bank financing or other external sources of liquidity. We will need to obtain additional capital in order to expand our operations and fund any unanticipated increases in our administrative expenses. To obtain capital, we may need to sell additional shares of our common stock or borrow funds from private lenders. There is no assurance that we will be successful in obtaining additional funding.

We will still need additional capital in order to continue operations until, if ever, we are able to achieve positive operating cash flow. Our goal is to obtain additional funding through the sale of debt or equity securities, or possibly through joint ventures or strategic relationships with unaffiliated third parties, or other financing approaches. No assurance can be given that we will be able to obtain sufficient capital to meet our requirements. However, the trading price of our common stock and the downturn in the equity and debt markets are expected to make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek additional financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail or cease our operations.

Critical Accounting Policies

We consider the following accounting policies to be critical given they involve estimates and judgments made by management and are important for our investors' understanding of our operating results and financial condition.

Basis of Consolidation

The consolidated financial statements contained in this report include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated.

Revenue Recognition

Product Revenue

During 2008 we manufactured for inventory and subsequent sales, or had manufactured on a contract basis, research and clinical diagnostic assays and fine chemicals, which were our primary products sold to customers. Revenue from the sale of our products, including shipping fees, is recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of our products is recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms. Our mix of product sales are substantially at risk to market conditions and demand, which may change at any time.

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered. We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

Long-Lived Assets

Our long-lived assets include property, plant and equipment, capitalized costs of filing patent applications and goodwill and other assets. We evaluate our long-lived assets for impairment in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Estimates of future cash flows and timing of events for evaluating long-lived assets for impairment are based upon management’s judgment. If any of our intangible or long-lived assets are considered to be impaired, the amount of impairment to be recognized is the excess of the carrying amount of the assets over its fair value.

Applicable long-lived assets are amortized or depreciated over the shorter of their estimated useful lives, the estimated period that the assets will generate revenue, or the statutory or contractual term in the case of patents. Estimates of useful lives and periods of expected revenue generation are reviewed periodically for appropriateness and are based upon management’s judgment. Goodwill and other assets are not amortized.

Certain Expenses and Liabilities

On an ongoing basis, management evaluates its estimates related to certain expenses and accrued liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Inflation

We believe that inflation has not had a material adverse impact on our business or operating results during the periods presented.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2009.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This company qualifies as a smaller reporting company, as defined in 17 C.F.R. §229.10(f) (1) and is not required to provide information by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Please see the financial statements beginning on page F-1 located elsewhere in this annual report and incorporated herein by reference.

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

On August 18, 2008, Williams & Webster, P.S. advised us that it was resigning as our independent registered public accounting firm principally because we did not involve that firm in a financial review of our financials with respect to the Quarterly Report on Form 10-Q that was filed on August 19, 2009 as required by our engagement with the firm. Except for an explanatory paragraph which noted that there was substantial doubt as to our ability to continue as a going concern, the reports of Williams & Webster, P.S. on our consolidated financial statements for the years ended December 31, 2007 and 2006 did not contain an adverse opinion or disclaimer of opinion, and such reports were not qualified or modified as to uncertainty, except for the uncertainty of going concern, audit scope, or accounting principle.

On November 17, 2008, we engaged Seligson & Gianattasio, LLP as our independent registered public accounting firm for our fiscal year ended December 31, 2008. Seligson & Giannattasio, LLP audited our financial statements for the year ending December 31, 2009 and has been appointed as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our principal executive officer (who also served as our principal financial officer at that time) evaluated the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended), as of December 31, 2009. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of December 31, 2009.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As of December 31, 2009, management of the company conducted an assessment of the effectiveness of the company's internal control over financial reporting. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. In the course of the assessment, material weaknesses were identified in the company's internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management determined that fundamental elements of an effective control environment were missing or inadequate as of December 31, 2009. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, and 2) risks of executive override also due to lack of established policies, and small employee staff. Based on the material weaknesses identified above, management has concluded that internal control over financial reporting was not effective as of December 31, 2009. However, the company has taken several actions to improve the company's internal controls over financial reporting, especially with respect to issues mentioned in this paragraph, including hiring Michael Handelman as our new Chief Financial Officer effective March 17, 2010 and outlining new procedures for managing our payment systems and approvals for financial transactions. Mr. Handelman is a certified public accountant.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting were made during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Effective March 29, 2010, we entered into a three-year employment agreement with Mr. Cataldo, our Chairman and Chief Executive Officer. See, "Item 11, Executive Compensation--Employment Agreements."

Effective March 29, 2010, we entered into an Advisory Agreement with Gary Post, our Secretary and a member of our Board of Directors. See, "Item 11, Executive Compensation--Advisory Agreement."

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of March 30, 2010. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

Name	Age	Position
Anthony J. Cataldo (1)	57	Chairman of the Board and Chief Executive Officer
Gary M. Post (2)	61	Director and Secretary
Anshuman “Andy” Dube (3)	33	Director
Bernard Landes(4)	60	President
Michael Handelman(4)	51	Chief Financial Officer and Treasurer

(1) Appointed Chairman and Chief Executive Officer on March 26, 2009.
(2) Resigned as Chief Operating Officer on June 20, 2008 and was elected Secretary on August 17, 2009.
(3) Appointed to the Board of Directors on March 5, 2010.
(4) Appointed effective March 1, 2010.

Anthony J. Cataldo was elected as this company’s Chairman and Chief Executive Officer and Director on March 26, 2009. Mr. Cataldo served as Chief Executive Officer and Chairman of the Board of VoIP, Inc., a public company and provider of Voice over Internet Protocol (VoIP) communications, from September 2006 through April 2008. Mr. Cataldo currently also is the Chief Executive Officer and Chairman of the Board of Green St. Energy, Inc., a public company that intends to enter the alternative energy business. Mr. Cataldo joined Green St. Energy, Inc, in September 2008**.** From October 2003 through August 2006, Mr. Cataldo has served as non-executive Chairman of the Board of Directors of BrandPartners Group, Inc., a public company provider of integrated products and services dedicated to providing financial services and traditional retail clients with turn-key environmental solutions. Mr. Cataldo also served as non-executive Co-Chairman of the board of MultiCell Technologies, Inc., a public company supplier of functional, non-tumorigenic immortalized human hepatocytes, from February 2005 through July 2006. Mr. Cataldo has also served as Executive Chairman of Calypte Biomedical Corporation, a publicly traded biotechnology company, involved in the development and sale of urine based HIV-1 screening tests from May 2002 through November 2004. Prior to that, Mr. Cataldo served as the Chief Executive Officer and Chairman of the Board of Directors of Miracle Entertainment, Inc., a Canadian film production company, from May 1999 through May 2002 where he was the Executive Producer or Producer of several motion pictures. From August 1995 to December 1998, Mr. Cataldo served as President and Chairman of the Board of Senetek, PLC, a publicly traded biotechnology company involved in age-related therapies.

Gary M. Post has served as a Director of the company since March 15, 2006 and has served as this company’s part-time as Chief Operating Officer through an Advisory Agreement with Ambient Advisors, LLC from October, 2006 to November 2008. Mr. Post was appointed our Secretary in July, 2009 and serves as Chairman of the Audit and Nominating Committees of the Company and a member of its Compensation Committee. Since 1999 Mr. Post has been the Managing Director and Investment Principal of Ambient Advisors, LLC. Ambient Advisors primarily invests in and advises small to medium size private and public companies with a particular interest in the health care and life sciences sector and certain other special situations. In his capacity as Managing Director at Ambient Advisors, Mr. Post has acted as an interim Chief Executive Officer in two private early to mid stage companies that Ambient had invested in, Opticon Medical, Inc., a medical device company and OccMeds Billing Services, Inc., a worker’s compensation pharmacy payment processing company. Mr. Post also served as a President and CEO of VoIP, Inc., a public company and provider of Voice over Internet Protocol (VoIP) communications, during 2006 and continued as a director of that company until 2008. Mr. Post previously held senior positions at McKinsey and Company, Kidder Peabody, Drexel Burnham Lambert, and Houlihan Lokey, Howard and Zukin. Mr. Post holds a MBA from the U.C.L.A. Graduate School of Management and an A.B. in Economics from Stanford University.

Anshuman "Andy" Dube was appointed to our Board of Directors on March 5, 2010. Mr. Dube co-founded and is the managing director of Theorem Capital, LLC, a Los Angeles based private equity firm specializing in consumer brands, a position which he has held since its inception in early2005. Mr. Dube was an active angel investor in various companies including PayPal (sold to eBay), WebEx (NASD: WEBX), and Dollar Networks (sold to Centerpoint). Mr. Dube holds a B.S. degree in Computer Engineering from the University of Southern California.

Bernard Landes was appointed as this company's President effective March 1, 2010. Mr. Landes has over 30 years of experience in the nutraceutical and functional foods industry. Since January 2000, Mr. Landes has been the President of the Nutritional Products Consulting Group, a company that provided consulting services to a global client base in the areas of scientific, regulatory, product commercialization, and mergers and acquisitions. Among his lead clients was, MonaVie LLC, a large developer and marketer of scientifically formulated anti-oxidant nutritional beverages. Mr. Landes currently serves as a member of MonaVie's Science Advisory Board. Mr. Landes was the CEO of Paracelsian, Inc., an herbal nutritional supplements company, from January 1998 to December 1999. Prior to that, he was a General Manager at Alacer Corporation, a nutritional supplement and water company. Prior to his services at Alacer Corporation, Mr. Landes served for 10 years as director of Marketing, Strategic Planning, Product Development, Nutritional Science and Regulatory Affairs for Health Valley Foods. Mr. Landes also served as General Manager of Zila Nutraceuticals where he managed the Ester-C brand of enhanced Vitamin C from January 2006 until November 2006.

Michael Handelman was appointed as this company's Chief Financial Officer effective March 1, 2010. Mr. Handelman has over 28 years of financial management experience and has provided services to this company since August 2009 as a financial management consultant. Before joining us, he served from November 2004 to July 2009 as Chief Financial Officer and Chief Operating Officer of TechnoConcepts, Inc., a developing technology and manufacturing company. Prior to that, Mr. Handelman served from October 2002 to October 2004 as Chief Financial Officer of Interglobal Waste Management, Inc., a California start-up manufacturing company, and from July 1999 to September 2002 as Vice President and Chief Financial Officer of Janex International, a children's toy manufacturer. Mr. Handelman has also been the Chief Financial Officer from 1993 to 1996 of the Los Angeles Kings, a National Hockey League franchise. Mr. Handelman is a certified public accountant and holds a degree in accounting from the City University of New York.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of a registered class of the company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of reporting forms received by the company, the company believes that the following Forms 3 and 4 for transactions effected in 2009 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- Anthony J Cataldo was late in filing the Form 3 that he is required to be filed upon becoming an officer or director or a public company, and,
- Theorem Group LLC was late filing the Form 3 it is required to file upon acquiring beneficial ownership of more than 10% of this company's equity securities.

Code of Ethics

The Board of Directors has adopted a Code of Ethics and Business Conduct to provide guidance to its directors, officers and employees regarding standards for conduct of our business, which code has been delivered to all of our directors, officers and employees. The full text of our Code of Ethics and Business Conduct is available on our website at www.oxis.com. A copy of our Code of Ethics will be furnished without charge to any person upon written request. Requests should be sent to Gary Post, Secretary, Oxis International, Inc., 468 N. Camden Drive, 2nd Fl., Beverly Hills, California, 90210.

Committees of the Board

Our Board of Directors has established an Audit Committee currently consisting of Mr. Post, as Chairman, and Mr. Dube.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to:

- the quality and integrity of our financial statements and reports;
- the independent auditors' qualifications and independence; and
- the performance of our internal audit function and independent auditors.

The Audit Committee appoints the independent auditors, reviews with the independent auditors the plans and results of the audit engagement, approves permitted non-audit services provided by our independent auditors and reviews the independence of the auditors. Mr. Post has been designated as an "audit committee financial expert" as defined under Item 407(d)(5) of Regulation S-K of the Exchange Act.

Our Board of Directors has established a Compensation Committee currently consisting of Mr. Dube, as Chairman, and Mr. Post. The Compensation Committee reviews, and makes recommendations to the full Board of Directors relating to, the compensation of our officers and directors, including our officers' annual salaries and bonuses and the terms and conditions of option grants to our officers and directors under our stock incentive plan.

Our Board of Directors has established a Nominating and Corporate Governance Committee currently consisting of Mr. Post, as Chairman, and Mr. Dube. The Nominating and Corporate Governance Committee develops and recommends corporate governance guidelines to the Board, selects or recommends for selection nominees to serve on the Board, and oversees the evaluation of the Board and its committees.

Scientific Advisory Board

We have established a Scientific Advisory Board currently consisting of Dr. John Repine and Dr. Okezie Aruoma to assist our management in the areas of expertise of the members of our Scientific Advisory Board.

John E. Repine, MD

John E. Repine, MD joined our Scientific Advisory Board in March 2010. He previously was a director of this company from March 2006 to June 2008 and was also a consultant to this company from October 2006 to October 2009. Dr. Repine is the James. J. Waring Professor of Medicine, Pediatrics and Surgery, the Director of the Webb-Waring Center and the Associate Dean for Student Advocacy at the University of Colorado Denver. Dr. Repine is a respected international authority in inflammation, oxidative stress and vascular injury with more than 300 original publications and 12 patent applications. Dr. Repine has won many awards for his research and teaching including an Established Investigator Award from the American Heart Association, the Bonfils-Stanton Foundation Award for Outstanding Contributions to Science and Medicine, the Alton-Ochsner Award for Smoking Related Research, Ellision Medical Foundation Senior Scholar in Aging Award and the University of Colorado Presidential Teaching Award. Dr. Repine is an elected member of many prestigious medical societies including the American Society for Clinical Investigation and Association of American Physicians. Dr. Repine graduated with BS degree (Chemistry) from the University of Wisconsin, Madison and an MD degree from the University of Minnesota, Minneapolis where he was awarded the Borden Prize for Research and recently a

Distinguished Alumni Award for Outstanding Contributions to Medicine. Dr. Repine also completed clinical training in internal medicine and then obtained subspecialty training in pulmonary and critical care medicine at the University of Minnesota in Minneapolis.

Okezie I Aruoma

Okezie I Aruoma joined our Scientific Advisory Board in March 2010. Dr. Aruoma is Professor of Pharmaceutical and Biomedical Sciences at the Touro College of Pharmacy, New York. Prior to his current position, Dr. Aruoma was an Adjunct Research Professor at the University of Mauritius, a Visiting Professor at Seoul National University in Korea, and a Senior Research Fellow at London South Bank University. Dr. Aruoma previously held senior research positions at Imperial College in London and King's College London. Dr. Aruoma has authored numerous books including *Molecular Biology of Free Radical in Human Diseases*, *DNA & Free Radicals: Techniques, Mechanisms and Applications* and *Free Radicals in Tropical Diseases* and has had more than 130 papers published in high ranking scientific journals. Dr. Aruoma has over 21 years of experience in biomedical research focused on food biofactors, oxidative stress mechanisms, antioxidant pharmacology and the pharmaceutical indications of food biofactors as prophylactic agents. Dr. Aruoma's expertise is directed at developing promising portfolio of biomarkers, drug delivery based on stem cell biology and nutraceutical agents which have the potential to provide early diagnosis and preventative treatment for acute and chronic diseases with overt inflammation. Dr. Aruoma holds an MBA from the University of Warwick Business School, a Doctor of Science in Medical Biochemistry from the University of London and a PhD from King's College London. Dr. Aruoma holds a Master's Degree in Biopharmacy from Chelsea College London (now part of King's College London) and a Bachelor's of Science Degree in Biochemistry from the University of Sussex. Dr. Aruoma is a Fellow of the Royal Society of Chemistry, a Chartered Scientist (CSci) of the Science Council, UK and Fellow of the American College of Nutrition. Dr. Aruoma is Chair of the Pharmacogenomics Focus Group of the American Association of Pharmaceutical Scientists. Dr. Aruoma is a member of the UK's Institute of Directors.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table set forth certain information concerning the annual and long-term compensation for services rendered to us in all capacities for the fiscal years ended December 31, 2009 and 2008 of (i) all persons who served as our principal executive officer during the fiscal year ended December 31, 2009, (ii) our other two most highly compensated executive officers serving on December 31, 2009 whose total annual compensation during the fiscal year ended December 31, 2009 exceeded $100,000. The principal executive officer and the other named officers are collectively referred to as the "Named Executive Officers."

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option/ Warrant Awards (1)	Non-Equity Incentive Plan Compensation Earnings	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Maurice Spitz, President, Acting Chief Executive Officer (2)	2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
	2008	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Anthony J. Cataldo, Chairman, Chief Executive Officer (3)	2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
	2008	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

(1) This column represents the aggregate grant date fair value of option awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the option grants, refer to Note 8 of our financial statements in this Annual Report. These amounts do not correspond to the actual value that will be recognized by the named executives from these awards.

(2) Mr. Spitz was appointed by the board as President and Acting Chief Executive Officer on July 30, 2008 and resigned from this position on March 26, 2009 when he was appointed a Vice President , but resigned this position on July 13, 2009 Mr. Spitz resigned from the Board on March1, 2010.

(3) Mr. Cataldo was appointed Chairman and Chief Executive Officer on March 26, 2009.

Employment Agreements

Employment Agreement with Anthony J. Cataldo

Mr. Cataldo, the Company's Chairman and Chief Executive Officer, is employed pursuant to that certain Employment Agreement, effective March 29, 2010. The agreement is for a three-year period ending on March 26, 2013. The agreement renews automatically at the end of the initial term for additional consecutive one-year periods, unless either party delivers a notice of termination at least 30 days prior to the expiration of such term to the other party. Under his employment agreement, Mr. Cataldo is entitled to a base annual salary of $180,000. Mr. Cataldo is eligible to receive a bonus as determined by the company in its sole discretion. Additionally, Mr. Cataldo was granted an incentive stock option to purchase up to 6,704,081 shares of Common Stock under our 2003 Stock Incentive Plan. The options vest and become exercisable in equal quarterly installments during the three-year term, provided that Mr. Cataldo remains in continuously employ through such quarterly vesting dates. In the event we terminate Mr. Cataldo's employment without "cause" (as defined in his employment agreement), we will have to pay him (1) a lump-sum severance amount equal to the greater of the actual bonus paid or the target bonus in effect for the calendar year immediately prior to the year of Mr. Cataldo's termination, and (2) a lump sum severance amount equal to the greater of his salary due for the balance of such term or his six months' base annual salary under his employment agreement.

Employment Agreement with Bernard Landes

On March 11, 2010, we entered into an Employment Agreement, effective March 1, 2010, with Bernard Landes, pursuant to which Mr. Landes was employed as this company's President through February 28, 2011. The agreement renews automatically at the end of the initial term for up to four additional consecutive one-year periods, unless either party delivers a notice of termination at least 30 days prior to the expiration of the term to the other party. Under his employment agreement, Mr. Landes is entitled to a base annual salary of $100,000. Mr. Landes is eligible to receive a bonus as determined by the company in its sole discretion. Additionally, Mr. Landes was granted an incentive stock option to purchase up to 2,220,453 shares of the company's Common Stock under the company's 2003 Stock Incentive Plan, which is equal to one percent of the sum of (i) the total number of shares of Common Stock, (ii) the number of shares issuable pursuant to currently outstanding, fully vested and exercisable stock options, and (iii) the number of shares issuable upon the conversion of convertible securities issued by the company, other than convertible debt which may, at the company's option, be repaid prior to conversion, ("One Percent") as of the first date of the initial one-year term. For each renewal term, Mr. Landes will be granted an additional number of shares equal to One Percent as of the first date of each such additional renewal term. The options vest and become exercisable in four equal quarterly installments on the 90th, 180th, 270$_{th}$ and 365th day after the first date of the initial term or the renewal term, as the case may be, provided that Mr. Landes remains in the company's continuous employ through such quarterly vesting dates. The options are exercisable at an exercise price equal to the Common Stock as of the first date of the initial term and thereafter on the date of any subsequent grant upon any subsequent renewal term, and have a term of 10 years from the date of grant. In the event the company terminates Mr. Landes' employment without "cause" (as defined in his employment agreement), the company has agreed to pay him a lump-sum severance amount equal to the greater of his salary due for the balance of such term or his nine months' base annual salary under his employment agreement.

Employment Agreement with Michael Handelman

On March 11, 2010, we entered into an Employment Agreement, effective March 1, 2010, with Michael Handelman, pursuant to which Mr. Handelman was employed as the company's Chief Financial Officer and Treasurer through February 28, 2011. The agreement renews automatically at the end of the initial term for up to four additional consecutive one-year periods, unless either party delivers a notice of termination at least 30 days prior to the expiration of the term to the other party. Under his employment agreement, Mr. Handelman is entitled to a base annual salary of $54,000. Mr. Handelman is eligible to receive a bonus as determined by the company in its sole discretion. Additionally, Mr. Handelman was granted an incentive stock option to purchase up to 250,000 shares of Common Stock under the company's 2003 Stock Incentive Plan, and will be granted an additional option to purchase 250,000 shares at the commencement of each renewal term. The options vest and become exercisable in four equal quarterly installments on the 90^{th}, 180^{th}, 270^{th} and 365^{th} day after the first date of the initial term or the renewal term, as the case may be, provided that Mr. Handelman remains in the company's continuous employ through such quarterly vesting dates. In the event the company terminates Mr. Handelman's employment without "cause" (as defined in his employment agreement), the company agrees to pay him a lump-sum severance amount equal to the greater of his salary due for the balance of such term or his three months' base annual salary under his employment agreement.

Advisory Agreement

This company engaged Gary Post, our current Secretary and a member of our Board of Directors, pursuant to that certain Advisory Agreement, dated as of March 29, 2010. The Advisory Agreement relates to his services as our Secretary, a member of our Board of Directors, and member of at least one of the Committees of the Board. The agreement has an initial term of one year and renews automatically for additional one-year periods, however, either party may terminate certain aspect of the agreement upon 10 days' notice. Mr. Post will receive an advisory fee for $5,250 per month. Upon entering into the agreement, we granted Mr. Post options to purchase 1,110,227 shares of our common stock under our 2003 Stock Incentive Plan. The options vest and become exercisable in eight equal quarterly installments (which vesting period commenced on August 17, 2009). Mr. Post will receive options to purchase an additional 1,110,227 shares of common stock on March 29, 2011 provided that Mr. Post remains engaged by us as of that date.

2003 Stock Incentive Plan

We have adopted an equity incentive plan, the 2003 Stock Incentive Plan (the "2003 Plan"), pursuant to which we are authorized to grant options to purchase up to 3,000,000 shares of common stock to our employees, officers, directors and consultants. The number of shares of common stock issuable under the 2003 Plan increases by 300,000 every year on January 1, commencing in 2005. As a result, the number of shares of common stock that may be awarded under the 2003 Plan has increased from 3,000,000 to 4,800,000 as of January 1, 2010. Additionally, any options to purchase shares of common stock that are unexercised at the end of their respective terms or otherwise forfeited, become available under the 2003 Plan. Awards under the 2003 Plan may consist of both non-qualified options and options intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code of 1986, as amended.

The 2003 Plan is administered by our Board of Directors or a committee appointed by the Board (the "Committee"). If appointed by the Board, the committee would consist of at least two members of the Board whose members shall, from time to time, be appointed by the Board. The Committee has the authority to determine the persons to whom awards will be granted, the type of award to be granted, the number of awards to be granted, and the terms and provisions of stock options granted pursuant to the 2003 Plan. The 2003 Plan may be amended by our Board of Directors at any time.

The number of shares of common stock exercisable in any single year with respect to the options granted under the 2003 Plan cannot exceed 500,000. The 2003 Plan provides that the purchase price of each share of common stock subject to an incentive stock option may not be less than 100% of the fair market value (as such term is defined in the 2003 Plan) of a share of our common stock on the date of grant. No incentive stock option shall be exercisable later than the tenth anniversary of its grant. With respect to non-qualified stock options, the Committee shall determine the purchase price of each share of common, provided however, that the purchase price shall not be less than 85% of the fair market value of the common stock on the date of grant.

The 2003 Plan also provides for automatic nonqualified stock option grants for 30,000 shares of common stock to each outside director (as such term is defined in the 2003 Plan) upon his or her appointment to our Board of Directors. For each subsequent calendar year immediately after the year that such director was appointed to our Board of Director, the director receives additional nonqualified stock options to purchase 5,000 shares of common stock upon the conclusion of each regular annual meeting of stockholders. All such options granted to the outside directors terminate upon the earlier of the 10th anniversary of the date of grant, six months after the outside director is no longer a member of the Board of Directors for any reason other than death or disability or 12 months after the outside director is no longer a member of the Board of Directors by reason of death or disability.

The 2003 Plan also provides us with the ability to grant shares of common stock that are subject to certain transferability, forfeiture or other restrictions. The recipient of restricted stock grants, the type of restriction, the number of shares of restricted stock granted and other such provisions shall be determined by the Committee. The Board, in good faith and in its sole discretion, shall determine the fair market value with regards to awards of restricted stock.

The 2003 Plan provides that in the event of a merger or change of control, the outstanding stock options and stock awards will be subject to any such merger or reorganization agreement, which will provide for either: the continuation of the outstanding stock options and stock awards at the time, the assumption of the outstanding stock options and stock awards by the surviving company, the substitution of the outstanding stock options and stock awards under the 2003 Plan to those of the surviving company, the full acceleration of the outstanding stock options and stock awards to allow for exercise or settlement of the full value of the outstanding stock options and stock awards.

The Board may, at any time, alter, amend, suspend, discontinue, or terminate the 2003 Plan, and only to the extent required by applicable laws, regulations or rules will the Board seek stockholder approval

Director Compensation

During certain years prior to June, 2008 we have paid an annual fee of $4,000 to each non-employee director and an additional $1,000 to non-employee directors for serving as a committee chair. During 2008, we made payments for the first six months' of service during 2008, but no payments for the second six months of payments for 2008 and for all of 2009. No additional director fees for non-employee directors were accrued during the last six months of 2008 or in 2009. Currently, we do not pay meeting fees but directors are reimbursed for their expenses incurred in attending meetings. Employee directors (now only Mr. Cataldo) do not receive compensation as directors. Mr. Dube (an affiliate of Theorem Capital, a significant investor in the Company) also does not receive compensation for serving on the Board. Mr. Post (a non-employee director) is paid according to his advisory agreement described above. We plan to evaluate our future compensation for non-employee directors as they may be added to our Board. Under our 2003 Stock Incentive Plan, non-employee directors are automatically awarded options to purchase 30,000 shares of common stock upon becoming directors and automatically awarded options to purchase 5,000 shares of common stock annually. During 2008 and 2009, we did not make any option grants to non-employee directors, and it is uncertain if we will have an automatic option grant policy in the future.

In March 2010, we reached a settlement with Mr. William John Reininger, who was a director of the Company from July 2008 until March 2010, whereby we issued 250,000 restricted shares and 250,000 options with a strike price of $0.17 for his services as a Board member and an advisor to the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 30, 2010 (a) by each person known by us to own beneficially 5% or more of any class of our common stock, (b) by each of our Named Executive Officers, (c) by each of our directors and (d) by all of our current executive officers and directors as a group. As of March 30, 2010 there were 77,403,440 shares of our common stock issued and outstanding. Shares of common stock subject to stock options and warrants that are currently exercisable or exercisable within 60 days of March 30, 2010 are deemed to be outstanding for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Except as otherwise indicated, the address of each stockholder is c/o Oxis International, Inc. at 468 N. Camden Drive, 2nd Fl., Beverly Hills, California 90210.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Shares of Outstanding Common Stock
Bristol Investment Fund, Ltd. (1) Bristol Capital Advisors, LLC 10990 Wilshire Boulevard, Suite 1410 Los Angeles, CA 90024	43,371,025	40.64%
Theorem Group, LLC (2) 2049 Century Park East, Suite 3630 Los Angeles, California 90067	82,500,000	52.41%
Marvin S. Hausman, M.D. (3)	4,938,775	6.00%
Anthony J. Cataldo (4)	6,704,081	8.66%
Gary M. Post (5)	3,871,418	4.90%
Anshuman Dube (2) 2049 Century Park East, Suite 3630 Los Angeles, California 90067		
Bernard Landes (6)	2,220,453	2.87%
Michael Handelman (7)	250,000	*
Executive officers and directors as a group — 5 persons (8)	95,545,952	58.59%

* Less than 1%.

(1) The holdings of Bristol Investment Fund, Ltd. include 3,849,882 shares of common stock as reported on SC 13G/A filed with the SEC on February 12, 2010, 10,200,000 shares of common stock issued subsequent to the SC 13G/A reporting period, warrants to purchase 717,143 shares of common stock at a purchase price of $0.35 per share, and warrants to purchase 28,604,000 shares of common stock at a purchase price of $0.01 per share. Paul Kessler, manager of Bristol Capital Advisors, LLC, the investment advisor to Bristol Investment Fund, Ltd., has voting and investment control over the securities held by Bristol Investment Fund, Ltd. Mr. Kessler disclaims beneficial ownership of these securities.

(2) The holdings of Theorem Group, LLC include 40,000,000 shares issuable upon the voluntary conversion by Theorem Group, LLC of a convertible debenture at the current conversion price of $0.05 per share, 25,000 shares of Series H Convertible Preferred Stock, which can convert into 2,500,000 shares of common stock, warrants to purchase 20,000,000 shares of common stock at a purchase price of $0.0625 per share, and warrants to purchase 20,000,000 shares of common stock at a purchase price of $0.075 per share. Anshuman Dube, managing director of Theorem Group, LLC, has voting and investment control over the securities held by Theorem Group, LLC. Mr. Dube disclaims beneficial ownership of these securities.

(3) The holdings of Marvin S. Hausman, M.D. include 2,224,080 shares of common stock, 1,209,695 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 30, 2010, and 1,505,000 warrant shares exercisable currently or within 60 days of March 30, 2010.

(4) None of the holdings are exercisable currently or within 60 days of March 30, 2010.

(5) The holdings include 1,500,000 shares of common stock, 851,469 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 30, 2010 and 831,608 warrant shares exercisable currently or within 60 days of March 30, 2010. Options and warrants totaling 1,261,191 shares of Mr. Post's holdings are registered in the name of Ambient Advisors, LLC. Mr. Post is a Managing Director of Ambient Advisors, LLC and is the beneficial owner of all shares held in Ambient's name.

(6) None of the holdings are exercisable currently or within 60 days of March 30, 2010.

(7) None of the holdings are exercisable currently or within 60 days of March 30, 2010.

(8) The holdings of the executive officers and directors as a group include an aggregate 1,500,000 shares of common stock, 845,918 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 30, 2010, 40,831,608 warrant shares exercisable currently or within 60 days of March 30, 2010, 40,000,000 shares issuable upon the voluntary conversion by Theorem Group, LLC of a convertible debenture, and 25,000 shares of Series H Convertible Preferred Stock, which can convert into 2,500,000 shares of common stock.

Equity Compensation Plan Information

The following is a summary of our equity compensation plans at December 31, 2009:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders (1)	3,255,032	$ 0.34	2,245,130
Equity compensation plans not approved by security holders (2)	3,461,333	$ 0.22	—
Total	6,716,365		2,245,130

(1) As of December 31, 2009, we had options issued and outstanding to purchase 3,056,282 shares of common stock under our 2003 Stock Incentive Plan and 198,750 shares of common stock under the 1994 Stock Incentive Plan. Our 1994 Stock Incentive Plan terminated on April 30, 2004 and no additional grants may be made under that plan. As approved by stockholders, we may grant additional options to purchase up to 2,245,130 shares of common stock under our 2003 Stock Incentive Plan as of December 31, 2009. The number of shares reserved for issuance pursuant to options under the 2003 Stock Incentive Plan was increased by 300,000 shares on January 1, 2009 pursuant to an evergreen provision in the stock option plan.

(2) As of December 31, 2009, we had options and warrants issued and outstanding for the purchase of an aggregate of 3,461,333 shares of our common stock to officers, directors, consultants and advisors outside of our 1994 Stock Incentive Plan and our 2003 Stock Incentive Plan, which were issued on a case by case basis at the discretion of the board of directors.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

We currently rent office space and administrative facilities from Theorem Capital, LLC, an affiliate of one of our major stockholders, Theorem Group, LLC. Theorem Group, LLC currently beneficially owns in excess of 77% of this company's voting capital stock. The facilities have rented on a month-to-month basis since October 2009 at a monthly rate of $5,000 per month. Mr. Dube, one of our directors, is the managing director of Theorem Group, LLC and Theorem Capital, LLC.

On November 6, 2006, we entered into an Advisory Agreement with Ambient Advisors LLC. Pursuant to the agreement, as amended on October 11, 2007, we agreed to pay Ambient Advisors an advisory fee $125,000 per annum for advisory services rendered to us by Mr. Post, the Managing Director of Ambient Advisors, LLC. The Advisory Agreement was terminated in 2008. However, this company owed Ambient Advisors certain unpaid compensation pursuant to the Advisory Agreement. In October 2009, this company and Ambient Advisors agreed to settle this company's outstanding obligations to Ambient Advisors by issuing 1,500,000 shares of our common stock to Ambient Advisors in January 2010 and by agreeing to enter into a new advisory agreement with Mr. Post (see below). At the direction of Ambient Advisors, the shares issuable to Ambient Advisors in settlement of the outstanding obligation were issued to Gary Post personally. Mr. Post is a director and the Secretary of this company, the Chairman of the Audit Committee and Nominating Committee, and a member of our Board's Compensation Committee.

In March 2010, we entered into a new Advisory Agreement with Gary Post, our Corporate Secretary and one of our directors. See, "Item 11, Executive Compensation," above.

On October 13, 2009, Theorem Group, LLC acquired all of the outstanding shares of our Series G Preferred Stock from Bristol Investment Fund, Ltd. The Series G Preferred Stock Certificate Designation contained an error in the voting rights that granted to the holder of the Series G Preferred Stock. Following the purchase by Theorem Group, LLC of the Series G Preferred Stock from Bristol Investment Fund, Ltd., we discovered certain other inaccuracies in the terms of the Series G Preferred Stock and inconsistencies with the disclosures made by us regarding such terms. Accordingly, rather than amending the Certificate of Designation of the Series G Preferred Stock to correct the voting rights provisions and to otherwise confirm the rights of the Series G Preferred Stock, we created a new series of preferred stock designated as "Series H Convertible Preferred Stock" and entered into that certain Exchange Agreement, dated February 10, 2010, with Theorem Group, LLC, pursuant to which agreement Theorem Group exchanged all its shares of Series G Preferred Stock for an equal number of Series H Preferred Stock. In the Exchange Agreement, Theorem Group also released us from any liabilities related to the incorrect terms of the Series G Preferred Stock. Mr. Dube, one of our directors, is the managing director of Theorem Group, LLC.

On October 1, 2009, we issued Convertible Debentures, Series A Warrants and Series B Warrants derivative securities to certain investors for an aggregate purchase price of $2,000,000. The proceeds are currently held in escrow in accordance with the terms of that certain Escrow Agreement dated September 30, 2009, by and among Theorem Capital, Theorem Group, LLC and this company. Pursuant to the terms of the escrow agreement, the escrow agent will disburse funds from the escrow on a monthly basis only if it receives written instructions from both this company and Theorem Capital. If either party does not execute the notice, the escrow agent is not permitted to disburse any funds to the company. Mr. Dube is a member of this company's Board of Directors and the Managing Member of Theorem Capital.

Director Independence

None of our current directors qualifies as an "independent director" as defined by Item 407 of Regulation S-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Seligson & Giannattasio, LLP was our independent registered public accounting firm for the fiscal years ending December 31, 2008 and December 31, 2009. The Audit Committee has appointed Seligson & Giannattasio, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010. The following table shows the fees that were paid or accrued by us for audit and other services provided by Seligson & Giannattasio, LLP for the 2008 and 2009 fiscal years.

	2008	2009
Audit Fees (1)	$ 59,398	$ 55,000
Audit-Related Fees (2)	—	—
Tax Fees (3)	—	—
All Other Fees	—	—
Total	$ 59,398	$ 55,000

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the review of our financial statements included in our Form 10-Q and 10-QSB quarterly reports and services that are normally provided in connection with statutory or regulatory filings for the 2008 and 2009 fiscal years.

(2) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and not reported above under "Audit Fees."

(3) Tax fees represent fees for professional services related to tax compliance, tax advice and tax planning.

All audit related services, tax services and other services rendered by Seligson & Giannattasio, LLP were pre-approved by our Board of Directors or Audit Committee. The Audit Committee has adopted a pre-approval policy that provides for the pre-approval of all services performed for us by Seligson & Giannattasio, LLP. The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services. Pursuant to this policy, the Board delegated such authority to the Chairman of the Audit Committee. All pre-approval decisions must be reported to the Audit Committee at its next meeting. The Audit Committee has concluded that the provision of the non-audit services listed above is compatible with maintaining the independence Seligson & Giannattasio, LLP.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The Company's financial statements and related notes thereto are listed and included in this Annual Report beginning on page F-1. The following exhibits are filed with, or are incorporated by reference into, this Annual Report.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Restated Certificate of Incorporation as filed in Delaware September 10, 1996 and as thereafter amended through March 1, 2002	10-KSB	04/01/02	3.A	
3.2	Bylaws, as restated effective September 7, 1994 and as amended through April 29, 2003	10-QSB	08/13/03	3	
3.3	Certificate of Designation dated February 5, 2010	8-K	2/16/10	3.1	
4.1	Convertible Demand Promissory Note dated April 7, 2009	8-K	4/13/09	4.1	
4.2	Form of Warrant to Purchase Common Stock dated April 7, 2009	8-K	4/13/09	4.2	
4.3	Oxis International, Inc. 2003 Stock Incentive Plan	14A	5/8/2003		
4.4	Form of Convertible Debenture dated October 1, 2009	8-K	10/09/09	4.2	
4.5	Form Of Series A Common Stock Purchase Warrant dated October 1, 2009	8-K	10/09/09	4.3	
4.6	Form Of Series B Common Stock Purchase Warrant dated October 1, 2009	8-K	10/09/09	4.4	
10.1	Form of Indemnification Agreement between OXIS International, Inc. and its Officers and Directors	SB-2	02/25/05	10.P	
10.2	Engagement Letter with Ambient Advisors	8-K	5/31/06	10.1	
10.3	Common Stock Purchase Warrant dated June 2, 2006.	8-K	7/26/06	10.2	
10. 4	Amendment #2 to Exclusive License and Supply Agreement dated July 19, 2006.	8-K	7/26/06	10.3	
10.5	Form of Secured Convertible Debenture dated October 25, 2006.	8-K	10/26/06	10.2	
10.6	Form of Series A, B, C, D, E Common Stock Purchase Warrant dated October 25, 2006.	8-K	10/26/06	10.3	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
10.7	Advisory Agreement between OXIS International, Inc. and Ambient Advisors, LLC dated November 6, 2006.	8-K	11/13/06	10.2	
10.8	Amended and Restated Exclusive License Agreement between OXIS and Alteon, Inc. dated April 2, 2007	10-QSB	8/14/07	10.1	
10.9	Amendment to Advisory Agreement between OXIS and Ambient Advisors, Inc. dated October 11, 2007	8-K	10/16/07	10.1	
10.10	Secured Promissory Note from Percipio Biosciences, Inc. dated December 11, 2008	8-K	12/18/08	10.2	
10.11	Securities Purchase Agreement dated October 1, 2009				
10.12	Waiver Agreement dated October 1, 2009	8-K	10/09/09	10.1	
10.13	Standstill And Forbearance Agreement Dated October 1, 2009	8-K	10/09/09	10.2	
10.14	Escrow Agreement by and among OXIS, Theorem Group, LLC, Theorem Capital, LLC and Law Offices of Jacques Chen.				X
10.15	Exchange Agreement dated February 10, 2010	8-K	02/16/10	10/1	
10.16	Assignment and Assumption Agreement, dated April 7, 2009, between Oxis International, Inc. and Bristol Investment Fund, Ltd.	8-K	4/13/09	99.1	
10.17	Employment Agreement by and between OXIS and Michael Handelman, dated March 11, 2010				X
10.18	Employment Agreement, dated March 29, 2010, between Oxis International, Inc. and Anthony J. Cataldo				X
10.19	Advisory Agreement, between Oxis International, Inc. and Gary M. Post, dated March 29, 2010				X
10.20	Employment Agreement by and between OXIS and Bernard Landes, dated March 11, 2010				X

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
16.1	Letter from Williams & Webster, P.S. dated December 8, 2008	8-K	12/8/08	16.1	
21.1	Subsidiaries of OXIS International, Inc.				X
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

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 30, 2010

OXIS International, Inc.

By: /s/ Anthony J. Cataldo
Anthony J. Cataldo
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Position	Date
/s/ Anthony J. Cataldo Anthony J. Cataldo	Chief Executive Officer and Director (Principal Executive Officer)	March 30, 2010
/s/ Michael Handelman Michael Handelman	Chief Financial Officer and Treasurer (Principal Financial Officer)	March 30, 2010
/s/ Gary M. Post Gary M. Post	Secretary and Director	March 30, 2010
/s/ Anshuman Dube Anshuman Dube	Director	March 30, 2010

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Oxis International, Inc.

We have audited the accompanying consolidated balance sheets of Oxis International, Inc. and subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. Oxis International, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Oxis International Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred significant recurring losses. The realization of a major portion of its assets is dependent upon its ability to meet its future financing needs and the success of its future operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

Seligson & Giannattasio, LLP
White Plains, NY
March 29, 2010

OXIS International, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2009 and 2008

		December 31, 2009		December 31, 2008
ASSETS				
Current Assets:				
Cash and cash equivalents	$	1,293,000	$	22,000
Inventory		—		3,000
Note receivable		—		250,000
Total Current Assets		1,293,000		275,000
Property, plant and equipment, net		—		—
Patents, net		84,000		308,000
Goodwill and other assets, net		7,000		7,000
Total Other Assets		91,000		315,000
TOTAL ASSETS	$	1,384,000	$	590,000
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts payable	$	925,000	$	919,000
Accrued expenses		1,404,000		1,029,000
Warrant liability		2,405,000		174,000
Demand note payable		180,000		25,000
Convertible debentures, net of discounts of $0 and $552,000		1,945,000		2,123,000
Total Current Liabilities		6,859,000		4,270,000
Convertible debentures, net of discount of $1,750,685		249,000		--
Total Liabilities		7,108,000		4,270,000
Stockholders' Deficit:				
Convertible preferred stock - $0.01 par value; 15,000,000 shares authorized:		—		—
Series C - 96,230 and 96,230 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively		1,000		1,000
Series G – 25,000 and 25,000 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively		—		—
Common stock - $0.001 par value; 150,000,000 shares authorized; 67,040,809 and 46,850,809 shares issued and outstanding at December 31, 2009 and December 31, 2008, respectively		67,000		47,000
Additional paid-in capital		71,308,000		71,126,000
Accumulated deficit		(77,100,000)		(74,854,000)
Total Stockholders' Deficit		(5,724,000)		(3,680,000)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	1,384,000	$	590,000

The accompanying notes are an integral part of these consolidated financial statements.

OXIS International, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2009 and 2008

	December 31 2009	December 31 2008
Revenue:		
Product revenues	48,000	$ 1,143,000
License revenues	—	—
TOTAL REVENUE	48,000	1,143,000
Cost of Product Revenue	50,000	909,000
Gross profit	(2,000)	234,000
Operating Expenses:		
Research and development	—	44,000
Selling, general and administrative	1,154,000	1,401,000
Total operating expenses	1,154,000	1,445,000
Loss from Operations	(1,156,000)	(1,211,000)
Interest income	4,000	—
Other income	16,000	—
Change in value of warrant and derivative liabilities	26,000	159,000
Interest expense	(1,136,000)	(1,657,000)
Total Other Income (Expense)	(1,090,000)	(1,498,000)
Loss before provision for income taxes	(2,246,000)	(2,709,000)
Provision for income taxes	—	77,000
Net loss from continuing operations	(2,246,000)	(2,786,000)
Loss from discontinued operations		
Net income from discontinued operations	—	758,000
Net loss on disposal of discontinued operations	—	(2,978,000)
Net loss from discontinued operations	—	(2,220,000)
Net loss	(2,246,000)	(5,006,000)
Loss Per Share – basic and diluted		
Continuing operations	$ (0.05)	$ (0.06)
Discontinued operations	—	$ (0.05)
	$ (0.05)	$ (0.11)
Weighted Average Shares Outstanding		
Basic	48,619,165	46,850,809
Diluted	48,619,165	46,850,809

The accompanying notes are an integral part of these consolidated financial statements.

OXIS International, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity (Deficit)
Years Ended December 31, 2009 and 2008

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit
	Shares	Amount	Shares	Amount		
Balance, December 31, 2007	96,230	$ 1,000	46,850,809	$ 47,000	$ 70,980,000	$ (69,848,000)
Issuance of preferred series G	25,000				19,000	
Stock compensation expense for options issued to non-employees					77,000	
Stock compensation expense for options issued to employees					50,000	
Net loss						(5,006,000)
Balance, December 31, 2008	121,230	1,000	46,850,809	47,000	71,126,000	(74,854,000)
Issuance of common stock			20,190,000	20,000	182,000	
Net loss						(2,246,000)
Balance, December 31, 2009	121,230	$ 1,000	67,040,809	$ 67,000	$ 71,308,000	$ (77,100,000)

The accompanying notes are an integral part of these consolidated financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,246,000)	$ (5,006,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on disposition of asset		2,978,000
Depreciation of property, plant and equipment		45,000
Amortization of intangible assets	55,000	206,000
Impairment of patents	169,000	—
Stock compensation expense for options and warrants issued to employees and non-employees		146,000
Amortization of debt discounts	679,000	552,000
Change in value of warrant and derivative liabilities	26,000	(159,000)
Default costs on convertible debt		508,000
Changes in operating assets and liabilities:		
Accounts receivable		145,000
Inventory	3,000	255,000
Prepaid expense and other current assets		119,000
Net assets held for sale		(334,000)
Accounts payable	5,000	252,000
Accrued expenses	372,000	124,000
Net cash flows from operating activities	(937,000)	(169,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable	2,233,000	
Repayment of demand notes payable	(25,000)	—
Net cash flows from financing activities	2,208,000	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,271,000	(169,000)
CASH AND CASH EQUIVALENTS - Beginning of period	22,000	191,000
CASH AND CASH EQUIVALENTS - End of period	$ 1,293,000	$ 22,000

The accompanying notes are an integral part of these consolidated financial statements

1. The Company and Summary of Significant Accounting Policies

OXIS International, Inc. with its subsidiaries (collectively, "OXIS" or the "Company") is engaged in the development of clinical, nutraceutical and therapeutic products, which includes new technologies applicable to conditions and diseases associated with oxidative stress. OXIS has historically derived its revenues primarily from sales of research diagnostic assays to research laboratories – a business segment which is no longer operated or owned by Oxis (*see below for transaction description related to Percipio*). The Company's diagnostic products included twenty-five research assays to measure markers of oxidative stress. During 2008, the Company determined to focus its resources on the development and sale of nutraceutical and other products based on its patents for Ergothioneine, Superoxide Dismutase (SOD's), Glutathione Peroxidase (GPx), Myeloperoxidase (MPO), BXT and other proprietary compounds. The Company intends to continue to supplement its intellectual property in the area of oxidative stress while emphasizing its core focus on developing and marketing products utilizing existing patents and know how.

OXIS' majority owned subsidiary up until June 19, 2008, BioCheck Inc. ("BioCheck") offered its clinical laboratory and *in vitro* diagnostics customers over 40 clinical diagnostic assays. BioCheck's primary product line consisted of enzyme linked immunosorbentassay, or ELISA, kits that are widely used in medical laboratory settings. These test kits are applicable to cardiac markers, infectious disease, thyroid function markers, fertility hormones, and other miscellaneous clinical diagnostic markers. BioCheck had several products under development for cancer, cardiac/inflammatory and angiogenesis research applications. In addition to clinical and research assay products, BioCheck provided various research services to pharmaceutical and diagnostic companies worldwide.

On December 11, 2008, we entered into and closed an Asset Purchase Agreement with Percipio Biosciences, Inc., or Percipio, pursuant to which we agreed to sell certain assets of our assay business division including certain account receivables, patents and trademarks, or the Assay Assets. The Assay Assets do not include any rights, title, and interest related to our ability to market and sell nutraceutical or therapeutic products, such as with, but not limited to, the sale of ergothioneine or superoxide dismutase as a nutraceutical or therapeutic product. In consideration of the Assay Assets, Percipio provided us with a 6% secured promissory note, or the Percipio Note, in the principal amount of $250,000. On the sixth month anniversary of the Percipio Note, Percipio is required to begin making payments of 1/30th of the Percipio Note which in no event will be less than 40% of Percipio's quarterly income. If certain of our account receivables acquired by Percipio remain uncollected after 90 days, then the amount of the Percipio Note shall be reduced.

In 1965, the corporate predecessor of OXIS, Diagnostic Data, Inc. was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972; and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc. The Company's principal executive offices were relocated to Foster City, California from Portland, Oregon on February 15, 2006 and to Beverly Hills, California in March, 2009.

Going Concern

The Company incurred a loss from operations of $1,156,000 and $1,211,000 in 2009 and 2008, respectively. The Company's plan is to raise additional capital until such time the Company can increase revenues to generate sufficient gross profit in excess of selling, general and administrative, and research and development expenses in order to achieve profitability. However, the Company can not assure that it will accomplish this task and there are many factors that may prevent the Company from reaching its goal of profitability.

As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of $77,100,000 through December 31, 2009. On a consolidated basis, the Company had cash and cash equivalents of $1,293,000 at December 31, 2009. The Company's plan is to raise additional capital until such time the Company can increase revenues to generate sufficient gross profit in excess of selling, general and administrative, and research and development expenses in order to achieve profitability. However, the Company can not assure that it will accomplish this task and there are many factors that may prevent the Company from reaching its goal of profitability.

The current rate of cash usage at our parent level raises substantial doubt about the Company's ability to continue as a going concern, absent any new sources of significant cash flows. In an effort to mitigate this near-term concern the Company is seeking additional equity or debt financing to obtain sufficient funds to sustain operations. The Company plans to increase revenues by introducing new products primarily based on its ergothioneine assets. However, the Company cannot provide assurance that it will successfully obtain equity or debt or other financing, if any, sufficient to finance its goals or that the Company will increase product related revenues. The Company's financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that the Company cannot continue in existence.

Accounts receivable

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

Advertising and promotional fees

Advertising expenses consist primarily of costs incurred in the design, development, and printing of Company literature and marketing materials. The Company expenses all advertising expenditures as incurred. The Company's advertising expenses were $33,000 and $20,000 for the years ended December 31, 2009 and 2008, respectively.

Basis of Consolidation and Comprehensive Income

The accompanying consolidated financial statements include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. The Company's financial statements are prepared using the accrual method of accounting. On December 6, 2005, the Company purchased 51% (subsequently purchased an additional 2%) of the common stock of BioCheck. There were no items of other comprehensive income or loss in 2009 or 2008 and, therefore, comprehensive loss is the same as net loss for 2009 and 2008. During 2008, the Company disposed of its investment in BioCheck. The Company reflects the operations of Biocheck as discontinued operations for all periods presented.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company's cash and cash equivalents, marketable securities and accounts receivable are monitored for exposure to concentrations of credit risk. The Company maintains substantially all of its cash balances in a limited number of financial institutions. The balances are each insured by the Federal Deposit Insurance Corporation up to $250,000 through December 31, 2013, at which time they are scheduled to revert to the prior limit of $100,000. The Company had no balances in excess of this limit at December 31, 2009, although at times during the year, the Company may have exceeded the insured limits. Management monitors the amount of credit exposure related to accounts receivable on an ongoing basis and generally requires no collateral from customers. The Company maintains allowances for estimated probable losses, when applicable.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, inventory, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The fair value of debt is based upon current interest rates for debt instruments with comparable maturities and characteristics and approximates the carrying amount.

Stock Based Compensation to Employees

The Company accounts for its stock-based compensation for employees in accordance with Accounting Standards Codification (“ASC”) 718. The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees over the related vesting period.

Stock Based Compensation to Other than Employees

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 718. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably determinable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Inventories

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out method. The Company periodically reviews its reserves for slow moving and obsolete inventory and believes that such reserves are adequate at December 31, 2009 and 2008. There were no reserves reported at December 31, 2009 or 2008.

Impairment of Long Lived Assets

The Company's long-lived assets include capitalized patents, goodwill, property and equipment related to the Company's manufacturing facilities in California. The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any of the Company's long-lived assets are considered to be impaired, the amount of impairment to be recognized is equal to the excess of the carrying amount of the assets over the fair value of the assets.

Income Taxes

The Company accounts for income taxes using the asset and liability approach, whereby deferred income tax assets and liabilities are recognized for the estimated future tax effects, based on current enacted tax laws, of temporary differences between financial and tax reporting for current and prior periods. Deferred tax assets are reduced, if necessary, by a valuation allowance if the corresponding future tax benefits may not be realized.

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. The weighted average number of potentially dilutive common shares excluded from the calculation of net income (loss) per share totaled 465,479,478 in 2009 and 120,287,841 in 2008.

Patents

Acquired patents are capitalized at their acquisition cost or fair value. The legal costs, patent registration fees and models and drawings required for filing patent applications are capitalized if they relate to commercially viable technologies. Commercially viable technologies are those technologies that are projected to generate future positive cash flows in the near term. Legal costs associated with patent applications that are not determined to be commercially viable are expensed as incurred. All research and development costs incurred in developing the patentable idea are expensed as incurred. Legal fees from the costs incurred in successful defense to the extent of an evident increase in the value of the patents are capitalized.

Capitalized cost for pending patents are amortized on a straight-line basis over the remaining twenty year legal life of each patent after the costs have been incurred. Once each patent is issued, capitalized costs are amortized on a straight-line basis over the shorter of the patent's remaining statutory life, estimated economic life or ten years.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are 3 to 10 years for machinery and equipment and the shorter of the lease term or estimated economic life for leasehold improvements.

Fair Value

The carrying amounts reported in the balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company’s Level 1 assets include cash equivalents, primarily institutional money market funds, whose carrying value represents fair value because of their short-term maturities of the investments held by these funds.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Company's Level 2 liabilities consist of two liabilities arising from the issuance of a convertible debenture in 2006 and in accordance with EITF 00-19: a warrant liability for detachable warrants, as well as an accrued derivative liability for the beneficial conversion feature. These liabilities are remeasured on a quarterly basis. Fair value is determined using the Black-Scholes valuation model based on observable market inputs, such as share price data and a discount rate consistent with that of a government-issued security of a similar maturity.

- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table represents the Company's assets and liabilities by level measured at fair value on a recurring basis at December 31, 2009.

Description	Level 1	Level 2	Level 3
Assets			
Cash equivalents	$ 1,293,000	$ -	$ -
Liabilities			
Warrant liability	-	$ 2,405,000	-

The Company has not applied the provisions of SFAS No. 157 to non-financial assets and liabilities that are of a nonrecurring nature in accordance with FASB Staff Position (FSP) Financial Accounting Standard 157-2, Effective Date of FASB Statement No. 157 (FSP 157-2). FSP 157-2 delayed the effective date of application of SFAS 157 to non-financial assets and liabilities that are of a nonrecurring nature until January 1, 2009. FSP 157-2 will not have a material effect on the Company's financial position, results of operations and cash flows.

Recent Accounting Pronouncements

In June 2009, the FASB issued guidance under ASC Topic 105 Generally Accepted Accounting Principles as it relates to the FASB's accounting standards codification. This standard replaces previously established guidance, and establishes only two levels of U.S. generally accepted accounting principles ("GAAP"), authoritative and non-authoritative. The FASB Accounting Standards Codification (the "Codification") will become the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission ("SEC"), which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative. This standard is effective for financial statements for interim or annual reporting periods ending after September 15, 2009. The Company began to use the new guidelines and numbering system prescribed by the Codification when referring to GAAP in the third quarter of 2009. As the Codification was not intended to change or alter existing GAAP, it will not have any impact on the Company's consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, "Revenue Recognition (Topic 605) – Multiple Deliverable Revenue Arrangements." ASU No. 2009-13 eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method and expands the disclosures related to multiple deliverable revenue arrangements. ASU No. 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with earlier adoption permitted. The adoption of ASU No. 2009-13 is not expected to have a material impact on the Company's results of operations or financial position.

In September 2009, the FASB also ratified authoritative accounting guidance requiring the sales of all tangible products containing both software and non-software components that function together to deliver the product's essential functionality to be excluded from the scope of the software revenue guidance. The Company adopted the guidance on a prospective basis during the three months ended September 27, 2009 effective for all periods in 2009. Prior to the adoption of this guidance, the Company assessed all software items included in the Company's product offerings to be incidental to the product itself and, therefore, excluded all sales from the scope of the related software revenue guidance. As a result, the adoption of this guidance had no impact on the Company's consolidated financial statements.

Research and Development

Research and development costs are expensed as incurred and reported as research and development expense.

Revenue Recognition

Product Revenue

The Company manufactures, or has manufactured on a contract basis, research and clinical diagnostic assays and fine chemicals, which are its primary products sold to customers. Revenue from the sale of its products, including shipping fees, is recognized when title to the products is transferred to the customer which usually occurs upon shipment or delivery, depending upon the terms of the sales order and when collectability is reasonably assured. Revenue from sales to distributors of its products is recognized, net of allowances, upon delivery of product to the distributors. According to the terms of individual distributor contracts, a distributor may return product up to a maximum amount and under certain conditions contained in its contract. Allowances are calculated based upon historical data, current economic conditions and the underlying contractual terms. The Company's mix of product sales are substantially at risk to market conditions and demand, which may change at anytime.

License Revenue

License arrangements may consist of non-refundable upfront license fees, exclusive licensed rights to patented or patent pending technology, and various performance or sales milestones and future product royalty payments. Some of these arrangements are multiple element arrangements.

Non-refundable, up-front fees that are not contingent on any future performance by us, and require no consequential continuing involvement on our part, are recognized as revenue when the license term commences and the licensed data, technology and/or compound is delivered We defer recognition of non-refundable upfront fees if we have continuing performance obligations without which the technology, right, product or service conveyed in conjunction with the non-refundable fee has no utility to the licensee that is separate and independent of our performance under the other elements of the arrangement. In addition, if we have continuing involvement through research and development services that are required because our know-how and expertise related to the technology is proprietary to us, or can only be performed by us, then such up-front fees are deferred and recognized over the period of continuing involvement.

Payments related to substantive, performance-based milestones in a research and development arrangement are recognized as revenue upon the achievement of the milestones as specified in the underlying agreements when they represent the culmination of the earnings process.

Royalty Revenue

The Company recognizes royalty revenues from licensed products when earned in accordance with the terms of the license agreements. Net sales figures used for calculating royalties include deductions for costs of unsaleable returns, managed care chargeback's, cash discounts, freight and warehousing, and miscellaneous write-offs.

Segment Reporting

The Company operates in one reportable segment.

Use of Estimates

The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities revenues and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

2. Inventories

	December 31, 2009	December 31, 2008
Raw materials	$ —	$ —
Work in process		—
Finished goods	—	3,000
	$ —	$ 3,000

3. Note Receivable

In December 2008, the Company entered into a Purchase and Sale of Assets agreement whereby the Company agreed to sell its interest in the assay kit and research product manufacturing and sales business in exchange for a $250,000 secured promissory note. The note incurs interest at a rate of 6% and is to be repaid over a 30-month period commencing in June 2009. On April 7, 2009 the Company entered into an Assignment and Assumption Agreement with Bristol Investment Fund, Ltd. whereby Bristol agreed to issue a convertible demand promissory note and as a condition to the obligation of Bristol to fund the convertible promissory note, the Company had to assign all of its rights, title and interest under the note receivable.

4. Patents

	December 31, 2009	December 31, 2008
Capitalized patent costs	$ 655,000	$ 1,110,000
Accumulated amortization	(571,000)	(802,000)
	$ 84,000	$ 308,000

Periodically, the Company reviews its patent portfolio and has determined that certain patent applications no longer possessed commercial viability or were abandoned since they were inconsistent with the Company's business development strategy. At December 31, 2009, the Company determined patents with an original cost of $477,000 were either expired or unused, and the remaining net book value of $169,000 was reported as a component of general and administrative expenses.

The following table presents expected future amortization of patent costs that may change according to the Company's amortization policy upon additional patents being issued or allowed:

2011	$	29,000
2012		24,000
2013		11,000
2014		4,000
2015		4,000

5. Goodwill and Other Assets

	December 31, 2009		2008	
Goodwill	$	—	$	—
Strategic investments		—		—
Lease deposits		—		—
	$	—	$	—

In connection with the acquisition of BioCheck, the Company recorded goodwill equal to the excess of the fair value of the consideration given over the estimated fair value of the assets and liabilities received. The goodwill was primarily attributed to the reputation of BioCheck's CEO and the cGMP/ISO 9000 compliant manufacturing facilities in Foster City, California. Strategic investments are investments by BioCheck in two private start-up companies. At December 31, 2007, one of those companies had not yet commenced operations. At that time, the Company was aware of private sales in the other company's stock that exceeded the per share purchase price of its investment. Lease deposits are cash deposits held as security for facility leases in Foster City, California. The goodwill and other assets were included as assets held for sale and as a part of the loss on disposition of asset upon the disposal of BioCheck in June 2008.

6. Debt

Convertible debentures

On October 25, 2006, the Company entered into a securities purchase agreement (“Purchase Agreement”) with four accredited investors (the “Purchasers”). In conjunction with the signing of the Purchase Agreement, the Company issued secured convertible debentures (“Debentures”) and Series A, B, C, D, and E common stock warrants (“Warrants”) to the Purchasers, and the parties also entered into a registration rights agreement and a security agreement (collectively, the “Transaction Documents”).

Pursuant to the terms of the Purchase Agreement, the Company issued the Debentures in an aggregate principal amount of $1,694,250 to the Purchasers. The Debentures are subject to an original issue discount of 20.318% resulting in proceeds to the Company of $1,350,000 from the transaction. The Debentures were due on October 25, 2008. The Debentures are convertible, at the option of the Purchasers, at any time, into shares of common stock at $0.35 per share, as adjusted pursuant to a full ratchet anti-dilution provision (the “Conversion Price”). Beginning on the first of the month beginning February 1, 2007, the Company was required to amortize the Debentures in equal installments on a monthly basis resulting in a complete repayment by the maturity date (the “Monthly Redemption Amounts”). The Monthly Redemption Amounts can be paid in cash or in shares, subject to certain restrictions. If the Company chooses to make any Monthly Redemption Amount payment in shares of common stock, the price per share is the lesser of the Conversion Price then in effect and 85% of the weighted average price for the 10 trading days prior to the due date of the Monthly Redemption Amount.

The Company has not made required monthly redemption payments beginning on February 1, 2007 to purchasers of debentures issued in October 2006. Pursuant to the provisions of the Secured Convertible Debentures, such non-payment is an event of default. Penalty interest accrues on any unpaid redemption balance at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law until such amount is paid in full. Upon an event of default, each purchaser has the right to accelerate the cash repayment of at least 130% of the outstanding principal amount of the debenture plus accrued but unpaid liquidated damages and interest. If the Company continued to fail to make such payments in full, the purchasers have the right sell substantially all of the Company's assets pursuant to their security interest to satisfy any such unpaid balance. The Purchasers have a right of first refusal to participate in up to 100% of any future financing undertaken by the Company until the later of the date that the Debentures are no longer outstanding and the one year anniversary of the effective date of the registration statement. The Company was restricted from issuing shares of common stock or instruments convertible into common stock for 90 days after the effective date of the registration statement with certain exceptions. The Company is also prohibited from effecting any subsequent financing involving a variable rate transaction until such time as no Purchaser holds any of the Debentures. In addition, until such time as any Purchaser holds any of the securities issued in the Debenture transaction, if the Company issues or sells any common stock or instruments convertible into common stock which a Purchaser reasonably believes is on terms more favorable to such investors than the terms pursuant to the Transaction Documents, the Company is obligated to amend the terms of the Transaction Documents to such Purchaser the benefit of such better terms.

On October 25, 2006, in conjunction with the signing of the Purchase Agreement, the Company issued to the Purchasers five year Series A Warrants to purchase an aggregate of 2,420,357 shares of common stock at an initial exercise price of $0.35 per share, one year Series B Warrants to purchase 2,420,357 shares of common stock at an initial exercise price of $0.385 per share, and two year Series C Warrants to purchase an aggregate of 4,840,714 shares of common stock at an initial exercise price of $0.35 per share. In addition, the Company issued to the Purchasers Series D and E Warrants which become exercisable on a pro-rata basis only upon the exercise of the Series C Warrants. The six year Series D Warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.35 per share. The six year Series E Warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.385 per share. The initial exercise prices for each warrant are adjustable pursuant to a full ratchet anti-dilution provision and upon the occurrence of a stock split or a related event.

Pursuant to the registration rights agreement, the Company was obligated to file a registration statement covering the public resale of the shares underlying the Series A, B, C, D and E Warrants and the Debentures within 45 days of the closing of the transaction and cause the registration to be declared effective within 120 days of the closing date. The registration statement was filed and declared effective within the 120 of the closing date. Cash liquidated damages equal to 2% of the face value of the Debentures per month are payable to the purchasers for any failure to timely file or obtain an effective registration statement.

Pursuant to the Security Agreement, the Company agreed to grant the purchasers, pari passu, a security interest in substantially all of the Company's assets. The Company also agreed to pledge its respective ownership interests in its wholly-owned subsidiaries, OXIS Therapeutics, OXIS Isle of Man, and its partial subsidiary, BioCheck, Inc. In addition, OXIS Therapeutics and OXIS Isle of Man each provided a subsidiary guarantee to the Purchasers in connection with the transaction.

On April 9, 2008 and April 28, 2008, the Company was sent demand letters from one of the Purchasers, Bristol Investment Fund, Ltd. ("Bristol") stating that the Company was in default under the Debentures due to lack of payment of required monthly principal installment payments starting in February 1, 2007. At the time of the April 9, 2008 letter, the Company and Bristol were in active negotiations on a proposed financing transaction which would provide the Company an opportunity to resolve the existing default under the Debentures. The proposed financing transaction was not accepted by all Purchasers and therefore was not executed. In the April 28, 2008 letter, Bristol demanded that the Company provide them with a definitive plan of action to resolve the existing default within three business days. Bristol did not make any specific demands for other costs, expenses or liquidated damages to date. On May 30, Cranshire Capital, LP ("Cranshire"), another Purchaser, sent a letter to the Company stating that the Company was in default on the Debentures and that Cranshire intended to seek all potential remedies. In response to the default letters received from Bristol and Cranshire, the Company's management had communicated its plan to pay all amounts due under the terms of the Debentures upon the sale of its 53% interest in BioCheck, Inc. and its research assay business prior to the maturity date of the Debentures on October 25, 2008 and referenced four non-binding letters of intent that it had received from potential purchasers. The indications of value contained in the letters of intent would provide, if closed, funds sufficient to pay off the Purchasers and additionally provide cash resources to support a business plan based on its neutraceutical and therapeutic assets. The Company was in active negotiations with the Purchasers aimed at resolving the existing default under the Debentures and avoiding the foreclosure sale.

On June 6, 2008, the Company received notification from Bristol that the collateral held under the Security Agreement would be sold to the highest qualified bidder on Thursday, June 19, 2008. On June 16, 2008, the Company requested that the debenture holders retract their Notice of Disposition of Collateral. Also on June 16, 2008, the Company issued a press release announcing that the Company's four Purchasers had been notified that the sale of its majority interest in BioCheck Inc. and its diagnostic businesses were proceeding in a timely manner, and that the recently commenced foreclosure efforts would both jeopardize repayment efforts and harm shareholder value.

On June 19, 2008, the Company received a Notice of Disposition of Collateral from Bristol in which Bristol notified the Company that Bristol, acting as the agent for itself and the three other Purchasers, purchased certain assets held as collateral under the security agreement (referred to in this report as the "Security Agreement"). Bristol purchased 111,025 shares of common stock of BioCheck, Inc., the Company's majority owned subsidiary, on a credit bid of $50,000, and Bristol also purchased 1,000 shares of the capital stock of OXIS Therapeutics, Inc., a wholly owned subsidiary of OXIS, for a credit bid of $10,000. In December 2005, OXIS purchased the 111,025 shares of common stock of BioCheck, Inc. for $3,060,000. After crediting the aggregate amount of $60,000 to the aggregate amount due under the Debentures, plus fees and charges due through June 19, 2008, Bristol notified the Company that the Company remains obligated to the Purchasers in a deficiency in an aggregate amount of $2,688,000 as of June 19, 2008. As a result of the disposition of the collateral, the Company recorded a net loss aggregating $2,978,000

During November and December 2009, Bristol converted $177,900 of the principal amount for 17,790,000 shares of the Company's common stock.

During the first quarter of 2010, Bristol converted an additional $58,000 of the principal amount for 5,800,000 shares of the Company's common stock.

These convertible debentures do not meet the definition of a "conventional convertible debt instrument" since the debt is not convertible into a fixed number of shares. The Monthly Redemption Amounts can be paid with common stock at a conversion price that is a percentage of the market price; therefore the number of shares that could be required to be delivered upon "net-share settlement" is essentially indeterminate. Therefore, the convertible debenture is considered "non-conventional," which means that the conversion feature must be bifurcated from the debt and shown as a separate derivative liability. This beneficial conversion liability has been calculated to be $690,000 on October 25, 2006. In addition, since the convertible debenture is convertible into an indeterminate number of shares of common stock, it is assumed that the Company could never have enough authorized and unissued shares to settle the conversion of the warrants issues in this transaction into common stock. Therefore, the warrants issued in connection with this transaction have a fair value of $2,334,000 at October 20, 2006. The value of the warrant was calculated using the Black-Scholes model using the following assumptions: Discount rate of 4.5%, volatility of 158% and expected term of 1 to 6 years. The fair value of the beneficial conversion feature and the warrant liability will be adjusted to fair value on each balance sheet date with the change being shown as a component of net loss.

The fair value of the beneficial conversion feature and the warrants at the inception of these convertible debentures were $690,000 and $2,334,000, respectively. The first $1,350,000 of these discounts has been shown as a discount to the convertible debentures which will be amortized over the term of the convertible debenture and the excess of $1,674,000 has been shown as financing costs in the accompanying statement of operations.

At December 31, 2009 and 2008, the Company determined the fair value of the warrants were $174,000. The aggregate decrease in fair value of these two liabilities of the convertible debentures during the year ended December 31, 2008 of $159,000 is shown as other income in the accompanying consolidated statements of operations.

On October 1, 2009, the Company entered into a financing arrangement with several accredited investors (the "October 2009 Investors"), pursuant to which it sold various securities in consideration of a maximum aggregate purchase price of $2,000,000 (the "October 2009 Financing"). In connection with the October 2009 Financing, the Company issued the following securities to the October 2009 Investors:

- 0% Convertible Debentures in the principal amount of $2,000,000 due 24 months from the date of issuance (the "Debentures"), convertible into shares of the Company's common stock at a per share conversion price equal to $0.05 per share;
- Series A warrant to purchase such number of shares of the Company's common stock equal to 50% of the principal amount invested by each investor (the "Class A Warrants") resulting in the issuance of Class A Warrants to purchase 20,000,000 shares of common stock of the Company.
- Series B warrant to purchase such number of shares of the Company's common stock equal to 50% of the principal amount invested by each investor (the "Class B Warrants") resulting in the issuance of Class B Warrants to purchase 20,000,000 shares of common stock of the Company.

The full principal amount of the Debentures is due upon default under the terms of the Debentures. The Class A Warrants and Class B Warrants (collectively, the "Warrants") are exercisable for up to five years from the date of issue at a per share exercise price equal to $0.0625 and $0.075 for the Class A Warrants and the Class B Warrants, respectively, on a cash or cashless basis. The Debentures and the Warrants are collectively referred to herein as the "October 2009 Securities".

The Company and the October 2009 Investors agreed to place the proceeds from the October 2009 Financing in escrow. On a monthly basis, the Company and the nominee for the October 2009 Investors will send a joint statement, subject to settlement with existing creditors, to the escrow agent for the release of funds.

In connection with the sale of the October 2009 Securities by the Company, the Company and Bristol entered a Standstill and Forbearance Agreement, pursuant to which Bristol agreed to refrain and forbear from exercising certain rights and remedies with respect to (i) certain convertible debentures (the "October 2006 Debentures"), issued pursuant to that certain Securities Purchase Agreement, dated October 25, 2006 and (ii) demand notes (the "Bridge Notes") issued by the Company on October 8, 2008, March 19, 2009, April 7, 2009, April 28, 2009, May 21, 2009 and June 25, 2009. In connection with the sale of the October 2009 Securities by the Company, the Company and Bristol have also entered into a waiver agreement (the "Waiver Agreement") pursuant to which Bristol waived certain rights with respect to the October 2006 Debentures and Bridge Notes.

The conversion price and the exercise price will be subject to full ratchet anti-dilution adjustment in the event that the Company issues, after the closing date, common stock or common stock equivalents at a price per share less than the conversion price associated with the Debentures or the exercise price associated with the Warrants and to other normal and customary anti-dilution adjustment upon certain other events.

From the date hereof until such time the Debentures are no longer outstanding, if the Company effects a subsequent financing, the October 2009 Investors may elect, in their sole discretion, to exchange all or some of the October 2009 Debentures (but not the Warrants) for any securities or units issued in a subsequent financing on a $1.00 for $1.00 basis or to have any particular provisions of the subsequent financing legal documents apply to the documents utilized for the October 2009 Financing.

If at any time after the closing date, the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others, then it shall include the shares of common stock underlying the Securities on such registration statement. The Company has also agreed to use its best efforts to take the most efficient actions (either by Proxy or Information Statement, if qualified) to ensure that the Company at all times after 30 days from closing will have reserved a sufficient number of authorized shares such that all of the shares of common stock issuable upon conversion or exercise of the Debentures and the Warrants can receive valid, authorized shares of common stock upon any conversion or exercise.

The October 2009 Investors have contractually agreed to restrict their ability to convert the Debentures and exercise the Warrants and receive shares of our common stock such that the number of shares of the Company common stock held by an October 2009 Investor and its affiliates after such conversion or exercise does not exceed 4.9% of the Company's then issued and outstanding shares of common stock.

Demand Notes

On October 25, 2008, the Company entered into a demand note payable in the principal sum of $25,000. Interest shall accrue on the outstanding principal balance of this note from and after the date hereof at the rate of 10% per annum. Interest shall be calculated on the basis of a 360-day year, and shall be charged on the principal outstanding from time to time for the actual number of days elapsed. The Borrower shall pay the holder all accrued interest on the Maturity Date At any time while this Note is outstanding, the holder may convert any portion of this Note that is outstanding, whether such portion represents principal or interest, into shares of common stock of the Company at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that the Holder notifies the Company that it elects to effectuate a conversion. The Company must deliver the Conversion Shares to the holder no later than the third (3rd) business day after the Conversion Date Borrower shall pay the entire outstanding principal balance under this Note, together with all accrued and unpaid interest thereon , at anytime, in the Borrower's sole discretion, on or before the maturity date without penalty.

Simultaneously with the issuance of this note, the Company issued to the holder a warrant to purchase such number of shares of common stock of the Company equal to the number of conversion shares issuable upon full conversion of the principal amount of this note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of this note.

On March 19, 2009, the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd. Pursuant to which Bristol purchased an aggregate principal amount of $12,500 of convertible demand promissory notes for an aggregate purchase price of $10,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Bristol Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Bristol Note (the “Exercise Price”). Bristol may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrant on a cashless basis, we will not receive any proceeds.

On April 7, 2009, the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd. Pursuant to which Bristol purchased an aggregate principal amount of $156,875 of convertible demand promissory notes for an aggregate purchase price of $125,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Bristol Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Bristol Note (the “Exercise Price”). Bristol may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrant on a cashless basis, we will not receive any proceeds.

On April 28, 2009, the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd. Pursuant to which Bristol purchased an aggregate principal amount of $28,865 of convertible demand promissory notes for an aggregate purchase price of $23,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Bristol Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Bristol Note (the “Exercise Price”). Bristol may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrant on a cashless basis, we will not receive any proceeds.

On May 15, 2009, the Company entered into a convertible demand promissory note with Bristol Capital, LLC for certain consulting services totaling $100,000. The note does not provide for any interest and is due upon demand by the holder. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

On May 21, 2009, the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd. Pursuant to which Bristol purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Bristol Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Bristol Note (the “Exercise Price”). Bristol may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrant on a cashless basis, we will not receive any proceeds.

On June 22, 2009, the Company entered into a convertible demand promissory note with Theorem Group (“Theorem”) pursuant to which Theorem purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Theorem Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Theorem notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Theorem Note, the Company issued Theorem a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Theorem Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Theorem Note (the “Exercise Price”). Theorem may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Theorem exercises the Warrant on a cashless basis, we will not receive any proceeds.

On December 1, 2009 Theorem sold the note to NetCapital. In December 2009, NetCapital converted $24,000 of the principal for 2,400,000 shares of the Company’s common stock.

In January 2010, NetCapital converted the remainder $7,375 of principal amount for an additional 737,500 shares of the Company’s common stock.

On June 25, 2009, the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd. Pursuant to which Bristol purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies the Company that it elects to effectuate a conversion.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a warrant to purchase such number of shares of common stock of the Company equal to the number of Conversion Shares issuable upon full conversion of the principal amount of the Bristol Note at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the 20 trading days preceding the issue date of the Bristol Note (the “Exercise Price”). Bristol may exercise the Warrant on a cashless basis if the shares of common stock underlying the Warrant are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrant on a cashless basis, we will not receive any proceeds.

7. Stockholders' Equity

Common Stock

Each share of common stock is entitled to one vote at the Company's annual meeting of stockholders.

During the year ended December 31, 2009, the Company issued a total of 20,190,000 shares of common stock for debt conversion valued at $201,900. No shares of the Company’s common stock were issued during the year ended December 31, 2008.

Preferred Stock

The 96,230 shares of Series C preferred stock are convertible into 27,800 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 or 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 Company lists its shares of common stock on the Nasdaq National Market and 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. In the event of liquidation, the holders of the Series C preferred stock shall participate on an equal basis with the holders of the common stock (as if the Series C preferred stock had converted into common stock) in any distribution of any of the assets or surplus funds of the Company. The holders of Series C preferred stock are entitled to noncumulative dividends if and when declared by the Company's board of directors. No dividends to Series C preferred stockholders were issued or unpaid through December 31, 2009.

On December 4, 2008, the Company entered into and closed an Agreement (the “Bristol Agreement”) with Bristol Investment Fund, Ltd. (“Bristol”) pursuant to which Bristol agreed to cancel the debt payable by the Company to Bristol in the amount of approximately $20,000 in consideration of the Company issuing Bristol 25,000 shares of Series G Convertible Preferred Stock, which such shares carry a stated value equal to $1.00 per share (the “Series G Stock”).

The Series G Stock is convertible, at any time at the option of the holder, into common shares of the Company based on a conversion price equal to the lesser of $.01 or 60% of the average of the three lowest trading prices occurring at any time during the 20 trading days preceding the conversion. The Series G Stock, as amended, shall have voting rights on an as converted basis multiplied by 100.

In the event of any liquidation or winding up of the Company, the holders of Series G Stock will be entitled to receive, in preference to holders of common stock, an amount equal to the stated value plus interest of 15% per year.

The Series G Stock restricts the ability of the holder to convert the Series G Stock and receive shares of the Company's common stock such that the number of shares of the Company common stock held by Bristol and its affiliates after such conversion does not exceed 4.9% of the Company's then issued and outstanding shares of common stock.

The Series G Stock was previously referred to in an 8-K filed by the Company on December 10, 2008 in error as the "Series E Stock". Further, the Series G Stock initially incorrectly provided that it voted on an as converted basis multiplied by 10. This incorrectly reflected the intent of the Company and the holder.

On October 13, 2009 the Company was informed by Theorem Group, LLC that it had purchased all of the outstanding Series G Preferred Stock and Theorem gave notice to the Company that it intended to exercise its ability to vote on all shareholder matters utilizing the super voting privileges provided by the Series G Stock.

Common Stock Warrants

The Company reserved 1,472,969 shares of common stock for issuance upon the exercise of warrants granted in connection with the Company's January 14, 2004 promissory convertible notes. Warrants to purchase 712,500 shares of common stock were exercisable at $0.50 per share and expired on January 14, 2009. The exercise price was subject to adjustments for stock splits, combinations, reclassifications and similar events. Certain piggy-back registration rights apply to the shares underlying these warrants. On December 30, 2004, as an incentive for the seven lenders to convert their notes to common stock, the Company issued additional warrants that are currently exercisable to purchase 760,469 shares of common stock at an exercise price of $1.00 per share that expired on December 29, 2009. The exercise prices were subject to adjustments for stock splits, combinations, reclassifications and similar events.

The Company reserved 12,877,366 shares of common stock for issuance upon the exercise of warrants granted on January 6, 2005 in connection with the Company's private placement of common stock. The warrants are currently exercisable at an exercise price of $0.66 per share to purchase 6,438,685 shares of common stock and $1.00 per share to purchase 6,438,681 shares of common stock. The exercise prices are subject to adjustments for stock splits, combinations, reclassifications and similar events, and the warrants expire on January 6, 2010. These warrants expired unexercised. The Company granted the warrant holder certain registration rights with respect to the shares issuable upon exercise of the warrant.

On October 25, 2006, the Company entered into a securities purchase agreement with four accredited investors (the "Purchasers"). The Company issued to the Purchasers five year Series A Warrants to purchase an aggregate of 2,420,357 shares of common stock at an initial exercise price of $0.35 per share. In addition, the Company issued one year Series B Warrants to purchase 2,420,357 shares of common stock at an initial exercise price of $0.385 per share, and two year Series C Warrants to purchase an aggregate of 4,840,714 shares of common stock at an initial exercise price of $0.35 per share. In addition, the Company issued to the Purchasers Series D and E Warrants which become exercisable on a pro-rata basis only upon the exercise of the Series C Warrants. The six year Series D Warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.35 per share. The six year Series E Warrants to purchase 2,420,357 shares of common stock have an initial exercise price of $0.385 per share. As of October 25, 2008, Series B, C, D and E warrants expired. The initial exercise prices for each warrant are adjustable pursuant to a full ratchet anti-dilution provision and upon the occurrence of a stock split or a related event.

On May 12, 2006, the Company issued a total of 108,000 warrants to a Company that is controlled by a director of the Company with an exercise price of $0.39. These warrants expire on May 12, 2016 and vested over one year. The fair value of these warrants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: expected volatility of 90%; risk-free interest rate of 4.6%; initial expected life of five years and no expected dividend yield. The fair value of these warrants is being recognized as an expense as the warrants vest.

On November 6, 2006, the Company issued a total of 2,749,441 warrants to directors of the Company with exercise prices ranging from $0.18 to $0.20. These warrants expire on November 6, 2016 and vesting ranges from immediately to four years. The fair value of these warrants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: expected volatility of 158%; risk-free interest rate of 5.0%; initial expected life of five years and no expected dividend yield. The fair value of these warrants is being recognized as an expense as the warrants vest.

On January 11, 2008, the Company issued a warrant to purchase 879,121 shares of common stock for services and accounts payable valued at $338,500. The common stock purchase warrant expires on January 11, 2013.

On October 8, 2008, the Company issued to Bristol a warrant to purchase 2,500,000 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on October 8, 2015.

On March 19, 2009, the Company issued to Bristol a warrant to purchase 1,255,000 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on March 19, 2016.

On April 7, 2009, the Company issued to Bristol a warrant to purchase 15,687,500 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on April 7, 2016.

On April 28, 2009, the Company issued to Bristol a warrant to purchase 2,886,500 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on April 28, 2016.

On May 21, 2009, the Company issued to Bristol a warrant to purchase 3,137,500 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on May 21, 2016.

On June 25, 2009, the Company issued to Bristol a warrant to purchase 3,137,500 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on June 25, 2016.

On June 25, 2009, the Company issued to Theorem Capital a warrant to purchase 3,137,500 shares of common stock at an exercise price of $0.01 per share. The common stock purchase warrant expires on June 25, 2016.

On October 1, 2009, the Company issued to Theorem Capital a warrant to purchase 20,000,000 shares of common stock at an exercise price of $0.0625 per share. The common stock purchase warrant expires on October 1, 2014.

On October 1, 2009, the Company issued to Theorem Capital a warrant to purchase 20,000,000 shares of common stock at an exercise price of $0.075 per share. The common stock purchase warrant expires on October 1, 2014.

Warrant transactions for the years ended December 31, 2009 and 2008 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding, December 31, 2007	31,562,895	$	0.54
Granted	3,379,121		.011
Exercised	—		—
Expired	(9,681,42)		0.35
Outstanding, December 31, 2008	25,260,587	$	0.55
Granted	69,241,500		0.04
Exercised	—		—
Expired	(1,245,969)		0.86
Outstanding, December 31, 2009	93,256,118	$	0.17
Exercisable warrants:			
December 31, 2008	25,088,712	$	0.56
December 31, 2009	93,256,118		0.17

Stock Options

The Company has reserved 5,301,412 shares of its common stock at December 31, 2009 for issuance under the 2003 Stock Incentive Plan (the “2003 Plan”). The 2003 Plan, approved by stockholders at the 2003 annual meeting, permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. At December 31, 2009, 2,245,130 shares of common stock were available for grant and options to purchase 3,056,282 shares of common stock are outstanding under the 2003 Plan.

The Company has reserved 198,750 shares of its common stock at December 31, 2009 for issuance pursuant to the future exercise of outstanding options granted under the 1994 Stock Incentive Plan (the “1994 Plan”). The 1994 Plan permitted the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. This Plan expired on April 30, 2003 and no further issuances will occur. Options to purchase 198,750 shares of common stock are outstanding at December 31, 2009 under the 1994 Plan.

In addition, the Company has reserved 1,100,000 shares of its common stock for issuance outside of its stock incentive plans. At December 31, 2009, options to purchase 1,100,000 shares of common stock are outstanding outside of its stock incentive plans.

The following table summarizes stock option transactions for the years ended December 31, 2009 and 2008:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2007	5,280,272	$ 0.32
Granted	1,025,217	0.385
Exercised	—	—
Expired	(778,235)	0.377
Outstanding, December 31, 2008	5,527,254	$ 0.33
Granted	—	—
Exercised	—	—
Expired	(1,172,222)	0.329
Outstanding, December 31, 2009	4,355,032	$ 0.33
Exercisable options:		
December 31, 2008	5,367,254	$ 0.33
December 31, 2009	4,355,032	$ 0.33

The weighted-average fair value of options granted was $0.385 in 2008.

The following table summarizes information about all outstanding and exercisable stock options at December 31, 2009:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
$0.10 to $0.15	8,000	6.06	$0.12	8,000	$0.12
$0.20 to $0.42	4,207,587	3.64	$0.31	4,207,587	$0.31
$0.53 to $0.88	98,195	3.32	$0.66	98,195	$0.66
$1.38 to $1.92	41,250	0.26	$1.72	41,250	$1.72
	4,355,032			4,355,032	

Stock Compensation

The fair values of stock options are estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions during 2009 and 2008: expected volatility of 127% and 176%, respectively; average risk-free interest rate of 2.59% and 5.0%, respectively; initial expected life of 2 years and 9 years, respectively; no expected dividend yield; and amortized over the vesting period. The options granted in 2008 were expensed on the grant date as they vested immediately.

8. Income Taxes

Deferred Taxes

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and operating losses and tax credit carryforwards. The significant components of net deferred income tax assets for the Company excluding BioCheck are:

	December 31,	
	2009	**2008**
Deferred tax assets:		
Federal net operating loss carryforward	$ 9,377,000	$ 8,929,000
Temporary deferred tax asset caused by capitalized research and development expenses	—	—
Federal R&D tax credit carryforward		235,000
State net operating loss carryforward and capitalized research and development expenses	2,493,000	2,363,000
Other	1,133,000	—
Deferred tax liabilities - book basis in excess and of noncurrent assets acquired in purchase transactions	(177,000)	—
Deferred tax assets before valuation	12,281,000	11,527,000
Valuation allowance	(12,281,000)	(11,527,000)
Net deferred income tax assets	$ —	$ —

Generally accepted accounting principles 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 history of operating losses, management has provided a valuation allowance equal to its net deferred tax assets.

Tax Carryforward

At December 31, 2009, the Company had net operating loss carryforwards of approximately $27,604,000 to reduce United States federal taxable income in future years. These carryforwards expire through 2029.

9. Geographical Reporting

Revenues attributed to North America include shipments to customers in the United States, Canada and Mexico. Revenues attributed to EMEA include shipments to customers in Europe, Middle East and Africa. Revenues from shipments (including those included in discontinued operations) to customers by geographical region are as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2008
North America	$ 48,000	$ 1,235,000
EMEA		1,033,000
Latin America		339,000
Asia Pacific		766,000
Other Countries		97,000
Total	$ 48,000	$ 3,470,000

None of the Company's consolidated long-lived assets were located outside of the United States.

10. Related Party Transactions

On March 8, 2007, the Company entered into a Confidential Separation Agreement (dated February 12, 2007) with Steve Guillen, under which the Company agreed to pay Mr. Guillen the sum of $250,000 in monthly installments of $10,000 each, subject to standard payroll deductions and withholdings. The Company also agreed to pay Mr. Guillen's health insurance premiums for a twelve-month separation period in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985. During the year ended December 31, 2007, OXIS paid Mr. Guillen $135,450, including compensation and health insurance premiums. The separation agreement also provides that in the event the Company obtains additional financing in the amount of $1 million or more, the monthly payment due to Mr. Guillen would increase to accelerate the payments of the amounts due under the agreement. The Company also agreed that Mr. Guillen's stock options would immediately vest, and that to the extent the shares underlying such options are not registered, Mr. Guillen would be granted piggyback registration rights to cover these shares. The value of the unvested options that became immediately vested is $58,533. Mr. Guillen would have the right to exercise his options until the later of the fifth anniversary of the date that the Company's compensation committee approved Mr. Guillen's stock options, or February 15, 2010. In exchange for these payments and benefits, Mr. Guillen and the Company agreed to mutually release all claims, dismiss all complaints as applicable, and neither party shall pursue any future claims regarding Mr. Guillen's prior employment and compensation arrangements with the Company.

11. Subsequent Events

Preferred Shares

Effective February 10, 2010, Oxis International, Inc. (the "Company") issued 25,000 shares of its new Series H Convertible Preferred Stock (the "Series H Preferred") to Theorem Group, LLC, a California limited liability company (the "Stockholder"), in exchange for the 25,000 shares of Series G Convertible Preferred Stock, par value $.001 per share ("Series G Preferred"), then owned by the Stockholder. The foregoing exchange was effected pursuant to that certain Exchange Agreement, dated February 10, 2010, between the Company and the Stockholder (the "Exchange Agreement").

As previously disclosed, on December 4, 2008, the Company entered into and closed an Agreement with Bristol Investment Fund, Ltd. ("Bristol") pursuant to which Bristol agreed to cancel certain debt payable by the Company to Bristol in consideration of the Company issuing to Bristol 25,000 shares of Series G Preferred. On October 13, 2009 the Company was informed by the Stockholder that the Stockholder had purchased all of the outstanding shares of Series G Preferred from Bristol.

The Company has previously disclosed that it intends to file an amendment to the Certificate of Designation of the Series G Preferred to correct the voting rights granted to the holder of the Series G Preferred. The amendment to the Series G Preferred has not yet been filed. Since the foregoing disclosure, the Company and the Stockholder have discovered certain other inaccuracies in the terms of the Series G Preferred and inconsistencies with the disclosures made by the Company regarding such terms. Accordingly, rather than amending the Certificate of Designation of the Series G Preferred to correct the voting rights provisions and to otherwise confirm the rights of the Series G Preferred, the Company on February 5, 2010 filed a Certificate of Designations with the Secretary of State of the State of Delaware to authorize and create a new series of preferred stock designated as “Series H Convertible Preferred Stock” (the “Series H Preferred”). The Company and the Stockholder thereafter entered into the Exchange Agreement pursuant to which the Stockholder exchanged all its shares of Series G Preferred for an equal number of Series H Preferred. In the Exchange Agreement, the Stockholder also released the Company from any liabilities related to the incorrect terms of the Series G Preferred.

The Certificate of Designation of the Series H Preferred is based on, and substantially similar to the form and substance of the Certificate of Designation of the Series G Preferred. Some of the corrections, changes and differences between the Certificate of Designation of the Series G Preferred and the Certificate of Designation of the Series H Preferred include the following:

- As previously disclosed, the holder of the Series H Preferred is entitled to vote with the common stock, and is entitled to a number of votes equal to (i) the number of shares of common stock it can convert into (without any restrictions or limitations on such conversion), (ii) multiplied by 100.
- The holder of the Series H Preferred cannot convert such preferred stock into shares of common stock if the holder and its affiliates after such conversion would own more than 9.9% of the Company’s then issued and outstanding shares of common stock.
- The Series G Preferred contained a limitation that the holder of the Series G Preferred could not convert such preferred shares into more than 19.999% of the issued and outstanding shares of common stock without the approval of the stockholders if the rules of the principal market on which the common stock is traded would prohibit such a conversion. Since the rules of the Company’s principal market did not require such a limitation, that provision has been deleted.

Employment Agreements

In March 2010, the Company entered into one-year employment agreements with its new president and chief financial officer. The agreements renew automatically for up to four additional consecutive one year periods unless terminated by either party. Among other provisions, the agreements provide for base salaries of $100,000 and $54,000, respectively and provide for the granting of options to purchase up to 2,220,453 and 250,000 shares of common stock respectively.

In March 2010, the Company entered into a three-year employment agreement with it’s chief executive officer. The agreement renews automatically for successive one year terms unless terminated by either party. Among other provisions, the agreements provides for a base salary of $180,000, provides for an annual bonus to be determined by the Board of Directors and provides for the granting of options to purchase 6,704,081 shares of the Company’s common stock, exercisable at $0.17 per share.

Advisory Agreement

In March 2010, the Company entered into a one year advisory agreement to a director in connection with his services as the corporate secretary and participation on the Company's Board of Directors. The agreement renews automatically for additional one year periods and is terminated upon the resignation or disability of the director from the Board of Directors. The Company may terminate his services as corporate secretary at any time with 10 days written notice. Among other provisions, the agreement provides for an initial monthly advisory fee of $5,250 and options to purchase 1,110,227 shares of the company common stock at an exercise price of $0.17 per share. The options vest in eight equal quarterly installments. The advisor is also entitled to an additional option to purchase 1,110,227 shares of the Company's common stock after one year if the agreement has not been terminated.

Exhibit 10.14

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made as of October 2, 2009, by and among Oxis International, Inc., a Delaware corporation (the "Company"), Theorem Capital LLC ("Theorem") and Theorem Group, LLC ("Purchaser") and together with Theorem, the "Purchasers") and Law Offices of Jacques Chen, with an address at 2029 Century Park East, Suite 1400, Los Angeles, CA 90067 (the "Escrow Agent").

Capitalized terms used but not defined herein shall have the meanings set forth in the Securities Purchase Agreement referred to in the first recital.

W I T N E S S E T H:

WHEREAS, the Purchasers have purchased from the Company, severally and not jointly with the other Purchasers up to a maximum of $2,000,000 (the "Maximum Offering") of Securities of the Company (such amount, the "Subscription Amounts" or the "Escrowed Funds"), in one or more Closings as set forth in the Securities Purchase Agreement (the "Securities Purchase Agreement") dated the date hereof between the Purchasers and the Company; and

WHEREAS, the purchase of the Securities has been consummated in accordance with the requirements set forth in Regulation D promulgated under the Securities Act of 1933, as amended; and

WHEREAS, the Company and the Purchasers have requested that the Escrow Agent hold the Subscription Amounts in escrow upon the terms set forth herein; and

WHEREAS, the Purchasers have nominated and appointed Theorem as their nominee as attorney-in-fact to perform the tasks as outlined herein;

NOW, THEREFORE, in consideration of the covenants and mutual promises contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the parties agree as follows:

TERMS OF THE ESCROW

The parties hereby agree to establish an escrow account with the Escrow Agent whereby the Escrow Agent shall hold the funds for the purchase of up to the Maximum Offering of Securities of the Company as contemplated by the Securities Purchase Agreement, attached herein as Exhibit "A".

Wire transfers shall be made by the Purchasers to the Escrow Agent as follows:

Bank: Preferred Bank
Bank address: 1801 Century Park East Los Angeles, CA 90067
Account Name: Law Offices of Jacques Chen Client Trust Account
Law Office Address: 2029 Century Park East Suite 1400, Los Angeles, CA 90067

Upon the Escrow Agent's receipt of the Subscription Amounts, which such proceeds will be considered the Company's property, it shall telephonically advise the Company, or the Company's designated attorney or agent, of the amount of funds it has received into its escrow account.

A. On a monthly basis (or as needed and agreed to by the Company and Theorem), The Company and Theorem shall send the Escrow Agent a written notice executed by the parties, in the format attached hereto as Exhibit B (the "Release Notice"), advising the Escrow Agent to disburse funds solely to the Company in accordance with such notice. The Disbursement Notice must be executed by Theorem and the Company. If the Disbursement Notice is not executed by all applicable parties, the Escrow Agent will not be required to follow the instructions therein.

B. Upon receipt by the Escrow Agent of the fully executed Release Notice, the Escrow Agent shall deliver the funds solely to the Company as directed herein.

C. The Escrow Agent will be paid a fee of 1% of the gross amounts deposited into the Escrow Agent's account.

MISCELLANEOUS

1. No waiver or any breach of any covenant or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

2. All notices or other communications required or permitted hereunder shall be in writing, and shall be sent as set forth in the Securities Purchase Agreement.

3. This Escrow Agreement shall be binding upon and shall inure to the benefit of the permitted successors and permitted assigns of the parties hereto.

4. This Escrow Agreement is the final expression of, and contains the entire agreement between, the parties with respect to the subject matter hereof and supersedes all prior understandings with respect thereto. This Escrow Agreement may not be modified, changed, supplemented or terminated, nor may any obligations hereunder be

waived, except by written instrument signed by the parties to be charged or by its agent duly authorized in writing or as otherwise expressly permitted herein.

5. Whenever required by the context of this Escrow Agreement, the singular shall include the plural and masculine shall include the feminine. This Escrow Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if all parties had prepared the same. Unless otherwise indicated, all references to Articles are to this Escrow Agreement.

6. The parties hereto expressly agree that this Escrow Agreement shall be governed by, interpreted under and construed and enforced in accordance with the laws of the State of California. Any action to enforce, arising out of, or relating in any way to, any provisions of this Escrow Agreement shall only be brought in Los Angeles County.

7. The Escrow Agent's duties hereunder may be altered, amended, modified or revoked only by a writing signed by the Company, the Purchasers and the Escrow Agent.

8. The Escrow Agent shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall not be personally liable for any act the Escrow Agent may do or omit to do hereunder as the Escrow Agent while acting in good faith and in the absence of gross negligence, fraud and willful misconduct, and any act done or omitted by the Escrow Agent pursuant to the advice of the Escrow Agent's attorneys-at-law shall be conclusive evidence of such good faith, in the absence of gross negligence, fraud and willful misconduct.

9. The Escrow Agent is hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law and is hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case the Escrow Agent obeys or complies with any such order, judgment or decree, the Escrow Agent shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

10. The Escrow Agent shall not be liable in any respect on account of the identity, authorization or rights of the parties executing or delivering or purporting to execute or deliver the Securities Purchase Agreement or any documents or papers deposited or called for thereunder in the absence of gross negligence, fraud and willful misconduct.

11. The Escrow Agent shall be entitled to employ such legal counsel and other experts as the Escrow Agent may deem necessary properly to advise the Escrow Agent in connection with the Escrow Agent's duties hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation; provided that the costs of

such compensation shall be borne by the Escrow Agent.

12. The Escrow Agent's responsibilities as escrow agent hereunder shall terminate if the Escrow Agent shall resign by giving thirty (30) days written notice to the Company and the Purchasers. In the event of any such resignation, the Purchasers and the Company shall appoint a successor Escrow Agent and the Escrow Agent shall deliver to such successor Escrow Agent any escrow funds and other documents held by the Escrow Agent.

13. If the Escrow Agent reasonably requires other or further instruments in connection with this Escrow Agreement or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the documents or the escrow funds held by the Escrow Agent hereunder, the Escrow Agent is authorized and directed in the Escrow Agent's sole discretion (1) to retain in the Escrow Agent's possession without liability to anyone all or any part of said documents or the escrow funds until such disputes shall have been settled either by mutual written agreement of the parties concerned by a final order, decree or judgment or a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but the Escrow Agent shall be under no duty whatsoever to institute or defend any such proceedings or (2) to deliver the escrow funds and any other property and documents held by the Escrow Agent hereunder to a court having competent subject matter jurisdiction and located in the County of Los Angeles in accordance with the applicable procedure therefore

15. The Company and each Purchaser agree jointly and severally to indemnify and hold harmless the Escrow Agent and its partners, employees, agents and representatives from any and all claims, liabilities, costs or expenses in any way arising from or relating to the duties or performance of the Escrow Agent hereunder or the transactions contemplated hereby or by the Securities Purchase Agreement other than any such claim, liability, cost or expense to the extent the same shall have been determined by final, unappealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, fraud or willful misconduct of the Escrow Agent.

****

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

OXIS INTERNATIONAL, INC.

By:/s/ Anthony J. Cataldo_______________
Name: Anthony J. Cataldo
Title: Chairman & CEO

THEOREM CAPITAL LLC

By: /s/ Anshuman Dube__________________
Name: Anshuman Dube
Title: Managing Director

PURCHASER

By: /s/ Anshuman Dube__________________
Name: Anshuman Dube
Title: Managing Director

ESCROW AGENT:

LAW OFFICES OF JACQUES CHEN

By: /s/ Jacques Chen_____________________
Name: Jacques Chen
Title:

Exhibit B

RELEASE NOTICE

To:	Law Offices of Jacques Chen
From:	Oxis International, Inc. Theorem Capital LLC
Date:	____ ___, 2009
Re:	Disbursement of Funds

The UNDERSIGNED, pursuant to the Escrow Agreement, dated as of August __, 2009, among Oxis International, Inc., a Delaware corporation (the "Company"), Theorem Capital LLC ("Theorem") and various purchasers, and Law Offices of Jacques Chen (the 'Escrow Agent"), with an address at 2029 Century Park East, Suite ____, Los Angeles, CA 90067 (the " Escrow Agreement"), the Company and Theorem hereby notify the Escrow Agent that any and all conditions precedent to the release of funds held by the Escrow Agent have been satisfied. The Company Theorem hereby confirm that all of their respective representations and warranties contained in the Escrow Agreement remain true and correct and authorize the release by the Escrow Agent of the funds as described in the Escrow Agreement. This Release Notice may be signed in one or more counterparts, each of which shall be deemed an original. (Capitalized terms used herein and not defined shall have the meaning ascribed to such terms in the Escrow Agreement)The Escrow Agent is hereby directed to disburse such funds as follows:

$__________ to Oxis International in accordance with the following wire instructions:

IN WITNESS WHEREOF, the undersigned have caused this Release Notice to be duly executed and delivered as of this __ day of ____ 2009.

OXIS INTERNATIONAL, INC.

By:____

Name:

Title:

THEOREM CAPITAL LLC

By:____

Name:

Title:

Exhibit 10.17

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of March 1, 2010 (the "Effective Date") by and between Oxis International, Inc., a Delaware corporation ("Employer"), and Michael Handelman, an individual and resident of the State of California ("Employee").

WHEREAS, Employer desires to employ Employee, and Employee is willing to be employed by Employer, on the terms set forth in this Agreement.

NOW, THEREFORE, upon the above premises, and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows.

1. Employment. Effective as of the Effective Date, Employer shall employ Employee, and Employee shall serve, as Employer's Chief Financial Officer ("CFO") on the terms set forth herein.

2. Duties; Place of Employment. Employee shall perform in a professional and business-like manner, and to the best of his ability, the duties of a CFO usually associated with such corporate office, and such other duties as are assigned to him from time to time by Employer's Chief Executive Officer ("CEO"). The duties of Employee shall include serving as the principal Employee in charge of all financial reporting, accounting, billing, reconciliation and other tasks commonly associated with Employee's title. Employee understands and agrees that his duties may be changed from time to time in the discretion of Employer's CEO. Subject to the next succeeding sentence, Employee's services hereunder shall be rendered at Employer's corporate offices in Los Angeles, California, except for travel when and as required in the performance of Employee's duties hereunder. Employee may, however, from time to time with the approval of the CEO, render his services hereunder remotely from his home or other location in California. Employee and Employer shall consult with each other from time to time regarding the optimal scheduling of Employee's time at Employer's corporate offices. When not present at Employer's corporate offices, Employee shall make himself readily accessible to Employer by telephone, via the Internet or other remote access, as Employer deems reasonably necessary for the performance of Employee's services hereunder.

3. Time and Efforts. Employee shall devote the necessary amount of his time, efforts, attention and energies to Employer's business to discharge his duties hereunder. Employer understands and approves of the fact that Employee is engaged in other business activities of a non-competitive nature and will continue some or all of these activities during the time frame of this Agreement. Notwithstanding the foregoing, Employer and Employee agree that the responsibilities and duties contemplated in this agreement shall be Employee's foremost priority.

4. Term. The term of Employee's employment hereunder shall commence on the Effective Date and shall expire on February 28, 2011 (the "Initial Term").

Thereafter, the term of this Agreement will automatically renew on each March 1, incorporating any changes in terms that shall be mutually agreed upon no less than 30 days prior to the end of the Employment Period and extend under the same parameters for up to four additional consecutive one-year periods (each, a "Renewal Term") unless one of the parties hereto shall deliver a notice of termination at least 30 days prior to the expiration of the Initial Term or the Renewal Term, as applicable. The Initial Term and any Renewal Terms are referred to as the "Employment Period." Notwithstanding anything to the contrary contained herein, the Employment Period is subject to termination pursuant to Section 6 below.

5. Compensation. As the total consideration for Employee's services rendered hereunder, Employer shall pay or provide Employee the following compensation and benefits during the Initial Term:

5.1. Salary. Employee shall be entitled to receive an annual salary of Fifty Four Thousand Dollars ($54,000), payable in accordance with Employer's normal payroll policies and procedures.

5.2. Discretionary Bonus. Employee shall be entitled to a bonus from time to time for his services during the Employment Period. Employee's eligibility to receive a bonus, any determination to award Employee such a bonus and, if awarded, the amount thereof, shall be made by Employer's Board of Directors, at its sole discretion. The Employer's Board or its designated committee shall meet at least sixty days prior to the end of the Initial Term to determine the amount of any bonus payable to the Employee. Such bonus shall be payable within thirty days of the end of the term.

5.3. Stock Options.

5.3.1. Employer shall grant Employee, as of the Effective Date, an incentive stock option (to the extent that Employer is able to grant incentive stock options, and non-qualified options for the balance) (the "Option") under Employer's 2003 Stock Incentive Plan (the "Plan") to purchase up to 250,000 shares during the Initial Term and an additional 250,000 shares during each Renewal Term The Option shall vest and become exercisable in four equal quarterly (25%) installments on the 90^{th} day after the Effective Date and continuing on the 180^{th}, 270^{th} and 365^{th} day after the Effective Date, at which time the Option shall have become fully vested; provided, in each case, that Employee remains in the continuous employ of Employer through such quarterly vesting dates. The Option shall (a) be exercisable at an exercise price equal to the closing price of Employer's common stock on the Effective Date (and subsequent renewal date as appropriate), (b) have a term of ten years, and (c) be on such other terms as shall be determined by Employer's Board of Directors (or the Compensation Committee of the Board) and set forth in a customary form of stock option agreement under the Plan evidencing the Option.

5.4. Expense Reimbursement. Employer shall reimburse Employee for reasonable and necessary business expenses incurred by Employee in connection with the performance of Employee's duties in accordance with Employer's usual practices and policies in effect from time to time.

5.5. Vacation. Employee shall be entitled to **ten (10)** business days of vacation each year during the Employment Period in accordance with Employer's vacation policy in effect from time to time.

5.6. Employee Benefits. Employee shall be eligible to participate in any medical insurance and other employee benefits hereafter established and made available generally by Employer to all of its employees under its group plans and employment policies in effect during the Employment Period. Employee acknowledges and agrees that, any such plans or policies hereafter in effect may be modified or terminated by Employer at any time in its discretion.

5.7. Payroll Taxes. Employer shall have the right to deduct from the compensation and benefits due to Employee hereunder any and all sums required for social security and withholding taxes and for any other federal, state, or local tax or charge which may be in effect or hereafter enacted or required as a charge on the compensation or benefits of Employee.

6. Termination. This Agreement may be terminated as set forth in this Section 6.

6.1. Termination by Employer for Cause. Employer may terminate Employee's employment hereunder for "Cause" upon notice to Employee. "Cause" for this purpose shall mean any of the following:

(a) Employee's breach of any material term of this Agreement; provided that the first occasion of any particular breach shall not constitute such Cause unless Employee shall have previously received written notice from Employer stating the nature of such breach and affording Employee at least thirty days to correct such breach;

(b) Employee's conviction of, or plea of guilty or nolo contendere to, any misdemeanor, felony or other crime of moral turpitude;

(c) Employee's act of fraud or dishonesty injurious to Employer or its reputation;

(d) Employee's continual failure or refusal to perform his material duties as required under this Agreement after written notice from Employer stating the nature of such failure or refusal and affording Employee at least thirty days to correct the same; or

(e) Employee's act or omission that, in the reasonable determination of Employer's Board of Directors (or a Committee of the Board), indicates alcohol or drug abuse by Employee.

Upon termination of Employee's employment by Employer for Cause, all compensation and benefits to Employee hereunder shall cease and Employee shall be entitled only to payment, not later than one business day after the date of termination, of any accrued but unpaid salary and unused vacation as provided in Sections 5.1 and 5.6 as of the date of such termination and any unpaid bonus that may have been earned or awarded Employee as provided in Section 5.2 prior to such date.

6.2. Termination by Employer without Cause. Employer may also terminate Employee's employment without Cause upon fifteen days notice to Employee. Upon termination of Employee's employment by Employer without Cause, all compensation and benefits to Employee hereunder shall cease and Employee shall be entitled to (a) payment of (1) any accrued but unpaid salary and unused vacation as of the date of such termination as required by California law, which shall be due and payable upon the effective date of such termination, and (2) an amount, which shall be due and payable within fifteen days following the effective date of such termination, equal to the greater of Employee's salary (at the rate specified in Section 5.1) due for the balance of the Initial Term or the Renewal Term then in effect, or three months' salary, and (b) continued participation, at Employer's cost and expense in any Employer-sponsored group benefit plans in which Employee was participating as of the date of termination, for a period ending on the (x) the first anniversary following such termination or (y) the date of Employee's re-employment with another employer, whichever is earlier. Notwithstanding the foregoing, Employee agrees that, as a condition to Employer's obligations under clauses (a)(2) and (b) of this Section 6.2, Employee shall have executed and delivered to Employer a General Release in the form attached hereto as Exhibit A.

6.3. Death or Disability. Employee's employment will terminate automatically in the event of Employee's death or upon notice from Employer in event of his permanent disability. Employee's "permanent disability" shall have the meaning ascribed to such term in any policy of disability insurance maintained by Employer (or by Employee, as the case may be) with respect to Employee or, if no such policy is then in effect, shall mean Employee's inability to fully perform his duties hereunder for any period of at least 75 consecutive days or for a total of 90 days, whether or not consecutive. Upon termination of Employee's employment as aforesaid, all compensation and benefits to Employee hereunder shall cease and Employer shall pay to the Employee's heirs or personal representatives, not later than ten days after the date of termination, any accrued but unpaid salary and unused vacation as of the date of such termination as required by California law.

7. Confidentiality. While this Agreement is in effect and for a period of five years thereafter, Employee shall hold and keep secret and confidential all "trade secrets" (within the meaning of applicable law) and other confidential or proprietary information of Employer and shall use such information only in the course of performing Employee's duties hereunder; provided, however, that with respect to trade secrets, Employee shall hold and keep secret and confidential such trade secrets for so long as they remain trade secrets under applicable law. Employee shall maintain in trust all such trade secrets or other confidential or proprietary information, as Employer's property, including, but not limited to, all documents concerning Employer's business, including Employee's work papers, telephone directories, customer information and notes, and any and all copies thereof in Employee's possession or under Employee's control. Upon the expiration or earlier termination of Employee's employment with Employer, or upon request by Employer, Employee shall deliver to Employer all such documents belonging to Employer, including any and all copies in Employee's possession or under Employee's control.

8. Equitable Remedies; Injunctive Relief. Employee hereby acknowledges and agrees that monetary damages are inadequate to fully compensate Employer for the damages that would result from a breach or threatened breach of Section 7 of this Agreement and, accordingly, that Employer shall be entitled to seek equitable remedies, including, without limitation, specific performance, temporary restraining orders, and preliminary injunctions and permanent injunctions, to enforce such Section without the necessity of proving actual damages in connection therewith. This provision shall not, however, diminish Employer's right to claim and recover damages or enforce any other of its legal or equitable rights or defenses.

9. Indemnification; Insurance. Employer and Employee acknowledge that, as the CFO of Employer, Employee shall be an Employee officer and agent of Employer and, as such, Employee shall be entitled to indemnification to the full extent provided by Employer to its officers, directors and agents under the Employer's Articles of Incorporation and Bylaws as in effect as of the date of this Agreement. Subject to his insurability thereunder, Employer shall add Employee as an additional insured under any policy of directors and officers liability insurance Employer may, from time to time, have in effect or may hereafter acquire, during the Employment Period.

10. Severable Provisions. The provisions of this Agreement are severable and if any one or more provisions is determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

11. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon Employer, its successors and assigns and Employee and his heirs and representatives; provided, however, that neither party may assign this Agreement without the prior written consent of the other party.

12. Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth otherwise herein. This Agreement supersedes any and all prior or contemporaneous agreements, written or oral, between Employee and Employer relating to the subject matter hereof. Any such prior or contemporaneous agreements are hereby terminated and of no further effect, and Employee, by the execution hereof, agrees that any compensation provided for under any such agreements is specifically superseded and replaced by the provisions of this Agreement.

13. Amendment. No modification of this Agreement shall be valid unless made in writing and signed by the parties hereto and unless such writing is made by an Employee officer of Employer (other than Employee). The parties hereto agree that in no event shall an oral modification of this Agreement be enforceable or valid.

14. Governing Law. This Agreement is and shall be governed and construed in accordance with the laws of the State of California without giving effect to California's choice-of-law rules.

15. Notice. All notices and other communications under this Agreement shall be in writing and mailed, sent by facsimile or email with the signed document attached in PDF format (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party), or delivered by hand or by a nationally recognized courier service guaranteeing overnight delivery to a party at the following address (or to such other address as such party may have specified by notice given to the other party pursuant to this provision):

If to Employer:

Oxis International, Inc.
468 N. Camden Drive, 2nd Floor
Beverly Hills, California 90210
Facsimile: (310) 551-4021
E-mail: tcataldo@oxis.com
Attention: CEO
If to Employee:

____
____
____

Facsimile:
E-mail:

16. Survival. Sections 7 and 8 shall survive the expiration or termination of this Agreement.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement. A counterpart executed and transmitted by facsimile shall have the same force and effect as an originally executed counterpart.

18. Attorney's Fees. In any action or proceeding to construe or enforce any provision of this Agreement the prevailing party shall be entitled to recover its or his reasonable attorneys' fees and other costs of suit in addition to any other recoveries.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

"EMPLOYER"

Oxis International, Inc.

By: /s/ Anthony J. Cataldo
Anthony J. Cataldo
CEO
"EMPLOYEE"

/s/ Michael Handelman
Michael Handelman

EXHIBIT A

GENERAL RELEASE OF ALL CLAIMS

This General Release of All Claims is made as of _________, 20__ ("General Release"), by and between Michael Handelman ("Employee") and Oxis International, Inc., a Delaware corporation (the "Company"), with reference to the following facts:

WHEREAS, this General Release is provided for in, and is in furtherance of, the Employment Agreement, dated as of March 1, 2010, between the Company and Employee (the "Employment Agreement");

WHEREAS, Employee desires to execute and deliver to the Company this General Release in consideration of the Company's providing Employee with certain severance benefits pursuant to Section 6.2 of the Employment Agreement; and

WHEREAS, Employee and the Company intend that this General Release shall be in full satisfaction of any and all obligations described in this General Release owed to Employee by the Company, except as expressly provided in this General Release.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements herein contained, Employee and the Company agree as follows:

1. Employee, for himself, his spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other persons claiming through Employee, if any (collectively, "Releasers"), does hereby release, waive, and forever discharge the Company and each of its agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns (collectively, the "Releasees") from, and does fully waive any obligations of Releasees to Releasers for, any and all liability, actions, charges, causes of action, obligations, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Releasers in consequence of, arising out of, or in any way relating to: (a) Employee's employment with and services to the Company or any of its affiliates; (b) the termination of Employee's employment with and services to the Company and any of its affiliates; or (c) any event whatsoever occurring on or prior to the date of this General Release. The foregoing release and discharge, waiver and covenant not to sue includes, but is not limited to, all claims and any obligations or causes of action arising from such claims, under common law including, but not limited to, wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under any employment agreement between Employee, on the one hand, and the Company or its affiliates, on the other hand) and any action arising in tort including, but not limited to, libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the California Fair Employment and

Housing Act, the Family and Medical Leave Act, the California Family Rights Act or the discrimination or employment laws of any state or municipality, and any claims under any express or implied contract which Releasers may claim existed with Releasees. This also includes, but is not limited to, a release of any claims for wrongful discharge and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Employee's employment with or services to the Company or any of its affiliates or the termination of that employment or those services; and any claims under the Worker Adjustment and Retraining Notification Act, California Labor Code Section 1400 *et seq.* or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. This release and waiver does not apply to: (i) the Employee's rights to receive the compensation and benefits provided for in Section 6.2 of the Employment Agreement: or (ii) Employee's rights under any stock option agreement between Employee and the Company.

2. Employee understands and agrees that he is expressly waiving all rights afforded by Section 1542 of the Civil Code of the State of California ("Section 1542") with respect to the Releasees. Section 1542 states as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release, Employee understands and agrees that this General Release is intended to include all claims, if any, which Employee may have and which he does not now know or suspect to exist in his favor against the Releasees and Employee understands and agrees that this Agreement extinguishes those claims.

3. Excluded from this General Release and waiver are any claims which cannot be waived by law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Employee, however, waives Employee's right to any monetary recovery should any agency (such as the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing) pursue any claims on Employee's behalf. Employee represents and warrants that Employee has not filed any complaint, charge or lawsuit against the Releasees with any government agency or any court.

4. Employee agrees never to seek personal recovery from Releasees in any forum for any claim covered by the above waiver and release language, except that Employee may bring a claim under the ADEA to challenge this General Release. Nothing in this General Release is intended to reflect any party's belief that Employee's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

5. Employee acknowledges and recites that:

(a) Employee has executed this General Release knowingly and voluntarily;

(b) Employee has read and understands this General Release in its entirety;

(c) Employee acknowledges that he has been advised by his own legal counsel and has sought such other advice as he wishes with respect to the terms of this General Release before executing it;

(d) Employee's execution of this General Release has not been forced by any employee or agent of the Company, and Employee has had an opportunity to negotiate about the terms of this General Release; and

(e) Employee has not sold, assigned, transferred or conveyed any claim, demand, right, action, suit, cause of action or other interest that is the subject matter of this General Release.

6. This General Release shall be governed by the internal laws (and not the choice of laws) of the State of California, except for the application of preemptive Federal law.

7. Employee acknowledges that he is waiving his rights under the ADEA and the Older Worker's Benefit Protection Act and therefore, in compliance with those statutes, acknowledges the following:

(a) Employee acknowledges that he has been provided a minimum of twenty-one (21) calendar days after receipt of this Agreement to consider whether to sign it;

(b) Employee acknowledges that he shall have seven days from the date he executes this General Release to revoke his waiver and release of any ADEA claims only (but not his waiver or release hereunder of other claims) by providing written notice of the revocation to the Company, and that, in the event of such revocation, the provisions of clauses (a)(2) and (b) of Section 6.2 of the Employment Agreement shall thereupon become null and void and the Company shall be entitled to a return from Employee of all payments to Employee pursuant to such clauses;

(c) Employee acknowledges that this waiver and release does not apply to any rights or claims that may arise under ADEA after the effective date of this Agreement; and

(d) Employee acknowledges that the consideration given in exchange for this waiver and release Agreement is in addition to anything of value to which he was already entitled.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Dated: ___________________, 20__

Michael Handelman

Exhibit 10.18

EMPLOYMENT AGREEMENT

This Employment Agreement is made and entered into by and between OXIS International Inc. (the "Company") and Anthony J. Cataldo ("Executive") as of March 29, 2010 (the "Effective Date").

WHEREAS, the EMPLOYER is desirous of employing Executive, and Executive wishes to be employed by EMPLOYER in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS MUTUALLY AGREED AS FOLLOWS:

1. **Position and Duties:** Executive shall be employed by the Company as its Executive Chairman ("Chairman") and Chief Executive Officer ("CEO"), reporting only to the Company's Board of Directors. As its Chairman and CEO, Executive agrees to devote the necessary business time, energy and skill to his duties at the Company, and will be permitted engage in outside consulting and/or employment provided said services do not interfere with Executive's obligations to Company under the terms of this Agreement. Executive agrees to advise the Board of any outside Services, and further agrees that the Company's Board of Directors shall make the sole determination of whether a proposed consulting or employment activity would interfere with Executive's obligations under this Agreement. These duties of Executive under this Agreement shall include all those duties customarily performed by an Executive Chairman as well as providing advice and consultation on general corporate matters, particularly related to shareholder and investor relations, assisting the Company with respect to raising equity and other financing for the Company, and other projects as may be assigned by the Company's Board of Directors on an as needed basis. During the term of Executive's employment, Executive shall be permitted to serve on boards of directors of for-profit or not-for-profit entities provided such service does not adversely affect the performance of Executive's duties to the Company under this Agreement, and are not in conflict with the interests of the Company.

In addition to Executive's appointment as Executive Chairman of the Board of Directors of the Company, Executive shall be nominated to stand for election to the Board of Directors at the next scheduled shareholders meeting. As a member of the Company's Board, Executive shall continue to be subject to the provisions of the Company's bylaws and all applicable general corporation laws relative to his position on the Board. In addition to the Company's bylaws, as a member of the Board, Executive shall also be subject to the statement of powers, both specific and general, set forth in the Company's Articles of Incorporation.

2. **Term of Employment:** This Agreement shall remain in effect for a period of three years from the Effective Date (the "Initial Term") , and thereafter will automatically renew for successive one year periods unless either party provides thirty days' prior notice of termination (the Initial Term along with each renewal period the "Term"). In the event the Company elects to terminate the Agreement, such termination shall be considered to be an Involuntary Termination, and Executive shall be provided benefits as provided in this Agreement.

Upon the termination of Executive's employment for any reason, neither Executive nor Company shall have any further obligation or liability under this Agreement to the other, except as set forth below.

3. **Compensation:** Executive shall be compensated by the Company for his services as follows:

a. **Base Salary:** Executive shall be paid a monthly Base Salary of $15,000.00 per month ($180,000.00 on an annualized basis), subject to applicable withholding, in accordance with the Company's normal payroll procedures. Executive's salary shall be reviewed on at least an annual basis and may be adjusted as appropriate. In the event of such an adjustment, that amount shall become Executive's Base Salary. Furthermore, during the term of this Agreement, in no event shall Executive's compensation be less than any other officer or employee of the Company or any subsidiary. Notwithstanding the foregoing, $5,000 of the Base Salary shall accrue until such time as mutually agreed by the Company and the Executive.

b. **Benefits:** Executive shall have the right, on the same basis as other senior executives of the Company, to participate in and to receive benefits under any of the Company's employee benefit plans, if such plan exists and as such plans may be modified from time to time, and provided that in no event shall Executive receive less than (4) four weeks paid vacation per annum and (6) six paid sick/five paid personal days per annum.

c. **Performance Bonus:** Executive shall have the opportunity to earn a performance bonus in accordance with the Company's bonus plan; if the Company does not have a Bonus Plan in effect at any given time during the term of this Agreement, then the Company's Compensation Committee or Board of Directors shall have discretion as to determining bonus compensation for Executive.

d. **Stock Options:** Provided this Agreement is in force and effect, the Company shall grant Executive stock options (the "Options") pursuant to the Company's 2003 Stock Option Plan or any successor plan (the "Plan"), to purchase up to 6,704,081 shares of the Company's common stock. The Options will be exercisable pursuant to the limitations of the Plan but shall be available for exercise for a minimum of ten (10) years. The Options shall vest in equal quarterly installments during the Term. The Option shall be exercisable at an exercise price equal to the closing price of Employer's common stock on the Effective Date. . The Company grants Executive cost free piggyback registration rights for the shares underlying the Options and will use its reasonable efforts to first include the options in the existing Plan and register the underlying shares in a Form S-8 Registration statement, or thereafter in the next registration statement filed by the Company.

e . **Expenses:** Company shall reimburse Executive for reasonable travel, lodging, entertainment and meal expenses incurred in connection the performance of services within this Agreement as approved by the Company in advance.

f. **Travel:** Executive shall travel as necessary from time to time to satisfy his performance and responsibilities under this Agreement. Notwithstanding, the Executive shall create a budget for all expected Travel and have such budget approved the Company's Board prior to commencing such Travel.

4. **Effect of Termination of Employment:**

a. **Voluntary Termination, Death or Disability:** In the event of Executive's voluntary termination from employment with the Company, Executive shall be entitled to no compensation or benefits from the Company other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that Executive's employment terminates as a result of his death or disability, Executive shall be entitled to a pro-rata share of the Target Bonus (presuming performance meeting, but not exceeding, target performance goals) in addition to all compensation and benefits earned under Section 3 through the date of termination.

b. **Termination for Cause:** If Executive's employment is terminated by the Company for Cause, Executive shall be entitled to no compensation or benefits from the Company other than those earned under Section 3 through the date of his termination and, in the case of each stock option, restricted stock award or other Company stock-based award granted to Executive, the extent to which such awards are vested through the date of his termination. In the event that the Company terminates Executive's employment for Cause, the Company shall provide written notice to Executive of that fact prior to, or concurrently with, the termination of employment. Failure to provide written notice that the Company contends that the termination is for Cause shall constitute a waiver of any contention that the termination was for Cause, and the termination shall be irrebuttably presumed to be an Involuntary Termination.

c. **Involuntary Termination During Change in Control Period:** If Executive's employment with the Company terminates as a result of a Change in Control Period Involuntary Termination, then, in addition to any other benefits described in this Agreement, Executive shall receive the following:

i. all compensation and benefits earned under Section 3 through the date of Executive's termination of employment;

ii. a lump sum payment equivalent to the greater of (a) the bonus paid under the Performance Bonus Plan for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

iii. a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive from the date of Involuntary Termination to the end of the term of this Agreement or six (6) months Base Salary, whichever is the greater; and

iv. reimbursement for the cost of medical, life, disability insurance coverage at a level equivalent to that provided by the Company (if provided) for a period expiring upon the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Company that new employment has been obtained.

Unless otherwise agreed to by Executive at the time of Involuntary Termination, the amount payable to Executive under subsections (i) through (iii), above, shall be paid to Executive in a lump sum within ninety (90) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

d . **Termination Without Cause in the Absence of Change in Control:** In the event that Executive's employment terminates as a result of a Non Change in Control Period Involuntary Termination, then Executive shall receive the following benefits:

i . all compensation and benefits earned under Section 3 through the date of the Executive's termination of employment;

ii. a lump sum payment equivalent to the greater of (a) the bonus paid under the Performance Bonus Plan for the year immediately prior to the year in which the Change in Control occurred and (b) the Target Bonus under the Performance Bonus Plan in effect immediately prior to the year in which the Change in Control occurs;

iii. a lump sum payment equivalent to the remaining Base Salary (as it was in effect immediately prior to the Change in Control) due Executive to the end of the term of this Agreement or six (6) months Base Salary, whichever is the greater; and

iv. reimbursement for the cost of medical, life and disability insurance coverage at a level equivalent to that provided by the Company (if provided) for a period of the earlier of: (a) one year; or (b) the time Executive begins alternative employment wherein said insurance coverage is available and offered to Executive. It shall be the obligation of Executive to inform the Company that new employment has been obtained.

Unless otherwise agreed to by Executive, the amount payable to Executive under subsections (i) through (iii) above shall be paid to Executive in a lump sum within ninety (90) days following Executive's termination of employment. The amounts payable under subsection (iv) shall be paid monthly during the reimbursement period.

e . **Resignation from Positions:** In the event that Executive's employment with the Company is terminated for any reason, on the effective date of the termination Executive shall simultaneously resign from each position he holds on the Board and/or the Board of Directors of any of the Company's affiliated entities and any position Executive holds as an officer of the Company or any of the Company's affiliated entities.

5. **5. Certain Definitions:** For the purpose of this Agreement, the following capitalized terms shall have the meanings set forth below:

(a) "Cause" shall mean any of the following occurring on or after the date of this Agreement:

(i) Executive's theft, dishonesty, breach of fiduciary duty for personal profit, or falsification of any employment or Company record;

(ii) Executive's violation of any law, rule, or regulation (other than traffic violations, misdemeanors or similar offenses) or final cease-and-desist order, in each case that involves moral turpitude;

(iii) Executive's intentional failure to perform stated duties, provided Executive has not cured such failure following 30 days prior written notice of such failure;

(iv) Executive's improper disclosure of the Company's confidential or proprietary information;

(v) any material breach by Executive of the Company's Code of Professional Conduct, which breach shall be deemed "material" if it results from an intentional act by Executive and has a material detrimental effect on the Company's reputation or business; or

(vi) any material breach by Executive of this Agreement, which breach, if curable, is not cured within thirty (30) days following written notice of such breach from the Company.

(b) "Change in Control" shall mean the occurrence of any of the following events:

(i) (X) any "person" (as such term is used in Section 13 (d) and 14 (d) of the Securities Exchange Act of 1934, as amended) (other than Executive, Shawn Lewis or Stephen Ivester) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total combined voting power represented by the Company's then outstanding voting securities other than the acquisition of the Company's Common Stock by a Company-sponsored employee benefit plan or through the issuance of shares sold directly by the Company to a single acquirer, or (Y) any "person" (as such term is used in Section 13 (d) and 14 (d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act) directly or indirectly, of securities of the Company representing less than fifty percent (50%) of the total combined voting power represented by the Company's then outstanding voting securities, but in connection with the person's acquisition of securities the person acquires the right to terminate the employment of all or a portion of the Company's management team;

(ii) the Company is party to a merger or consolidation which results in the holders of the voting securities of the Company outstanding immediately prior thereto failing to retain immediately after such merger or consolidation direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the securities entitled to vote generally in the election of directors of the Company or the surviving entity outstanding immediately after such merger of consolidation.

(iii) effectiveness of an agreement for the sale, lease or disposition by the Company of all or substantially all of the Company's assets; or

(iv) a liquidation or dissolution of the Company.

(c) "Change in Control Period" shall mean the period commencing on the date sixty (60) days prior to the date of consummation of the Change of Control and ending sixty (60) days following of same date of consummation of the Changeof Control.

(d) "Change in Control Period Good Reason" shall mean Executive's resignation for any of the following conditions, first occurring during a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's Base Salary and/or a decrease in Executive's Target Bonus (as a multiple of Executive's Base Salary) under the Performance Bonus Plan or employee benefits other than as part of any across-the-board reduction applying to all senior executives and not resulting in those senior executives receiving lesser benefits than similarly situated executives of an acquirer;

(ii) a material, adverse change in Executive's title, authority, responsibilities, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change.

(iii) a change in the Executive's ability to maintain his principal workplace at multiple or satellite offices;

(iv) any material breach by the Company of any provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(v) any failure of the Company to obtain the assumption of this Agreement by any of the Company's successors or assigns by purchase, merger, consolidation, sale of assets or otherwise.

(vi) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 6 (a)(iii) or (vi), above.

The effective date of any Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Company or the date of notification to the Company of the resignation from employment by the Executive for Change in Control Period Good Reason.

(e) "Non Change in Control Period Good Reason" shall mean the Executive's resignation within six months of any of the following conditions first occurring outside of a Change in Control Period and occurring without Executive's written consent:

(i) a decrease in Executive's total cash compensation opportunity (adding Base Salary and Target Bonus) of greater than ten percent (10%);

(ii) a material, adverse change in Executive's title, authority, responsibilities or duties, as measured against Executive's title, authority, responsibilities or duties immediately prior to such change;

(iii) any material breach by the Company of a provision of this Agreement, which breach is not cured within thirty (30) days following written notice of such breach from Executive;

(iv) any change in the Executive's ability to maintain his principal workplace at multiple or satellite offices;

(v) any purported termination of Executive's employment for "material breach of contract" which is purportedly effected without providing the "cure" period, if applicable, described in Section 6 (a) (iii) or (vi), above.

The effective date of any Non Change in Control Period Involuntary Termination shall be the date of notification to the Executive of the termination of employment by the Company or the date of notification to the Company of the resignation from employment by the Executive for Non Change in Control Period Good Reason.

(f) "Incumbent Directors" shall mean members of the Board who either (a) are members of the Board as of the date hereof, or (b) are elected, or nominated for election, to the Board with the affirmative vote of at least a majority of the Incumbent Directors at the time of such election or nomination (but shall not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of members of the Board).

(g) "Change in Control Period Involuntary Termination" shall mean during a Change in Control Period the termination by the Company of Executive's employment with the Company for any reason other than Cause, Executive's death or Executive's Disability; or

(h) "Non Change in Control Period Involuntary Termination" shall mean outside a Change in Control Period the termination by the Company of Executive's employment with the Company for any reason other than Cause, Executive's death or Executive's disability.

6. **Dispute Resolution:** In the event of any dispute or claim relating to or arising out of this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination or age, sex, race or other discrimination), Executive and the Company agree that all such disputes shall be fully addressed and finally resolved by (1) binding arbitration conducted by the American Arbitration Association in Los Angeles, in the State of California in accordance with its National Employment Dispute Resolution rules or (2) in any federal or state court located in Los Angeles, CA. The Company agrees that any decisions of the Arbitration Panel will be binding and enforceable in any state that the Company conducts the operation of its business.

7. **Attorneys' Fees:** The prevailing party shall be entitled to recover from the losing party its attorneys' fees and costs incurred in any action brought to enforce any right arising out of this Agreement.

8. Restrictive Covenants:

a. Nondisclosure. During the Term and following termination of the Executive's employment with the Company, Executive shall not divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, or misuse in any way, any Confidential Information (as hereinafter defined) pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company (which shall include, but not be limited to, confidential information concerning the Company's financial condition, prospects, technology, customers, suppliers, methods of doing business and promotion of the Company's products and services) shall be deemed a valuable, special and unique asset of the Company that is received by the Executive in confidence and as a fiduciary. For purposes of this Agreement "Confidential Information" means information disclosed to the Executive or known by the Executive as a consequence of or through his employment by the Company (including information conceived, originated, discovered or developed by the Executive) prior to or after the date hereof and not generally known or in the public domain, about the Company or its business. Notwithstanding the foregoing, nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information to the extent required by law or by any court.

b . **Non-Competition.** The Executive shall not, while employed by the Company and for a period of one year following the Date of Termination for Cause, or Resignation without Good Reason, engage or participate, directly or indirectly (whether as an officer, director, employee, partner, consultant, or otherwise), in any business that manufactures, markets or sells products that directly competes with any product of the Company that is significant to the Company's business based on sales and/or profitability of any such product as of the date of termination of Executive's employment with the Company. Nothing herein shall prohibit Executive from being a passive owner of less than 5 % stock of any entity directly engaged in a competing business.

c. **Property Rights; Assignment of Inventions.** With respect to information, inventions and discoveries or any interest in any copyright and/or other property right developed, made or conceived of by Executive, either alone or with others, during his employment by Employer arising out of such employment or pertinent to any field of business or research in which, during such employment, Employer is engaged or (if such is known to or ascertainable by Executive) is considering engaging, Executive hereby agrees:

i. that all such information, inventions and discoveries or any interest in any copyright and/or other property right, whether or not patented or patentable, shall be and remain the exclusive property of the Employer;

ii. to disclose promptly to an authorized representative of Employer all such information, inventions and discoveries or any copyright and/or other property right and all information in Executive's possession as to possible applications and uses thereof;

iii. not to file any patent application relating to any such invention or discovery except with the prior written consent of an authorized officer of Employer (other than Executive);

iv. that Executive hereby waives and releases any and all rights Executive may have in and to such information, inventions and discoveries, and hereby assigns to Executive and/or its nominees all of Executive's right, title and interest in them, and all Executive's right, title and interest in any patent, patent application, copyright or other property right based thereon. Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as his agent and attorney-in-fact to act for him and on his behalf and in his stead to execute and file any document and to do all other lawfully permitted acts to further the prosecution, issuance and enforcement of any such patent, patent application, copyright or other property right with the same force and effect as if executed and delivered by Executive; and

v. at the request of the Company, and without expense to Executive, to execute such documents and perform such other acts as Employer deems necessary or appropriate, for Employer to obtain patents on such inventions in a jurisdiction or jurisdictions designated by Employer, and to assign to Employer or its designee such inventions and any and all patent applications and patents relating thereto.

9. <u>General:</u>

a. **Successors and Assigns:** The provisions of this Agreement shall inure to the benefit of and be binding upon the Company, Executive and each and all of their respective heirs, legal representatives, successors and assigns. The duties, responsibilities and obligations of Executive under this Agreement shall be personal and not assignable or delegable by Executive in any manner whatsoever to any person, corporation, partnership, firm, company, joint venture or other entity. Executive may not assign, transfer, convey, mortgage, pledge or in any other manner encumber the compensation or other benefits to be received by him or any rights which he may have pursuant to the terms and provisions of this Agreement.

b. **Amendments; Waivers:** No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

c. **Notices:** Any notices to be given pursuant to this Agreement by either party may be effected by personal delivery or by overnight delivery with receipt requested. Mailed notices shall be addressed to the parties at the addresses stated below, but each party may change its or his/her address by written notice to the other in accordance with this subsection (c).Mailed notices to Executive shall be addressed as follows:

Anthony J. Cataldo
____
____
____

Mailed notices to the Company shall be addressed as follows:

Board of Directors
OXIS International, Inc.
468 N Camden Dr. 2^{nd} Floor
Beverly Hills, CA 90210

d. **Entire Agreement:** This Agreement constitutes the entire employment agreement between Executive and the Company regarding the terms and conditions of his employment, with the exception of (a) the agreement described in Section 7 and (b) any stock option, restricted stock or other Company stock-based award agreements between Executive and the Company to the extent not modified by this Agreement. This Agreement (including the documents described in (a) and (b) herein) supersedes all prior negotiations, representations or agreements between Executive and the Company, whether written or oral, concerning Executive's employment by the Company.

e. **Withholding Taxes:** All payments made under this Agreement shall be subject to reduction to reflect taxes required to be withheld by law.

f. **Counterparts:** This Agreement may be executed by the Company and Executive in counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

g. **Headings:** Each and all of the headings contained in this Agreement are for reference purposes only and shall not in **any** manner whatsoever affect the construction or interpretation of this Agreement or be deemed a part of this Agreement for any purpose whatsoever.

h. **Savings Provision:** To the extent that any provision of this Agreement or any paragraph, term, provision, sentence, phrase, clause or word of this Agreement shall be found to be illegal or unenforceable for any reason, such paragraph, term, provision, sentence, phrase, clause or word shall be modified or deleted in such a manner as to make this Agreement, as so modified, legal and enforceable under applicable laws. The remainder of this Agreement shall continue in full force and effect.

i. **Construction:** The language of this Agreement and of each and every paragraph, term and provision of this Agreement shall, in all cases, for any and all purposes, and in any and all circumstances whatsoever be construed as a whole, according to its fair meaning, not strictly for or against Executive or the Company, and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

j. **Further Assurances:** From time to time, at the Company's request and without further consideration, Executive shall execute and deliver such additional documents and take all such further action as reasonably requested by the Company to be necessary or desirable to make effective, in the most expeditious manner possible, the terms of this Agreement and to provide adequate assurance of Executive's due performance hereunder.

k. **Governing Law:** Executive and the Company agree that this Agreement shall be interpreted in accordance with and governed by the laws of the State of California.

l. **Board Approval:** The Company warrants to Executive that the Board of Directors of the Company has ratified and approved the within Agreement, and that the Company will cause the appropriate disclosure filing to be made with the Securities and Exchange Commission in a timely manner.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year written below.

March 29, 2010

/s/ Anthony J. Cataldo ____________________
Anthony J. Cataldo

March 29, 2010

OXIS International Inc.

By: /s/ Gary Post, Secretary ______________

Exhibit 10.19

ADVISORY AGREEMENT ("Agreement") dated as of March 29, 2010 between Oxis International, Inc., a Delaware corporation (the "Company"), and Gary M. Post ("Post").

The Company desires to retain Post to provide advisory services to the Company and act as a member of its Board of Directors and participate on certain committees of the Board of Directors, and Post desires to perform such services for the Company, in each case, upon the terms and conditions hereinafter set forth.

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

1 . **Retention of Advisor.** The Company hereby retains Post, and Post hereby accepts such retention by the Company, upon the terms and conditions hereinafter set forth.

2 . **Term.** The retention of Post hereunder shall be for a period that commences as of the effective date of this agreement (March 29, 2010) through the first anniversary thereof (the "Initial Term"). The Initial Term shall automatically renew for additional one-year periods subject to Section 3 of this agreement (each an "Additional Term," together with the Initial Term, the "Term").

3. **Termination.** This Agreement shall automatically terminate at such date upon the first to occur of (i) the death or disability of Post, (ii) the resignation by Post following the delivery by him to the Company of ten days' advance written notice of such resignation or (iii) termination by the Company of his role as Secretary or any other function that is available to the Company following the delivery to Post of 10 days' advance written notice from the Company's Board of Directors, or its designated representative of its intention to terminate the Agreement with respect to his role as Secretary of the Corporation. Notwithstanding the foregoing, the Company shall notify Post in writing for the specific services for which Post is being terminated. Post shall be entitled to continuing compensation as outlined herein for services for which he has not been terminated.

However, the Company may not terminate Post from his position on the Board and he shall remain entitled to the compensation allocated to Board work as described in Section 6 until he ceases to be a member of the Board.

4 . **Services.** During the Term, Post shall act as the Secretary of the Company (the "Corporate Secretary") and perform the roles and duties of a Corporate Secretary for a public company of Oxis' size and type. These Corporate Secretary activities are listed on Schedule A to this agreement. In addition, Post shall also perform or participate in special projects as mutually agreed to by Post and the Company's CEO. These special projects may or may not result in additional compensation to Post as mutually agreed, depending on size and scope. Post shall also be a member of the Board of Directors during the Initial Term and participate on committees of the Board, including acting as Chairman of one or more committees. Post shall continue to serve on the Company's Board of Directors until the Company's next annual shareholders' meeting at which time Post may be re-elected to serve. Post shall report directly to, and shall reasonably update, the CEO on his activities for Oxis and shall reasonably coordinate his efforts with members of management, the Board of Directors and other advisors and consultants to the Company.

5 . **Time to be Devoted to Services.** During the Term, Post agrees to allocate sufficient time to fulfill the responsibilities of his duties as described above and may pursue other business activities or opportunities that are not competitive to the Company's interests.

6. **Compensation.**

a. **Advisory Fee.** The Company shall pay Post an Advisory Fee in cash a total of $5,250 per month for the Services rendered. The Advisory Fee shall pertain to each service with (i) $2,500 being the monthly fee for being the Company's Secretary; (ii) $1,500 per month for participating on the Company's Board of Directors; and (iii) $1,250 per month for serving on one or more Committees of the Board (it being understood that Post currently serves as Chairman of the Company's Audit Committee and the Company's Nominating Committee). Following the Initial Term, the Board shall in accordance with its customary review of executive management and consultants' compensation, review Post's annual advisory fee and make adjustments the Board (or its Compensation Committee) feels are appropriate.

b. **Other Compensation.**

i. **Stock Options.** Oxis shall grant Post an incentive stock option (to the extent that Oxis is able to grant incentive stock options, and non-qualified options for the balance) (the "Option") under Oxis' 2003 Stock Incentive Plan (the "Plan"), and/or a similar successor plan to purchase a number of shares of Oxis common stock equal to One-Half Percent of the Company's equity. For the purposes of this Agreement, the term "One-Half Percent" shall mean one-half percent (1/2%) of the sum of (i) the total number of shares of Oxis' common stock outstanding on the effective date, plus (ii) the number of shares issuable on such date pursuant to currently outstanding, fully vested and exercisable stock options, plus (iii) the number of shares issuable on such date upon the conversion of convertible securities issued by Oxis (other than convertible debt which may, at Oxis' option, be repaid prior to conversion). For the purpose of this Agreement, One-Half Percent is further agreed to be 1,110,227 shares. The Option shall vest and become exercisable in eight equal quarterly installments provided this Agreement is still in effect. The Option shall (a) have strike price of $0.17, (b) have a term of ten years, and (c) be on such other terms as shall be determined by Oxis' Board of Directors (or the Compensation Committee of the Board) and set forth in a normal and customary form of stock option agreement under the Plan evidencing the Option. The vesting period for the above Options is confirmed to have begun on August 17, 2009.

c. **Future Compensation**. Oxis will also grant to Post a second tranche of 1,110,227 Options with the same features and characteristics as the first tranche of Options discussed above on the first anniversary of the effective date of this Agreement (March 29, 2011). The strike price for this second tranche of Options shall be as determined by the Board of Directors at the time of this award and shall also vest in eight quarterly installments beginning on March 29, 2011.

d. If for any reason the Company is legally unable to issue and or all of the Stock Options described in Section 6(b) and Section 6(c) it will issue Warrants instead and agree to register the underlying shares under an S-8 or another available registration approach such that Post will be able to exercise his Warrants as he would have been able to do if Options were duly issued pursuant to the 2003 Plan and/or any successor plan with similar features.

7. **Termination Payments.**

a. If the Company terminates this Agreement pursuant to Section 3 without Cause after the six month anniversary of the date of this Agreement, Post shall receive an amount equal to the advisory fee for the amount due for the remaining Initial Term in a lump sum payment (payable in stock or cash at the Company's election), and all stock options and warrants granted during the Initial Term shall become fully vested as of the date of termination and the stock options and warrants shall remain exercisable through their respective expiration dates. If the Company terminates this Agreement pursuant to Section 3 without Cause prior the six month anniversary of the date of this Consulting Agreement, Post shall be paid any expenses due to him and all vested stock options and warrants shall remain exercisable through their respective expiration dates. "Cause" shall mean (i) willful malfeasance or willful misconduct by Post in connection with the performance of his duties hereunder; (ii) Post's gross negligence in performing any of his duties under this Agreement; (iii) Post's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendere with respect to, any felony; (iv) Post's habitual drunkenness or use or possession of illegal drugs while performing his duties under this Agreement or excessive absenteeism not related to illness; (v) the Post's material breach of any written policy applicable to all employees and consultants and advisors adopted by the Corporation; or (vi) material breach by Post of any of his agreements in this Agreement having a material detrimental impact on the Corporation after written notice and a reasonable opportunity to cure of not less than 30 days.

b. If the Company terminates this Agreement pursuant to Section 3 for Cause (other than pursuant to Section 7(a)(vi), for which the notice requirement is 30 days), the Company will only be required to give ten (10) days' prior notice, and in such event the Post shall not be entitled to any further payments of his advisory fee hereunder, and any unexercised stock options shall expire.

i. If Post resigns pursuant to Section 3 for whatever reason, or dies or becomes disabled, Post (or his estate) shall not be entitled to any further payments of his advisory fee hereunder, all unvested stock options and warrants shall expire, and all vested stock options and warrants shall remain exercisable until their respective expiration dates. "Disability" shall mean Post's incapacity due to physical or mental illness that results in his being unable to substantially perform his duties hereunder for six consecutive months (or for six months out of any nine-month period).

8 . **Business Expenses: Benefits**. The Company shall reimburse Post in cash, in accordance with its practice from time to time, for all reasonable and necessary travel, entertainment and other expenses and other disbursements incurred by Post for or on behalf of the Company in the performance of Post's duties hereunder. All travel outside of Southern California and all expenditures of over $500 must be pre-approved by the CEO.

9 . **Indemnification; Insurance.** The Company will indemnify Post for his actions in his capacities hereunder (other than resulting from Post's gross negligence or willful misconduct) for his actions as provided for in the Company's Certificate of Incorporation and by-laws. The Company also will include Post on its Directors and Officers liability insurance policy, which the Company represents, is for a customary amount for similar public companies in its industry.

10. **<u>Corporate Opportunities; Intellectual Property</u>.**

a. Post acknowledges that by virtue of its efforts as a advisor hereunder to the Company and of Post's serving as a director, Post may become aware of confidential information identified as such in writing by the Company relating to the Company's business opportunities and potential acquisitions of companies and or technologies/compounds ("Confidential Information"), and that Post will not, during the Term and for a period of five (5) years thereafter (the "Restricted Period"), directly or indirectly use any such Confidential Information for its own benefit or for the benefit of any third person other than the Company or its affiliates or enter into or negotiate a transaction with any person that was the subject of the Company's business opportunity or potential acquisition without the prior written approval of the Company or following an express decision by the CEO or the Board not to pursue the specific business opportunity or potential acquisition. The restrictions set forth in this Section 9 are in addition to any of the fiduciary obligations of Post to the Company by virtue of his being a director of the Company.

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

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

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

e. Post will work to advance all of the proprietary products of the Company but will retain the right to pursue other scientific opportunities including developing new products and new indications for new and existing products independently as long as these new products and indications do not depend directly on the Company's proprietary information that is not in the public domain.

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

11. **Legal Expenses**. Each party shall bear its own costs with respect to the negotiation, preparation and review of this Agreement.

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

If to the Company, to:

OXIS International, Inc.
468 Camden Drive
2nd Floor
Beverly Hills, CA 902010
Attention: Chairman of the Board

If to Post, to:

Gary Post
Los Angeles, CA 90024

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

13. **Binding Agreement; Benefit.** Subject to Section 17, the provisions of this Agreement will be binding upon, and will inure to the benefit of, the respective heirs, legal representatives, successors and assigns of the parties.

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

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

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

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

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

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

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

OXIS INTERNATIONAL, INC.

By: /s/ Anthony J. Cataldo
Name: Anthony J. Cataldo
Title: Chairman and CEO

By: /s/ Gary M. Post
Gary M. Post

SCHEDULE A – ADVISORY AGREEMENT OF GARY POST FOR

OXIS INTERNATIONAL INC – MARCH 29, 2010

1. Board and Committee Meetings

A. Help plan agendas.
B. Take notes and prepare and obtain approval of meeting minutes.
C. Assist in setting up Board and Committee Meetings, including sending out email announcements.

2. Annual Meeting of Shareholders

A. Assist counsel, the CEO, CFO in preparation and distribution of the proxy statement and notice of meeting
B. Coordinate with counsel the preparation of the directors' and officers' questionnaires needed to prepare the proxy statement.
C. Negotiate with shareholders regarding shareholder proposals.
D. Coordinate with counsel and other board members in preparing the script and agenda for the annual meeting.
E. Assist the Board, management and counsel in identifying key potential questions from shareholders and possible responses.
F. Assist in the proxy solicitation process along with the CFO and CEO.
G. Ensure that the vote is properly and impartially tabulated, and that results are duly reported in the minutes of the meeting.

3. Corporate Records

A. Assist in the development of rules and approaches for maintain proper corporate records, including security and redundant systems.
B. Certify officer signatures, affix the corporate seal to various corporate documents, and attest to their legitimacy.

4. Stock Transfer

A. Work with the Transfer Agent and the CFO to maintain shareholder records, and provide for the transfer or replacement of stock certificates.
B. Act generally as the primary liaison with the Transfer agent.

5. Securities Markets

A. Work as the primarily liaison with the various securities markets on which the company's shares are listed.
B. Coordinate compliance with these markets with counsel and the Board.

6. Directors

A. Coordinate the flow of information to Directors.
B. Assist counsel in obtaining information from Directors required for legal and regulatory compliance.

7. Compliance

A. Provide for detailed review of registration statements.
B. Help to coordinate the review and filing of 10Ks, 10Qs. and Proxy Statements.
C. Act as administrator of any existing or future retirement type accounts as required by law.

Exhibit 10.20

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of March 1, 2010 (the "Effective Date") by and between Oxis International, Inc., a Delaware corporation ("Employer"), and Bernard Landes, an individual and resident of the State of California ("Executive"). Employer and Executive are each referred to hereinafter as a "Party" and collectively as the "Parties".

WHEREAS, Employer desires to employ Executive, and Executive is willing to be employed by Employer, on the terms set forth in this Agreement.

NOW, THEREFORE, upon the above premises, and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows.

1. Employment. Effective as of the Effective Date, Employer shall employ Executive, and Executive shall serve, as Employer's President on the terms set forth herein.

2. Duties; Place of Employment. Executive shall perform in a professional and business-like manner, and to the best of his ability, the duties of a President usually associated with such corporate office, and such other duties as are assigned to him from time to time by Employer's Chief Executive Officer. The duties of Executive shall include serving as the principal executive officer of Employer's Nutraceutical Division. Executive understands and agrees that his duties may be changed from time to time in the discretion of Employer's Chief Executive Officer. Subject to the next succeeding sentence, Executive's services hereunder shall be rendered at Employer's corporate offices in Los Angeles, California, except for travel when and as required in the performance of Executive's duties hereunder. Executive may, however, from time to time with the approval of the Chief Executive Officer, render his services hereunder remotely from his home or other location in California. Executive and Employer shall consult with each other from time to time regarding the optimal scheduling of Executive's time at Employer's corporate offices. When not present at Employer's corporate offices, Executive shall make himself readily accessible to Employer by telephone, via the Internet or other remote access, as Employer deems reasonably necessary for the performance of Executive's services hereunder.

3. Time and Efforts. Executive shall devote the necessary amount of his time, efforts, attention and energies to Employer's business to discharge his duties hereunder. Employer understands and approves of the fact that Executive is engaged in other business activities of a non-competitive nature and will continue some or all of these activities during the time frame of this Agreement. Notwithstanding the foregoing, Employer and Executive agree that the responsibilities and duties contemplated in this agreement shall be Executive's foremost priority.

4. Term. The term of Executive's employment hereunder shall commence on the Effective Date and shall expire on February 28, 2011 (the "Initial Term"). Thereafter, the term of this Agreement will automatically renew on each March 1, incorporating any changes in terms that shall be mutually agreed upon no less than 30 days prior to the end of the Employment Period and extend under the same parameters for up to four additional consecutive one-year periods (each, a "Renewal Term") unless one of the parties hereto shall deliver a notice of termination at least 30 days prior to the expiration of the Initial Term or the Renewal Term, as applicable. The Initial Term and any Renewal Terms are referred to as the "Employment Period." Notwithstanding anything to the contrary contained herein, the Employment Period is subject to termination pursuant to Section 6 below.

5. Compensation. As the total consideration for Executive's services rendered hereunder, Employer shall pay or provide Executive the following compensation and benefits during the Initial Term:

5.1. Salary. Executive shall be entitled to receive an annual salary of One Hundred Thousand Dollars ($100,000), payable in accordance with Employer's normal payroll policies and procedures.

5.2. Discretionary Bonus. Executive shall be entitled to a bonus from time to time for his services during the Employment Period. Executive's eligibility to receive a bonus, any determination to award Executive such a bonus and, if awarded, the amount thereof, shall be made by Employer's Board of Directors, at its sole discretion. The Employer's Board or its designated committee shall meet at least sixty days prior to the end of the Initial Term to determine the amount of any bonus payable to the Executive. Such bonus shall be payable within thirty days of the end of the term.

5.3. Stock Options.

5.3.1. Employer shall grant Executive, as of the Effective Date, an incentive stock option (to the extent that Employer is able to grant incentive stock options, and non-qualified options for the balance) (the "Option") under Employer's 2003 Stock Incentive Plan (the "Plan") to purchase a number of shares of Employer's common stock equal to One Percent. For the purposes of this Agreement, the term "One Percent" shall mean, as of the referenced date, one percent (1%) of the sum of (i) the total number of shares of Employer's common stock outstanding on such date, plus (ii) the number of shares issuable on such date pursuant to currently outstanding, fully vested and exercisable stock options, plus (iii) the number of shares issuable on such date upon the conversion of convertible securities issued by Employer (other than convertible debt which may, at the Employer's option, be repaid prior to conversion). As of the Effective Date, One Percent shall represent 2,220,453shares. The Option shall vest and become exercisable in four equal quarterly (25%) installments on the 90th day after the Effective Date and continuing on the 180th, 270th and 365th day after the Effective Date, at which time the Option shall have become fully vested; provided, in each case, that Executive remains in the continuous employ of Employer through such quarterly vesting dates. The

Option shall (a) be exercisable at an exercise price equal to the closing price of Employer's common stock on the Effective Date, (b) have a term of ten years, and (c) be on such other terms as shall be determined by Employer's Board of Directors (or the Compensation Committee of the Board) and set forth in a customary form of stock option agreement under the Plan evidencing the Option.

5.3.2. On the first day of each Renewal Term during the Employment Period (assuming the Agreement is renewed), Employer shall grant to Executive another stock option to purchase One Percent (calculated as of the first date of each such Renewal Term). The exercise price shall be based on the closing price of Employer's common stock as of the first date of each such Renewal Term, and the vesting provisions of each such additional option shall commence from the first date of each Renewal Term. All other terms and provisions of such subsequently granted stock option shall be the same as those of the Option.

5.4. Expense Reimbursement. Employer shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in connection with the performance of Executive's duties in accordance with Employer's usual practices and policies in effect from time to time.

5.5. Vacation. Executive shall be entitled to **ten (10)** business days of vacation each year during the Employment Period in accordance with Employer's vacation policy in effect from time to time.

5.6. Executive Benefits. Executive shall be eligible to participate in any medical insurance and other employee benefits hereafter established and made available generally by Employer to all of its employees under its group plans and employment policies in effect during the Employment Period. Executive acknowledges and agrees that, any such plans or policies hereafter in effect may be modified or terminated by Employer at any time in its discretion.

5.7. Payroll Taxes. Employer shall have the right to deduct from the compensation and benefits due to Executive hereunder any and all sums required for social security and withholding taxes and for any other federal, state, or local tax or charge which may be in effect or hereafter enacted or required as a charge on the compensation or benefits of Executive.

6. Termination. This Agreement may be terminated as set forth in this Section 6.

6.1. Termination by Employer for Cause. Employer may terminate Executive's employment hereunder for "Cause" upon notice to Executive. "Cause" for this purpose shall mean any of the following:

(a) Executive's breach of any material term of this Agreement; provided that the first occasion of any particular breach shall not constitute such Cause unless Executive shall have previously received written notice from Employer stating the nature of such breach and affording Executive at least thirty days to correct such breach;

(b) Executive's conviction of, or plea of guilty or nolo contendere to, any misdemeanor, felony or other crime of moral turpitude;

(c) Executive's act of fraud or dishonesty injurious to Employer or its reputation;

(d) Executive's continual failure or refusal to perform his material duties as required under this Agreement after written notice from Employer stating the nature of such failure or refusal and affording Executive at least thirty days to correct the same; or

(e) Executive's act or omission that, in the reasonable determination of Employer's Board of Directors (or a Committee of the Board), indicates alcohol or drug abuse by Executive.

Upon termination of Executive's employment by Employer for Cause, all compensation and benefits to Executive hereunder shall cease and Executive shall be entitled only to payment, not later than one business day after the date of termination, of any accrued but unpaid salary and unused vacation as provided in Sections 5.1 and 5.6 as of the date of such termination and any unpaid bonus that may have been earned or awarded Executive as provided in Section 5.2 prior to such date.

6.2. Termination by Employer without Cause. Employer may also terminate Executive's employment without Cause upon fifteen days notice to Executive. Upon termination of Executive's employment by Employer without Cause, all compensation and benefits to Executive hereunder shall cease and Executive shall be entitled to (a) payment of (1) any accrued but unpaid salary and unused vacation as of the date of such termination as required by California law, which shall be due and payable upon the effective date of such termination, and (2) an amount, which shall be due and payable within fifteen days following the effective date of such termination, equal to the greater of Executive's salary (at the rate specified in Section 5.1) due for the balance of the Initial Term or the Renewal Term then in effect, or nine months' salary, and (b) continued participation, at Employer's cost and expense in any Employer-sponsored group benefit plans in which Executive was participating as of the date of termination, for a period ending on the (x) the first anniversary following such termination or (y) the date of Executive's re-employment with another employer, whichever is earlier. Notwithstanding the foregoing, Executive agrees that, as a condition to Employer's obligations under clauses (a)(2) and (b) of this Section 6.2, Executive shall have executed and delivered to Employer a General Release in the form attached hereto as Exhibit A.

6.3. Death or Disability. Executive's employment will terminate automatically in the event of Executive's death or upon notice from Employer in event of his permanent disability. Executive's "permanent disability" shall have the meaning ascribed to such term in any policy of disability insurance maintained by Employer (or by Executive, as the case may be) with respect to Executive or, if no such policy is then in effect, shall mean Executive's inability to fully perform his duties hereunder for any period of at least 75 consecutive days or for a total of 90 days, whether or not consecutive. Upon termination of Executive's employment as aforesaid, all compensation and benefits to Executive hereunder shall cease and Employer shall pay to the Executive's heirs or personal representatives, not later than ten days after the date of termination, any accrued but unpaid salary and unused vacation as of the date of such termination as required by California law.

7. Confidentiality. While this Agreement is in effect and for a period of five years thereafter, Executive shall hold and keep secret and confidential all "trade secrets" (within the meaning of applicable law) and other confidential or proprietary information of Employer and shall use such information only in the course of performing Executive's duties hereunder; provided, however, that with respect to trade secrets, Executive shall hold and keep secret and confidential such trade secrets for so long as they remain trade secrets under applicable law. Executive shall maintain in trust all such trade secrets or other confidential or proprietary information, as Employer's property, including, but not limited to, all documents concerning Employer's business, including Executive's work papers, telephone directories, customer information and notes, and any and all copies thereof in Executive's possession or under Executive's control. Upon the expiration or earlier termination of Executive's employment with Employer, or upon request by Employer, Executive shall deliver to Employer all such documents belonging to Employer, including any and all copies in Executive's possession or under Executive's control.

8. Equitable Remedies; Injunctive Relief. Executive hereby acknowledges and agrees that monetary damages are inadequate to fully compensate Employer for the damages that would result from a breach or threatened breach of Section 7 of this Agreement and, accordingly, that Employer shall be entitled to seek equitable remedies, including, without limitation, specific performance, temporary restraining orders, and preliminary injunctions and permanent injunctions, to enforce such Section without the necessity of proving actual damages in connection therewith. This provision shall not, however, diminish Employer's right to claim and recover damages or enforce any other of its legal or equitable rights or defenses.

9. Indemnification; Insurance. Employer and Executive acknowledge that, as the President of Employer, Executive shall be an executive officer and agent of Employer and, as such, Executive shall be entitled to indemnification to the full extent provided by Employer to its officers, directors and agents under the Employer's Articles of Incorporation and Bylaws as in effect as of the date of this Agreement. Subject to his insurability thereunder, Employer shall add Executive as an additional insured under any policy of directors and officers liability insurance Employer may, from time to time, have in effect or may hereafter acquire, during the Employment Period.

10. Severable Provisions. The provisions of this Agreement are severable and if any one or more provisions is determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provisions to the extent enforceable, shall nevertheless be binding and enforceable.

11. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon Employer, its successors and assigns and Executive and his heirs and representatives; provided, however, that neither party may assign this Agreement without the prior written consent of the other party.

12. Entire Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth otherwise herein. This Agreement supersedes any and all prior or contemporaneous agreements, written or oral, between Executive and Employer relating to the subject matter hereof. Any such prior or contemporaneous agreements are hereby terminated and of no further effect, and Executive, by the execution hereof, agrees that any compensation provided for under any such agreements is specifically superseded and replaced by the provisions of this Agreement.

13. Amendment. No modification of this Agreement shall be valid unless made in writing and signed by the parties hereto and unless such writing is made by an executive officer of Employer (other than Executive). The parties hereto agree that in no event shall an oral modification of this Agreement be enforceable or valid.

14. Governing Law. This Agreement is and shall be governed and construed in accordance with the laws of the State of California without giving effect to California's choice-of-law rules.

15. Notice. All notices and other communications under this Agreement shall be in writing and mailed, sent by facsimile or email with the signed document attached in PDF format (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party), or delivered by hand or by a nationally recognized courier service guaranteeing overnight delivery to a party at the following address (or to such other address as such party may have specified by notice given to the other party pursuant to this provision):

If to Employer:

Oxis International, Inc.
468 N. Camden Drive, 2nd Floor
Beverly Hills, California 90210
Facsimile: (310) 551-4021
E-mail: tcataldo@oxis.com
Attention: Chief Executive Officer
If to Executive:

____
____
____
____

16. Survival. Sections 7 and 8 shall survive the expiration or termination of this Agreement.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement. A counterpart executed and transmitted by facsimile shall have the same force and effect as an originally executed counterpart.

18. Attorney's Fees. In any action or proceeding to construe or enforce any provision of this Agreement the prevailing party shall be entitled to recover its or his reasonable attorneys' fees and other costs of suit in addition to any other recoveries.

19. WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

IN WITNESS WHEREOF, this Agreement is executed as of the day and year first above written.

"EMPLOYER"

Oxis International, Inc.

By: /s/ Anthony J. Cataldo
Anthony J. Cataldo
Chief Executive Officer
"EMPLOYEE"

/s/ Bernard Landes
Bernard Landes

EXHIBIT A

GENERAL RELEASE OF ALL CLAIMS

This General Release of All Claims is made as of _________, 20__ ("General Release"), by and between Bernard Landes ("Executive") and Oxis International, Inc., a Delaware corporation (the "Company"), with reference to the following facts:

WHEREAS, this General Release is provided for in, and is in furtherance of, the Employment Agreement, dated as of March 1, 2010, between the Company and Executive (the "Employment Agreement");

WHEREAS, Executive desires to execute and deliver to the Company this General Release in consideration of the Company's providing Executive with certain severance benefits pursuant to Section 6.2 of the Employment Agreement; and

WHEREAS, Executive and the Company intend that this General Release shall be in full satisfaction of any and all obligations described in this General Release owed to Executive by the Company, except as expressly provided in this General Release.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements herein contained, Executive and the Company agree as follows:

1. Executive, for himself, his spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other persons claiming through Executive, if any (collectively, "Releasers"), does hereby release, waive, and forever discharge the Company and each of its agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns (collectively, the "Releasees") from, and does fully waive any obligations of Releasees to Releasers for, any and all liability, actions, charges, causes of action, obligations, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Releasers in consequence of, arising out of, or in any way relating to: (a) Executive's employment with and services to the Company or any of its affiliates; (b) the termination of Executive's employment with and services to the Company and any of its affiliates; or (c) any event whatsoever occurring on or prior to the date of this General Release. The foregoing release and discharge, waiver and covenant not to sue includes, but is not limited to, all claims and any obligations or causes of action arising from such claims, under common law including, but not limited to, wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under any employment agreement between Executive, on the one hand, and the Company or its affiliates, on the other hand) and any action arising in tort including, but not limited to, libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Executive Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, the California Fair Employment and

Housing Act, the Family and Medical Leave Act, the California Family Rights Act or the discrimination or employment laws of any state or municipality, and any claims under any express or implied contract which Releasers may claim existed with Releasees. This also includes, but is not limited to, a release of any claims for wrongful discharge and all claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with or services to the Company or any of its affiliates or the termination of that employment or those services; and any claims under the Worker Adjustment and Retraining Notification Act, California Labor Code Section 1400 *et seq.* or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. This release and waiver does not apply to: (i) the Executive's rights to receive the compensation and benefits provided for in Section 6.2 of the Employment Agreement: or (ii) Executive's rights under any stock option agreement between Executive and the Company.

2. Executive understands and agrees that he is expressly waiving all rights afforded by Section 1542 of the Civil Code of the State of California ("Section 1542") with respect to the Releasees. Section 1542 states as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.**

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release, Executive understands and agrees that this General Release is intended to include all claims, if any, which Executive may have and which he does not now know or suspect to exist in his favor against the Releasees and Executive understands and agrees that this Agreement extinguishes those claims.

3. Excluded from this General Release and waiver are any claims which cannot be waived by law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive, however, waives Executive's right to any monetary recovery should any agency (such as the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge or lawsuit against the Releasees with any government agency or any court.

4. Executive agrees never to seek personal recovery from Releasees in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

5. Executive acknowledges and recites that:

(a) Executive has executed this General Release knowingly and voluntarily;

(b) Executive has read and understands this General Release in its entirety;

(c) Executive acknowledges that he has been advised by his own legal counsel and has sought such other advice as he wishes with respect to the terms of this General Release before executing it;

(d) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate about the terms of this General Release; and

(e) Executive has not sold, assigned, transferred or conveyed any claim, demand, right, action, suit, cause of action or other interest that is the subject matter of this General Release.

6. This General Release shall be governed by the internal laws (and not the choice of laws) of the State of California, except for the application of preemptive Federal law.

7. Executive acknowledges that he is waiving his rights under the ADEA and the Older Worker's Benefit Protection Act and therefore, in compliance with those statutes, acknowledges the following:

(a) Executive acknowledges that he has been provided a minimum of twenty-one (21) calendar days after receipt of this Agreement to consider whether to sign it;

(b) Executive acknowledges that he shall have seven days from the date he executes this General Release to revoke his waiver and release of any ADEA claims only (but not his waiver or release hereunder of other claims) by providing written notice of the revocation to the Company, and that, in the event of such revocation, the provisions of clauses (a)(2) and (b) of Section 6.2 of the Employment Agreement shall thereupon become null and void and the Company shall be entitled to a return from Executive of all payments to Executive pursuant to such clauses;

(c) Executive acknowledges that this waiver and release does not apply to any rights or claims that may arise under ADEA after the effective date of this Agreement; and

(d) Executive acknowledges that the consideration given in exchange for this waiver and release Agreement is in addition to anything of value to which he was already entitled.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Dated: ___________________, 20__

Bernard Landes

Exhibit 21.1

SUBSIDIARIES OF OXIS INTERNATIONAL, INC.

As of December 31, 2009, the Company's subsidiaries were as follows:

Name	Jurisdiction of incorporation
OXIS Therapeutics, Inc.	Delaware
OXIS Isle of Man Limited	Isle of Man

Exhibit 31.1

CERTIFICATION

I, Anthony J. Cataldo, Chief Executive Officer of Oxis International, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Oxis International, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 30, 2010

By: /s/ Anthony J. Cataldo
Anthony J. Cataldo
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michael Handelman, Chief Financial Officer of Oxis International, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Oxis International, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 30, 2010

By: /s/ Michael Handelman
Michael Handelman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Oxis International, Inc. (the “Company”) for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Anthony J. Cataldo, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2010

By: /s/ Anthony J. Cataldo
Anthony J. Cataldo
Chief Executive Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Oxis International, Inc. (the “Company”) for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael Handelman, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2010	By: /s/ Michael Handelman
	Michael Handelman
	Chief Financial Officer

This certification accompanies each Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.