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

FORM 10-KSB

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2003.**

or

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

Commission File Number 0-8092

OXIS International, Inc.

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

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

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

Indicate by check mark whether the Issuer (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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B 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-KSB or any amendment to this Form 10-KSB. ☐

The Registrant's revenues for its fiscal year ended December 31, 2003 were $2,740,000.

Aggregate market value of the voting common equity held by nonaffiliates of the Registrant as of March 1, 2004 was $17,000,609.28.

Number of shares outstanding of Registrant's common stock as of March 1, 2004: 26,563,452 shares.

Certain of the information required by Part III of this Form 10-KSB is incorporated by reference to portions of the Company's definitive form of Proxy Statement which will be filed with the Commission during April 2004 with respect to the Company's Annual Meeting of Shareholders scheduled for June 2004.

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PART 1

The statements contained in this Report on Form 10-KSB that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding the Company's expectations, objectives, anticipations, plans, hopes, beliefs, intentions or strategies regarding the future. Forward-looking statements include, without limitation, statements regarding: (i) the Company continuing to refocus with the objective of maximizing current operations and increasing the value of its therapeutic ethical and nutraceutical product portfolio; (ii) the Company focusing on and intensifying its efforts to consummate the successful development of pharmaceutical/nutraceutical relationships and/or strategic partnerships with larger companies; (iii) the Company's intention to increase the value of its OXIS Health Products, Inc. portfolio by the filing of new patent applications related to its current products under development, through new acquisitions and expanded marketing efforts in both commercial and research aspects; (iv) the Company's belief that its assays offer advantages over conventional laboratory methods, including ease of use, speed, specificity and accuracy; (v) the Company's intention not to seek approval for human use bSOD in the U.S. and its intention to sell bulk bSOD only to the extent there is demand for it; (vi) the Company's anticipation of a positive resolution of the FDA's questions concerning the use of Palosein and the possibility of future sales of Palosein to the veterinary market; (vii) the Company's expectation of incurring operating losses for the foreseeable future which should be smaller than they have been in preceding periods, but that losses and expenses could increase and fluctuate from quarter to quarter as the Company expands its development activities; (viii) the Company's estimates that there are more than 10,000 scientists and clinicians who are working directly in research on free radical biochemistry, and who are potential customers for these research assays; (ix) the Company's plans to work with key feeding companies to determine the economic significance of the animal health profiling program to manage high risk cattle; (x) the Company's plan to continue attempts to validate and commercialize the use of Company products for cattle respiratory disease management; (xi) the Company's expectation that that the test for cattle respiratory disease management could be ready to market during the first or second quarter of 2004; (xii) the Company's belief that it has a limited risk of over reliance on any supplier; (xiii) the Company's statement that it would continue to research and develop, where possible, selected therapeutics classes of antioxidant small molecules currently under development; (xiv) the Company's statement that the additional capital it received from the January 12, 2004 bridge loan will allow the Company to continue operating in accordance with its current plans for 2004; (xv) the Company's belief that its new products and technologies show considerable promise; and (xvi) the Company's statement that its ability to realize significant revenues from new products and technologies is dependent upon the Company's success in developing business alliances with nutraceutical/pharmaceutical and/or health related companies to develop and market these products.

All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements. It is important to note that the Company's actual results could differ materially from those included in such forward-looking statements. Factors that could cause actual results to differ materially from the forward looking statements include risks and uncertainties detailed throughout this Annual Report, and in particular in the "Risk Factors" section at the end of "Item 6, Management's Discussion And Analysis Of Financial Condition And Results Of Operations." Such factors include, but are not limited to, the following cautions: (1) the Company may not be able to obtain necessary financing; (2) Axonyx Inc.'s concentration of voting power permits it to control all matters affecting the Company, and such concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination or could complicate or prohibit certain financing of the Company by the Axonyx affiliate group; (3) if the Company is unable to develop and maintain alliances with collaborative partners, the Company may have difficulty developing and selling the Company's products and services; (4) uncertainties exist relating to issuance, validity and ability to enforce and protect patents, other intellectual property and certain proprietary information; (5) the potential for patent-related litigation expenses and other costs resulting from claims asserted against the Company or its customers by third parties; (6) the Company's products may not meet product performance specifications; (7) new products may be unable to compete successfully in either existing or new markets; (8) availability and future costs of

materials and other operating expenses; (9) the uncertain performance and needs of industries served by the Company and the financial capacity of customers in these industries to purchase the Company's products; (10) the Company's dependence on a single supplier for its bSOD product could limit sales of its bSOD product; and (11) the potential for exposure to liability due to product defects. These cautionary statements should be considered in the context of such factors, as well as those disclosed from time to time in the Company's Reports on Forms 10-QSB and 8-K. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements.

ITEM 1. BUSINESS

Introduction.

OXIS International, Inc. ("OXIS" or "the Company") is a biopharmaceutical/nutraceutical company engaged in the development of research diagnostics, nutraceutical and therapeutic products, which include new technologies applicable to conditions and/or diseases associated with oxidative stress. The Company also markets and sells chemical compounds to customers in the United States and Europe. Oxidative stress is associated with an excess of free radicals, reactive oxygen species ("ROS"), and/or a decrease in antioxidant levels with a resultant development of tissue or organ damage.

The Company's corporate offices and assay manufacturing facilities are located in a 15,000 sq. ft. facility at 6040 N. Cutter Circle, Suite 317, Portland OR 97217.

In 1965 Diagnostic Data, Inc. was incorporated in the State of California. The Company changed its incorporation to the State of Delaware in 1972; and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994 the Company merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc. In 1995 the Company acquired Therox Pharmaceuticals, Inc.; and in 1998 it acquired Innovative Medical Systems Corp.

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

The Company is structured into two wholly owned subsidiaries, OXIS Health Products, Inc. and OXIS Therapeutics, Inc. The Company's commercial health products business, which markets research and commercial diagnostic assays and fine chemicals to research and clinical laboratories and other customers, has been carried out by OXIS Health Products, Inc. The Company's pharmaceutical and nutraceutical discovery and research business, which is focused on new drugs and compounds to treat diseases associated with tissue damage from free radicals and ROS, is being carried out by OXIS Therapeutics, Inc. For financial information about these two operating segments, see Note 8 to the consolidated financial statements.

The Company derives revenues primarily from sales of products from its wholly owned subsidiary, OXIS Heath Products, Inc., which includes the sale of research assays, fine chemicals such as Ergothioneine to the cosmetics industry and researchers, and bovine superoxide dismutase (SOD) for human clinical use in Spain. The Company's diagnostic products include twenty-eight assays to measure markers of oxidative stress.

The Company's lead therapeutic drug candidate, BXT-51072, completed a Phase IIA clinical trial in inflammatory bowel disease (IBD) in 1999 and further clinical studies continue to be reviewed. Two other therapeutic programs are in the pre-clinical stage of development.

OXIS continues to refocus with the objective of maximizing current operations and increasing the value of its therapeutic ethical and nutraceutical product portfolio. This portfolio includes, but is not limited to, three classes of small molecular weight antioxidant molecules and a SOD product for veterinary research and human clinical application in Spain. The Company will focus on and intensify its efforts to consummate successful development of pharmaceutical/nutraceutical relationships and/or strategic partnerships with larger companies in

the industry. The Company intends to increase the value of their OXIS Health Products, Inc. portfolio by the filing of new patent applications related to its current products under development, through new acquisitions and expanded marketing efforts in both commercial and research aspects. No assurance can be given that the Company's efforts at refocusing its business will generate the results anticipated by the management of the Company or will in the future be favorable to the Company.

Commercial Health Products. Government regulation in the United States and certain foreign countries today is not currently a significant factor in the Company's health products business. In the United States, the products the Company currently sells and its current manufacturing practices are not subject to regulation by the United States Food and Drug Administration ("FDA") pursuant to the Federal Food, Drug and Cosmetic Act as it relates to research products.

Therapeutic Development. Therapeutic development is regulated by the FDA and all of the Company's therapeutic development is in compliance with these regulations at this stage.

Patents and Trademarks.

The Company has an extensive portfolio of patents for diagnostic assays and several novel series of molecules to detect, treat and monitor diseases associated with damage from free radicals and ROS. This portfolio provides opportunities for the Company to apply its technologies to a wide range of diseases and conditions of oxidative stress.

Currently, the Company has strong patent protection with over 45 currently issued or pending patents internationally. Patent coverage includes aspects of all three of the Company's families of molecules currently under development. During 2004, the Company may choose to abandon certain issued United States and international patents that it deems to be of lesser importance to the strategic direction of the Company, in an effort to preserve its financial resources.

Marketing.

During 2003, the Company continued to market its research products to professional scientists in academia, industry and government through its *OXIS*Research catalog. The Company's marketing program is centered on targeting medical, environmental and various industry audiences interested in oxidative and nitrosative stress. Primary vehicles for this purpose include printed literature, the *OXIS*Research website and attendance at conferences targeting neuroscience, cancer, cardiac and nutritional researchers, among others.

During 2003, the Company continued to strengthen its international distribution network by adding new distributors around the world. The distribution partners are exclusively focused on sales of research products in the life science market.

Competition.

The biopharmaceutical/nutraceutical and research assay industries are in a highly competitive arena. Competition in most of the Company's primary current and potential market areas (large pharmaceutical/nutraceutical companies, research diagnostic companies, universities and research institutions) is intense and expected to increase.

The main commercial competition at present is represented but not limited to the following three companies: Randox, Cayman Chemical and Assay Designs. These companies work in the same market place but none of them has a marketing edge over the other at this time. Relative to the Company, many of these entities may have substantially greater capital resources, research and development staffs, facilities, as well as greater expertise manufacturing and making products. In addition, these companies, as well as others, may have or may develop new technologies or use existing technologies that are, or may in the future be, the basis for competitive products.

Commercial Health Products.

Revenues from sales of the Company's research diagnostic assays and fine chemicals comprised 75% of total revenues in 2003, and 73% of total revenues in 2002. Certain key products are described below in this subsection.

Oxidative Stress Research Products. The Company offers more than 100 research products for sale including:

Assays for markers of oxidative and nitrosative stress
Antibodies
Enzymes
Controls

The Company continues to offer a few specialty/proprietary antioxidants and specialty chemicals but product development focus and support are directed at assays, antibodies and enzymes in the area of oxidative and nitrosative stress.

The primary technology foundation for the research product line is twenty-eight assay test kits, which measure key markers in free radical biochemistry (markers of oxidative stress). Specifically, these assays measure levels of general and specific antioxidant activity, oxidative alterations to organic lipid, protein and DNA substrates, and pro-oxidant activation of specific white blood cells.

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

The assays for markers of oxidative stress are currently being sold both directly by the Company and through a network of distributors to researchers primarily in Europe, Japan and the United States. The Company estimates that there are more than 10,000 scientists and clinicians who are working directly in research on free radical biochemistry, and who are potential customers for these research assays. Nineteen of the Company's research assays are manufactured at the facility in Portland, Oregon. The others are manufactured pursuant to private label agreements.

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

Animal Health Profiling. In 2002 the Company began investigating the potential commercial application of several of its assays to the prediction of susceptibility to disease in cattle. The beef industry attributes over $1 billion per year in losses to disease. In 2003 the Company continued to collect blood samples from over 4,000 head of cattle in commercial feedlots. Complete records of all morbidity, mortality, treatment costs and weight gain were retained for these cattle. Upon slaughter of the cattle, carcass data and lung lesions were recorded. The Company then compared these health and production parameters with various oxidative stress biomarkers that are used in the animal health profiling model. From the compiled data a strong and statistically significant relationship between oxidative stress and respiratory disease in cattle was demonstrated. The health parameters that were of significance are: first treatment for respiratory disease, total number of respiratory treatments and respiratory deaths. Production parameters of significance were ADG (average daily gain) and HCW (hot carcass weight). In 2004, the Company plans to work with key feeding companies to determine the economic significance of the animal health profiling program to manage high risk cattle. With the discovery in the United States on December 23, 2003 of a single case of Bovine Spongiform Encephalopathy ("BSE"), commonly known as "mad cow disease," the beef industry became by necessity more sensitive to the consumer's concerns about the beef industry. Policies including mandatory individual identification, live animal testing, and overall beef

safety have created new awareness for management tools such as the Company's animal health profiling program. The Company will continue its attempts to validate and commercialize the use of its test for cattle respiratory disease management. In addition, the Company has also taken steps to look at relationships of oxidative stress to prion diseases such as BSE in cattle. The Company expects that this new service could be ready to market during the first or second quarter of 2004. However, no assurances can be given that this service will be available on such a schedule or that this service will be successful.

Myeloperoxidase (MPO). Another research assay with commercial potential is the Company's myeloperoxidase assay kit ("MPO"). In 2003, the total economic cost of cardiovascular disease is estimated at $129.9 billion by the Heart Disease and Stroke Statistics, 2003 Update. Early detection of cardiovascular disease may not only contribute to health and wellness, but also may reduce skyrocketing health care costs. In the fourth quarter of 2003 MPO was used in a study that potentially demonstrates the role of oxidative stress in cardiovascular disease. Currently, biomarkers used for myocardial infarction present significant limitations in predictive quality due to variability of patient population, the range for abnormal test results, and other factors. In contrast, blood plasma MPO levels, as measured by the Company's MPO kit with the Company's own monoclonal antibody, appear to be a better predictor of patients at risk for cardiac events before they occurred, according to the New England Journal of Medicine report. The Company intends to pursue the development of the MPO assay and the possibility of FDA diagnostic approval. The Company has plans for a commercial myeloperoxidase product by the end of 2004; however, no assurances can be given that the commercial product will be available on such a schedule or that the commercial product will be successful.

Bovine Superoxide Dismutase (bSOD). Revenues from sales of bulk bovine SOD (bSOD) comprised approximately 21% of the Company's total revenues in 2003 and 19% of the Company's total revenues in 2002. Commercial-scale manufacture and quality control of bulk bSOD, as well as subsequent quality control and processing of United States Department of Agriculture-inspected edible beef liver into highly purified bulk bSOD requires a complex, multi-step process. The Company has significant knowledge regarding the manufacture of bSOD that is protected through trade secrets and proprietary know-how.

The Company's patents protecting the manufacture of bSOD have expired. Expiration of the Company's patents may enable other companies to benefit from research and development efforts of the Company, but such other companies would still lack the benefits of the Company's unpatented trade secrets and know-how or unpublished pre-clinical or clinical data.

The Company sells bulk bSOD for human use outside the United States, but does not market dosage forms of bSOD for human use. The Company does not currently intend to seek approval for human use of bSOD in the United States for any indication and only intends to sell bulk bSOD to the extent that there is a demand for it. Palosein® is OXIS' registered trademark for its veterinary brand of bSOD. Palosein® is indicated for acute and chronic inflammatory conditions in equine and canine animals. OXIS is in the process of revising, updating and modernizing the Palosein testing procedures and revalidating its manufacturing procedures to meet new requirements requested by the FDA to re-market the product in the U.S. and Europe. The Company will respond to all of the FDA's questions and will be using appropriate experts in the field, as needed. We anticipate positive resolution of this matter and selling this product to the veterinary market in the future. However, no assurances can be given regarding the success of this product.

Although there are other sources of bSOD and other laboratory and pilot-scale processes to produce bSOD, the Company believes that it is the only company manufacturing bSOD on a commercial scale for pharmaceutical uses. The Company maintains a single contracted supplier for bSOD. There is the only one manufacturer of bSOD worldwide, using the Company's proprietary information and know how. If this company were to halt manufacturing bSOD, it could cause an interruption of sales.

A European customer, which distributes bSOD for human use, has been responsible for a significant portion of the Company's revenues in recent years. Sales of bSOD to this customer were $562,000, or 21% of the Company's revenues in 2003 and $380,000, or 19%, of the Company's revenues in 2002.

Ergothioneine. The Company sells Ergothioneine to selected customers as a compound used in the cosmetics industry. Sales of Ergothioneine were $333,000 in 2003 and $85,000 in 2002.

Raw Material Suppliers. No major supplier represents more than 20% of Company's purchases, and the Company believes there is limited risk of over reliance on any supplier. The Company believes that its list of suppliers constitutes proprietary information and publicly announcing the list could be detrimental to the Company's competitive position.

Research and Development

Research and development expenses were $369,000 and $463,000 for the years ended December 31, 2003 and 2002, respectively.

The Company's lead therapeutic drug candidate, BXT-51027, completed a Phase IIA clinical trial in inflammatory bowel disease ("IBD") in 1999. Further clinical studies have been reviewed but due to financial constraints no further work has been completed.

The Company will continue to research and develop, where possible, selected therapeutics classes of antioxidant small molecules currently under development. These classes are chemically diverse and represent the major molecules with antioxidant activity present in nature—catalysts, lipid soluble membrane antioxidants and thiols.

Much of the Company's future growth would likely depend on potential products that are in research and development and no material revenues have been generated to date from sales of these potential products. The pre-clinical work for one potential new therapeutic/nutraceutical product is completed, and the clinical development stage has commenced. In addition, the Company is in the final stages of completing testing on a commercial application for animal health profiling (the cattle industry). No assurance can be given that the Company's product development efforts will be successfully completed, that regulatory approvals will be obtained if required, or that any such products, if developed and introduced, will be successfully marketed. If the Company does not successfully introduce new products, the revenues and results of operations will be materially adversely affected.

Employees.

As of December 31, 2003, the Company had fifteen full time employees in the United States. None of the Company's employees are subject to a collective bargaining agreement. The Company has never experienced a work interruption.

Foreign Operations and Export Sales.

Revenues attributed to countries based on the location of customers:

	2003	2002
Spain	$596,000	$402,000
France	$259,000	$106,000
Japan	$333,000	$155,000
Korea	$ 67,000	$ 40,000
United Kingdom	$ 39,000	$ 42,000
Other foreign countries	$207,000	$195,000

ITEM 2. PROPERTIES.

The Company occupies, pursuant to leases expiring in November of 2004, office, laboratory and manufacturing space in Portland, Oregon, which is shared by the Company's health products and therapeutic development segments.

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

The Company does not have a real estate investment policy since the Company does not make any such investments.

ITEM 3. LEGAL PROCEEDINGS.

In 1997, the Company completed an offering of its common stock to European investors, and listed the resulting shares on the Nouveau Marché in France. The Company has been notified that a Paris lower court (Tribunal de grande instance de Paris) on November 12, 2003, issued an order (the "Order") requiring the Company (i) to file its 2002 Document de Reference ("2002 Reference Document") as required under French law and the regulations of the Autorité des marchés financiers (the "AMF"), the French regulatory agency overseeing the Nouveau Marché, within eight days of the court's Order ("filing deadline") and (ii) if the Company has not filed with the AMF its 2002 Reference Document by the filing deadline, to pay a fine of 1,500 Euros for each day until it files its 2002 Reference Document with the AMF. The AMF is also engaged in a separate pending investigation relating to the Company's financial information disclosure since December 1, 1999 (the "Investigation"). Since issuance of the Order, the Company has since filed its 2002 Reference Document with the AMF and is in the process of responding to comments from the AMF regarding that filing. The Company has also appealed the Order to the extent that it imposes fines on the Company. Meanwhile, the Company continues discussions with the AMF to resolve these filing issues and the Investigation and avoid the payment of any fines. In the event the Company fails to resolve these issues with the AMF, the Company may incur further substantial costs and fines. No assurances can be given that the Company will be able to settle these matters with the AMF, or if it does settle these matters with the AMF, that it can do so on terms favorable to the Company. The Company intends to seek the delisting of its stock from trading on the Nouveau Marché.

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

No matter was submitted during the fourth quarter of 2003 to a vote of security holders, through solicitation or proxies or otherwise.

PART II

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

The Company's common stock continues to be traded in the Over-The-Counter Bulletin Board and remains listed in France on the Nouveau Marche.

The quotations are reflective on inter-dealer prices, without retail markup, markdown or commission and may not represent actual transactions. Previous quarterly high and low sales prices of the Company's common stock on the over-the-counter board are as follows:

	2003				2002			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
High	$0.72	$0.51	$0.58	$0.21	$0.19	$0.25	$0.28	$0.26
Low	$0.20	$0.22	$0.12	$0.12	$0.11	$0.12	$0.21	$0.10

The Company has an estimated 4,500 shareholders, including approximately 3,500 shareholders who hold their shares in street name. The Company utilizes its assets to develop its business and, consequently, has never paid a dividend and does not expect to pay dividends in the foreseeable future.

On March 7, 2002, the Company consummated the sale of 1.5 million shares of its Series F preferred stock to Meridian Financial Group L.L.P. ("Meridian") at a price of $1 per share, paid in cash. Each share of Series F preferred stock was initially convertible into ten (10) shares of the Company's common stock. As part of the sale, the Company also issued a warrant granting Meridian the right to purchase up to 1.5 million shares of common stock at $1.00 per share. In June 2003, Meridian converted its shares of Series F Preferred Stock into 15,000,000 shares of the Company's Common Stock and distributed such shares, and the 1,500,000 warrants, to its members/investors and to Triax Capital Management, Inc. ("Triax") as managing member. Triax in turn distributed its shares of the Company's Common Stock allocated to it as its managing member to its shareholders.

During July 2003, the board of directors of the Company agreed to unilaterally offer to all holders of warrants a reduced exercise price for a limited period of time. The exercise price for these warrants was reduced to $0.20 per shares, and maturity date for 598,449 warrants issued in 1998 was extended to August 11, 2003. The exercise price for these warrants was previously $1.00 per share. All warrants issued prior to July 1998 have lapsed and were not affected by this board action. The decrease of exercise price did not result in any change to the outstanding value of the warrants. Pursuant to the offered reduced exercise price, a total of 1,133,000 warrants were exercised at an aggregate purchase price of $226,600. As part of the offer, with each share of stock issued one new warrant was issued having a $1.00 exercise price and a two-year life.

On January 9, 2004, the Company completed a private placement of securities (the "Bridge Loan Transaction"), pursuant to which (i) certain investors paid to the Company $570,000 in the aggregate, (ii) the Company issued promissory notes to the investors in principal amount of $570,000 in the aggregate, which promissory notes are convertible in due course into up to 1,425,000 shares of the Company's common stock or into up to 3,800,000 shares of Common Stock in the event of a default by the Company, and (iii) the Company issued warrants to the investors exercisable for up to 1,250,000 shares of Common Stock at an exercise price of $0.50 per share.

Throughout the first ten weeks of 2004, Axonyx Inc. acquired a controlling position in the Company's outstanding voting stock. Under the terms of the agreements with several of the Company's shareholders (including shareholders that received stock directly or indirectly from Meridian and/or Triax as referenced above), Axonyx acquired approximately 14 million shares of the Company's common stock, representing approximately 52.4% of the Company. Together with shares of Company common stock currently held by Marvin S. Hausman, M.D., Axonyx's Chairman and CEO, the Axonyx affiliated group controls approximately 56.8% the Company's voting stock.

In connection with such acquisitions of Company common stock, representatives of Axonyx expressed their intent to have discussions with management and with members of the Company's Board of Directors about possible changes in management and on the Board and about strategies for maximizing and enhancing shareholder value. The Company and Axonyx discussed implementation of Axonyx's intent to change the composition of the Board, and reached an understanding with respect thereto (the "Understanding"). On March 10, 2004, Company directors William G. Pryor, Ted Ford Webb and Thomas M. Wolf resigned from the Company's Board of Directors, effective upon the satisfaction of certain conditions and at the later of: (i) 8:00 p.m. (Pacific) on the day following the filing with the Securities and Exchange Commission of the Company's Report on Form 10-K for the year ending December 31, 2003; and (ii) 8:00 p.m. (Pacific) on the tenth day after the Company has filed with the SEC, and transmitted to all holders of record of securities of the Company who would be entitled to vote at a meeting for election of directors ("Shareholders"), an information statement meeting the requirements of Rule 14f 1 (the "Information Statement"). Shortly after receipt of such resignations, the Company's Board of Directors on March 10, 2004 appointed each of Gosse Bruinsma, Colin Neill, Gerard Vlak and Steven Ferris to serve as a director of the Company effective at the later of: (i) 8:01 p.m. (Pacific) on the day following the filing with the Securities and Exchange Commission of the Company's Report on Form 10-K for the year ending December 31, 2003; and (ii) 8:01 p.m. (Pacific) on the tenth day after the Company has filed with the SEC and transmitted to all Shareholders the Information Statement.

The following is a summary of the Company's equity compensation plans at December 31, 2003:

	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by security holders	3,707,911	$ 0.89	3,542,089
Equity compensation plan not approved by security holders	—	$ —	—
Total	3,707,911		3,542,089

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The Company expects to have smaller losses in 2004 but can give no assurance as to when and if it will become profitable. The Company's research and development expenses are expected to continue as the Company continues testing. These losses and expenses may increase and fluctuate from quarter to quarter as the Company expands its development activities. There can be no assurance that the Company will achieve profitable operations.

Additional capital was received in the form of a bridge loan, convertible to equity, on January 12, 2004 in the amount of $570,000. The Company believes that these funds will allow the Company to continue operating in accordance with its current plans for 2004. If the Company is able to generate additional funding through an increase in revenues, additional borrowings or equity financings during 2004, it intends to fund the development and expansion of the programs described herein. If the Company is unable to fund its operations with the capital available and is unable to raise additional money, it might be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

The report of the Company's independent auditors on the Company's financial statements for the period ended December 31, 2003 includes an explanatory paragraph expressing doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and to generate revenue and cash flow to meet its obligations on a timely basis. For more information concerning the Company's ability to continue as a going concern, see Note 1 to the consolidated financial statements.

While the Company believes that its new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent upon the Company's success in developing business alliances with biotechnology/pharmaceutical and/or health related companies that have the required resources to develop and market certain of these products. There is no assurance that the Company's effort to develop such business alliances will be successful.

The Company's significant accounting policies are noted in Note 2 of the Company's Consolidated Financial Statements.

Results of Operations

Revenues

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

	2003	2002
Research assays and fine chemicals	$ 2,056,000	$1,489,000
Medical instruments	12,000	17,000
bSOD for research and human use	562,000	380,000
Other	110,000	164,000
Total sales	$ 2,740,000	$2,050,000

In 2003, sales of research assays and fine chemicals increased by $567,000 to $2,056,000, a 38% increase over the 2002 sales of $1,489,000. This increase is due primarily to increased sales volumes of Ergothioneine and the Company's Myeloperoxidase assay.

Revenue from medical instruments in 2003 and 2002 was derived from an inventory purchase and royalty agreement entered into in 2001. This agreement terminated in 2003, and no further revenue will be generated from this agreement. This concluded all transactions and activity for medical instruments.

Sales of bSOD have been made primarily to the Company's Spanish licensee. In 2003, sales of bulk bSOD increased by $182,000 to $562,000 from $380,000 in 2002. Future sales of bulk bSOD in 2004 and beyond are largely dependent on the needs of the Company's Spanish licensee, which are uncertain and difficult to predict, and no assurances can be given that the Company will continue to sell bulk bSOD to its Spanish licensee.

Other revenue represents primarily royalty income, which concluded in 2003.

Costs and Expenses

Cost of revenue (sales) for research products decreased by 3% to 47% in 2003 due to improvements in efficient use of materials and supplies. Cost of revenue recorded for the new animal health profiling program brought the net decrease in cost of revenue to 55%. Total cost of revenue decreased 1% from 56% in 2002 to 55% in 2003.

Research and Development costs were $463,000 in 2002 and decreased to $369,000 in 2003, resulting in a decrease of $94,000, primarily as a result of a reduction in research and development activity by the Company's health products ($40,000) and therapeutic ($37,000) segments as necessitated by the Company's lack of capital.

In 2003, sales, general and administrative expenses increased by $328,000, from $1,320,000 in 2002 to $1,648,000 in 2003. This increase is primarily due to expenses related to the development of the animal health profiling program ($124,000), increased legal expenses due to the French stock exchange matter ($84,000), a new contract with a public relations firm ($60,000), a new contract with an equity investment firm ($38,000) and an increase in director and officer insurance premiums ($14,000).

Interest Income and Expense

The net interest income decreased by $6,000 in 2003 from 2002 due primarily to the reduction of the Company's cash balance.

Liquidity and Capital Resources

The Company, on a consolidated basis, had cash and cash equivalents of $372,000 and $424,000 at December 31, 2003 and 2002, respectively.

Net cash used in operations was $229,000 in the year ended December 31, 2003. During 2002 net cash used in operations was $1,008,000.

Net cash used in investing activities in 2002 was $180,000 and $98,000 in 2003 and was primarily related to purchases of property, plant and equipment and additions to patents.

The net cash provided by financing activities in 2002 was $1,406,000. This was a result of repayments of long-term and short-term debt of $94,000 and the receipt of the net proceeds from the issuance of stock and warrants in the amount of $1,500,000. Net cash provided by financing activities in 2003 was $247,000, which is the result of proceeds from the exercise of warrants and stock options.

Net Loss

The Company incurred net losses in 2003 and 2002, and expects smaller losses in the future but can not predict profitability in the foreseeable future. The Company's net loss decrease of $31,000 to $791,000 is due primarily to a reduction of $233,000 in reduction of cost of revenue and research and development expenses partially offset by an investment of $200,000 in the animal health profiling program.

The Company expects to incur a net loss for 2004. If the Company develops substantial new revenue sources or if additional capital is raised through further sales of securities, the Company plans to continue to invest in research and development activities and incur sales, general and administrative expenses in amounts greater than its anticipated near-term profit margins. If the Company is unable to raise sufficient additional capital or to develop new revenue sources, it will have to cease, or severely curtail, its operations. In this event, while expenses will be reduced, expense levels, and the potential write down of various assets, would still be in amounts greater than anticipated revenues.

Risk Factors.

The Company operates in a rapidly changing environment that involves a number of risks, some of which are beyond its control. The following discussion highlights some of these risks and others are discussed elsewhere in this Annual Report on Form 10-KSB.

The Company's future profitability is uncertain.

The Company has scaled down its operations and is moving in new directions. Although the Company has been able to reduce its operating losses in recent years, the Company incurred net losses of $791,000 in 2003 and $822,000 in 2002, the Company cannot predict its ability to continue cost reductions or achieve profitability with its limited capital resources. The Company research and development expenses are expected to increase if the Company obtains financing to develop potential products. These losses and expenses may increase and fluctuate from quarter to quarter as the Company expands its research and development and sales and marketing activities. There can be no assurance that the Company will ever achieve profitable operations.

Need for Additional Financing.

As of December 31, 2003, the Company had an accumulated deficit of approximately $59,494,000. Although the Company expects to incur a smaller operating loss during 2004, the Company currently does not have sufficient capital resources to complete the Company's contemplated development and commercialization programs and no assurances can be given that the Company will be able to raise such capital on terms favorable to the Company, or at all. The unavailability of additional capital could cause the Company to cease or curtail its operations and/or delay or prevent the development and marketing of the Company's potential products. In addition, the Company may choose to abandon certain issued United States and international patents that it deems to be of lesser importance to the strategic direction of the Company, in an effort to preserve its financial resources. In this regard, the report of the Company's independent auditors on the Company's financial statements for the period ended December 31, 2003 includes an explanatory paragraph raising doubts about the Company's ability to continue as a going concern.

The Company's future capital requirements will depend on many factors including the following:

- continued scientific progress in the Company's research and development programs and the commercialization of additional products;
- the cost of our research and development and commercialization activities and arrangements, including sales and marketing;
- the costs associated with the scale-up of manufacturing;
- the success of pre-clinical and clinical trials;
- the establishment of and changes in collaborative relationships;
- the time and costs involved in filing, prosecuting, enforcing and defending patent claims;
- the time and costs required for regulatory approvals; and
- technological competition and market developments.

Axonyx Inc. acquired the voting power to control all matters affecting the Company.

Axonyx Inc. recently acquired approximately 52.4% of the issued and outstanding shares of the Company's common stock. Marvin S. Hausman, M.D., Axonyx Chairman and CEO, separately holds an additional approximately 4.4% of the Company's issued and outstanding shares of common stock. As a result, the Axonyx affiliated group has acquired the controlling interest in the Company.

As long as the Axonyx affiliated group owns a majority of the Company's outstanding common stock, it will continue to be able to elect the Company's entire board of directors. Other investors in the Company's stock will not be able to affect the outcome of any shareholder vote. As a result, the Axonyx affiliated group will, in effect, have the ability to control all matters affecting the Company, including:

- the composition of the Company's board of directors and, through it, any determination with respect to the Company's business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers or other business combinations;
- acquisition of the Company or disposition of assets;
- financing the Company;
- the payment of dividends on Company common stock; and
- determinations with respect to the Company's tax returns.

In addition, such concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to the Company's shareholders. The Axonyx affiliated group is not prohibited from selling a controlling interest in the Company to a third party or a participant in the Company's industry.

The Company may experience disruption or may fail to achieve any benefits in connection with the recent change in control.

The change in control to Axonyx involves substantial risks, including the following:

- the Axonyx affiliated group has used its controlling position to affect Board composition, and may in the future use its controlling position to effect changes in management, entailing risk that such changes could harm the Company or that such directors and officers may prove less effective than current directors and management;
- the potential inability to take advantage of anticipated synergies, economies of scale or other value arising from the relationship with Axonyx;
- incurrence of time and expenses attendant to transactions that may or may not be consummated; and
- difficulties in managing and coordinating operations at multiple venues, which, among other things, could divert management's attention from other important business matters.

In addition, the Company and Axonyx are subject to certain provisions of Delaware law, which could delay, complicate or prevent a merger, tender offer or proxy contest involving the parties. In particular, Section 203 of the Delaware General Corporation Law prohibits a Delaware corporation from engaging in any business combination with any interested shareholder for a period of three years unless the transaction meets certain conditions. Section 203 also limits the extent to which an interested shareholder can receive benefits from the Company's assets. The provisions could complicate or prohibit certain financing of the Company by the Axonyx affiliate group, or limit the price that other investors might be willing to pay in the future for shares of the Company's common stock.

The Company's principal shareholders, executive officers and directors own a significant percentage of the Company's stock, and as a result, the trading price for the Company's shares may be depressed and these shareholders can take actions that may be adverse to your interests.

As of December 31, 2003, the Company's executive officers and directors, the Axonyx affiliated group and entities affiliated with them, beneficially own, in the aggregate, approximately 58.8% of the Company's common stock. This significant concentration of share ownership may adversely affect the trading price for the Company's common stock because investors often perceive disadvantages in owning stock in companies with controlling shareholders.

Further, the Company is unable to predict whether significant amounts of common stock will be sold in the open market in anticipation of, or following, any sale by Axonyx. The Company is also unable to predict whether a sufficient number of buyers will be in the market at that time. Any sales of substantial amounts of common stock in the public market by Axonyx, or the perception that such sales might occur, could harm the market price of the Company's common stock.

If the Company is unable to develop and maintain alliances with collaborative partners, the Company may have difficulty developing and selling the Company's products and services.

While the Company believes that the new products and technologies show considerable promise, its ability to realize significant revenues therefrom is dependent upon the Company's success in developing business alliances with nutraceutical/pharmaceutical and/or health related companies to develop and market these products. To date, the Company has not established such business alliances and there can be no assurance that the Company's effort to develop such business alliances will be successful. Further, relying on these or other alliances is risky to the Company's future success because:

- the Company's partners may develop products or technologies competitive with the Company's products and technologies;
- the Company's partners may not devote sufficient resources to the development and sale of the Company's products and technologies;
- the Company's collaborations may be unsuccessful; or
- the Company may not be able to negotiate future alliances on acceptable terms.

The Company's revenues and quarterly results have fluctuated historically and may continue to fluctuate, which could cause its stock price to decrease.

The Company's revenues and operating results may fluctuate due in part to factors that are beyond its control and which it cannot predict. Because the Company's expenses are largely fixed in the short to medium term, any material shortfall in revenues will materially adversely affect the Company's results and may cause it to experience losses. In particular, the Company's revenue growth and profitability depend on sales of its Commercial Health Products. Factors that could cause sales for these products and other products to fluctuate include:

- an inability to produce products in sufficient quantities and with appropriate quality;
- the loss of or reduction in orders from key customers;
- variable or decreased demand from the Company's customers;
- the Company's customers' inventory of Commercial Health Products;
- the receipt of relatively large orders with short lead times; and
- the Company's customers' expectations as to how long it takes the Company to fill future orders.

Some additional factors that could cause the Company's operating results to fluctuate include:

- weakness in the global economy and changing market conditions; and
- general economic conditions affecting the Company's target industries.

Each of these factors has impacted, and may in the future impact, the demand for the Company's products and its quarterly operating results. Although the Company is expanding its customer base, the Company expects that these customers will in the aggregate continue to account for a substantial portion of revenues for the foreseeable future.

The Company's stock price is highly volatile, and you may not be able to sell your shares of its common stock at a price greater than or equal to the price you paid for such shares.

The market price of the Company's common stock is extremely volatile. To demonstrate the volatility of its stock price, during the twelve-month period ending on March 1, 2004, the volume of the Company's common stock traded on any given day has ranged from 0 to 779,900 shares. Moreover, during that period, its common stock has traded as low as $0.08 per share and as high as $0.90 per share, a 1,125% difference. This may impact your decision to buy or sell the Company's common stock. Factors affecting the Company's stock price include:

- the Company's financial results;
- fluctuations in the Company's operating results;
- announcements of technological innovations or new commercial health care products or therapeutic products by the Company or its competitors;
- government regulation;
- developments in patent or other proprietary rights;
- developments in the Company's relationship with customers; and
- general market conditions.

Furthermore, volatility in the stock price of other companies has often led to securities class action litigation against those companies. Any such securities litigation against the Company could result in substantial costs and divert management's attention and resources, which could seriously harm the Company's business and financial condition.

The Company depends on a single supplier for its bSOD product and the Company might be unable to maintain sales of its bSOD product if shipments from this supplier are delayed or interrupted.

The Company depends on a single supplier to provide bSOD in required volumes, and at appropriate quality and reliability levels. If supplies from this vendor were delayed or interrupted for any reason, the Company might not be able to get manufacturing equipment, produce bSOD, or develop an alternative supplier relationship in a timely fashion or in sufficient quantities or under acceptable terms.

The Company's success will require that it establish a strong intellectual property position and that it can defend itself against intellectual property claims from others.

Maintaining a strong patent position is important to the Company's competitive advantage. Litigation on these matters has been prevalent in the Company's industry and the Company expects that this will continue. Patent law relating to the scope of claims in the technology fields in which the Company operates is still evolving and the extent of future protection is highly uncertain, so there can be no assurance that the patent rights that the Company has or may obtain will be valuable. Others may have filed, or may in the future file, patent applications that are similar or identical to the Company's. To determine the priority of inventions, the Company may have to

participate in interference proceedings declared by the United States Patent and Trademark Office that could result in substantial costs in legal fees and could substantially affect the scope of the Company's patent protection. The Company cannot assure investors that any such patent applications will not have priority over the Company's patent applications. Further, the Company may choose to abandon certain issued United States and international patents that it deems to be of lesser importance to the strategic direction of the Company, in an effort to preserve its financial resources. Abandonment of patents could substantially affect the scope of the Company's patent protection. In addition, the Company may in future periods incur substantial costs in litigation to defend against patent suits brought by third parties or if the Company initiates such suits.

In addition to patent protection, the Company also relies upon trade secret protection for its confidential and proprietary information. There can be no assurance, however, that such measures will provide adequate protection for its trade secrets or other proprietary information. In addition, there can be no assurance that trade secrets and other proprietary information will not be disclosed, that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to or disclose the Company's trade secrets and other proprietary information. If the Company cannot obtain, maintain or enforce intellectual property rights, competitors can design and commercialize competing technologies.

The Company may face challenges from third parties regarding the validity of its patents and proprietary rights, or from third parties asserting that the Company is infringing their patents or proprietary rights, which could result in litigation that would be costly to defend and could deprive the Company of valuable rights.

Extensive litigation regarding patents and other intellectual property rights has been common in the biotechnology and pharmaceutical industries. The defense and prosecution of intellectual property suits, United States Patent and Trademark Office interference proceedings, and related legal and administrative proceedings in the United States and internationally involve complex legal and factual questions. As a result, such proceedings are costly and time-consuming to pursue and their outcome is uncertain. Litigation may be necessary to:

- enforce patents that the Company own or license;
- protect trade secrets or know-how that the Company own or license; or
- determine the enforceability, scope and validity of the proprietary rights of others.

The Company's involvement in any litigation, interference or other administrative proceedings could cause it to incur substantial expense and could significantly divert the efforts of its technical and management personnel. An adverse determination may subject the Company to loss of its proprietary position or to significant liabilities, or require it to seek licenses that may not be available from third parties. An adverse determination in a judicial or administrative proceeding, or a failure to obtain necessary licenses, may restrict or prevent the Company from manufacturing and selling its products. Costs associated with these arrangements may be substantial and may include ongoing royalties. Furthermore, the Company may not be able to obtain the necessary licenses on satisfactory terms, if at all. These outcomes could materially harm the Company's business, financial condition and results of operations.

The Company may be exposed to liability due to product defects.

The risk of product liability claims is inherent in the testing, manufacturing, marketing and sale of the Company's products. The Company may seek to acquire additional insurance for liability risks. The Company may not be able to obtain such insurance or general product liability insurance on acceptable terms or in sufficient amounts. A product liability claim or recall could have a serious adverse effect on the Company's business, financial condition and results of operations.

Disclosure controls are no assurance that the objectives of the control system are met.

The Company's management, including the principal executive officer and principal financial officer, does not expect that our disclosure controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, 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, could have been detected and/or prevented.

ITEM 7. FINANCIAL STATEMENTS

Board of Directors and Shareholders
OXIS International, Inc.
Portland, OR

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of OXIS International, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2003, and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OXIS International, Inc. as of December 31, 2003, and 2002, and the results of its operations, shareholders equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred recurring losses from operations resulting in an accumulated deficit of $59,494,000 at December 31, 2003. This condition raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this issue are also discussed in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ WILLIAMS & WEBSTER, P.S.
Certified Public Accountants

Spokane, WA
February 13, 2004

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OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

	December 31, 2003	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 372	$ 424
Accounts receivable, net of allowance of $4 and $5 respectively	251	188
Inventories	295	301
Prepaid expenses and other current assets	139	138
Total current assets	1,057	1,051
Property, plant and equipment, net	42	62
Technology for developed products, net	101	224
Patents and patents pending, net	733	594
Other assets	30	54
Total assets	$ 1,963	$ 1,985
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Note payable to shareholder	$ 160	$ 160
Accounts payable	609	321
Accrued liabilities	220	166
Accrued payroll	104	107
Customer deposits	—	13
Total current liabilities	1,093	767
Commitments and contingencies (Notes 1 and 10)		
Shareholders' equity:		
Convertible preferred stock—$.01 par value; 15,000,000 shares authorized:		
Series B—428,389 shares issued and outstanding (aggregate liquidation preference of $1,000,000)	4	4
Series C—96,230 shares issued and outstanding	1	1
Series F—0 shares issued and outstanding at December 31, 2003; 1,500,000 shares issued and outstanding at December 31, 2002	—	15
Common stock—$.001 par value; 95,000,000 shares authorized; 26,427,920 and 10,005,614 shares issued and outstanding at December 31, 2003 and 2002	26	10
Stock options	123	—
Warrants	236	2,009
Additional paid-in capital	60,365	58,327
Accumulated deficit	(59,494)	(58,703)
Accumulated other comprehensive loss	(391)	(445)
Total shareholders' equity	870	1,218
Total liabilities and shareholders' equity	$ 1,963	$ 1,985

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

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OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of dollars, except earnings per share data)

	Years Ended December 31,	
	2003	2002
Revenue	$ 2,740	$ 2,050
Cost of revenue	1,496	1,140
Gross profit	1,244	910
Operating expenses:		
Research and development	369	463
Sales, general and administrative	1,648	1,320
Total operating expenses	2,017	1,783
Operating loss	(773)	(873)
Other income and expenses:		
Other income	8	62
Interest income	1	7
Interest expense	(14)	(18)
Total other income and expenses	(5)	51
Loss before income taxes	(778)	(822)
Income taxes	—	—
Net loss from continued operations	(778)	(822)
Discontinued operations (net of taxes)	(13)	—
Net loss	(791)	(822)
Other comprehensive income (loss)		
Foreign currency translation adjustment	54	(17)
Comprehensive loss	$ (737)	$ (839)
Net loss per share—basic and diluted	$ (.04)	$ (.08)
Weighted average number of shares used in computation—basic and diluted	18,205,164	9,814,142

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

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OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2003 and 2002

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Options & Warrants	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity
Balances, January 1, 2002	724,619	$ 7,000	9,660,458	$10,000	$ 1,670,000	$57,155,000	$(57,881,000)	$ (428,000)	$ 533,000
Shares issued in connection with Sales of Series F Preferred stock and warrants	1,500,000	15,000			15,000	1,146,000			1,500,000
Shares issued in connection with 1997 IMS business combination			100,000						
Options exercised			1,334						
Shares issued as part of non-cash Accounts payable settlement			210,491			24,000			24,000
Conversion of Series C preferred shares to common	(200,000)	(2,000)	57,778			2,000			
Cancellation of escrow shares From prior acquisition			(24,447)						
Reinstatement of expired warrants					324,000				
Net loss for year ended 12/31/02							(822,000)		(822,000)
Foreign currency translation adjustment								(17,000)	(17,000)
Other comprehensive loss									(839,000)
Balances, December 31, 2002	2,024,619	20,000	10,005,614	10,000	2,009,000	58,327,000	(58,703,000)	(445,000)	1,218,000
Shares issued in connection with 1997 IMS business combination			100,000						
Conversion of Series F preferred shares to common	(1,500,000)	(15,000)	15,000,000	15,000					
Issuance of new warrants					67,000	(67,000)			
Exercise of warrants			1,133,000	1,000	(258,000)	483,000			226,000
Options exercised			155,973			21,000			21,000
Options issued for accrued expenses and services					123,000				123,000
Expiration of warrants					(1,582,000)	1,582,000			
Shares issued for services			33,333			19,000			19,000
Net loss for year ended 12/31/03							(791,000)		(791,000)
Foreign currency translation adjustment								54,000	54,000
Other comprehensive									

loss									(667,000)
Balance, December 31, 2003	524,619	$ 5,000	26,427,920	$26,000	$ 359,000	$60,365,000	$(59,494,000)	$ (391,000)	$ 870,000

The accompanying notes are an integral part of this consolidated financial statement.

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OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	For years ended December 31,	
	2003	2002
Cash flows from operating activities:		
Net loss	$ (791)	$ (822)
Adjustments to reconcile net loss to cash used for operating activities:		
Depreciation and amortization	177	282
Stock and stock options issued for services	89	—
Gain on sale of investment	(8)	—
Discontinued operations	13	—
Changes in assets and liabilities:		
Accounts receivable	(63)	(39)
Inventories	6	(9)
Other current assets	(1)	(94)
Accounts payable	288	(268)
Customer deposits	(13)	(30)
Accrued payroll, payroll taxes and other	104	(28)
Other assets	(30)	—
Net cash used for operating activities	(229)	(1,008)
Cash flows from investing activities:		
Proceeds from sale of investment	62	—
Purchases of equipment	(13)	(6)
Additions to other assets	(147)	(174)
Net cash used for investing activities	(98)	(180)
Cash flows from financing activities:		
Repayment of short-term borrowings	—	(94)
Proceeds from issuance of preferred stock with warrants attached	—	1,500
Proceeds from exercise of warrants with warrants attached	226	—
Proceeds from exercise of stock options	21	—
Net cash provided by financing activities	247	1,406
Effect of exchange rate on cash	28	(15)
Net increase (decrease) in cash and cash equivalents	(52)	203
Cash and cash equivalents—beginning of year	424	221
Cash and cash equivalents—end of year	$ 372	$ 424
Cash paid for income taxes	$ —	$ —
Cash paid for interest	$ —	$ 5
Supplemental schedule of noncash operating and financing activities:		
Issuance of common stock for cancellation of notes and accrued interest	$ —	$ 24
Conversion of preferred stock into common stock	$ 15	$ 2
Expiration of warrants	$1,582	$ —
Issuance of stock options for accrued expenses and services	$ 123	$ —
Issuance of common stock for services	$ 19	$ —
Discontinued operations	$ 13	$ —

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2003 and 2002

1. Description of Business and Basis of Presentation

OXIS International, Inc. (the "Company") develops, manufactures and markets selected therapeutic and diagnostic products. The Company's research and development efforts are concentrated principally in the development of products to diagnose, treat and prevent diseases associated with free radicals and reactive oxygen species. The Company is headquartered in Portland, Oregon. The Company's fiscal year end is December 31.

Assays to measure markers of oxidative stress are manufactured by the Company in the United States and are sold directly to researchers and to distributors for resale to researchers, primarily in Europe, the United States and Japan. The Company also sells pharmaceutical forms of superoxide dismutase (SOD) for human and research veterinary use.

The Company is structured into two wholly owned subsidiaries, OXIS Health Products, Inc. and OXIS Therapeutics, Inc. The Company's commercial health products business, which markets research and commercial diagnostic assays and fine chemicals to research and clinical laboratories and other customers, has been carried out by OXIS Health Products, Inc. The Company's pharmaceutical and nutraceutical discovery and research business, which is focused on new drugs and compounds to treat diseases associated with tissue damage from free radicals and ROS, is being carried out by OXIS Therapeutics, Inc.

Consolidated within OXIS Health Products, Inc. is OXIS Instruments, Inc., incorporated in Pennsylvania. OXIS Instruments, Inc. closed in July 2001 at which time all employees of the instruments manufacturing facility were terminated. The final transactions of the business occurred in November 2003.

Consolidated within OXIS Therapeutics, Inc., incorporated in Delaware is OXIS Acquisition Corporation, incorporated in Delaware; OXIS International, S.A., incorporated in France; OXIS Isle of Man Limited, incorporated in the Isle of Man and OXIS International (UK) Limited, incorporated in the United Kingdom. OXIS Acquisition Corporation holds the remaining assets of the Therox acquisition. OXIS International S.A. holds the remaining liability of the French acquisition. OXIS Isle of Man Limited holds the technology of the Bioxytech acquisition. OXIS International (UK) Limited was closed in July 2001, and discontinued business in December 2003. See Note 7.

Going Concern—These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred recurring losses and at December 31, 2003 had an accumulated deficit of $59,494,000. These factors, among others, indicate that the Company may be unable to continue as a going concern for a reasonable period of time. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is contingent upon its ability to obtain additional financing, and/or generate revenue and cash flow to meet its obligations on a timely basis.

The Company expects that additional capital will be required during 2004 to develop the programs to increase revenues. If the Company is unable to generate additional funding through an increase in revenues, additional borrowings or raising additional capital during 2004 it intends to curtail its operations through the reduction of personnel and facility costs and by reducing its research and development efforts; however, no assurances can be given that it will be able to do so. If the Company were to be unable to sufficiently curtail its costs in such a situation, it might be forced to seek protection of the courts through reorganization, bankruptcy or insolvency proceedings.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

2. Significant Accounting Policies

This summary of significant accounting policies of OXIS International, Inc. is presented to assist in understanding the Company's financial statements. 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.

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

Cash equivalents consist of money market accounts with commercial banks.

Accounting method—The Company's financial statements are prepared using the accrual method of accounting.

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out method. Inventories at December 31, 2003 and 2002, consisted of the following:

	2003	2002
Raw materials	$101,000	$106,000
Work in process	65,000	61,000
Finished goods	129,000	134,000
Total	$295,000	$301,000

Property, plant and equipment is stated at cost. Depreciation of equipment is computed using the straight-line method over estimated useful lives of three to ten years. Leasehold improvements are amortized over the shorter of five years or the remaining lease term. Depreciation expense for the years ended December 31, 2003 and 2002 was $33,000 and $81,000, respectively.

Property, plant and equipment at December 31, 2003 and 2002, consisted of the following:

	2003	2002
Furniture and office equipment	$ 242,000	$ 286,000
Laboratory and manufacturing equipment	448,000	442,000
Leasehold improvements	63,000	63,000
Property, plant and equipment, at cost	803,000	791,000
Accumulated depreciation and amortization	(761,000)	(729,000)
Property, plant and equipment, net	$ 42,000	$ 62,000

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144") establishes a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. The Company does not believe any adjustments are needed to the carrying value of its assets at December 31, 2003.

Research and development costs are charged to operations as incurred.

Patents and technology for developed products—Technology for developed products was acquired in business combinations and is amortized over their estimated useful lives of seven to ten years. Accumulated amortization of technology for developed products was $1,431,000 and $1,262,000 as of December 31, 2003 and 2002, respectively. Patents are being amortized on a straight-line basis over the shorter of the remaining life of the patent or ten years. A total of $617,000 of patents pending approval is not currently being amortized. Accumulated amortization as of December 31, 2003 and 2002 is $42,000 and $33,000, respectively. In accordance with SFAS No. 144, the Company periodically reviews net cash flows from sales of products and projections of net cash flows from sales of products on an undiscounted basis to assess recovery of intangible assets.

Compensated absences—Employees of the Company are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. The Company accrues vacation expense throughout the year and is reflected in accrued payroll.

Derivative instruments—The Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB No. 133", SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. They require that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value.

If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts to hedge existing risks or for speculative purposes.

At December 31, 2003 and 2002, the Company has not engaged in any transactions that would be considered derivative instruments or hedging activities.

Stock-based compensation—The Company accounts for common stock issued to employees in accordance with Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees."

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Under APB 25, the Company recognizes compensation expense as shares are earned under terms of various employment agreements based on the fair value of the common stock. Fair value is calculated using the average cash sales price of the Company's common stock during each month in which the shares are earned.

The Company accounts for common stock issued to non-employees using Financial Accounting Standard No. 123 ("FAS 123"), "Accounting for Stock-Based Compensation," and the provision of Emerging Issues Task Force No. 96-18 ("EITF 96-18"), "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services." All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the earlier of the date on which the counterparty's performance is complete or the date on which it is probable that performance will occur.

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

Shipping and handling income is included with revenue, while the associated costs are included with cost of sales.

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.

The Company's policy allows the accrual of interest on trade receivables 30 days after due date. A receivable is considered past due if payments have not been received by the terms set by the Company. When all internal collection efforts have been exhausted, accounts are written off as uncollectible and turned over for collection. Interest is assessed at the discretion of the Company.

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 $14,000 and $11,000 for the years ended December 31, 2003 and 2002, respectively.

Income taxes—Deferred income taxes, reflecting the net tax effects of temporary differences between the carrying amount of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes, are based on tax laws currently enacted. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. See Note 6.

Net loss per share—Net loss per share is computed based upon the weighted average number of common shares outstanding ("basic") and, if dilutive, the incremental shares issuable upon the assumed exercise of stock options or warrants and the assumed conversion of preferred stock ("dilutive"). Due to the net losses in 2003 and 2002, the computation of dilutive net loss per share is antidilutive and therefore is the same as basic.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Possible common stock dilutions include the following:

Preferred stock Series B	85,678 shares
Preferred stock Series C	27,800 shares
Warrants	1,577,500 shares
Qualified Stock Option Plans	3,707,911 shares
Non-qualified Stock Option Plans	778,168 shares

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date of the financial statements are published and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

Fair value of financial instruments—The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable, inventories, prepaid and other current assets, notes payable, customer deposits and accounts payable, accrued payroll and payroll taxes, and other accrued liabilities approximates fair value due to the short-term nature of the accounts.

New Accounting Pronouncements—In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" (hereinafter "SFAS No. 150"). SFAS No. 150 establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity and requires that those instruments be classified as liabilities in statements of financial position. Previously, many of those instruments were classified as equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company's adoption of this statement did not have an impact on the financial statements of the Company.

In April 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (hereinafter "SFAS No. 149"). SFAS No. 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". This statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 did not have an impact on the financial statements of the Company.

In December 2002, the Financial Accounting Standards Board issued Statement No. 148 ("SFAS No. 148") on "Accounting for Stock-Based Compensation-Transition and Disclosure." This statement provides alternative methods of transition for companies that choose to switch to the fair value method of accounting for stock options. SFAS No. 148 also makes changes in the disclosure requirements for stock-based compensation, regardless of which method of accounting is chosen. Under the new standard, companies must report certain types of information more prominently and in a more understandable format in the footnotes to the financial statements, and this information must be included in interim as well as annual financial statements. The Company has complied with the disclosure requirements of SFAS No. 148 in these financial statements.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

In October 2002, the Financial Accounting Standards Board issued Statement No. 147 ("SFAS No. 147") on "Acquisitions of Certain Financial Institutions." This statement provides guidance on the accounting for the acquisition of a financial institution. The Company's adoption of this standard does not have an effect on its financial statements.

In June 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"). SFAS No. 146 addresses significant issues regarding the recognition, measurement, and reporting of costs associated with exit and disposal activities, including restructuring activities. SFAS No. 146 also addresses recognition of certain costs related to terminating a contract that is not a capital lease, costs to consolidate facilities or relocated employees, and termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS No. 146 is effective for activities after December 31, 2002. There has been no impact on the Company's financial position or results of operations from adopting SFAS No. 146.

In April 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 145, "Rescission of SFAS Statements No. 44, 4 and 64, Amendment of SFAS Statement No. 13, and Technical Corrections" ("SFAS No. 145"), which updates, clarifies and simplifies existing accounting pronouncements. SFAS No. 4, which required all gains and losses from the extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related tax effect, was rescinded. As a result, SFAS No. 64, which amended SFAS No. 4, was rescinded, as it was no longer necessary. SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," established the accounting requirements for the effects of transition to the provisions of the Motor Carrier Act of 1980. Since the transition has been completed, SFAS No. 44 is no longer necessary and has been rescinded. SFAS No. 145 amended SFAS No. 13 to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The Company's adoption of SFAS No. 145 did not have an effect on its financial statements.

3. Note Payable to Shareholder

Note payable to shareholder at December 31, 2003 and 2002 consisted of a $160,000, 8% unsecured note which was originally due in May 1997 and is, therefore, delinquent. The amount is currently due on demand.

4. Shareholders' 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, 2003, the final increment of 100,000 shares of common stock was issued to former shareholders of Innovative Medical Systems Corp. under the terms of the Company's 1997 acquisition agreement with that entity. A total of 15,000,000 shares of common stock was issued from the conversion of all Series F preferred stock. A total of 155,973 shares of common stock was issued to employees and consultants upon the exercise of stock options at an average price of $0.13 per shares. A total of 33,333 shares was issued to a consultant for services valued at $19,000, or $0.57 per share. In addition, a total of 1,133,000 shares was issued for warrants exercised at a price of $0.20 per share.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Preferred Stock—Terms of the preferred stock are fixed by the Board of Directors at such time as the preferred stock is issued. The 428,389 outstanding shares of Series B Preferred Stock are convertible into and have voting rights equivalent to 85,678 shares of common stock. The Series B Preferred Stock has certain preferential rights with respect to liquidation and dividends. Holders of Series B Preferred Stock are entitled to noncumulative annual dividends at the rate of $0.115 per share if and when declared by the Company's Board of Directors.

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 nor more than .2889 common shares for each Series C Preferred share. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C Preferred Stock into common stock if the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds $13.00. Each share of Series C Preferred Stock is entitled to the number of votes equal to .26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C Preferred Stock were purchased. 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 after the payment of dividends on Series B Preferred Stock if and when declared by the Company's Board of Directors.

On March 7, 2002, the Company consummated the sale of 1.5 million shares of its Series F preferred stock to Meridian Financial Group L.L.P. ("Meridian") at a price of $1 per share, paid in cash. Each share of Series F preferred stock was initially convertible into ten (10) shares of the Company's common stock. As part of the sale, the Company also issued a warrant granting Meridian the right to purchase up to 1.5 million shares of common stock at $1.00 per share. In June 2003, Meridian converted its shares of Series F Preferred Stock into 15,000,000 shares of the Company's Common Stock and distributed such shares, and the 1,500,000 warrants, to its members/investors and to Triax Capital Management, Inc. ("Triax") as managing member. Triax in turn distributed its shares of the Company's Common Stock allocated to it as managing member to its shareholders.

Stock Warrants—During July 2003, the board of directors of the Company agreed to unilaterally offer to all holders of warrants a reduced exercise price for a limited period of time. The exercise price for these warrants was reduced to $0.20 per share, and the maturity date for 598,449 warrants issued in 1998 was extended to August 11, 2003. The exercise price for these warrants was previously $1.00 per share. All warrants issued prior to July 1998 had lapsed and were not affected by this board action. The decrease of exercise price did not result in any change to the outstanding value of the warrants. Pursuant to the offered reduced exercise price, a total of 1,133,000 warrants were exercised at an aggregate purchase price of $226,600. As part of the offer, with each share of stock issued one new warrant was issued having a $1.00 exercise price and a two-year life.

Warrants to purchase 1,985,678 common shares at an exercise price of $1.00 that were issued in connection with the sale of common shares during 1998 expired in April and May 2003.

Warrants to purchase 1,454,449 common shares at an exercise prices of $1.00 that were issued in connection with the sale of common shares during 2000 expired in May 2003.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Stock Options—The Company has a stock incentive plan under which 4,250,000 shares of the Company's common stock are reserved for issuance (the "1994 Plan"). The 1994 Plan permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights.

During the 2003 Annual Meeting of Stockholders held in June 2003, the stockholders approved the adoption of the 2003 Stock Incentive Plan ("2003 Plan"), effective July 1, 2003. The 2003 Plan, under which 3,000,000 shares of the Company's common stock is reserved, 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, 2003, options issued pursuant to the 1994 Plan to acquire 3,548,442 shares of common stock at exercise prices ranging from $0.085 to $17.50, and options issued pursuant to the 2003 Plan to acquire 159,469 shares of common stock at an exercise price of $0.57 remained outstanding. Options issued outside the Plans to acquire 778,168 shares of common stock at exercise prices of $0.085 to $8.438.

Options granted and outstanding under the plans as of December 31 are summarized as follows:

	2003		2002	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	2,834,041	$ 1.28	1,856,791	$ 1.88
Granted	1,520,469	.39	993,000	0.16
Exercised	(111,465)	(.14)	(1,334)	(.09)
Forfeitures	(535,134)	(1.68)	(14,416)	(1.54)
Outstanding at end of year	3,707,911	$ 0.89	2,834,041	$ 1.28
Exercisable at end of year	3,328,686	$ 0.94	2,173,823	$ 1.50
Fair market value of options granted during the year		$ 0.35		$ 0.11

The number of shares under option, weighted average exercise price and weighted average remaining contractual life of all options outstanding as of December 31, 2003, by range of exercise price was as follows:

Range of exercise price	Shares	Weighted average exercise price	Weighted average remaining life
$ 0.08—$ 0.88	3,201,961	$ 0.29	8.78 years
$ 1.31—$ 1.91	242,750	$ 1.88	7.05 years
$ 2.12—$ 4.53	107,400	$ 3.22	4.19 years
$ 5.75—$ 8.45	116,800	$ 7.99	2.38 years
$11.25—$17.50	39,000	$ 15.91	1.02 years

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

The number of shares under option and weighted average exercise price of options exercisable as of December 31, 2003, by range of exercise price was as follows:

Range of exercise price	Shares	Weighted average exercise price
$ 0.08—$ 0.88	2,862,736	$ 0.30
$ 1.31—$ 1.91	202,750	$ 1.87
$ 2.12—$ 4.53	107,400	$ 3.22
$ 5.75—$ 8.45	116,800	$ 7.99
$11.25—$17.50	39,000	$ 15.91

The Company applies the intrinsic value based method described in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock options granted to employees. Accordingly, since the exercise price of all options issued under the plans have been greater than or equal to the fair market value of the stock at the date of issue of the options, no compensation cost has been recognized for options granted under the plans. Had compensation cost for options granted under the plans been determined based on the fair value at the grant dates in a manner consistent with the method determined under Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," the net loss and net loss per share for 2003 and 2002 would have been changed to the pro forma amounts indicated below:

	2003	2002
Net loss:		
As reported	$ (791,000)	$(822,000)
Pro forma	$(1,281,000)	$(930,000)
Net loss per share—basic and diluted:		
As reported	$ (0.04)	$ (0.08)
Pro forma	$ (0.07)	$ (0.09)

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

	Grants issued in	
	2003	2002
Dividend yield	0%	0%
Expected volatility	107%	105%
Risk-free interest rate	4.7%	4.7%
Expected lives	10 years	10 years

The weighted average fair value as of the option date was computed to be $0.35 per share for options issued during 2003, $0.11 per share for options issued during 2002.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

The following is a summary of the Company's equity compensation plans at December 31, 2003:

	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plan approved by security holders	3,707,911	$ 0.89	3,542,089
Equity compensation plan not approved by security holders	—	$ —	—
Total	3,707,911		3,542,089

At December 31, 2003 the Company had the following additional stock options outstanding that were not issued pursuant to its stock incentive plans.

Year Granted	# Options	Exercise Price Range	Year of Expiration
1996	7,000	$8.44	2006
2000	25,000	$1.38	2005
2001	78,438	$0.085	2011
2002	57,730	$0.12 to $0.22	2007
2002	7,500	$0.25	2005
2002	1,500	$0.15	2012
2003	255,000	$0.15 to $0.31	2006
2003	300,000	$0.14	2008
2003	46,000	$0.15 to $0.53	2013

5. Other Income

During the first quarter of 2003, the Company sold its equity interest in Caprius Inc., resulting in other income of $8,000. In association with the closing of the Company's instrument manufacturing facility in 2001, during the first quarter of 2002, the Company settled certain trade payables with creditors resulting in other income of $62,000.

6. Income Taxes

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

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

	2003	2002
Deferred tax assets:		
Federal net operating loss carryforward and capitalized research and development expenses	$ 9,587,000	$ 9,385,000
Federal R&D tax credit carryforward	491,000	547,000
State net operating loss carryforward and capitalized research and development expenses	1,127,000	1,032,000
Other	55,000	55,000
Deferred tax liabilities—book basis in excess of noncurrent assets acquired in purchase transactions	(142,000)	(142,000)
Net deferred tax assets	11,118,000	10,877,000
Valuation allowance	(11,118,000)	(10,877,000)
Net deferred taxes	$ —	$ —

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

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

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Tax Carryforwards—At December 31, 2003, the Company had net operating loss carryforwards of approximately $10,737,000 to reduce United States federal taxable income in future years, and research and development tax credit carryforwards of $491,000 to reduce United States federal taxes in future years. These carryforwards expire as follows:

Year of expiration	United States net operating loss carryforward	R&D tax credit carryforward
2004	$ 5,000	$ 34,000
2005	25,000	46,000
2006	44,000	176,000
2007	4,000	18,000
2008-2021	10,659,000	217,000
No expiration	—	—
	$ 10,737,000	$ 491,000

During 2002, the Company issued preferred stock with voting rights, which would be regarded as a control change under the Internal Revenue Code (IRC). Under IRC Section 382, a control change will limit the utilization of the net operating losses. The Company has not determined the effects of any limitations on the value of net operating losses or any tax credits outstanding prior to the control change.

7. Discontinued Operations

During December 2003, the Company made the decision to discontinue the operations of the United Kingdom subsidiary. As the result of this decision, there is a loss of $13,000 for accumulated translation adjustments.

8. Operating Segments

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company accounts for inter-segment sales at cost. General corporate expenses were allocated equally to the health products and therapeutics development segments in 2003 and 2002.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

The following tables present information about the two segments for 2003 and 2002:

	Health products	Therapeutic development	Total
Year ended December 31, 2003:			
Revenues from external customers	$2,740,000	$ —	$2,740,000
Interest income	1,000	—	1,000
Interest expense	—	(14,000)	(14,000)
Depreciation and amortization	36,000	141,000	177,000
Net loss	(69,000)	(722,000)	(791,000)
Expenditures for long-lived assets	37,000	123,000	160,000
As of December 31, 2003—			
Segment assets	1,156,000	807,000	1,963,000

	Health products	Therapeutic development	Total
Year ended December 31, 2002:			
Revenues from external customers	$2,050,000	$ —	$2,050,000
Interest income	4,000	3,000	7,000
Interest expense	(5,000)	(13,000)	(18,000)
Depreciation and amortization	49,000	212,000	261,000
Net loss	(147,000)	(675,000)	(822,000)
Expenditures for long-lived assets	41,000	127,000	168,000
As of December 31, 2002—			
Segment assets	1,121,000	864,000	1,985,000

Revenues from external customers for the years ended December 31, 2003 and 2002 were as follows:

	2003	2002
Assays and fine chemicals	$2,056,000	$1,489,000
Medical instruments	12,000	17,000
SOD for human and research use	562,000	380,000
Other	110,000	164,000
Total	$2,740,000	$2,050,000

Revenues attributed to countries based on the location of customers:

	2003	2002
United States	$1,239,000	$1,110,000
Spain	596,000	402,000
Japan	333,000	155,000
France	259,000	106,000
Korea	67,000	40,000
United Kingdom	39,000	42,000
Other foreign countries	207,000	195,000
	$2,740,000	$2,050,000

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

9. Concentrations

Bank Accounts—The Company maintains cash in money market accounts. The funds on deposit are not insured by the FDIC, and therefore, a approximately $372,000 is at risk on December 31, 2003.

Foreign Operations—The accompanying balance sheet includes approximately $2,000 in a foreign bank account and $106,000 of other assets relating to the Company's subsidiaries in Europe. Although the countries are considered politically and economically stable, it is always possible that unanticipated events in foreign countries could disrupt the Company's operations.

Customers—In 2003, three customers comprise approximately 40% of the Company's sales.

10. Commitments and Contingencies

The Company leases their facilities in Oregon under an operating lease that expires in November 2004. Minimum lease payments to which the Company is committed is $125,000 in 2004.

Rental and occupancy expenses included in the accompanying statements of operations was $152,000 in 2003 and $120,000 in 2002.

In 1995, the Company consummated the acquisition of Therox Pharmaceuticals, Inc. ("Therox") pursuant to a transaction wherein Therox was merged with and into a wholly owned subsidiary of the Company. In addition to the issuance of its common stock to Therox shareholders, the Company agreed to make payments of up to $2,000,000 to the Therox stockholders based on the successful commercialization of Therox technologies. As of December 31, 2003, no additional payments have been made. The Company has not recorded a liability associated with this agreement because the Company does not believe that it has successfully commercialized any of the Therox technologies acquired.

In 1997, the Company consummated the acquisition of Innovative Medical Systems Corp. ("IMS") pursuant to a transaction whereby the Company acquired all of the outstanding stock of IMS in exchange for 200,000 shares of the Company's common stock issued immediately and additional shares to be issued. The name of IMS was changed to OXIS Instruments, Inc. during 1998. Additional common shares were to be issued to former IMS shareholders annually through 2003. The number of additional common shares which may have been issued to former IMS shareholders depended on, among other things, future annual revenues of OXIS Instruments Inc. through 2002 and on the market price of the Company's common stock. During each of the years 2003 and 2002, the Company issued 100,000 shares (the minimum number of shares required under the original agreement) to the former IMS shareholders.

French filing obligations—In 1997, the Company completed an offering of its common stock to European investors, and listed the resulting shares on the Nouveau Marché in France. The Company has been notified that a Paris lower court (Tribunal de grande instance de Paris) on November 12, 2003, issued an order (the "Order") requiring the Company (i) to file its 2002 Document de Reference ("2002 Reference Document") as required under French law and the regulations of the Autorité des marchés financiers (the "AMF"), the French regulatory agency overseeing the Nouveau Marché, within eight days of the court's Order ("filing deadline") and (ii) if the Company has not filed with the AMF its 2002 Reference Document by the filing deadline, to pay a fine of 1,500 Euros for each day until it files its 2002 Reference Document with the AMF. The AMF is also engaged in a separate pending investigation relating to the Company's financial information disclosure since December 1, 1999 (the "Investigation"). Since issuance of the Order, the Company has since filed its 2002 Reference

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Document with the AMF and is in the process of responding to comments from the AMF regarding that filing. The Company has also appealed the Order to the extent that it imposes fines on the Company. Meanwhile, the Company continues discussions with the AMF to resolve these filing issues and the Investigation and avoid the payment of any fines. In the event the Company fails to resolve these issues with the AMF, the Company may incur further substantial costs and fines. No assurances can be given that the Company will be able to settle these matters with the AMF, or if it does settle these matters with the AMF, that it can do so on terms favorable to the Company. The Company intends to seek the delisting of its stock from trading on the Nouveau Marché.

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

11. Subsequent Events

Axonyx—Throughout the first ten weeks of 2004, Axonyx Inc. acquired a controlling position in the Company's outstanding voting stock. Under the terms of the agreements with several of the Company's shareholders (including shareholders that received stock directly or indirectly from Meridian and/or Triax as referenced above), Axonyx acquired approximately 14 million shares of the Company's common stock, representing approximately 52.4% of the Company. Together with shares of Company common stock currently held by Marvin S. Hausman, M.D., Axonyx's Chairman and CEO, the Axonyx affiliated group controls approximately 56.8% of the Company's voting stock.

In connection with such acquisitions of Company common stock, representatives of Axonyx expressed their intent to have discussions with management and with members of the Company's Board of Directors about possible changes in management and on the Board and about strategies for maximizing and enhancing shareholder value. The Company and Axonyx discussed implementation of Axonyx's intent to change the composition of the Board, and reached an understanding with respect thereto (the "Understanding"). On March 10, 2004, Company directors William G. Pryor, Ted Ford Webb and Thomas M. Wolf resigned from the Company's Board of Directors, effective upon the satisfaction of certain conditions and at the later of: (i) 8:00 p.m. (Pacific) on the day following the filing with the Securities and Exchange Commission of the Company's Report on Form 10-K for the year ending December 31, 2003; and (ii) 8:00 p.m. (Pacific) on the tenth day after the Company has filed with the SEC, and transmitted to all holders of record of securities of the Company who would be entitled to vote at a meeting for election of directors ("Shareholders"), an information statement meeting the requirements of Rule 14f 1 (the "Information Statement"). Shortly after receipt of such resignations, the Company's Board of Directors on March 10, 2004 appointed each of Gosse Bruinsma, Colin Neill, Gerard Vlak and Steven Ferris to serve as a director of the Company effective at the later of: (i) 8:01 p.m. (Pacific) on the day following the filing with the Securities and Exchange Commission of the Company's Report on Form 10-K for the year ending December 31, 2003; and (ii) 8:01 p.m. (Pacific) on the tenth day after the Company has filed with the SEC and transmitted to all Shareholders the Information Statement.

Bridge Financing—On January 9, 2004, the Company completed a private placement of securities, pursuant to which (i) certain investors paid to the Company $570,000 in the aggregate, (ii) the Company issued promissory notes to the investors in principal amount of $570,000 in the aggregate, which promissory notes are convertible in due course into up to 1,425,000 shares of the Company's common stock or into up to 3,800,000 shares of common stock in the event of a default by the Company, and (iii) the Company issued warrants to the investors exercisable for up to 1,250,000 shares of common stock at an exercise price of $0.50 per share.

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Years Ended December 31, 2003 and 2002

Other matters—An issuance of 94,961 shares of common stock at approximately $0.20 per share is expected to take place during 2004 in settlement of an accounts payable debt of $19,000.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 8A. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in this report. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

There has been no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The information required by this item is incorporated herein by reference to the material contained under the caption "Proposal No. 1 —Election of Directors" in the Company's definitive proxy statement for the 2004 Annual Meeting of Shareholders.

ITEM 10. EXECUTIVE COMPENSATION.

The information required under this item is incorporated herein by reference to the material contained under the caption "Compensation of Executive Officers" in the Company's definitive proxy statement for the 2004 Annual Meeting of Shareholders.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required under this item is incorporated herein by reference to the material contained under the caption "Proposal No. 1—Election of Directors" in the Company's definitive proxy statement for the 2004 Annual Meeting of Shareholders.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required under this item is incorporated herein by reference to the material contained under the caption "Proposal No. 1—Election of Directors" in the Company's definitive proxy statement for the 2004 Annual Meeting of Shareholders.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits specified by item 601 of Regulation S-B.

See Exhibit Index—page 44.

(b) Reports on Form 8-K.

On November 20, 2003 the Company furnished a Report on Form 8-K stating that on November 19, 2003, the Company released a public press statement announcing its financial results for quarter ended September 30, 2003.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees—The Company incurred aggregate fees and expenses of $44,000 and $41,000, respectively, from Williams & Webster, P.S. for the fiscal years 2003 and 2002 annual audit and for review of the Company's consolidated financial statements included in its Forms 10-QSB for the 2003 and 2002 fiscal years.

Audit Related Fees—None.

Tax Fees—The Company incurred aggregate fee and expenses of $5,000 and $5,000, respectively, from Williams & Webster, P.S. for the fiscal years 2003 and 2002 for professional services rendered for tax compliance, tax advice and tax planning.

All Other Fees—None.

The Company intends to continue using Williams & Webster, P.S. solely for audit and audit-related services, tax consultation and tax compliance services, and, as needed, for due diligence in connection with potential acquisitions, if any.

The Company's Audit Committee is to pre-approve all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated pre-approval authority to its Chairman when expedition of services is necessary. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date.

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SIGNATURES

In accordance with 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 26, 2004

OXIS International, Inc.
Registrant

By: /s/ RAY R. ROGERS

Ray R. Rogers
President, Chief Executive Officer

By: /s/ SHARON ELLIS

Sharon Ellis
Principal Financial and Accounting Officer

In accordance with the Exchange Act, this report has been signed below by the following directors on behalf of the Registrant.

/s/ RICHARD A. DAVIS	March 26, 2004
Richard A. Davis	
/s/ GERALD PRYOR	March 26, 2004
Gerald Pryor	
/s/ RAY R. ROGERS	March 26, 2004
Ray R. Rogers	
/s/ TED FORD WEB	March 26, 2004
Ted Ford Web	
/s/ TIMOTHY C. RODELL	March 26, 2004
Timothy C. Rodell	
/s/ THOMAS M. WOLF	March 26, 2004
Thomas M. Wolf	

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EXHIBIT INDEX

Exhibit Number	Description of Document	Page
2(a)	Share Exchange Agreement by and among Innovative Medical Systems Corp., OXIS International, Inc and each of the shareholders who are signatories thereto	(1)
3(a)	Restated Certificate of Incorporation as filed in Delaware September 10, 1996 and as thereafter amended through March 1, 2002	(2)
3(b)	Bylaws of the Company as restated effective September 7, 1994 and as amended through April 29, 2003	(3)
4(a)	Forms of Common Stock and Warrant Purchase Agreement, Warrant to Purchase Common Stock, and Registration Rights Agreement Regarding Private Placement March-April, 2000	(4)
10(a)	OXIS International, Inc. Series B Preferred Stock Purchase Agreement dated July 18, 1995	(5)
10(b)	Series C Preferred Stock Subscription and Purchase Agreement (form); dated April 1996 (1,774,080 shares in total)	(6)
10(c)	Form of Promissory Notes dated March 27, 1997—April 24, 1997	(7)
10(d)	Subscription Agreement, Warrant to Purchase Common Stock and Form of Subscription dated July 2003—August 2003	
10(e)	Executive Separation and Employment Agreement dated April 3, 2000, between the Company and Ray R. Rogers	(8)
10(f)	Addendum to Executive Separation and Employment Agreement between OXIS International, Inc. and Ray R. Rogers dated August 1, 2001	(9)
10(g)	Employment Agreement between OXIS International, Inc. and Ray R. Rogers dated June 1, 2003	
10(h)	Employment Agreement between OXIS International, Inc. and Sharon Ellis dated June 1, 2003	
10(i)	Note and Warrant Purchase Agreement, dated January 9, 2004	
10(j)	Form of Convertible Promissory Note, dated January 9, 2004	
10(k)	Form of Warrant to Purchase Common Stock, dated January 9, 2004	
21(a)	Subsidiaries of OXIS International, Inc.	
23(b)	Independent Auditors' Consent.	
31(a)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31(b)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32(a)	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32(b)	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

(1) Incorporated by reference to the Company's Form 8-K Current Report, dated January 15, 1998.
(2) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
(3) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.

(4) Incorporated by reference to the Company's Form 8-K Current Report dated March 3, 2000.
(5) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.
(6) Incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
(7) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997.
(8) Incorporated by reference to the Company's Form S-3 Registration Statement No. 333-40970 filed July 7, 2000 and effective December 22, 2000.
(9) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.

EXHIBIT 10(d)
OXIS INTERNATIONAL, INC.
SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement") is entered into as of _____, 2____ (the "Effective Date"), by and between OXIS International, Inc., a Delaware corporation ("OXIS" or the "Corporation"), and _____ (the "Investor").

R E C I T A L S

WHEREAS, the Investor holds a warrant to purchase OXIS Common Stock ("Warrant");

WHEREAS, the Corporation has offered the Investor the opportunity to exercise the Warrant, in whole or in part, at a purchase price of $0.20 per share and receive a new warrant to purchase the same number of shares of OXIS Common Stock purchased pursuant to Section 1(a) hereof at a purchase price of $1.00 per share in the form attached hereto as Exhibit A (the "New Warrant");

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the parties to this Agreement hereby agree as follows:

A G R E E M E N T

1. Stock Purchase; Award of Warrant.

(a) Contemporaneously with the execution of this Agreement, the Corporation will sell and issue to Investor _____ shares of Common Stock of the Corporation (the "Stock") at a purchase price of $0.20 per share, for a total purchase price of $_____ (the "Purchase Price"). Payment of the Purchase Price is to be made by the Investor to the Corporation by (i) check, or (ii) wire transfer of immediately available funds. All shares of Stock issued hereunder shall be issued to Investor as fully paid and nonassessable shares, and Investor shall have all rights of a shareholder with respect thereto.

(b) Contemporaneously with the execution of this Agreement, the Corporation will execute and deliver to the Investor the New Warrant which shall entitle the Investor to purchase _____ shares of OXIS Common Stock at the purchase price of $1.00 per share, pursuant to the terms herein and therein.

2. Investment Representations.

(a) This Agreement is made in reliance upon the Investor's representation to the Corporation, which by his, her or its acceptance hereof the Investor hereby confirms, that the shares of Stock, the New Warrant and the Common Stock issuable under the New Warrant to be received by he, she or it (collectively, the "Securities") will be acquired for investment for his, her or its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that he, she or it has no present intention of selling, granting participations in, or otherwise distributing the same, but subject nevertheless to any requirement of law that the disposition of his, her or its property shall at all times be within his, her or its control.

(b) The Investor understands that the Securities are not registered under the Securities Act of 1933, as amended (the "1933 Act"), on the basis that the sale provided for in this Agreement and the issuance of Securities hereunder or pursuant to the exercise of the New Warrant is or should be exempt from registration under the 1933 Act pursuant to Section 4(2) thereof, and that the Corporation's reliance on such exemption is predicated on the Investor's representations set forth herein and in the New Warrant. The Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely acquiring Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Investor does not have any such intention.

(c) The Investor understands that the Securities may not be sold, transferred, or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Securities or an available exemption from registration under the 1933 Act, the Securities must be held indefinitely. In particular, the Investor is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of such Rule are met. The Investor represents that, in the absence of an effective registration statement covering the Securities, he, she or it will sell, transfer, or otherwise dispose of the Securities only in a manner consistent with its representations set forth herein.

(d) The Investor agrees that in no event will he, she or it make a transfer or disposition of any of the Securities (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Investor shall have notified the Corporation of the proposed disposition and shall have furnished the Corporation with a statement of the circumstances surrounding the disposition and (ii) if requested by the Corporation, at the expense of the Investor or transferee, the Investor shall have furnished to the Corporation either (A) an opinion of counsel, reasonably satisfactory to the Corporation, to the effect that such transfer may be made without registration under the 1933 Act or (B) a "no action" letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto.

(e) The Investor has received and reviewed all information that he, she or it considers necessary or appropriate for deciding whether to purchase the Securities, including the information contained or referred to in Exhibit B attached hereto; the undersigned has had an opportunity to ask questions and receive answers from the Corporation regarding the terms and conditions of the offering of Securities and regarding the business, financial condition, properties, operations, prospects and other aspects of the Corporation and all such questions have been answered to the undersigned's full satisfaction; and the undersigned has further had the opportunity to obtain all information (to the extent that the Corporation possesses or can acquire such information without unreasonable effort or expense) which the undersigned deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to the undersigned.

(f) The undersigned has not relied on any information or representations with respect to the Corporation or the offering of the Securities, other than as expressly set forth herein. The undersigned understands that no person has been authorized to give any information or to make any representations other than those expressly contained herein.

(g) The undersigned is an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the 1933 Act.

(h) The undersigned represents that he, she or it has consulted with his, her or its own tax, investment and legal advisers with respect to the federal, state, local and foreign tax consequences arising from his, her or its purchase of the Securities to the extent the undersigned has determined it necessary to protect his, her or its own interest in connection with a subscription for the Securities in view of the undersigned's prior financial experience and present financial condition, and has relied on his, her or its own analysis and investigation and that of the undersigned's advisors in determining whether to invest in the Securities.

(i) The undersigned recognizes that (a) the Corporation's financial condition is very perilous, (b) an investment in the Securities involves a high degree of risk, and (c) no assurance or guarantee has or can be given that an investor in the Corporation will receive a return of his, her or its capital or realize a profit on such investor's investment.

(j) The undersigned has made equity investments in high risk companies or is experienced in business matters and regards himself, herself or itself as a sophisticated investor able to evaluate investment and financial information and has such knowledge and experience in financial and business matters that the undersigned is capable of evaluating the merits and risks of an investment in the Securities and has the capacity to protect the undersigned's own interests in connection with the undersigned's proposed investment in the Securities.

(k) The undersigned has determined that he, she or it can afford to bear the risk of the investment in the Securities, including loss of the entire investment in the Corporation and he, she or it will not experience personal hardship if such a loss occurs.

(l) The undersigned has all requisite power and capacity (if the undersigned is an individual) or authority (if the undersigned is an entity) to enter into this Agreement and to perform all the obligations required to be performed by the undersigned hereunder.

(m) The undersigned acknowledges and agrees that the information set forth in Section 2 of Exhibit B comprises material, non-public information which the Investor shall hold in strict confidence until the Corporation publicly releases its financial results for the quarter ended June 30, 2003.

3. Legends; Stop Transfer.

(a) All certificates for shares of the Stock shall bear substantially the following legends:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. THESE SECURITIES HAVE

NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

In addition, the Corporation may make a notation regarding the restrictions on transfer of the Stock in its stockbooks, and shares of the Stock shall be transferred on the books of the Corporation only if transferred or sold pursuant to an effective registration statement under the 1933 Act covering such shares or pursuant to and in compliance with the provisions of Section 2(d) hereof.

4. Notice. Any notice required to be given under the terms of this Agreement shall be addressed to the Corporation in care of its CEO at the office of the Corporation at 6040 N. Cutter Circle, Suite 317, Portland, Oregon 97217-3935, and any notice to be given to Investor shall be addressed to him at the address given by Investor beneath his, her or its signature to this Agreement, or such other address as either party to this Agreement may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office or branch post office regularly maintained by the United States.

5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Corporation. Where the context permits, "Investor" as used in this Agreement shall include Investor's executor, administrator or other legal representative or the person or persons to whom Investor's rights pass by will or the applicable laws of descent and distribution.

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

CORPORATION:	**INVESTOR:**
OXIS INTERNATIONAL, INC.	
By: _____	By: _____
Ray R. Rogers CEO and Chairman	Name: _____
	Address: _____

[Signature Page to OXIS International, Inc. Subscription Agreement]

EXHIBIT A

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

WARRANT TO PURCHASE
COMMON STOCK OF
OXIS INTERNATIONAL, INC.

This certifies that _____, or assigns (collectively, the "Holder"), for value received, is entitled to purchase, at the Stock Purchase Price (as defined below), from OXIS International, Inc., a Delaware corporation (the "Company"), up to _____ shares ("Warrant Shares") of the Company's Common Stock, par value $0.001 per share (the "Common Stock").

This Warrant shall be exercisable at any time from time to time from and after the date hereof, up to and including 5:00 p.m. (Pacific Time) on _____, 20_____ (the "Expiration Date") upon surrender to the Company at its principal office (or at such other location as the Company may advise the Holder in writing) of this Warrant properly endorsed with (i) the Form of Subscription attached hereto duly completed and executed and (ii) payment pursuant to Section 2 hereof of the aggregate Stock Purchase Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Stock Purchase Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant. For purposes of this Warrant, the term "Stock Purchase Price" shall mean $1.00 per share.

1. Exercise; Issuance of Certificates; Acknowledgement. This Warrant is exercisable at the option of the holder of record hereof at any time or from time to time from or after the date hereof up to the Expiration Date for all or any part of the Warrant Shares (but not for a fraction of a share) which may be purchased hereunder. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered, properly endorsed, the completed, executed Form of Subscription delivered and payment made for such shares. Certificates for the shares of the Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company at the Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Each certificate so delivered shall be in such denominations of the Warrant Shares as may be requested by the Holder hereof and shall be registered in the name

of such Holder. In case of a purchase of less than all the Warrant Shares, the Company shall execute and deliver to Holder within a reasonable time an Acknowledgement in the form attached hereto indicating the number of Warrant Shares which remain subject to this Warrant, if any.

2. Payment for Shares. The aggregate Stock Purchase Price for Warrant Shares being purchased hereunder may be paid by cash, check or wire transfer of immediately available funds.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any stockholder and free of all taxes, liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued shares of Common Stock when and as required to provide for the exercise of the rights represented by this Warrant.

4. Adjustment of Stock Purchase Price and Number of Shares. The Stock Purchase Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Stock Purchase Price, the Holder of this Warrant shall thereafter be entitled to purchase, at the Stock Purchase Price resulting from such adjustment, the number of shares obtained by multiplying the Stock Purchase Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Stock Purchase Price resulting from such adjustment.

4.1 Subdivisions, Combinations and Dividends. In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares or pay a dividend in Common Stock in respect of outstanding shares of Common Stock, the Stock Purchase Price in effect immediately prior to such subdivision or at the record date of such dividend shall be proportionately reduced, and conversely, in case the outstanding shares of the Common Stock of the Company shall be combined into a smaller number of shares, the Stock Purchase Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Reclassification. If any reclassification of the capital stock of the Company shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities, or other assets or property, then, as a condition of such reclassification, lawful and adequate provisions shall be made whereby the Holder hereof shall thereafter have the right to purchase and receive (in lieu of the shares of the Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number

of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby. In any reclassification described above, appropriate provision shall be made with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Stock Purchase Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

4.3 Notice of Adjustment. Upon any adjustment of the Stock Purchase Price or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant, the Company shall give written notice thereof, by first class mail postage prepaid, addressed to the registered Holder of this Warrant at the address of such Holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state the Stock Purchase Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.4 Other Notices. If at any time:

(a) the Company shall declare any cash dividend upon its Common Stock;

(b) there shall be any capital reorganization or reclassification of the capital stock of the Company; or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other business entity;

(c) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the Holder of this Warrant at the address of such Holder as shown on the books of the Company, (a) at least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and (b) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, at least ten (10) days prior written notice of the date when the same shall take place. Any notice given in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, the date on which the holders of Common Stock shall be entitled thereto.

5. No Voting or Dividend Rights. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent to receive notice as a stockholder of the Company or any other matters or any rights whatsoever as a stockholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised.

6. Warrants Transferable. Subject to compliance with applicable federal and state securities laws and the transfer restrictions set forth in Section 2(d) of that certain Subscription Agreement dated as of _____, 20__, by and among the Company and the original Holder of this Warrant (the "Agreement"), under which this Warrant was issued, this Warrant and all rights hereunder may be transferred, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon surrender of this Warrant properly endorsed and in compliance with the provisions of the Agreement.

7. Lost Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

8. Modification and Waiver. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holder of this Warrant. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company and the Holder.

9. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Warrant shall be made in accordance with Section 4 of the Agreement.

10. Titles and Subtitles; Governing Law; Venue. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Agreement. This Warrant is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Company and the Holder. All disputes and controversies arising out of or in connection with this Warrant shall be resolved exclusively by the state and federal courts located in the State of Oregon, and each of the Company and the Holder hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its officers, thereunto duly authorized as of the date first above written.

OXIS INTERNATIONAL, INC.

By: _____

Ray R. Rogers, CEO

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant)

To:_____

The undersigned, the holder of a right to purchase shares of Common Stock OXIS International, Inc. (the "Company") pursuant to that certain Warrant to Purchase Common Stock of OXIS International, Inc. (the "Warrant"), dated as of _____, 200__, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ (_____) shares of Common Stock of the Company and herewith makes payment of _____ Dollars ($_____) therefor by the following method:

(Check one of the following):

_____ (check if applicable) The undersigned hereby elects to make payment of _____ Dollars ($_____) therefor in cash.

_____ (check if applicable) The undersigned hereby elects to make payment of _____ Dollars ($_____) therefor in wire transfer.

_____ (check if applicable) The undersigned hereby elects to make payment of _____ Dollars ($_____) therefor in check.

The undersigned represents that it is acquiring such securities for its own account for investment and not with a view to or for sale in connection with any distribution thereof and in order to induce the issuance of such securities makes to the Company, as of the date hereof, the representations and warranties set forth in Section 2 of the Subscription Agreement, dated as of _____, 20_____, by and among the Company and the original Holder of the Warrant.

DATED:_____

[name of Holder]

By: _____

Name: _____

Its: _____

ACKNOWLEDGMENT

To: [name of Holder]

The undersigned hereby acknowledges that as of the date hereof, _____ (_____) shares of Common Stock remain subject to the right of purchase in favor of [name of Holder] pursuant to that certain Warrant to Purchase Common Stock of OXIS International, Inc. dated as of _____, 2003.

DATED: _____

OXIS INTERNATIONAL, INC.

By: _____

Name: _____

Its: _____

EXHIBIT B

Certain Information Provided to Investor

1. Form 10-KSB and Form 10-QSB. The Investor is receiving a copy of OXIS's Form 10-KSB for the year ended December 31, 2002 and Form 10-QSB for the quarter ended March 31, 2003.

2. A copy of press release dated July 17, 2003 entitled OXIS REPORTS REVENUE GROWTH FOR FIRST SIX MONTHS OF 2003 is enclosed.

EXHIBIT 10(g)
EMPLOYMENT AGREEMENT
RAY R. ROGERS

This Employment Agreement ("Agreement"), is entered into as of June 1, 2003 by and between OXIS International, Inc., its affiliated, related, parent or subsidiary corporations (the "Company") located at 6040 N. Cutter Circle, Suite 317, Portland, OR 97217-3935, and Ray R. Rogers ("Executive") residing in Portland, OR (collectively, the "parties").

RECITALS

A. Executive is serving as the Company's Chief Executive Officer, and as the Chairman of its Board of Directors.

B. Executive desires to and the Company desires that Executive to be a Member of its Board of Directors, and be employed for the Period of Employment (as defined below), upon the following terms and conditions.

AGREEMENT

ACCORDINGLY, the parties hereto agree as follows:

1. Employment. Executive acknowledges serving as Chairman and Company's Chief Executive Officer, .Executive, remains a member of the Company's Board of Directors. In exchange for the consideration in this Agreement, Executive and Company agree to execute a release agreement with terms modeled on the General Release of Claims I, attached hereto as Exhibit A and agreed to by the parties ("Release I"), on or about the Termination Date.

2. **Employment as Chairman and Chief Executive Officer**

a. Initial Term. The Company shall hire Executive to render services to the Company in the position and with the duties and responsibilities described in Section 3 for eighteen (18) months (the "Period of Employment"), unless the Period of Employment is terminated sooner in accordance with Section 8 below.

b. Renewal. This Agreement will be automatically renewed once for an additional one (1) year period (without any action taken by either party), unless either party gives the other written notice of termination at least sixty (60) days before the last day of the Period of Employment.

c. Non-Renewal. If Company gives notice of termination in accordance with Section 2.b, and Executive signs a release agreement with terms modeled on the General Release of Claims II, attached hereto as Exhibit B, Executive shall receive a continuation of his then-current salary for twelve (12) months after the Period of Employment; in accordance with and subject to Executive's applicable Stock Option Agreements with the Company, Executive's unvested Options (as defined in Section 4 below) shall immediately vest and Executive shall be able to exercise his vested Options at anytime subsequent to the period of employment until a date two years after termination date of this Agreement otherwise in accordance with and subject to Executive's applicable stock option grants; and, to the extent practicable and legally permissible

3. Position, Duties, Responsibilities

a. Position. During the Period of Employment, Executive will remain a Member of the Company's Board of Directors (subject to his willingness to serve in that capacity, and subject to his being re-elected at the Company's annual meeting of stockholders) and the Company will employ Executive in the position of Chief Executive Officer. Executive shall perform all duties appropriate to those positions, as well as such other responsibilities as may reasonably be assigned by the Company. Executive shall report to the Board of Directors of the Company.

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

4. Compensation. In exchange for Services and the other consideration he provides under this Agreement, Executive shall be entitled to an annual base salary of Two Hundred Thousand Dollars ($200,000) payable in accordance with the Company's regular payroll practices. In addition, the Board of Directors has awarded Executive options to purchase shares of the Company's Common Stock under, in accordance with, and subject to Executive's applicable Stock Option Agreements Executive also will be eligible to participate in the Company's benefit plans for health insurance, personal life insurance, personal disability insurance as stated in the Company's employment policies (and as may be amended from time to time in the Company's sole discretion), provided that Executive shall receive such benefits at the same level provided from time to time to other senior Executives of Company.

5. Proprietary Information

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

b. Former Employer Information. Executive agrees that he will not, during his employment with the Company, improperly use or improperly disclose any proprietary information or trade secrets, or bring onto the premises of the Company any proprietary information belonging to any former or concurrent employer or other person or entity.

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

d. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, his employment with the Company, and the performance of his proposed duties under this Agreement shall not violate any obligations he may have to any former employer (or other person or entity), including any obligations with respect to proprietary or confidential information of any other person or entity.

6. Inventions

a. Inventions Retained and Licensed. Executive has attached, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by Executive prior to Executive's employment with the Company ("Prior Inventions"), which belong to Executive, and which relate to the Company's actual and/or proposed business, products or research and development. If, in the course of his employment with the Company, Executive incorporates into a Company product, process or machine a Prior Invention owned by Executive or in which Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

b. Assignment of Inventions. Except as provided in Section 6.e below, Executive agrees that he will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all Executive's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice ("Inventions"), while Executive is employed by the Company within the course and scope of employment. Executive further acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the course and scope of and during his employment with the Company and which are protectible by copyright are "works made for hire", as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any invention developed by Executive solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such invention.

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

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

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

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

7. Post-Termination Activity

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

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

8. Termination of Employment

a. Termination by Company not for Cause. At any time, the Company may terminate the Period of Employment for any reason other than for Cause (as defined below) by providing Executive fourteen (14) days' advance written notice. The Company shall pay to Executive all compensation due

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

b. Termination by Company for Cause. At any time, and without prior notice, the Company may terminate the Period of Employment for Cause (as defined below). The Company shall pay Executive all compensation then due and owing through the last day actually worked. Executive will not be entitled to Severance. "Cause" shall mean Executive's: (i) Commission of a felony involving moral turpitude; (ii) Repeated failure to perform services in accordance with the reasonable requests of Company's Board within the course and scope of Executive's duties; (iii) Commission of a material fraud, misappropriation, embezzlement or other act of gross dishonesty which resulted in material loss, damage or injury to the Company; or (iv) Death. Notwithstanding anything herein, however, if the Period of Employment is terminated by reason of the death of Executive, all unvested Options shall immediately vest and shall be exercisable by Executive's estate or heirs for two years thereafter, otherwise in accordance with the terms of his applicable Stock Option Grants with the Company.

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

d. By Executive for Good Reason. At any time, and without prior notice, Executive may terminate the Period of Employment for Good Reason (as defined below). The Company shall pay Executive all compensation due and owing through the last day actually worked, and Executive shall be entitled to Severance in accordance with Section 9 below, subject to the conditions therein. Thereafter, all obligations of the Company and Executive under this Agreement shall terminate, except for those which expressly survive termination of this Agreement. Neither the Company's giving of notice of termination in accordance with Section 2.b nor its termination of the Period of Employment for Cause shall constitute "Good Reason" for Executive to terminate the Period of Employment. "Good Reason" only shall exist if the Company undertakes any of the following without Executive's prior consent: (i) The assignment to Executive of any duties or responsibilities which result in any material diminution or material adverse change of Executive's position, status or circumstances of employment; a change in Executive's titles or offices that results in any material diminution or material adverse change of Executive's position, status or circumstances of employment; or any removal of Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of his employment for Cause, retirement, or any other voluntary termination of employment by Executive other than a termination of employment by Executive for Good Reason; (ii) A reduction by the Company in Executive's base salary by greater than ten (10) percent; (iii) Any failure by the Company to continue in effect any benefit plan or arrangement, including incentive plans or plans to receive securities of the

Company, in which Executive is participating as of the date hereof (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would materially adversely affect Executive's participation in or reduce Executive's benefits under the Benefit Plans or deprive Executive of any fringe benefit enjoyed by Executive as in effect on the date hereof; provided, however, that no termination of employment by Executive for Good Reason shall be deemed to occur based upon this subsection 8.d (iii) if the Company offers a range of benefit plans and programs which, taken as a whole, are comparable to the Benefit Plans offered Executive before the action; (iv) A relocation of the Executive, or the Company's principal offices if Executive's principal office is at such offices, to a location more than fifty (50) miles from the location at which Executive was performing his duties as of the date hereof, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations as of the date hereof; (v) Any material breach by the Company of any provision of this Agreement; (vi) Any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; (vii) Any directive to Executive to perform any act which would expose him to personal legal liability or which, viewed objectively, is likely to constitute an unethical act; or (viii) Any conduct directed to Executive by Company or any condition under which Executive works which constitutes constructive discharge under the principles of the governing law.

9. Severance

a. In the event that the Period of Employment is terminated in accordance with Sections 8.a or 8.d hereof and Executive executes a waiver agreement with terms modeled on the General Waiver of Claims, attached hereto as Exhibit D (the "Waiver"), (i) the Company shall continue Executive's then current base salary (so long as the then current base salary is no less than the compensation set out in Section 4 of this Agreement) and COBRA premiums in accordance with the Company's normal payroll procedures for a period of twelve (12) months (the "Severance Period"); (ii) to the extent practicable and legally permissible, the Company will transfer Executive's disability and life insurance policies to Executive upon termination; and (iii) notwithstanding any vesting or termination provisions contained in Executive's applicable Stock Option Grants with the Company Executive's unvested Options shall immediately vest and Executive shall have two years from the date of Executive's termination of employment to exercise his vested options in accordance with the terms of the applicable Stock Option Agreements with the Company (collectively, "Severance"). In the event the then current base salary is less than the compensation set out in Section 4 of the Agreement, Executive shall be entitled to severance calculated on the basis of the compensation set out in Section 4 of this Agreement.

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

10. Termination Obligations.

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

11. Alternative Dispute Resolution

a. The Company and Executive mutually agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between the parties, shall be submitted to mediation before a mutually agreeable mediator, which cost is to be borne equally by the parties hereto. In the event the parties are unable to agree upon a mediator, the mediator shall be Douglass Hamilton or such person as Hamilton Mediation Inc. designates. In the event mediation is unsuccessful in resolving the claim or controversy, such claim or controversy shall be resolved by arbitration as described below. The claims covered by this Agreement ("Arbitrable Claims") include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract (including this Agreement) or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, religion, national origin, age, marital status, medical condition, or disability); claims for benefits (except where an Executive benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other law, statute, regulation, or ordinance, except claims excluded in the following paragraph. The parties hereto hereby waive any rights they may have to trial by jury in regard to Arbitrable Claims.

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

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

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

12. Miscellaneous

a. Legal Fees. If any action at law or in equity, or arbitration, is necessary to enforce or interpret the terms of this Agreement, to the extent permitted by law, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which the prevailing party may be entitled.

b. Entire Agreement. This Agreement (inclusive of exhibits and attachments and incorporated documents) represents the entire agreement and understanding between the parties regarding its subject matter, and supersedes and replaces any and all prior agreements and understandings regarding its subject matter.

c. Amendments, Waivers. This Agreement may only be modified by a subsequent written agreement executed by the Chief Executive Officer of the Company (after approval of the Company's Board of Directors) and Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

d. Assignment; Successors and Assigns. This Agreement shall not be assignable by either party without the express written consent of the other.

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

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

g. Acknowledgment. Company and Executive acknowledge that they have been afforded every opportunity to and have read this Agreement, are fully aware of its contents and legal effect, and have chosen to enter into this Agreement freely, without coercion, and based upon their own judgment.

The parties have duly executed this Agreement as of the date first written above.

EXECUTIVE

/s/Ray R. Rogers

Ray R. Rogers

COMPANY

OXIS International, Inc.

By: /s/Richard A. Davis

Name: Richard A. Davis

Title: Chairman, Compensation Committee

EXHIBIT A

GENERAL RELEASE OF CLAIMS I

Ray R. Rogers ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Release of Claims I ("Release I") on the following terms:

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Release I specifically covers known and unknown claims existing at the time this Release I is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Release I is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Release I to members of his immediate family, his tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Release I with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Release I (but may sign it at any time beforehand if you so desire), and that you should consult an attorney in doing so. You also understand that you can revoke this Release I within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Release I that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Release I will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Release I, are fully aware of its contents and legal effect, and have chosen to enter into this Release I freely, without coercion, and based on your own judgment.

Ray R. Rogers

Date:

[Name and Title of Company Signatory]
OXIS International, Inc.

Date:

EXHIBIT B

GENERAL RELEASE OF CLAIMS II

Ray R. Rogers ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Release of Claims II ("Release II") on the following terms:

Your Executive Separation and Employment Agreement (the "Agreement") was not renewed, and thus your employment as the Chief Executive Officer of the Company is terminated effective _____. Within ten (10) days after you sign this Release II, you will become eligible for Non-Renewal Benefits in accordance with the Agreement.

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Release II specifically covers known and unknown claims existing at the time this Release II is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Release II is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Release II to members of his immediate family, his tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Release II with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Release II (but may sign it at any time beforehand if you so desire), and that You should consult an attorney in doing so. You also understand that you can revoke this Release II within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Release II that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Release II will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Release II, are fully aware of its contents and legal effect, and have chosen to enter into this Release II freely, without coercion, and based on your own judgment.

Ray R. Rogers	**[Name and Title of Company Signatory]** OXIS International, Inc.
Date:	Date:

EXHIBIT C

LIST OF PRIOR INVENTIONS

AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

_____No inventions or improvements

_____Additional Sheets Attached

Signature of Executive: _____

Printed Name of Executive: _____

Date:_____

EXHIBIT D

GENERAL WAIVER OF CLAIMS

Ray R. Rogers ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Waiver of Claims ("Waiver") on the following terms:

Your employment at OXIS International, Inc. (the "Company") shall be terminated effective _____. Within ten (10) days after you sign this Waiver, you will become eligible for Severance in accordance with your Executive Separation and Employment Agreement (the "Agreement").

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Waiver specifically covers known and unknown claims existing at the time this Waiver is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Waiver is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Waiver to members of his immediate family, his tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Waiver with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Waiver (but may sign it at any time beforehand if you so desire), and that You should consult an attorney in doing so. You also understand that you can revoke this Waiver within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Waiver that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Waiver will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Waiver, are fully aware of its contents and legal effect, and have chosen to enter into this Waiver freely, without coercion, and based on your own judgment.

Ray R. Rogers	**[Name and Title of Company Signatory]** OXIS International, Inc.
Date: _____	Date: _____

EXHIBIT 10(h)
EMPLOYMENT AGREEMENT
SHARON ELLIS

This Employment Agreement ("Agreement"), is entered into as of June 1, 2003 by and between OXIS International, Inc., its affiliated, related, parent or subsidiary corporations (the "Company") located at 6040 N. Cutter Circle, Suite 317, Portland, OR 97217-3935, and Sharon Ellis ("Executive") residing in Portland, OR (collectively, the "parties").

RECITALS

A. Executive is serving as the Company's Chief Financial Officer and as the Chief Operations Officer.

B. Executive desires to and the Company desires that Executive be employed for the Period of Employment (as defined below), upon the following terms and conditions.

AGREEMENT

ACCORDINGLY, the parties hereto agree as follows:

1. Employment. Executive acknowledges serving as Chief Financial Officer and Chief Operations Officer. Executive, is not a member of the Company's Board of Directors. In exchange for the consideration in this Agreement, Executive and Company agree to execute a release agreement with terms modeled on the General Release of Claims I, attached hereto as Exhibit A and agreed to by the parties ("Release I"), on or about the Termination Date.

2. Employment as Chief Financial Officer and Chief Operations Officer

a. Initial Term. The Company shall hire Executive to render services to the Company in the position and with the duties and responsibilities described in Section 3 for eighteen (18) months (the "Period of Employment"), unless the Period of Employment is terminated sooner in accordance with Section 8 below.

b. Renewal. This Agreement will be automatically renewed once for an additional one (1) year period (without any action taken by either party), unless either party gives the other written notice of termination at least sixty (60) days before the last day of the Period of Employment.

c. Non-Renewal. If Company gives notice of termination in accordance with Section 2.b, and Executive signs a release agreement with terms modeled on the General Release of Claims II, attached hereto as Exhibit B, Executive shall receive a continuation of her then-current salary for twelve (12) months after the Period of Employment; in accordance with and subject to Executive's applicable Stock Option Agreements with the Company, Executive's unvested Options (as defined in Section 4 below) shall immediately vest and Executive shall be able to exercise her vested Options at anytime subsequent to the period of employment until a date two years after termination date of this Agreement otherwise in accordance with and subject to Executive's applicable stock option grants; and, to the extent practicable and legally permissible

3. Position, Duties, Responsibilities

a. Position. During the Period of Employment, Executive will not be a Member of the Company's Board of Directors and the Company will employ Executive in the position of Chief Financial Officer and Chief Operations Officer. Executive shall perform all duties appropriate to those positions, as well as such other responsibilities as may reasonably be assigned by the Company. Executive shall report to the Board of Directors of the Company.

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

4. Compensation. In exchange for Services and the other consideration she provides under this Agreement, Executive shall be entitled to an annual base salary of One Hundred Fourteen Thousand ($114,000) for eighty percent (80%) time or four days per week payable in accordance with the Company's regular payroll practices. In addition, the Board of Directors has awarded Executive options to purchase shares of the Company's Common Stock under, in accordance with, and subject to Executive's applicable Stock Option Agreements Executive also will be eligible to participate in the Company's benefit plans for health insurance, personal life insurance, personal disability insurance as stated in the Company's employment policies (and as may be amended from time to time in the Company's sole discretion), provided that Executive shall receive such benefits at the same level provided from time to time to other senior Executives of Company.

5. Proprietary Information

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

b. Former Employer Information. Executive agrees that she will not, during her employment with the Company, improperly use or improperly disclose any proprietary information or trade secrets, or bring onto the premises of the Company any proprietary information belonging to any former or concurrent employer or other person or entity.

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

d. No Conflict. Executive represents and warrants that Executive's execution of this Agreement, her employment with the Company, and the performance of her proposed duties under this Agreement shall not violate any obligations she may have to any former employer (or other person or entity), including any obligations with respect to proprietary or confidential information of any other person or entity.

6. Inventions

a. Inventions Retained and Licensed. Executive has attached, as Exhibit C, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by Executive prior to Executive's employment with the Company ("Prior Inventions"), which belong to Executive, and which relate to the Company's actual and/or proposed business, products or research and development. If, in the course of her employment with the Company, Executive incorporates into a Company product, process or machine a Prior Invention owned by Executive or in which Executive has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or machine.

b. Assignment of Inventions. Except as provided in Section 6.e below, Executive agrees that she will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all Executive's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice ("Inventions"), while Executive is employed by the Company within the course and scope of employment. Executive further acknowledges that all original works of authorship which are made by Executive (solely or jointly with others) within the course and scope of and during her employment with the Company and which are protectible by copyright are "works made for hire", as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any invention developed by Executive solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such invention.

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

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

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

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

7. Post-Termination Activity

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

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

8. Termination of Employment

a. Termination by Company not for Cause. At any time, the Company may terminate the Period of Employment for any reason other than for Cause (as defined below) by providing Executive fourteen (14) days' advance written notice. The Company shall pay to Executive all compensation due

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

b. Termination by Company for Cause. At any time, and without prior notice, the Company may terminate the Period of Employment for Cause (as defined below). The Company shall pay Executive all compensation then due and owing through the last day actually worked. Executive will not be entitled to Severance. "Cause" shall mean Executive's: (i) Commission of a felony involving moral turpitude; (ii) Repeated failure to perform services in accordance with the reasonable requests of Company's Board within the course and scope of Executive's duties; (iii) Commission of a material fraud, misappropriation, embezzlement or other act of gross dishonesty which resulted in material loss, damage or injury to the Company; or (iv) Death. Notwithstanding anything herein, however, if the Period of Employment is terminated by reason of the death of Executive, all unvested Options shall immediately vest and shall be exercisable by Executive's estate or heirs for two years thereafter, otherwise in accordance with the terms of her applicable Stock Option Grants with the Company.

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

d. By Executive for Good Reason. At any time, and without prior notice, Executive may terminate the Period of Employment for Good Reason (as defined below). The Company shall pay Executive all compensation due and owing through the last day actually worked, and Executive shall be entitled to Severance in accordance with Section 9 below, subject to the conditions therein. Thereafter, all obligations of the Company and Executive under this Agreement shall terminate, except for those which expressly survive termination of this Agreement. Neither the Company's giving of notice of termination in accordance with Section 2.b nor its termination of the Period of Employment for Cause shall constitute "Good Reason" for Executive to terminate the Period of Employment. "Good Reason" only shall exist if the Company undertakes any of the following without Executive's prior consent: (i) The assignment to Executive of any duties or responsibilities which result in any material diminution or material adverse change of Executive's position, status or circumstances of employment; a change in Executive's titles or offices that results in any material diminution or material adverse change of Executive's position, status or circumstances of employment; or any removal of Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of her employment for Cause, retirement, or any other voluntary termination of employment by Executive other than a termination of employment by Executive for Good Reason; (ii) A reduction by the Company in Executive's base salary by greater than ten (10) percent; (iii) Any failure by the Company to continue in effect any benefit plan or arrangement, including incentive plans or plans to receive securities of the

Company, in which Executive is participating as of the date hereof (hereinafter referred to as "Benefit Plans"), or the taking of any action by the Company which would materially adversely affect Executive's participation in or reduce Executive's benefits under the Benefit Plans or deprive Executive of any fringe benefit enjoyed by Executive as in effect on the date hereof; provided, however, that no termination of employment by Executive for Good Reason shall be deemed to occur based upon this subsection 8.d (iii) if the Company offers a range of benefit plans and programs which, taken as a whole, are comparable to the Benefit Plans offered Executive before the action; (iv) A relocation of the Executive, or the Company's principal offices if Executive's principal office is at such offices, to a location more than fifty (50) miles from the location at which Executive was performing her duties as of the date hereof, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations as of the date hereof; (v) Any material breach by the Company of any provision of this Agreement; (vi) Any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company; (vii) Any directive to Executive to perform any act which would expose him to personal legal liability or which, viewed objectively, is likely to constitute an unethical act; or (viii) Any conduct directed to Executive by Company or any condition under which Executive works which constitutes constructive discharge under the principles of the governing law.

9. Severance

a. In the event that the Period of Employment is terminated in accordance with Sections 8.a or 8.d hereof and Executive executes a waiver agreement with terms modeled on the General Waiver of Claims, attached hereto as Exhibit D (the "Waiver"), (i) the Company shall continue Executive's then current base salary (so long as the then current base salary is no less than the compensation set out in Section 4 of this Agreement) and COBRA premiums in accordance with the Company's normal payroll procedures for a period of twelve (12) months (the "Severance Period"); (ii) to the extent practicable and legally permissible, the Company will transfer Executive's disability and life insurance policies to Executive upon termination; and (iii) notwithstanding any vesting or termination provisions contained in Executive's applicable Stock Option Grants with the Company Executive's unvested Options shall immediately vest and Executive shall have two years from the date of Executive's termination of employment to exercise her vested options in accordance with the terms of the applicable Stock Option Agreements with the Company (collectively, "Severance"). In the event the then current base salary is less than the compensation set out in Section 4 of the Agreement, Executive shall be entitled to severance calculated on the basis of the compensation set out in Section 4 of this Agreement.

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

10. Termination Obligations.

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

11. Alternative Dispute Resolution

a. The Company and Executive mutually agree that any controversy or claim arising out of or relating to this Agreement or the breach thereof, or any other dispute between the parties, shall be submitted to mediation before a mutually agreeable mediator, which cost is to be borne equally by the parties hereto. In the event the parties are unable to agree upon a mediator, the mediator shall be Douglass Hamilton or such person as Hamilton Mediation Inc. designates. In the event mediation is unsuccessful in resolving the claim or controversy, such claim or controversy shall be resolved by arbitration as described below. The claims covered by this Agreement ("Arbitrable Claims") include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract (including this Agreement) or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, religion, national origin, age, marital status, medical condition, or disability); claims for benefits (except where an Executive benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other law, statute, regulation, or ordinance, except claims excluded in the following paragraph. The parties hereto hereby waive any rights they may have to trial by jury in regard to Arbitrable Claims.

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

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

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

12. Miscellaneous

a. Legal Fees. If any action at law or in equity, or arbitration, is necessary to enforce or interpret the terms of this Agreement, to the extent permitted by law, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements, in addition to any other relief to which the prevailing party may be entitled.

b. Entire Agreement. This Agreement (inclusive of exhibits and attachments and incorporated documents) represents the entire agreement and understanding between the parties regarding its subject matter, and supersedes and replaces any and all prior agreements and understandings regarding its subject matter.

c. Amendments, Waivers. This Agreement may only be modified by a subsequent written agreement executed by the Chief Executive Officer of the Company (after approval of the Company's Board of Directors) and Executive. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

d. Assignment; Successors and Assigns. This Agreement shall not be assignable by either party without the express written consent of the other.

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

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

g. Acknowledgment. Company and Executive acknowledge that they have been afforded every opportunity to and have read this Agreement, are fully aware of its contents and legal effect, and have chosen to enter into this Agreement freely, without coercion, and based upon their own judgment.

The parties have duly executed this Agreement as of the date first written above.

EXECUTIVE

/s/ Sharon Ellis

Sharon Ellis

COMPANY

OXIS International, Inc.

By: /s/ Richard A. Davis

Name: Richard A. Davis

Title: Chairman, Compensation Committee

EXHIBIT A

GENERAL RELEASE OF CLAIMS I

Sharon Ellis ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Release of Claims I ("Release I") on the following terms:

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Release I specifically covers known and unknown claims existing at the time this Release I is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Release I is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Release I to members of her immediate family, her tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Release I with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Release I (but may sign it at any time beforehand if you so desire), and that you should consult an attorney in doing so. You also understand that you can revoke this Release I within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Release I that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Release I will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Release I, are fully aware of its contents and legal effect, and have chosen to enter into this Release I freely, without coercion, and based on your own judgment.

Sharon Ellis	**[Name and Title of Company Signatory]** OXIS International, Inc.
Date: _____	Date: _____

EXHIBIT B

GENERAL RELEASE OF CLAIMS II

Sharon Ellis ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Release of Claims II ("Release II") on the following terms:

Your Executive Separation and Employment Agreement (the "Agreement") was not renewed, and thus your employment as the Chief Financial Officer and Chief Operations Officer of the Company is terminated effective _____. Within ten (10) days after you sign this Release II, you will become eligible for Non-Renewal Benefits in accordance with the Agreement.

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Release II specifically covers known and unknown claims existing at the time this Release II is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Release II is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Release II to members of her immediate family, her tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Release II with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Release II (but may sign it at any time beforehand if you so desire), and that You should consult an attorney in doing so. You also understand that you can revoke this Release II within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Release II that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Release II will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Release II, are fully aware of its contents and legal effect, and have chosen to enter into this Release II freely, without coercion, and based on your own judgment.

Sharon Ellis	**[Name and Title of Company Signatory]** OXIS International, Inc.
Date:	Date:

EXHIBIT C

LIST OF PRIOR INVENTIONS

AND ORIGINAL WORKS OF AUTHORSHIP

Title	Date	Identifying Number or Brief Description

_____ No inventions or improvements

_____ Additional Sheets Attached

Signature of Executive: _____

Printed Name of Executive: _____

Date: _____

EXHIBIT D

GENERAL WAIVER OF CLAIMS

Sharon Ellis ("You") and OXIS International, Inc. (the "Company") have agreed to enter into this General Waiver of Claims ("Waiver") on the following terms:

Your employment at OXIS International, Inc. (the "Company") shall be terminated effective _____. Within ten (10) days after you sign this Waiver, you will become eligible for Severance in accordance with your Executive Separation and Employment Agreement (the "Agreement").

In exchange for the consideration herein, which has been approved by the Company's Board of Directors and Executive, and to the extent permissible under applicable securities laws, You and the Company, each of your respective representatives, agents, officers, heirs, successors, and assigns do hereby completely release each other from and agree not to file, cause to be filed, or otherwise pursue against each other all claims, rights, demands, actions, liabilities, causes of action, and obligations of any kind whatsoever, whether known or unknown, suspected or unsuspected, which either may now have or has ever had against the other from the beginning of time through the date the parties execute this Agreement, and including, but not limited to, claims for breach of contract, tort, employment discrimination (including unlawful harassment as well as any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, and any claims under applicable state law), any and all claims for violation of any federal, state, or municipal statutes or common law; and any and all claims for attorneys' fees and costs.

You and the Company agree that this Waiver specifically covers known and unknown claims existing at the time this Waiver is signed.

You and the Company acknowledge that the consideration described above exceeds the amount to which either otherwise would be entitled under the Company's policies and practices or applicable law. You and the Company also agree that this Waiver is confidential and neither will discuss its terms with anyone without the other's prior consent or subject to legal process. Notwithstanding anything herein, Executive may disclose the terms of this Waiver to members of her immediate family, her tax and legal advisers, and with other Executives in similar circumstances; Company may disclose the terms of this Waiver with management and other Company personnel on a need to know basis.

Neither You nor Company has made, and You and Company will not make or publish, either orally or in writing, any disparaging statement regarding the other.

You have been advised that you have 21 days to consider this Waiver (but may sign it at any time beforehand if you so desire), and that You should consult an attorney in doing so. You also understand that you can revoke this Waiver within 7 days of signing it by sending a certified letter to that effect to Compensation Committee, 6040 N. Cutter Circle Suite #317, Portland, OR 97217. Notwithstanding the foregoing, you understand and agree that the portion of this Waiver that pertains to the release of claims under the ADEA shall not become effective or enforceable and no funds representing additional consideration over that already owed to Executive shall be exchanged until the 7 day revocation period has expired, but that all other provisions of this Waiver will become effective upon its execution by the parties.

Finally, You and Company acknowledge that you have been afforded every opportunity to and have read this Waiver, are fully aware of its contents and legal effect, and have chosen to enter into this Waiver freely, without coercion, and based on your own judgment.

Sharon Ellis	**[Name and Title of Company Signatory]** OXIS International, Inc.
Date:	Date:

EXHIBIT 10(i)
OXIS INTERNATIONAL, INC.

NOTE AND WARRANT PURCHASE AGREEMENT

THIS NOTE AND WARRANT PURCHASE AGREEMENT (this "Agreement") is made as of January 14, 2004 by and among OXIS International, Inc., a Delaware corporation (the "Company"), and the investors listed on Exhibit A hereto, each of which is herein referred to as an "Investor."

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1

ISSUANCE OF NOTES AND WARRANTS

1.1 Issuance of Notes. Subject to the terms and conditions of this Agreement, at each Closing (as defined below), the Company shall issue and sell to each Investor participating in such Closing a convertible promissory note (each such note, a "Note" and collectively, the "Notes") in the principal amount (the "Principal Amount") equal to the amount set forth beneath the caption "Principal Amount" with respect to such Closing set forth opposite such Investor's name on Exhibit A attached hereto. The Notes shall be in the form of Exhibit B attached hereto. In payment for the Note and the related Warrant described in Section 1.2, each Investor shall pay to the Company an amount of cash in United States dollars equal to the Principal Amount (the "Purchase Price").

1.2 Issuance of Warrants. Subject to the terms and conditions of this Agreement, at each Closing, the Company shall issue to each Investor that has purchased a Note hereunder, with respect to each such Note, a warrant (the "Warrant"), in the form of Exhibit C attached hereto, representing the right to purchase up to that number of shares of Common Stock of the Company (as adjusted for stock splits, recapitalizations or other similar events) calculated as follows:

Number of shares of Common Stock issuable upon exercise of the Warrant	=	(Principal Amount of the Note) x (1.25)

The Warrant shall, unless sooner terminated as provided therein, have a term of five (5) years from the date of issuance. The exercise price for each share of Common Stock covered by the Warrant shall be the Stock Purchase Price (as defined below) (subject to adjustment as set forth in the Warrant).

1.3 Stock Purchase Price. For purposes of this Agreement, "Stock Purchase Price" shall mean US$0.50 per share of the Common Stock.

SECTION 2

CLOSINGS

2.1 Initial Closing. The initial closing of the purchase and sale of Notes and Warrants hereunder (the "Initial Closing") shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304 on the date of this Agreement, or at such other place and date as is mutually agreeable to the Company and Investors that are identified on Exhibit A as purchasing Notes representing a majority of the aggregate Principal Amounts of all Notes to be issued at the Initial Closing.

2.2 Subsequent Closings. The Company may issue and sell Notes in the aggregate principal amount of one million dollars (US$1,000,000) and related Warrants hereunder. Subsequent to the Initial Closing and subject to the foregoing limitation, the Company may issue and sell additional Notes and Warrants to such additional investors as it shall select in its sole and absolute discretion. Any such additional investor shall execute and deliver a counterpart signature page to this Agreement, and thereby become a party to and be deemed an Investor hereunder. All additional Investors and all additional Purchase Prices invested hereunder shall be reflected on Exhibit A, which shall be automatically amended without any further action by any party hereto. The closing of the purchase and sale of such additional Notes and Warrants hereunder shall be held at the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304, on such date or at such other place as is mutually agreeable to the Company and Investors that are identified on Exhibit A as purchasing Notes representing a majority of the aggregate Principal Amounts of all Notes to be issued at such closing (which each such date and place, together with the Initial Closing, are designated as a "Closing").

2.3 Delivery. At each Closing (i) each Investor participating in such Closing shall deliver to the Company a check or wire transfer of immediately available United States funds in the amount of such Investor's Purchase Price with respect to such Closing, and (ii) the Company shall execute and deliver to each such Investor (A) a Note reflecting the name of the Investor, a principal amount equal to such Investor's Principal Amount and the date of such Closing and (B) a Warrant reflecting the number of shares purchasable as set forth in Section 1.2 hereof and the Stock Purchase Price. Each such Note and Warrant shall be a binding obligation of the Company upon execution thereof by the Company and delivery thereof to an Investor.

2.4 Escrow. The Company and the Investors hereby appoint the law firm of Morrison & Foerster LLP as Escrow Agent under this Agreement, and the Escrow Agent accepts such appointment, pursuant to the terms and conditions hereof.

(a) At least one business day prior to each Closing, each Investor shall wire transfer such Investor's Purchase Price into the attorney trust account of the Escrow Agent. The Escrow Agent shall hold the Purchase Price in escrow and use reasonable efforts to place the

funds in an interest bearing money market or bank account (the "Escrowed Funds"), but the Escrow Agent shall not be liable for any reasonable delay in investing, reinvesting or distributing the Purchase Price, or any interest earned thereon, or for any loss incurred by reason of any such investments. Interest accrued on the Escrowed Funds shall be disbursed in the same manner as the Escrowed Funds.

(b) The Escrow Agent shall disburse the Escrowed Funds in accordance with non-conflicting, written instructions (by letter, fax, electronic mail or other method acceptable to the Escrow Agent) from each Investor or its counsel. Until such instructions authorize disbursement to the Company, the Company shall have no right to or interest in the Escrowed Funds. Additional terms and provisions relating to the Escrow Agent are set forth in Section 8.11 hereof.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF INVESTORS

Each Investor hereby represents, warrants and covenants to the Company as follows:

3.1 Organization; Valid Existence; Qualification. Investor is a [_____] duly organized and validly existing under the laws of [_____]. Investor has all requisite corporate power and authority to own and operate its properties and assets and to carry on business as now conducted and as presently proposed to be conducted, and to execute and deliver this Agreement, to purchase the Note, the Warrants and the Common Stock issuable upon the conversion of the Note or the exercise of the Warrants (collectively, the "Securities") hereunder and to carry out the provisions of this Agreement.

3.2 Authorization. Investor has full power and authority to enter into this Agreement, and this Agreement, when executed and delivered, will constitute a valid and legally binding obligation of Investor enforceable against it in accordance with its terms.

3.3 Purchase for Own Account. Such Investor represents that it is acquiring the Securities solely for investment for such Investor's own account not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The acquisition by such Investor of any of the Securities shall constitute confirmation of the representation by such Investor that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

3.4 Disclosure of Information. Such Investor has received or had public access to all the information it considers necessary or appropriate for deciding whether to acquire the Securities, including but not limited to all information concerning the Company made publicly available with the Securities and Exchange Commission ("SEC"). Such Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and the business, properties, prospects and financial condition of the Company.

3.5 Investment Experience. Such Investor represents that it is an investor in securities of companies in private placement transactions of securities of companies in a similar stage of development or financial crisis and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. If other than an individual, such Investor also represents it has not been organized for the purpose of acquiring the Securities. Such Investor acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

3.6 Accredited Investor. Such Investor is an "accredited investor" within the meaning of SEC Rule 501 of Regulation D, as presently in effect.

3.7 Restrictions on Transfer. Such Investor understands that the Securities are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933, as amended (the "Act"), only in certain limited circumstances. In this connection, such Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Act. In particular, such Investor is aware that the Securities may not be sold pursuant to SEC Rule 144 unless all of the conditions of that rule are met. Among the conditions for use of SEC Rule 144 may be the availability of current information to the public about the Company. Such Investor has no immediate need for liquidity in connection with this investment and does not anticipate that it will need to sell his, her or its Securities in the foreseeable future.

3.8 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until the transferee has agreed in writing for the benefit of the Company to be bound by this Section 3, and:

(a) there is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (ii) such Investor shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Act.

3.9 Reliance Upon Investor's Representations. Investor understands that the Securities have not been registered under the Act on the grounds that the sale provided for in this Agreement and the issuance of Securities hereunder is exempt from registration under the Act pursuant to Section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investor's representations set forth herein. Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely acquiring shares of the Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. Investor has no such intention.

3.10 Legends.

It is understood that the certificates evidencing the Securities may bear one or all of the following legends:

(a) "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF SUCH ACT."

(b) Any legend required by the Bylaws of the Company or applicable state securities laws.

3.11 Brokerage. The Company shall have the right in its sole discretion, but not the obligation, to pay any brokerage commissions or finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Investor. Each Investor agrees to indemnify and hold the Company harmless against any damages incurred as a result of any such brokerage commissions or finder's fees or similar compensation not paid by the Company in its discretion.

3.12 SEC Reports. Following each Closing, as applicable, Investor will timely file all documents required to be filed by it (if any) with the SEC under the Securities Exchange Act of 1934, as amended, in connection with the purchase of the Securities.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to each Investor that:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to transact business and is in good standing in the State of Oregon.

4.2 Authorization. All corporate action on the part of the Company necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Securities has been taken or will be taken prior to the Initial Closing. Each of this Agreement, the Notes and the Warrants constitutes the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

4.3 Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in Section 3 of this Agreement, the offer, sale and issuance of the Notes and Warrants as contemplated by this Agreement are exempt from the registration requirements of the Act.

4.4 Valid Issuance Common Stock. The shares of Common Stock issuable upon conversion of the Notes and upon exercise of the Warrants, when issued, sold and delivered in accordance with the terms of the Notes and Warrants for the consideration expressed therein, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, and under applicable state and federal securities laws.

SECTION 5

CONDITIONS OF THE COMPANY'S OBLIGATIONS AT EACH CLOSING

The obligations of the Company under Section 1 of this Agreement are subject to the fulfillment on or before each Closing as specified below of each of the following conditions unless waived by the Company:

5.1 Payment of Purchase Price. The Investor shall have delivered payment of the aggregate Purchase Price of the Notes and Warrants to be purchased by it at each Closing as set forth in Section 2.3.

5.2 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Notes and Warrants pursuant to this Agreement will be duly obtained and effective as of the applicable Closing.

5.3 Board of Director Approval. The Company's Board of Directors shall have approved and authorized the execution and delivery of this Agreement and the Closing and sale of the Notes and Warrants hereunder.

SECTION 6

RESTICTIONS ON TRADING AND DISCLOSURE OF CONFIDENTIAL INFORMATION

6.1 Nondisclosure Agreement. The Company has delivered to each Investor a summary of its financial results for the quarter ended December 31, 2003 (the "Confidential Information"). Each Investor acknowledges and agrees not to disclose or use such Confidential Information, or otherwise trade in any securities of the Company, until such financial results have been publicly announced in a filing by the Company with the SEC.

6.2 No Short Sales. Each Investor agrees that it will not, directly or indirectly engage in any short selling of the Company's Common Stock (including, without limitation, shares of Common Stock of the Company which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC), or other hedging transactions which effect substantially the same result as a short sale of such shares, for a period from the date hereof until the Note issued to such Investor hereunder has been canceled or converted in full according to its terms.

SECTION 7

REGISTRATION RIGHTS

7.1 Registrable Securities. The term "Registrable Securities" means any shares of Common Stock issuable upon conversion of the Notes held by Investors or issuable upon exercise of the Warrants held by Investors or any Common Stock issued as a dividend or other distribution with respect to, in exchange for, or in replacement of such stock; provided, however, that any shares shall cease to be Registrable Securities when they are (i) previously sold pursuant to a registered public offering; (ii) previously sold pursuant to an exemption from the registration requirements of the Act under which the transferee does not receive "restricted securities;" (iii) previously sold in a private transaction in which the registration rights granted under this Agreement are not assigned; or (iv) eligible for sale without registration by such Holder within any three (3) month period pursuant to SEC Rule 144.

7.2 Piggyback Registration. If (but without any obligation to do so) the Company proposes to register, at the request of other Company stockholders, for resale on Form S-3 any of its Common Stock within two (2) years of the date hereof, the Company shall, at such time, promptly give each person owning Registrable Securities (each a "Holder" hereunder) written notice of such registration. Upon the written request of any Holder given to the Company within fifteen (15) days after the receipt of the Company's notice, the Company shall cause a registration statement covering all of the Registrable Securities that each such Holder has requested to be registered to become effective under the Securities Act; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 7.2 if Form S-3 (or any successor form to Form S-3 regardless of its designation) is not available for such offering by the Holders. In connection with any offering involving an

underwriting of securities, the Company shall not be required under this Section 7.2 to include any of the Holders' securities in such underwriting unless such Holders accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it, and then only in such quantity, if any, as in the reasonable opinion of the underwriters, marketing factors allow.

7.3 "Market Stand-Off" Agreement. Each Holder hereby agrees that, during the period of duration, not to exceed one hundred eighty (180) days, specified by the Company and the managing underwriter of a firm commitment public offering of the Company's Common Stock registered under the Securities Act (a "Public Offering"), it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in the registration.

SECTION 8

MISCELLANEOUS

8.1 Survival of Representations, Warranties and Covenants. The warranties, representations and covenants of the Company and Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and all Closings and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors or the Company.

8.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

8.3 Governing Law; Venue. This Agreement is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. All disputes and controversies arising out of or in connection with this Agreement shall be resolved exclusively by the state and federal courts located in the State of Oregon and each party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

8.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8.6 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile to the number set forth below if sent between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day, or on the next business day if sent by facsimile to the number set forth below if sent other than between 8:00 a.m. and 5:00 p.m. recipient's local time on a business day; (c) three business days after deposit in the U.S. mail with first class or certified mail receipt requested postage prepaid and addressed to the other party at the address set forth below; or (d) the next business day after deposit with a national overnight delivery service, postage prepaid, addressed to the parties as set forth below with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider. Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.6 by giving the other party written notice of the new address in the manner set forth above.

8.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors holding Notes representing at least a majority of the aggregate amount of indebtedness incurred by the Company under all Notes issued pursuant to this Agreement. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities acquired under this Agreement at the time outstanding (including securities into which such Securities are convertible), each future holder of all such Securities, and the Company.

8.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

8.9 Publicity. Neither party shall make any press release, statement to the press, the public or other announcement concerning this Agreement nor the transactions contemplated hereby prior to publicly announcing this transaction in a filing by the Company with the SEC. After the Company has disclosed this transaction in a filing with the SEC, each party shall cooperate with the other party in making any press release, statement to the press, the public or other announcement concerning this Agreement or the transactions contemplated hereby.

8.10 Expenses. The Company shall reimburse the reasonable fees of one special counsel for the Investors, not to exceed ten thousand dollars (US$10,000) in the aggregate, and shall, upon receipt of a bill therefor, reimburse the reasonable, pre-approved, out-of-pocket

expenses of such counsel. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, any Note or any Warrant, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

8.11 Additional Terms Regarding Escrow Agent.

(a) It is agreed that the duties of the Escrow Agent are only as herein specifically provided and are purely ministerial in nature, and that the Escrow Agent shall incur no liability whatsoever except for its willful misconduct. Subject to the immediately preceding sentence, the Company and each Investor hereby release the Escrow Agent from any act done or omitted to be done by the Escrow Agent in good faith in the performance of its duties hereunder. The Escrow Agent is acting only as a stakeholder with respect to the Purchase Price.

(i) If the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive any notice, advice, direction, or other document from any other party which, in the Escrow Agent's opinion, is in conflict with any of the provisions of this Agreement, the Escrow Agent shall be entitled, without liability to anyone, to refrain from taking any action other than to use the Escrow Agent's best efforts to keep safely and preserve the Escrowed Funds (and to keep same invested in the same manner as set forth above) until the Escrow Agent shall be directed otherwise in writing by both the Company and each of the Investors or by an order, decree, or judgment of a court of competent jurisdiction which has been finally affirmed on appeal or which, by lapse of time or otherwise, is no longer subject to appeal, but the Escrow Agent shall be under no duty to institute or to defend any proceeding, although the Escrow Agent may, in the Escrow Agent's discretion and at the equal expense of the Company, on the one hand, and the Investors, on the other hand, institute or defend such proceedings. In the alternative, the Escrow Agent may, in its sole discretion, institute an interpleader action for declaratory judgment in a court of competent jurisdiction and simultaneously deposit the Escrowed Funds with the court. Upon the commencement of such an action, all liability of the Escrow Agent shall be terminated, subject to Section 8.11(a), and none of the parties shall have any claim whatsoever against the Escrow Agent.

(ii) Notwithstanding any provision hereof, the Escrow Agent's duties under this Agreement to deal with the Escrowed Funds shall not be affected by its knowledge of the existence or incipience of any dispute with respect to the Escrowed Funds, and the Escrow Agent shall be fully indemnified by the Company for all damages and expenses suffered or incurred by it resulting from or arising out of the delivery by the Escrow Agent of the Escrowed Funds to the Company or any Investor in such circumstances.

(iii) If the Escrow Agent shall resign as the escrow agent hereunder, a successor escrow agent shall be promptly appointed jointly by the Company and each of the Investors. The Escrow Agent may at any time give written notice of resignation (the "Resignation Notice") to the other parties hereto. Such resignation shall take effect when the successor escrow agent accepts in writing its appointment as successor escrow agent and receives the Escrowed Funds from the Escrow Agent or, upon disposition of the Escrowed Funds, in accordance with non-conflicting, written instructions of the Company and each Investor or its

counsel. If no successor escrow agent has been appointed and has accepted the Escrowed Funds within fifteen days after the Resignation Notice is sent, the Escrow Agent may deposit the Escrowed Funds with the clerk of any state court located within the County of Santa Clara in the State of California, whereupon the resigning Escrow Agent shall be discharged of and from any and all further obligations hereunder, subject to Section 8.11(a).

(iv) The Company and each Investor authorize the Escrow Agent, if the Escrow Agent is threatened with litigation or is sued, to interplead all interested parties in any court of competent jurisdiction and to deposit the Escrowed Funds with the clerk of that court.

(b) The Escrow Agent's responsibilities and liabilities hereunder will terminate upon the delivery of the Escrowed Funds under any provision of this Agreement. Nothing contained herein shall act as a disclaimer of responsibility by Escrow Agent for its own willful misconduct.

(c) Each Investor represents that, prior to the execution of this Agreement, it was advised that the Escrow Agent represented the Company and continues to represent the Company as its attorney in connection with this Agreement and other transactions, and the parties hereto hereby acknowledge and waive any actual or potential conflict of interest arising from the Escrow Agent's continuing to act as either attorney in connection with any dispute hereunder and any other matter, or as the Escrow Agent hereunder.

(d) Except as provided hereafter, the Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is reasonably and in good faith believed by the Escrow Agent to be genuine and to be signed or presented by the proper person or persons. The Escrow Agent shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Agreement unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless the Escrow Agent shall have given its prior written consent thereto.

(e) The Escrow Agent shall not be responsible for the sufficiency and accuracy, the form of, or the execution, validity, value or genuineness of, any document or property received, held or delivered by it hereunder, or of any signature or endorsement thereon, or for any lack of endorsement thereon, or for any description therein, nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document or property paid or delivered by the Escrow Agent pursuant to the provisions hereof.

(f) The Escrow Agent shall not be liable for any action taken or omitted hereunder except in the case of its willful misconduct. The Escrow Agent may at the equal expense of the Company, on the one hand, and the Investors, on the other hand, consult with

counsel of its own choice (including any partner or associate of the Escrow Agent) and shall have full and complete authorization and protection for any action taken or suffered by it in good faith and in accordance with the opinion or advice of such counsel.

8.12 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

* * *

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

COMPANY:

OXIS INTERNATIONAL, INC.

By: _____

Ray R. Rogers, Chairman and Chief Executive Officer

Address: OXIS International, Inc.
6040 N. Cutter Circle, Suite 317
Portland, OR 97217

Facsimile: _____

Telephone: _____

INVESTOR:

[NAME OF INVESTOR]

By: _____

Name: _____

Title: _____

Address: **[NAME OF INVESTOR]**

_____

_____

_____

Facsimile: _____

Telephone: _____

Taxpayer ID: _____

EXHIBIT A
SCHEDULE OF INVESTORS

Closing Dated: January 14, 2004

Investor Name	Principal Amount

EXHIBIT 10-j

EXHIBIT B

THIS CONVERTIBLE PROMISSORY NOTE AND ANY SECURITIES INTO WHICH THIS CONVERTIBLE PROMISSORY NOTE IS CONVERTIBLE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS CONVERTIBLE PROMISSORY NOTE AND ANY SECURITIES INTO WHICH THIS CONVERTIBLE PROMISSORY NOTE IS CONVERTIBLE ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN NOTE AND WARRANT PURCHASE AGREEMENT, DATED JANUARY 14, 2004, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

CONVERTIBLE PROMISSORY NOTE

US$_____ _____ __, 2004
Portland, Oregon

FOR VALUE RECEIVED, OXIS International, Inc., a Delaware corporation (the "Company"), promises to pay to the order of _____, or its permitted assigns ("Holder"), the principal sum of _____ United States dollars (US$_____) with interest on the outstanding principal amount at the rate of seven percent (7%) per annum (computed on the basis of actual calendar days elapsed and a year of 365 days) or, if less, at the highest rate of interest then permitted under applicable law. Interest shall commence with the date hereof and shall continue on the outstanding principal until paid or converted in accordance with the provisions hereof. In the event that any interest is paid on this Convertible Promissory Note (this "Note") which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

1. Definitions. For purposes of this Note, the following terms shall have the following meanings:

"Conversion Price" shall mean (i) US$0.40 per share of the Common Stock of the Company, or (ii) after an Event of Default has occurred, US$0.15 per share of the Common Stock of the Company (each as adjusted for any stock splits, stock dividends, combinations, recapitalizations or the like).

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" (and the lower-case versions of the same) shall have meanings correlative thereto.

"Qualified Financing" shall mean the closing of a private offering by the Company of shares of its equity stock to investors in one or more transactions for aggregate cash proceeds to the Company of not less than two million dollars (US$2,000,000).

2. Note and Warrant Purchase Agreement. This Note is issued pursuant to the terms of that certain Note and Warrant Purchase Agreement (the "Agreement") dated as of January 14, 2004, by and among the Company and the investors set forth in the Schedule of Investors attached thereto as Exhibit A. This Note is one of a series of notes (the "Notes") having like tenor and effect (except for variations necessary to express the name of the holder, the principal amount of each of the Notes and the date on which each Note is issued) issued or to be issued by the Company in accordance with the terms of the Agreement. The Notes shall rank equally without preference or priority of any kind over one another, and all payments on account of principal and interest with respect to any of the Notes shall be applied ratably and proportionately on the outstanding Notes on the basis of the principal amount of the outstanding indebtedness represented thereby.

3. Maturity. Unless sooner paid or converted in accordance with the terms hereof, the entire unpaid principal amount and all unpaid accrued interest shall become fully due and payable on the earlier of (i) the one (1) year anniversary of the date hereof, (ii) the acceleration of the maturity of this Note by the Holder upon the occurrence of an Event of Default or (iii) in the event that the Company, at any time after the date of issuance of this Note, shall effect a Qualified Financing, then, upon twenty (20) calendar days' written notice from Holder to the Company (such earlier date, the "Maturity Date").

4. Payments.

(a) Form of Payment. All payments of interest and principal (other than payment by way of conversion) shall be in lawful money of the United States of America to Holder, at the address specified in the Agreement, or at such other address as may be specified from time to time by Holder in a written notice delivered to the Company. All payments shall be applied first to accrued interest, and thereafter to principal.

(b) Prepayment. The Company may prepay any amounts owing under this Note in whole or in part, without the consent of the Holder, provided that (i) any such prepayment must be preceded by at least twenty (20) calendar days' prior written notice from the Company to Holder, (ii) the fair market value of a share of the Common Stock equals or exceeds

two hundred percent (200%) of the Conversion Price as determined on the date of the written notice and (iii) any such prepayment must be accompanied by the accrued and unpaid interest on the principal being prepaid through the date of prepayment. For purposes of the above calculation, the fair market value of one (1) share of the Common Stock shall mean (a) if the Common Stock is then traded on a securities exchange, the average of the closing prices of such Common Stock on such exchange over the ten (10) trading day period (or portion thereof) ending the day prior to the date of the prepayment notice or (b) if the Common Stock is then regularly traded over-the-counter, the average of the closing bid price of such Common Stock over the ten (10) trading day period (or portion thereof) ending the day prior to the date of the prepayment notice. Holder may elect at any time prior to the expiration of the twenty (20) day prepayment notice period to exercise its conversion rights under Section 7(a)(ii) or 7(b)(ii) in respect of this Note.

5. Conversion or Repayment Upon Maturity. In the event that any indebtedness under this Note remains outstanding on the Maturity Date, then all outstanding principal and unpaid accrued interest under this Note shall either (a) become immediately due and payable on such date, or (b) at the option of Holder, convert on such date into shares of Common Stock at the Conversion Price.

6. Conversion or Repayment Upon Acquisition. In the event that the Company sells, conveys or otherwise disposes of all or substantially all of its assets or is acquired by way of a merger, consolidation, reorganization or other transaction or series of transactions pursuant to which stockholders of the Company prior to such transaction own less than fifty percent (50%) of the voting interests in the surviving or resulting entity (an "Acquisition"), then all outstanding principal and unpaid accrued interest under this Note shall either (a) become immediately due and payable upon the closing of the Acquisition, or (b) at the option of Holder, immediately prior to the closing of the Acquisition, convert into shares of Common Stock of the Company at the Conversion Price.

7. Conversion Upon Notice.

(a) Individual Holder Conversion.

(i) Holder shall have the right to convert all or any portion of the outstanding principal and unpaid accrued interest owing under this Note into shares of Common Stock at the Conversion Price upon surrender to the Company of this Note at the principal office of the Company accompanied by a written conversion request notice at least twenty (20) days prior to the date of requested conversion.

(ii) During the twenty (20) day prepayment notice period described in Section 4, Holder shall have the right to convert all or any portion of the indebtedness owing under this Note into shares of Common Stock at the Conversion Price upon surrender to the Company of this Note at the principal office of the Company accompanied by a written conversion request notice.

(b) Effectiveness of Conversion. Any conversion pursuant to this Section 7 shall be deemed to have been effected as of the close of business on the date on which this Note is surrendered at the principal office of the Company pursuant to Section 7(a)(ii), together with a written conversion request notice. At such time as such conversion has been effected, the rights of Holder under this Note, to the extent of the conversion, shall cease, and Holder shall thereafter be deemed to have become the holder of record of the shares of capital stock issuable upon such conversion.

(c) Issuance of Certificates. As soon as is reasonably practicable after a conversion has been effected, the Company shall deliver to Holder a certificate or certificates representing the number of shares of capital stock (excluding any fractional share) issuable by reason of such conversion in such name or names and such denomination or denominations as Holder has specified.

(d) No Fractional Shares. If any fractional share of capital stock would, except for the provisions hereof, be deliverable upon conversion of this Note, the Company, in lieu of delivering such fractional share, shall pay an amount equal to the value of such fractional share, as determined by the per share conversion price used to effect such conversion.

(e) Issuance Costs. The issuance of certificates for shares of capital stock issuable upon conversion of this Note shall be made without charge to Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such conversion and the related issuance of such shares of capital stock. Upon conversion of this Note, the Company shall take all such actions as are necessary in order to ensure that the capital stock issuable with respect to such conversion shall be validly issued, fully paid and nonassessable.

(f) Compliance with Laws and Regulations. The Company shall take all such actions as may be necessary to assure that all shares of capital stock issued upon conversion may be so issued without violation of any applicable law or governmental regulation or any requirement of any domestic securities exchange upon which such shares of capital stock may be listed (except for official notice of issuance which shall be immediately delivered by the Company upon such issuance).

8. Events of Default.

(a) Definition. For purposes of this Note, an Event of Default shall be deemed to have occurred if:

(i) any indebtedness under this Note is not paid when and as the same shall become due and payable, whether at maturity, by acceleration, or otherwise, and any such amount shall remain unpaid for a period of ten (10) days after Holder has provided notice to the Company of such failure to make timely payment;

(ii) default shall occur in the observance or performance of any other covenant, obligation or agreement of the Company under this Note or the Agreement, which shall remain uncured for a period of twenty (20) days after Holder has provided notice to the Company of such default; or

(iii) the Company shall (A) apply for or consent to the appointment of a receiver, trustee, custodian or liquidator of itself or any part of its property, (B) become subject to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property if such appointment is not terminated or dismissed within thirty (30) days, (C) make an assignment for the benefit of creditors, (D) be adjudicated as bankrupt or insolvent, (E) institute any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or file a petition or answer seeking reorganization or an arrangement with creditors to take advantage of any insolvency law, or file an answer admitting the material allegations of a bankruptcy, reorganization or insolvency petition filed against it, or (F) become subject to any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, which proceeding is not dismissed within thirty (30) days of filing, or have an order for relief entered against it in any proceeding under the United States Bankruptcy Code.

(b) Consequences of Events of Default.

(i) If an Event of Default occurs, all indebtedness under this Note shall become immediately due and payable without any action on the part of Holder. The Company agrees to pay Holder all reasonable out-of-pocket costs and expenses incurred by Holder in any effort to collect indebtedness under this Note, including reasonable attorney fees, and to pay interest at the highest rate permitted by applicable law on such costs and expenses to the extent not paid when demanded.

(ii) Holder shall also have any other rights which Holder may have been afforded under any contract or agreement at any time and any other rights which Holder may have pursuant to applicable law.

11. Lost, Stolen, Destroyed or Mutilated Notes. In case any Note shall be mutilated, lost, stolen or destroyed, the Company shall issue a new Note of like date, tenor and denomination and deliver the same in exchange and substitution for and upon surrender and cancellation of any mutilated Note, or in lieu of any Note lost, stolen or destroyed, upon receipt of evidence satisfactory to the Company of the loss, theft or destruction of such Note.

12. Governing Law. This Note is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Company and the Holder. All disputes and controversies arising out of or in connection with this Note shall be resolved exclusively by the state and federal courts located in the State of Oregon, and each of the Company and the Holder hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

13. Amendment. Any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holder of this Note. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company and the Holder of this Note.

14. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Note shall be made in accordance with Section 8.6 of the Agreement.

15. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by its officers, thereunto duly authorized as of the date first above written.

OXIS INTERNATIONAL, INC.

By: _____

Ray R. Rogers, Chairman and Chief Executive Officer

EXHIBIT 10-k

EXHIBIT C

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR QUALIFICATION OR AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THIS WARRANT AND THE SHARES PURCHASABLE HEREUNDER ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THAT CERTAIN NOTE AND WARRANT PURCHASE AGREEMENT, DATED JANUARY 14, 2004, WHICH RESTRICTIONS ON TRANSFER ARE INCORPORATED HEREIN BY REFERENCE.

Dated: _____ __, 2004

WARRANT TO PURCHASE
COMMON STOCK OF
OXIS INTERNATIONAL, INC.

This certifies that _____, or assigns (collectively, the "Holder"), for value received, is entitled to purchase, at the Stock Purchase Price (as defined below), from OXIS International, Inc., a Delaware corporation (the "Company"), up to [_____] fully paid and nonassessable shares (each a "Warrant Share," and collectively the "Warrant Shares") of the Common Stock of the Company, par value $0.001 per share ("Common Stock").

This Warrant is issued pursuant to the terms of that certain Note and Warrant Purchase Agreement (the "Agreement") dated as of January 14, 2004, by and among the Company and the investors set forth in the Schedule of Investors attached thereto as Exhibit A.

Unless sooner terminated earlier as provided herein, this Warrant shall be exercisable at any time up to and including 5:00 p.m. (Pacific Time) on the five (5) year anniversary of the date hereof (the "Expiration Date"), upon surrender to the Company at its principal office (or at such other location as the Company may advise the Holder in writing) of this Warrant properly endorsed with (i) the Form of Subscription attached hereto duly completed and executed, (ii) payment pursuant to Section 2 of the aggregate Stock Purchase Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof, and (iii) any documents reasonably requested by the Company to be executed by the Holder, including without limitation a stock purchase agreement. The Stock Purchase Price and the number of shares purchasable hereunder are subject to adjustment as provided in Section 4 of this Warrant.

For purposes of this Warrant, the term "Stock Purchase Price" shall mean US$0.50 per Warrant Share.

1. Exercise; Issuance of Certificates; Acknowledgement. This Warrant is exercisable at the option of the holder of record hereof, at any time or from time to time from or after issuance up to the Expiration Date for all or any part of the Warrant Shares (but not for a fraction of a share) which may be purchased hereunder. The Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered, properly endorsed, the completed, executed Form of Subscription delivered and payment made for such shares. Certificates for the shares of the Common Stock so purchased, together with any other securities or property to which the Holder hereof is entitled upon such exercise, shall be delivered to the Holder hereof by the Company at the Company's expense within a reasonable time after the rights represented by this Warrant have been so exercised. Each certificate so delivered shall be in such denominations of the Warrant Shares as may be requested by the Holder hereof and shall be registered in the name of such Holder. In case of a purchase of less than all the Warrant Shares, the Company shall execute and deliver to Holder within a reasonable time an Acknowledgement in the form attached hereto indicating the number of Warrant Shares which remain subject to this Warrant, if any.

2. Payment for Shares. The aggregate purchase price for Warrant Shares being purchased hereunder shall be paid by cash or wire transfer of immediately available United States funds.

3. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any stockholder and free of all taxes, liens and charges with respect to the issue thereof. The Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued shares of Common Stock, or other securities and property, when and as required to provide for the exercise of the rights represented by this Warrant.

4. Adjustment of Stock Purchase Price and Number of Shares. The number of shares of Common Stock purchasable upon exercise of this Warrant and the Stock Purchase Price shall be subject to adjustment from time to time as follows:

4.1 Subdivisions, Combinations and Other Issuances. If the Company shall at any time prior to the expiration of this Warrant subdivide the Common Stock by split-up or otherwise, or combine or issue additional shares thereof, or issue Common Stock as a dividend

with respect to any shares thereof, the number of shares of Common Stock issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Stock Purchase Price payable per share, but the aggregate purchase price payable for the total number of shares of Common Stock purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 4.1 shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

4.2 Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization, or change in the Common Stock (other than as a result of a subdivision, combination or stock dividend provided for in Section 4.1 above), then, as a condition of such reclassification, reorganization or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the holder of this Warrant, so that the holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization or change by a holder of the same number of shares of Common Stock as were purchasable by the holder of this Warrant immediately prior to such reclassification, reorganization or change.

4.3 Notice of Adjustment. When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of the Warrant, the Company shall promptly notify the holder of such event and of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of the Warrant.

4.4 Other Notices. If at any time:

(1) the Company shall declare any cash dividend upon its Common Stock;

(2) there shall be any capital reorganization or reclassification of the capital stock of the Company; or consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other business entity; or

(3) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company.

then, in any one or more of said cases, the Company shall give, by first class mail, postage prepaid, addressed to the Holder of this Warrant at the address of such Holder as shown on the books of the Company, (a) at least twenty (20) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, and (b) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, at least

twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the Holder shall make a best efforts attempt to respond to such notice as early as possible after the receipt thereof. Any notice given in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such Corporate Transaction.

5. No Voting or Dividend Rights. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to consent to receive notice as a stockholder of the Company or any other matters or any rights whatsoever as a stockholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised.

6. Warrants Transferable. Subject to compliance with applicable federal and state securities laws and the transfer restrictions set forth in the Agreement, under which this Warrant was issued, this Warrant and all rights hereunder may be transferred, in whole or in part, without charge to the holder hereof (except for transfer taxes), upon surrender of this Warrant properly endorsed and in compliance with the provisions of the Agreement.

7. Lost Warrants. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

8. Modification and Waiver. Any term of this Warrant may be amended and the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holder of this Warrant. Any amendment or waiver effected in accordance with this paragraph shall be binding upon the Company and the Holder of this Warrant.

9. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Warrant shall be made in accordance with Section 8.6 of the Agreement.

10. Titles and Subtitles; Governing Law; Venue. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Warrant. This Warrant is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the Company and the Holder. All disputes and controversies arising out of or in connection with this Warrant shall be resolved exclusively by

the state and federal courts located in the State of Oregon, and each of the Company and the Holder hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its officers, thereunto duly authorized as of the date first above written.

OXIS INTERNATIONAL, INC.

By: _____

Ray R. Rogers, Chairman and Chief Executive Officer

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant)

To: _____

The undersigned, the holder of a right to purchase shares of Common Stock of OXIS International, Inc. (the "Company") pursuant to that certain Warrant to Purchase Common Stock of the Company (the "Warrant"), dated as of _____, 2004, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, _____ (_____) shares of Common Stock of the Company and herewith makes payment of _____ Dollars (US$_____) therefor by cash or wire transfer of immediately available United States funds.

The undersigned represents that it is acquiring such securities for its own account for investment and not with a view to or for sale in connection with any distribution thereof and in order to induce the issuance of such securities makes to the Company, as of the date hereof, the representations and warranties set forth in Section 3 of the Note and Warrant Purchase Agreement, dated as of _____, 2004, by and among the Company and the investors listed on Exhibit A thereto.

DATED: _____

[Name of Holder]

By: _____

Name: _____

Its: _____

ACKNOWLEDGMENT

To: [Name of Holder]

The undersigned hereby acknowledges that as of the date hereof, _____ (_____) shares of Common Stock remain subject to the right of purchase in favor of [Name of Holder] pursuant to that certain Warrant to Purchase Common Stock of OXIS International, Inc. dated as of _____, 2004.

DATED: _____

OXIS INTERNATIONAL, INC.

By: _____

Name: _____

Its: _____

EXHIBIT 21 (a)
SUBSIDIARIES OF OXIS INTERNATIONAL, INC.

As of December 31, 2003, the Company's subsidiaries were as follows:

Name	Jurisdiction of incorporation
OXIS Health Products, Inc.	Delaware
OXIS Therapeutics, Inc.	Delaware
OXIS International S.A.	France
OXIS Acquisition Corporation	Delaware
OXIS Isle of Man Limited	Isle of Man
OXIS Instruments, Inc.	Pennsylvania

EXHIBIT 23(b)

INDEPENDENT AUDITORS' CONSENT

Board of Directors
OXIS International, Inc.
Portland OR

CONSENT OF CERTIFIED PUBLIC ACCOUNTANTS

As independent public accountants, we consent to the incorporation of our audit report dated February 13, 2004, on the financial statements of OXIS International, Inc. as of December 31, 2003, and 2002, included in this Form 10-KSB, and into the Company's previously filed Form S-8 Registration Statements No. 333-113507, 333-104718, and 333-54600.

Williams & Webster, P.S.
Certified Public Accountants
Spokane, Washington
March 26, 2004

EXHIBIT 31(a)

CERTIFICATION

I, Ray R. Rogers, certify that:

1. I have reviewed this annual report on Form 10-KSB 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, 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) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our 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

   c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: March 26, 2004

/s/ RAY R. ROGERS

Ray R. Rogers
President and Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATION

I, Sharon Ellis, certify that:

1. I have reviewed this annual report on Form 10-KSB 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 small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, 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) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our 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

   c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: March 26, 2004

/s/ SHARON ELLIS

Sharon Ellis
Chief Financial and Operations Officer

EXHIBIT 32(a)

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 of OXIS International, Inc. (the "Company") on Form 10-KSB for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), I, Ray R. Rogers, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(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 result of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

/s/ RAY R. ROGERS

Ray R. Rogers
Chief Executive Officer
March 26, 2004

EXHIBIT 32(b)

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 of OXIS International, Inc. (the "Company") on Form 10-KSB for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), I, Sharon Ellis, Chief Financial and Operations Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(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 result of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

/s/ SHARON ELLIS

Sharon Ellis
Chief Financial and Operations Officer
March 26, 2004