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

Form 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010

or

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

Commission file number: 000-08092

OXIS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

The aggregate market value of the registrant's common stock, $0.001 par value per share, of the registrant on June 30, 2010, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $15.4 million. As of March 31, 2011, 162,680,842 shares of the registrant's common stock, $.001 par value, were issued and outstanding.

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PART I

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

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

Introductory Comment

Throughout this Annual Report on Form 10-K, the terms "OXIS," "we," "us," "our," "the company" and "our company" refer to OXIS International, Inc., a Delaware corporation formerly known as DDI Pharmaceuticals, Inc. and Diagnostic Data, Inc., together with our subsidiaries.

ITEM 1. BUSINESS

OXIS International, Inc. is engaged in the research, development and sale of products that counteract the harmful effects of "oxidative stress" and inflammation. Oxidative stress refers to the situations in which the body's antioxidant and other defensive abilities to combat free radicals (a.k.a. highly reactive species of oxygen and nitrogen) are overwhelmed and normal healthy balance is lost. Our current finished product and finished product candidates include therapeutic nutraceutical products, cosmeceutical products, functionals foods and functional beverages. The Company also possesses intellectual property covering a number of proprietary compounds and formulations that may be out-licensed to biotech and pharmaceutical companies as drug candidates. Our primary focus currently is on products that incorporate the unique amino acid naturally occurring compound, L-Ergothioneine ("ERGO"), as a key component. Ergothioneine is produced only by microorganisms in soil and is not synthesized by humans, animals or plants. We have spent approximately $75 million in researching and developing ERGO, and now own a patented process to synthesize commercial quantities of ERGO in a highly stable form that is highly soluble and tasteless, making it suitable for use in combination with other nutraceuticals and botanicals in a wide variety of dietary supplements, functional foods and beverages, and topical anti-aging products including lotions and creams.

Through 2008, we were engaged in the business of developing and selling clinical and research assay products and out-licensing certain therapeutic compounds addressing conditions and diseases associated with oxidative stress. During 2008, we lost our ownership interest in BioCheck, Inc., our majority-owned subsidiary that was engaged in the production of enzyme immunoassay diagnostic kits for clinical laboratories, and in December 2008, we sold substantially all of the assets of our research assay product line to Precipio Biosciences, Inc. However, we retained our rights to four therapeutic classes of compounds in the area of oxidative stress and inflammation. One such compound is L-Ergothioneine ("ERGO"), a potent antioxidant we believe is both appropriate and compelling (by itself or as a component with other products) for sale over-the-counter as a dietary supplement or in the multiple other delivery forms mentioned above.

Commencing in 2009, a strategic decision was made to aggressively pursue the commercial exploitation of the unique benefits of ERGO and engage in the business of developing and marketing nutraceutical products in the field of oxidative stress reduction, with a focus on products that include ERGO as the differentiating component. As a result, beginning in 2009, our focus has been on continuing the redirection of our business plan, obtaining financing to fund our revised business plan, building a new management team, establishing relationships with manufacturers and marketers in a variety of distribution channels, and implementing our new business strategy. We recently introduced our first ERGO product and entered into a sales and marketing joint venture with a prominent on-line marketing and advertising company to market and sell that product and those that follow. Because we were primarily engaged in re-positioning our business and developing products in 2009 and most of 2010, we conducted virtually no sales and marketing operations, and generated minimal revenues in 2009 and 2010. In December 2010, we successfully initiated a direct mail test marketing program for our first ERGO based product, a new dietary supplement for the relief of joint pain known as ErgoFlex™. Our plan calls for us to continue to build the ERGO franchise through both direct mail and direct-to-consumer online initiatives and to release at least three additional new products during 2011 and 2012.

Corporate History

We filed our original Articles of Incorporation with the Secretary of State of the State of California in 1965, under the name Diagnostic Data, Inc., and in 1972 filed a Certificate of Conversion with the Secretary of State of the State of Delaware to change the state of our incorporation to Delaware. In 1985, we changed our name to DDI Pharmaceuticals, Inc. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc.

Through 2008, we derived most of our revenues from sales of research diagnostic reagents and assays to medical research laboratories. Our research assay products included approximately 45 research reagents and 26 assays in most cases related to ways to measure oxidative stress. We owned five U.S. patents and eight international patents with respect to these assays. We also held the rights to four therapeutic classes of compounds in the area of oxidative stress and inflammation and marketed the antioxidant ERGO to industry leaders in the cosmetics industry.

In 2008, we defaulted on our outstanding Secured Convertible Debentures, which were secured by certain of our assets, including the shares of our BioCheck, Inc. subsidiary. The holders of the debentures foreclosed on their security interest in Biocheck, Inc. in 2008 and acquired all of the outstanding shares of capital stock of Biocheck. In December 2008, we sold substantially all of the assets related to our research assay business to Percipio Biosciences, Inc., but retained all and any rights, title, and interest related to our marketing and sale of nutraceutical, cosmeceutical or therapeutic products, including the sale of ERGO or superoxide dismutase. We retained the rights to ERGO because we believed that ERGO possessed potent antioxidant as well as other properties beneficial to good health and, accordingly, had potential for sale as a dietary supplement or "nutraceutical" and for use as an ingredient in personal care products. During 2009 and most of 2010 we refocused our operations to commercialize ERGO in various markets and products.

In addition to our rights in ERGO, we also retained the rights to (i) BXT-51072, a low molecular weight oral drug that mimics the antioxidant activity of glutathione peroxidase, and to (ii) an approved veterinary and human pharmaceutical product (NAD/NADA 0045-863) known as Palosein (veterinary) and Orgotein (human), respectively. BXT-51072 directly neutralizes hydrogen peroxide (a central reactive oxygen species) and appears to protect cells from peroxide mediated damage. We are considering evaluating the feasibility and desirability of out-licensing BXT-51072 and its other owned compounds for other indications. We do not intend to market Palosein, and are currently in discussions to license the rights to Palosein (veterinary) and Orgotein (human) to a third party.

Business--Overview

OXIS' focus is on the development and sale/licensing of products and/or proprietary formulations that can be classified generally into four main business sectors:

1. Dietary supplements, functional foods and functional beverages;

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

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

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

To date, our operations have been focused on developing a line of dietary supplements containing ERGO. A limited release of a joint health product named "ErgoFlex™" in December 2010, by means of a long-form direct mail program, produced a very favorable response rate. In support of ErgoFlex™, we carried out a pilot human trial examining the effect of the product in reducing mild to moderate chronic joint pain and in improving compromised range of motion. The results of the trial were highly favorable and produced statistically significant improvements in both measures in one week. We currently intend to commercially release a number of additional ERGO based products commencing in 2011, including, but not limited to, enhanced formulations to support cardiovascular, brain and immunological health.

We are establishing several marketing channels to commercialize our planned products. Our primary marketing initiative will consist of an on-line sales program to be effected through a new joint venture we entered into in March 2011 with engage:BDR, as described in further detail below in "Marketing, Sales and Distribution." Other marketing channels may include non-traditional, direct to consumer channel (i.e. multi-level-marketing (MLM), infomercials, and direct-mail) as well as traditional channels of mass retail and specialty retail. We plan to develop products internally and seek complementary acquisitions that may provide additional products, expand our customer base and/or add to our distribution capabilities.

Science Background/Rationale

The following key points summarize the science background and rationale for our L-Ergothioneine ("ERGO") focused business.

Internally and externally generated free radicals and oxidative stress have been proven to contribute to disease and the deleterious effects of aging.

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

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

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

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

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

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

Our first group of products incorporates the amino acid L-Ergothioneine ("ERGO"), as a key component.

ERGO is a naturally occurring, water soluble, amino acid antioxidant produced by microbes in the soil, where it is taken up by and most commonly found in (but not produced by) various species of mushrooms and grapes. It is also found in meats and dairy products as a result of the animal's consumption of ergothioneine-containing foods. Humans and most animals typically have low levels of ERGO since the amount of ERGO in the diet is typically very small.

Our intellectual property includes three patents and two patent pending applications that cover the synthesis of pure ERGO and the protective effect of ERGO on mitochondria and other critical body structures and functions. A significant number of peer-reviewed scientific papers published since the discovery of ERGO in 1909 indicate that ERGO is one of the most potent, multifaceted biological compounds with both appreciable antioxidant and other protective properties. ERGO acts by itself, or in concert with other natural compounds, to improve the body's own innate defenses against oxidative stress. Accordingly, Oxis focuses its efforts on developing products that deliver the benefits of ERGO taken by itself and in combination with other elements that support the body's health protective systems.

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

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

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

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

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

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

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

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

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

3. Protect mitochondria DNA from damage;

4. Protect against environmental ultraviolet radiation (likely to be important in protecting the eyes against cataract producing oxidative injury and the skin against pre-cancerous inflammation-related pathologies); and

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

The recent identification of an ERGO transporter-designated OCTN1 or ETT (a facilitator for moving ERGO into cells and maximizing its activities) suggests the physiological relevance of ERGO as a potential protective and possibly therapeutic agent. Although more needs to be learned about this intrinsic mechanism for localizing and using ERGO, the presence of a genetically-directed system dedicated to ERGO further suggests the potential importance of ERGO. Moreover, the ERGO transporter system has been suggested as potentially being of specific importance in considering possible therapeutic agent applications for chronic inflammatory diseases, such as Crohn's disease, ulcerative colitis, rheumatoid arthritis and Type I diabetes, as well as aging and other significant health processes.

Products

We produced and sold a product named "ERGOPLEX" during 2009 via a direct mail program conducted in conjunction with a company specializing in this type of marketing. ERGOPLEX was a dietary supplement that provided ERGO and other widely accepted and clinically proven ingredients for the maintenance of joint health and the reduction of chronic mild-to-moderate joint pain.

In December 2010, we commercially introduced a new, improved patent-pending joint health formula known as “ErgoFlex™.” We intend to market this product, as well as the other ERGO based products we expect to introduce commencing in 2011, through our new on-line marketing joint venture with engage:BDR, as described in further detail below under “Marketing, Sales and Distribution.”

Our initial focus is to develop and sell products to the consumer products sector. We have sold small amounts of ERGO as a component to selected commercial customers in the cosmetics industry for use in skin care products. We have also provided ERGO to a customer for use as a value-added preservative for sperm in the animal husbandry sector.

We are in the process of developing a broader line of dietary supplements containing ERGO, and plan in the future to develop, by ourself or through third party alliances, functional foods and beverages and cosmeceutical products. Our product/market strategy is based on the rapid development of innovative products for these consumer markets. Product development will be achieved by a team comprised of our executive leadership, our Scientific Advisory Board and outside firms that specialize in these fields.

Markets

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

Oxis competes in: (1) the dietary supplements market with 2008 estimated retail sales of $25.2 billion (vitamins, minerals and other supplements), (2) the functional foods market with 2008 estimated retail sales of $36.8 billion, and, (3) the personal care market with $10.1 billion in estimated retail sales in 2008. Oxis also competes in the global anti-aging market, estimated at $120 billion in 2010.

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

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

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

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

Marketing, Sales and Distribution

Our strategy is to develop and maximize products designed for consumer use and to utilize the most effective and profitable distribution channels to: (1) attract new customers, (2) develop “relationships” with them, and (3) build and maintain sales with them. Essentially all of our products are “consumables” that can generate a stream of repeat sales with the same customers over an extended period of time, thus providing significant lifetime value for each customer.

On-line Marketing

In March 2011, we agreed to form a joint venture with engage:BDR, Inc., an on-line marketing company that offers both premium and placement-specific display marketing solutions and the ability to distribute campaigns through its own display platforms and channels. engage:BDR partners with most of comScore's top 1000 websites (globally) for the most advanced display marketing capabilities. Under the joint venture agreement, engage:BDR will provide a full range of online marketing services to the joint venture, including developing brand strategy, the design of all digital media and interfaces, online media planning and buying, leveraging and integrating social media, and customer analysis.

The following is a summary of the principal provisions of the joint venture (the “Joint Venture”) with engage:BDR, Inc.:

A. The first product to be marketed and sold through the Joint Venture shall be Oxis’ ErgoFlex™ product. Additional Oxis products designated by Oxis will be offered by the Joint Venture. If both parties agree, third party products may also be offered through the Joint Venture. However, nothing in the Joint Venture is intended to prohibit us from marketing, distributing and selling ErgoFlex™ or any of our other current or future products by means other than through online sales.

B. Oxis and engage:BDR will make the following capital contributions to the Joint Venture:

(a) We will contribute up to $1,500,000 during the first year following the formation of the Joint Venture. These funds will be provided if, when and as needed by the Joint Venture. Our cash capital contribution will be used (i) to purchase ErgoFlex and other products from Oxis, at our cost, without any markup, (ii) to purchase website media inventory from engage:BDR, at engage:BDR’s cost, without any markup, and (iii) to fund the Joint Venture’s other operating costs, including insurance costs, marketing expenses, fulfillment costs, merchant processing costs, and employee’s salaries. During the initial start-up phase of the Joint Venture, we will, at our own cost and expense, also provide services to re-package and label our existing nutraceuticals for sale through the Joint Venture.

(b) At its own cost and expense, engage:BDR will design, develop and provide to the Joint Venture, on a turnkey basis, all online product offering systems and technologies, including website layouts, landing pages, graphic designs, display advertising, rich media, in-banner and in-stream video development. During the initial start-up phase of the Joint Venture, engage:BDR will, at its own cost and expense, also manage all day-to-day online activities of the Joint Venture.

C. Cash from operations in excess of the amounts needed for its operations and for reasonable reserves, shall be distributed by the Joint Venture in the following order:

(a) First, to Oxis and engage:BDR until (i) Oxis has received, on a cumulative basis, an amount equal to the cash it has contributed to the Joint Venture, and (ii) engage:BDR has received, on a cumulative basis, an amount equal to 100% of the purchase price paid by the Joint Venture for the website media inventory it purchased from engage:BDR.

(b) Thereafter, all excess net operating cash will be distributed 65% to Oxis and 35% to engage:BDR.

D. The administrative affairs of the Joint Venture shall be managed by a committee consisting of one representative of each Joint Venture member.

North American Marketing

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

Examples of methods to build direct consumer relationships include multi-level marketing, long and short-form television infomercials, long and short-form radio infomercials and direct mail programs. We plan to further evaluate all of these approaches for the distribution of our consumer products and utilize the approaches which best build and maintain consumer relationships and maximize our profits. In December 2010 we initiated a direct mail marketing program for ErgoFlex™. We believe that the initial phase of this program was successful and that we achieved an acceptable response rate. Even more encouraging, to date, most customers who ordered ErgoFlex™ have continued to remain customers and have made follow-on purchases. We intend to further explore this type of direct mail sales program.

Foreign Marketing

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

Manufacturing

We have outsourced the manufacturing of ERGO and are working to reduce the cost of producing ERGO. We have had a multi-year relationship with our primary manufacturing source that manufactures ERGO according to our patented, proprietary process.

Our ErgoFlex™ consumer product is manufactured, produced and provided to us by Gemini Pharmaceuticals, Inc. On October 18, 2010, we obtained a credit facility of up to $750,000 from Gemini Pharmaceuticals, Inc. to be used for product and inventory purchases by us from Gemini. Gemini Pharmaceuticals is a private label manufacturer of over-the-counter drugs, dietary supplements and nutraceuticals.

We plan to outsource the manufacture of all of our future products that we plan to sell through various channels into the marketplace. We believe there is a wide variety of companies that can efficiently and cost-effectively manufacture our products.

Patents and Trademarks

OXIS Patent Portfolio

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

OXIS Ergothioneine Patents

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

OXIS Ergothioneine Pending Applications

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

We have previously marketed the antioxidant ERGO to industry leaders in the cosmetics industry. One of these cosmetics industry leaders, The Estée Lauder Companies, challenged our patent rights. Last year we reached a settlement of the patent dispute with The Estée Lauder Companies, which settlement provided us with full title to two important ergothioneine method of use patents.

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

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

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

Trademarks

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

Competition

The pharmaceutical, nutraceutical and the consumer products industries are highly competitive and require an ongoing, extensive search for technological innovation. They also require, among other things, the ability to effectively discover, develop, test and obtain regulatory approvals for products, as well as the ability to effectively commercialize, market and promote approved products, including communicating the effectiveness, safety and value of products to actual and prospective customers. Numerous companies are engaged in the development, manufacture and marketing of health care and personal care products competitive with those that we manufacture, develop and market. Many of our competitors have greater resources than we have. This enables them to, among other things, make greater research and development investments and spread their research and development costs, as well as their marketing and promotion costs, over a broader revenue base. Our competitors may also have comparable experience and expertise in obtaining marketing approvals from the FDA and other regulatory authorities. In addition to product development, testing, approval and promotion, other competitive factors in the pharmaceutical industry include industry consolidation, product quality and price, product technology, reputation, customer service and access to technical information.

Our primary initial target markets are: (1) dietary supplements and functional foods and beverages, and (2) personal care product. The markets for our products are highly competitive. Our competitors include manufacturers and marketers of personal care and nutritional products, pharmaceutical companies and other direct selling organizations, many of which have a longer operating history and higher visibility, name recognition and financial resources than we do.

The leading dietary supplement companies are NBTY, Pharmavite, Amway Nutrilite, NuSkin/Pharmanex, USANA, and Herbalife. Some successful smaller companies include New Chapter and Nature’s Way.

The leading functional foods and beverages companies are Monavie, Hain-Celestial, Pom, Wonderful, Hanson, Red Bull and Silk. Some apparently successful smaller companies include Lifeway and Honest Teas

The leading cosmetics companies are L’Oreal, Estee Lauder, NuSkin and Mary Kay. Some apparently successful smaller companies include Nature’s Gate and Dermalogica.

Our products in these segments will initially compete based on the potential health benefits of ERGO. However, we will also attempt to compete in these markets on the basis of quality, clinical data, and effective marketing campaigns, including direct-to-consumer advertising.

Government Regulation

The manufacturing, packaging, labeling, advertising, distribution and sale of our proposed nutraceutical and cosmeceutical products will be subject to extensive governmental regulation by numerous domestic and foreign governmental agencies and authorities, including the U.S. Food and Drug Administration (“FDA”), the Federal Trade Commission (“FTC”), the Consumer Product Safety Commission, the Department of Agriculture, State Attorneys General and other state regulatory agencies in the United States, and similar government agencies in each market in which we operate.

Our personal care products may be subject to various laws and regulations that regulate cosmetic products and set forth regulations for determining whether a product can be marketed as a "cosmetic" or requires further approval as an over-the-counter drug. In the United States, regulation of cosmetics is under the jurisdiction of the FDA. The Food, Drug and Cosmetic Act defines cosmetics by their intended use, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body . . . for cleansing, beautifying, promoting attractiveness, or altering the appearance." Among the products included in this definition are skin moisturizers, perfumes, lipsticks, fingernail polishes, eye and facial makeup preparations, shampoos, permanent waves, hair colors, toothpastes and deodorants, as well as any material intended for use as a component of a cosmetic product. Conversely, a product will not be considered a cosmetic, but may be considered a drug if it is intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, or is intended to affect the structure or any function of the body. A product's intended use can be inferred from marketing or product claims.

Our nutraceutical business (dietary supplements and functional foods and beverages products) may be subject to various regulations promulgated by government agencies in the markets in which we operate. We plan to market our nutritional products as conventional foods or dietary supplements. The FDA has jurisdiction over this regulatory area. Because these products are regulated under the Dietary Supplement and Health Education Act, we are generally not required to obtain regulatory approval prior to introducing a product into the United States market. None of this infringes, however, upon the FDA's power to remove from the market any product it determines to be unsafe or an unapproved drug. Additionally, due to negative publicity associated with some supplements in the dietary supplements industry, there has been an increased movement in the United States and other markets to expand the regulation of dietary supplements, which could impose additional restrictions or requirements in the future. In general, the regulatory environment is becoming more complex with increasingly strict regulations each year.

Effective June 2008, the FDA established regulations to require current good manufacturing practices (cGMP) for dietary supplements. The regulations ensure that dietary supplements are produced in a quality manner, do not contain contaminants or impurities, and are accurately labeled. We may be subject to such regulations, which include requirements for establishing quality control procedures, designing and constructing manufacturing plants, and testing ingredients and finished products. The regulations also include requirements for record keeping and handling consumer product complaints. If dietary supplements contain contaminants or do not contain the type or quantity of dietary ingredient they are represented to contain, the FDA would consider those products to be adulterated or misbranded. Our business may also be subject to additional FDA regulations, such as those implementing an adverse event reporting system effective December 2007, which will require us to document and track adverse events and report serious adverse events, which are events involving hospitalization or death, associated with consumers' use of our products. Compliance with these regulations is costly and may directly and indirectly increase the cost of manufacturing and selling our products.

Advertising and product claims regarding the efficacy of products are also regulated. Accordingly, these regulations can limit our ability to inform consumers of the full benefits of our products. For example, we will not be able to claim that any of our nutritional supplements will diagnose, cure, mitigate, treat or prevent any disease or health-related condition. The Dietary Supplement Health and Education Act permits substantiated, truthful and non-misleading statements of nutritional support to be made in labeling, such as statements describing general well-being resulting from consumption of a dietary ingredient or the role of a nutrient or dietary ingredient in affecting or maintaining a structure or a function of the body.

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

Employees

As of December 31, 2010, we had three employees, all of whom are officers of the company. Many of our activities are out-sourced to consultants who provide services to us on a project basis. As business activities require and capital resources permit, we will hire additional employees to fulfill our company's needs.

Research and Development

Research and development expenditures for the year December 31, 2010 were $175,000. These expenditures were incurred in connection with the testing and obtaining certification for ERGO related to the release of ErgoFlex™. No research and development expenditures were incurred during 2009.

ITEM 1A. RISK FACTORS

The risks described below may not be the only ones relating to our company. Additional risks that we currently believe are immaterial may also impair our business operations. Our business, financial conditions and future prospects and the trading price of our common stock could be harmed as a result of any of these risks. Investors should also refer to the other information contained or incorporated by reference in this Annual Report on Form 10-K for the year ended December 31, 2010, including our financial statements and related notes, and our other filings from time to time with the Securities and Exchange Commission

Risks Related To Our Business

We have operated at a loss and it is uncertain when, if ever, we will become profitable.

We have operated at a loss since our inception. We incurred net losses of $3,032,000 and $2,246,000 for the years ended December 31, 2010 and 2009, respectively. We had an accumulated deficit as of December 31, 2010 of approximately $80,095,000 and a working capital deficit of approximately $5,517,000. We are likely to continue to incur losses unless and until we are able to successfully commercialize one or more of our products. These losses, among other things, have had and will continue to have an adverse effect on our stockholders' equity and working capital. In December 2010 we released the first of a series of nutraceuticals that we expect to release in 2011 and thereafter. We anticipate that the commercial release of this product, ErgoFlex™, will continue to generate additional revenues in 2011, particularly since it will be the first product marketed through our new on-line marketing joint venture with engage:BDR. We also intend to offer additional ERGO based nutraceuticals through the marketing joint venture commencing in 2011, which products will generate additional revenues. Although the consumer response to ErgoFlex™ in our December 2010 test market was favorable, no assurance can be given that the product will ultimately achieve a high level of acceptance by a larger consumer market. In addition, even if ErgoFlex™ is successfully marketed and sold through our engage:BDR joint venture, we will only receive 65% of the net revenues of that joint venture (engage:BDR will receive 35% of the net revenues). Accordingly, we are unable to predict the amount of revenues that we may generate in 2011 and beyond, and when we may become profitable, if at all. If we do not become profitable or are unable to maintain future profitability, our ability to survive as a viable company may be in doubt, and the market value of our common stock will be adversely affected.

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

We currently do not have sufficient cash on hand to fund our administrative expenses for more than the next few months. Our business plan, however, calls for us to incur significant additional expenses in connection with marketing and commercializing our future products and in developing and expanding our business and operations. In particular, our on-line marketing joint venture requires that we contribute up to $1,500,000 of capital to that joint venture during the first year to fund initial start-up expenses. Although we anticipate that our future operations will generate operating revenues, our future development costs, and the costs of commercially releasing any of our proposed products will exceed the amount of cash that we currently have and that those operating activities will generate in the near term. Accordingly, in order to expand our operations in the manner contemplated by our business plan, or to continue to operate our company in the longer term, we will have to either (i) obtain additional debt or equity financing, or (ii) enter into a strategic alliance with a synergistic company to acquire funding.

Although we have had substantive discussions with potential providers of additional capital, we do not have commitments from any third parties at this time to provide this financing. Thus, there can be no assurance that sufficient funding will be available to us at acceptable terms or at all. Certain potential investors may be unwilling to invest in our securities since we are traded on the OTC Bulletin Board and not on a national securities exchange. There is no assurance that sufficient funding through a financing will be available to us at acceptable terms or at all. Any additional funding that we obtain in a financing is likely to reduce the percentage ownership of the company held by our existing securityholders. The amount of this dilution may be substantially increased if the trading price of our common stock has declined at the time of any financing from its current levels. If we are unable to obtain sufficient financing on a timely basis, the introduction of new products could be delayed, our marketing plans may have to be scaled back, and we could be forced to reduce the scope of our operations, or otherwise limit or terminate our operations altogether.

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

Until the end of 2008, we were engaged in the sale of research diagnostic reagents and assays to medical research laboratories, and in the production of enzyme immunoassay diagnostic kits for domestic and international clinical laboratories. Since 2008, we no longer are engaged in those businesses, and have restructured our operations. However, since we have only recently commenced our new operations and have not yet generated significant revenues from our business operations, we have no operating history in our current line of business on which a decision to invest in our company can be based. The future of our company currently is dependent upon our ability to implement our new business plan of producing, marketing and selling nutraceutical and other products based on our ERGO technology. While we believe that our business plan, if implemented as contemplated, will make our company successful, we have no operating history against which we can test our plans and assumptions, and therefore cannot evaluate the likelihood of success.

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

Our business model calls for the outsourcing of the development, manufacturing and marketing of our products in order to reduce our capital and infrastructure costs as a means of potentially improving the company's profitability of these products for us. As a result, we are subject to all of the risks associated with having to rely on third parties to develop, manufacture and market our products to our standards, at the projected costs and on a timely basis. These risks include the willingness of manufacturers to make the product, or lack of availability of manufacturing capacity, each of which would have an adverse impact on the availability of our products and on our ability sell our products. Manufacturing difficulties will harm our ability to compete and adversely affect our results of operations and financial condition, and may hinder our ability to grow. There is no assurance that our outside manufacturers will reliably supply products to us at the level of quality we require. In the event any of our third-party manufacturers were to become unable or unwilling to continue to provide our products, we would be required to identify and obtain acceptable replacement manufacturing sources. There is no assurance that we will be able to obtain alternative manufacturing sources on a timely basis. An extended interruption in the supply of our products, particularly ERGO, would result in loss of sales. In addition, any actual or perceived degradation of product quality as a result of our reliance on third party manufacturers may have an adverse effect on sales.

Our future product sales will be heavily dependent upon the success of our on-line marketing joint venture with engage:BDR.

In March 2011, we agreed to form a joint venture with engage:BDR, Inc., an on-line marketing company, to market and sell our nutraceutical products on-line over the Internet. Although we expect to continue to market our products through other means, such as direct mail campaigns, the on-line marketing to be conducted through our joint venture with engage:BDR is anticipated to be our largest marketing and sales effort in 2011. Under the joint venture agreement, engage:BDR will be responsible for the full range of online marketing services, including developing brand strategy, the design of all digital media and interfaces, online media planning and buying, leveraging and integrating social media, and customer analysis. Accordingly, the success of our nutraceutical products will be heavily dependent upon the efforts and success of engage:BDR.

The operating agreement of the joint venture with engage:BDR, Inc. requires us to fund the initial start-up expenses of the joint venture with up to $1,500,000 in cash contributions. Unless we provide that funding, the joint venture will not be able to conduct its planned operations, and it will not sell any of our nutraceutical products. Since the joint venture with engage:BDR, Inc. represents our principal marketing initiative in 2011, the failure of the joint venture would materially and detrimentally affect the amount of revenues we anticipate we will receive in 2011 from sales of our products. As of the date of this Annual Report, we do not have the funds to make the $1,500,000 capital contribution, and no assurance can be given that we will be able to raise that capital from third party sources. Accordingly, unless we are able to raise sufficient funds to make the required capital contribution to the joint venture with engage:BDR, Inc., our ability to market and sell our nutraceutical products on-line will be severely limited.

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

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

- requirements for the reformulation of certain or all products to meet new standards,
- the recall or discontinuance of certain or all products,
- additional record keeping,
- expanded documentation of the properties of certain or all products,
- expanded or different labeling,
- adverse event tracking and reporting, and
- additional scientific substantiation.

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

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

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

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

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

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

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

Our patents may not protect the proprietorship of our products.

Our ability to compete successfully will depend to a significant extent, on our patents and on our ability to defend our patents. Most of the initial products that we plan to release are based on the benefits of ERGO. Our patents and patent applications address the ability to make ERGO and the protective effect of ERGO on mitochondria and its neuroprotectant properties. We believe these patents thus provide us with a competitive advantage in our market. We have previously initiated legal proceedings to enforce our patent protection rights for manufacture and use of ERGO in cosmeceuticals. For example, in 2010, we settled a patent dispute with The Estée Lauder Companies, which provided us with title to two important ERGO method of use patents. However, the failure to defend our patents in the future could have an adverse effect on our planned business operations and product sales.

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

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

Product liability claims could hurt our business.

Our products consist of ingredients that are classified as foods or dietary supplements and are not subject to pre-market regulatory approval in the United States. As a marketer of dietary and nutritional supplements and other products that are ingested by consumers or applied to their bodies, we may be subjected to various product liability claims, including that: (i) our products contain contaminants; (ii) our products include inadequate instructions as to their uses; or (iii) our products include inadequate warnings concerning side effects and interactions with other substances. It is possible that product liability claims and the resulting adverse publicity could negatively affect our business; that our product liability insurance may fail to cover future product liability claims so we could be required to pay substantial monetary damages which could harm our business.

Product Claims, Advertising And Distributor Activities.

Our failure to comply with FTC or state regulations that cover our product claims and advertising, including direct claims and advertising by us, as well as claims and advertising by our marketing joint venture, may result in enforcement actions and imposition of penalties or otherwise materially and adversely affect the distribution and sale of our products.

Risks Related to Our Securities

Our securities are quoted on the OTC Bulletin Board, which may limit the liquidity and price of our securities more than if our securities were quoted or listed on or a national securities exchange.

Our securities are currently quoted on the OTC Bulletin Board, an NASD-sponsored and operated inter-dealer automated quotation system for equity securities not listed on a national securities exchange. Quotation of our securities on the OTC Bulletin Board may limit the liquidity and price of our securities more than if our securities were quoted or listed on a national securities exchange. Some investors may perceive our securities to be less attractive because they are traded in the over-the-counter market. In addition, as an OTC Bulletin Board listed company, we do not attract the extensive analyst coverage that accompanies companies listed on a national securities exchange. Further, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities traded in the over-the-counter market. These factors may have an adverse impact on the trading and price of our securities.

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

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

Our existing stockholders are subject to significant additional dilution if the currently outstanding options, warrants and convertible promissory notes are exercised. The sale of these additional shares could also cause our common stock price to fall.

As of March 31, 2011, a total of 162,680,842 shares of our common stock were issued and outstanding. However, we currently have outstanding options, warrants and convertible promissory notes that could result in the issuance of a total of 417,841,204 additional shares of common stock. If all shares issuable under the foregoing options, warrants, convertible promissory notes and other agreements were issued, our current shareholders would own only 28% of the then outstanding shares of common stock. Accordingly, the stockholdings of current stockholders will be substantially diluted if and when these convertible securities are converted or when the options and warrants are exercised. If many of these shares are actually issued, the voting power of the currently outstanding shares would substantially decrease. Furthermore, the re-sale of these newly issued shares, or even the possibility that substantial amounts of our common stock may be sold in the public market, could adversely affect prevailing market prices for our common stock.

The voting rights of the preferred stock held by Theorem Group, LLC gives that stockholder the ability to control the voting shares of this company and to prevent other stockholders from influencing significant corporate decisions.

Theorem Group, LLC, an affiliate of Mr. Dube (one of our directors), owns all of the issued and outstanding shares of our Series H Convertible Preferred Stock. As the holder of all of the Series H Convertible Preferred Stock, Theorem Group, LLC is entitled to a number of votes equal to (A) the number of shares of Common Stock that such shares of preferred stock could, at such time, be converted into (B) multiplied by 100. Since the Series H Convertible Preferred Stock is currently convertible into 2,500,000 shares of our common stock, Theorem Group has the voting power of 250,000,000 shares, or approximately 60.6% of our voting shares. As a result, Theorem Group is able to direct the outcome of matters, including the election of our directors and other corporate actions such as:

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

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

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

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

- announcements by us of new product releases, or the delay in releasing new products;
- developments with respect to our patents or proprietary rights;
- announcements of new products or new contracts by our competitors;
- actual or anticipated variations in our operating results;
- changes in financial estimates by securities analysts and whether our earnings meet or exceed such estimates;
- conditions and trends in the nutraceutical, cosmeceutical and other industries;
- new accounting standards;
- general economic, political and market conditions and other factors; and
- the occurrence of any of the risks described in this report.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive office is located at 468 N. Camden Drive, 2nd Fl., Beverly Hills, California 90210. We also currently sublease office space and other facilities from Theorem Capital, LLC at 10880 Wilshire Boulevard, Suite 950, Los Angeles, California 90024 on a month-to-month basis for $5,000 per month. See, "Item 13. Certain Relationships and Related Transactions, and Director Independence," below.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. RESERVED

PART II

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

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

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

YEAR	PERIOD	HIGH	LOW
Fiscal Year 2009	First Quarter	$ 0.06	$ 0.04
	Second Quarter	$ 0.15	$ 0.04
	Third Quarter	$ 0.17	$ 0.07
	Fourth Quarter	$ 0.40	$ 0.16
Fiscal Year 2010	First Quarter	$ 0.25	$ 0.16
	Second Quarter	$ 0.19	$ 0.10
	Third Quarter	$ 0.13	$ 0.10
	Fourth Quarter	$ 0.19	$ 0.08

Our common stock is also quoted on several European based exchanges including Berlin (OXI.BE), Frankfurt (OXI.DE), the Euronext (OXI.NX) and Paris, (OXI.PA). The foregoing trading prices exclude trading on these foreign stock markets.

Stockholders

As of March 31, 2011, there were approximately 1,050 stockholders of record, which total does not include stockholders who hold their shares in “street name.” The transfer agent for our common stock is ComputerShare, whose address is 350 Indiana Street, Golden, CO 80401.

Dividends

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

Equity Compensation Plan Information

The information included under Item 12 of Part III of this report, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” is hereby incorporated by reference into this Item 5 of Part II of this report.

Recent Issuances of Unregistered Securities

In connection with entering into a subordinated revolving line of credit agreement with Gemini Pharmaceuticals, Inc., and as partial consideration for making that credit facility available to us, on October 18, 2010, we issued to Gemini Pharmaceuticals, Inc. a five-year warrant to purchase up to 300,000 shares of our common stock at an exercise price of $0.12 per share. The issuance of the warrant was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Securities Act of 1933 and Regulation D under the Act.

On November 10, 2010, we sold 1,666,667 shares of our Series I Convertible Preferred Stock to Oasis Oxis Investment Group, LLC, at a price of $0.15 per share (the total purchase price was $250,000). The shares of the Series I Convertible Preferred Stock were issued and delivered in March 2011. The issuance of the Series I Convertible Preferred Stock was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Securities Act of 1933 and Regulation D under the Act.

Except as set forth above, we did not issue any unregistered securities during the three-month period ended December 31, 2010 that were not previously reported in a Current Report on Form 8-K.

Repurchase of Shares

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

ITEM 6. SELECTED FINANCIAL DATA

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

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

Overview

Until the end of 2008, we were engaged in the business of developing and selling clinical and research assay products and out-licensing certain therapeutic compounds addressing conditions and diseases associated with oxidative stress. During 2008, we lost our majority-owned subsidiary, BioCheck, Inc., which was engaged in the production of enzyme immunoassay diagnostic kits for clinical laboratories, and in December 2008 we sold substantially all of the assets of our research assay product line to Percipio Biosciences, Inc. Commencing in 2009, our focus shifted from the clinical and research assay business to developing and marketing nutraceutical products in the field of oxidative stress reduction, with a focus on products that include L-Ergothioneine ("ERGO") as a component. As a result, since the beginning of 2009 we have been primarily involved in re-directing our business plan, on obtaining financing to fund our revised business plan, building a new management team, developing new products, establishing new manufacturing relationships, and otherwise implementing our new business strategy. We conducted limited operations, and had limited revenues in 2009 and in 2010.

As shown in the accompanying consolidated financial statements, we have incurred an accumulated deficit of $80,095,000 through December 31, 2010. Our cash holdings at December 31, 2010 were $54,000, and we had a working capital deficit of $5,517,000. Because our lack of funds, we will have to raise additional capital in order to fund our selling, general and administrative, and research and development expenses. There are no assurances that we will be able to raise the funds necessary to maintain our operations or to implement our business plan. The consolidated financial statements included in this Annual Report do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue our operations.

Bristol Debt Financing

From October 8, 2008 to June 25, 2009, we issued a series of convertible demand notes to Bristol Investment Fund, Ltd. ("Bristol") for an aggregate principal amount of $261,040 (the "Bristol Notes"). The Bristol Notes are convertible at the option of the holder at any time into shares of common, at a price equal to the lesser of (i) $0.01 and (ii) 60% of the average of the three (3) lowest trading prices occurring at any time during the twenty (20) trading days preceding the date that Bristol notifies we that it elects to effectuate a conversion.

Standstill and Forbearance Agreement with Bristol

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

Conversion of Debt to Equity

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

Recent Developments

On-line Marketing and Advertising Joint Venture

In March 2011, we agreed to form a joint venture (the “Joint Venture”) with engage:BDR, Inc., an on-line marketing company that offers both premium and placement-specific display marketing solutions and the ability to distribute campaigns through its own display platforms and channels. The purpose of the Joint Venture the Joint Venture is to market and sell our ErgoFlex™ product on-line. Additional Oxis products designated by us will also be offered by the Joint Venture in the future. Under the Joint Venture agreement, we are required to contribute up to $1,500,000 during the first year following the formation of the Joint Venture. These funds will be provided if, when and as needed by the Joint Venture Cash. Net cash generated from operations in excess of the amounts needed for its operations and for reasonable reserves, shall be distributed by the Joint Venture in the following order: (a)First, to Oxis and engage:BDR until (i) Oxis has received, on a cumulative basis, an amount equal to the cash it has contributed to the Joint Venture, and (ii) engage:BDR has received, on a cumulative basis, and amount equal to 100% of the purchase price paid by the Joint Venture for the website media inventory it purchased from engage:BDR. (b) Thereafter, all excess net operating cash will be distributed 65% to us and 35% to engage:BDR.

Results of Operations

Revenues

The revenues that we generated in the fiscal year ended December 31, 2009 (“fiscal 2009”) were obtained from sales of Ergo-Plex in a test marketing effort of that nutraceutical product. We did not market or sell Ergo-Plex in the fiscal year ended December 31, 2010 (“fiscal 2010”). In December 2010, we initiated a direct mail test market for ErgoFlex™, which generated $11,000 of revenues in fiscal 2010 (sales of that product are continuing in 2011). The following table presents the changes in revenues from fiscal 2009 to fiscal 2010:

			Decrease from 2009	
	2010	2009	Amount	%
Product revenues	$ 11,000	$ 48,000	$ (37,000)	(77.1)

Because we did not actively market any products in either fiscal 2009 or fiscal 2010, the product revenues in fiscal 2009 and fiscal 2010, we do not believe that the revenue data for such years is meaningful or an indication of our future operations. Assuming that we are able to raise the capital needed, we plan to actively market our products in 2011 and to release at least one additional consumer product. Therefore, if we are adequately capitalized, revenues for 2011 are expected to significantly increase in 2011 compared to the two prior years.

Cost of product revenues

The following table presents the changes in cost of product revenues from fiscal 2009 to fiscal 2010:

			Increase from 2009	
	2010	2009	Amount	%
Cost of product revenues	$ 65,000	$ 50,000	$ 15,000	30.0

During fiscal 2010, we purchased products for the direct market test campaign that we initiated in December 2010 and that has continued into 2011.

Research and development expenses

Research and development expenditures for the year December 31, 2010 were $179,000. These expenditures were incurred in connection with the testing and obtaining certification for ERGO related to the release of ErgoFlex™. No research and development expenditures were incurred during 2009.

Selling, general and administrative expenses

As discussed above, we lost our interest in BioCheck, Inc. in June 2008, and we sold our assay assets in December 2009. Accordingly, during fiscal 2009, we did not conduct any active business operations, which enabled us to reduce the number of our salaried employees, decrease overhead expenses, and reduce our shareholder relations expenses. Since we hired additional officers and employees in March 2010, our selling, general and administrative expenses increased in fiscal 2010 by $1,124,000 from $1,154,000 in fiscal 2009 to $2,278,000. We expect to more actively engage in operating activities in 2011, and anticipate that our selling, general and administrative expenses during the 2011 fiscal year will increase compared to fiscal 2010.

Change in value of warrant and derivative liabilities

The change in the value of warrant and derivative liabilities relates to the change in fair value of these liabilities recorded by us as a result of the convertible debentures issued in October 2006. When we entered into the convertible debentures with the warrants on October 25, 2006, the beneficial conversion feature was valued at $690,000 and the warrants were valued at $2,334,000. We recognized an increase in income of $15,000 and $26,000 for the years ended December 31, 2010 and 2009, respectively, as a result in the change in the value of the warrants.

Interest Expense

Interest expense was $513,000 compared to $1,136,000 for the year ended December 31, 2010 and 2009, respectively. The decrease is due to the interest on the convertible debentures as a result of the conversion of $1,736,000 of debentures in fiscal 2010, the amortization of the debt issuance costs associated with the convertible debentures, and the decrease in penalty interest associated with the delinquent payment of the issued debentures.

Liquidity and Capital Resources

On a consolidated basis, as of December 31, 2010, we had cash and cash equivalents of $54,000, total current assets of $137,000, and a working capital deficit of $5,517,000. Cash used in operating activities was $1,535,000 during the year ended December 31, 2010. Our cash holdings as December 31, 2010, and our cash position as of the date of this Annual Report, are only sufficient to fund our administrative expenses for a few months. Our lack of revenues, our current liabilities of over $5.6 million, and our current lack of cash raise substantial doubt about our ability to continue as a going concern, absent any new sources of significant cash flows or outside financing. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event that we cannot continue in existence.

During 2010 we funded our operating expenses from a $2,000,000 private placement of convertible debentures and warrants that we completed in October 2009. The securities were sold to certain accredited investors, including Theorem Group, LLC, an affiliate of Mr. Dube, one of our directors. The securities consisted of the following:

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

- “Series A Warrants” to purchase an aggregate of up to 20,000,000 shares of our common stock. The Series A Warrants have an exercise price of $0.0625 per share and expire on September 30, 2014.

- “Series B Warrants” to purchase an aggregate of up to 20,000,000 shares of our common stock. The Series B Warrants have an exercise of $0.0750 per share and expire on September 30, 2014.

The Convertible Debentures, Series A Warrants and Series B Warrants entitle its holders full anti-dilution coverage and piggy-back registration rights. The Convertible Debentures grant the holders thereof certain preemptive rights to purchase the securities that we may issued during the term of the debentures. The foregoing funds have been depleted, and we need additional capital or increased revenues from our new products to fund our operating expenses. Although we anticipate that our revenues will increase during the 2011 fiscal year as a result of continued sales of our first product that we introduced in late in 2010, the introduction of the additional products we plan to commence marketing in 2011, and the new on-line marketing joint venture arrangement we entered into in March 2011 with engage:BDR, we do not currently anticipate that those funds will be sufficient in the short term to fund our working deficit or to repay our current liabilities.

In order to fund our operating expenses in 2010, on November 10, 2010, sold 1,666,667 shares of our Series I Convertible Preferred Stock (the "Series I Preferred Stock"), at a price of $0.15 per share, to Oasis Oxis Investment Group, LLC for $250,000. The holder of the Series I Preferred Stock will be entitled to receive, out of funds legally available, dividends in cash at the annual rate of 8.0% of $0.15, when, as, and if declared by our board of directors. No dividends or other distributions may be made with respect to any shares of junior stock until dividends in the same amount per share on the Series I Preferred Stock have been declared and paid or set apart during that fiscal year. In the event of any dissolution or winding up of the company, whether voluntary or involuntary, holders of each outstanding share of Series I Preferred Stock shall be entitled to be paid first out of the company's assets available for distribution to shareholders, an amount equal to the fair market value as determined by our board of directors in the amount of $0.15 per share, as adjusted for any stock dividends, combinations or splits with respect to such shares. The foregoing liquidation distribution to the holders of the Series I Preferred Stock shall be senior to the Common Stock, our currently outstanding Series C Preferred Stock and Series H Preferred Stock, and to all other classes and series of equity securities of the company now existing or hereafter created, which are junior, among other things, in right of payment of dividends or on liquidation to the Series I Preferred Stock.

In order to fund our purchases of product inventory, on October 13, 2010 we obtained a revolving line of credit of up to $750,000 from Gemini Pharmaceuticals, Inc. ("Gemini"), which credit facility can only be used for nutraceutical product and inventory purchases from Gemini. The amount of advances available to us under the credit facility is tiered, starting at $250,000, and upon us meeting certain milestones, will be increased to $500,000, and then $750,000. Advances will be made to us so long as the representations and warranties we made remain true at the time that we request an advance. All advances under this credit facility will bear interest equal to the prime rate plus two percent per annum, calculated based on 360-day year. This credit facility will be made available to us until October 13, 2011, which may be extended from time to time by Gemini in its sole discretion. All outstanding advances under this revolving line of credit is due and payable on October 13, 2011, unless earlier payment is required under the revolving credit promissory note. In consideration for this credit facility, we issued to Gemini a five-year warrant to 300,000 shares of our common stock at an exercise price of $0.12 per share, of which 150,000 shares are vested. An additional 75,000 shares will vest under the warrant if and when the credit line is increased to $500,000, and the remaining 75,000 will vest when the credit line is increased to $750,000. The warrants contain a cashless exercise provision.

Because our revenues from sale of our first product currently are very limited, we will need additional capital in order to continue operations until, if ever, we are able to achieve positive operating cash flow. In addition, we will need capital in order to expand our operations and fund the increases in our administrative expenses that we expect will result in 2011 if our business expands as anticipated. However, other than the Gemini inventory credit facility, we presently have no bank financing or other external sources of liquidity. Since December 31, 2010, we have been funded through two $50,000 short-term loans provided to use by Bristol Investment Fund, Ltd. and an unaffiliated lender. These notes are due on demand. Therefore, in order to obtain the necessary capital we need to fully fund our operating needs, including our obligation to contribute up to $1,500,000 to our new marketing joint venture, we will have raise additional debt or equity funding. There is no assurance that we will be successful in obtaining additional funding. Our goal is to obtain additional funding through the sale of debt or equity securities, or possibly through joint ventures or strategic relationships with unaffiliated third parties, or other financing approaches. No assurance can be given that we will be able to obtain sufficient capital to meet our requirements. The downturn in the equity and debt markets for small-cap public companies is expected to make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek additional financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will not be able to fund our marketing joint venture, which joint venture is expected to be our primary product marketing and sales initiative in 2011, and we may have to curtail our operations or abandon our business plan.

Critical Accounting Policies

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

Basis of Consolidation

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

Revenue Recognition

Product Revenue

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

License Revenue

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

Long-Lived Assets

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

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

Certain Expenses and Liabilities

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

Inflation

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

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements as of December 31, 2010.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer evaluated the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended), as of December 31, 2010. Based on that evaluation we have concluded that our disclosure controls and procedures were not effective as of December 31, 2010.

Management's Report on Internal Control over Financial Reporting

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

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

As of December 31, 2010, management of the company conducted an assessment of the effectiveness of the company's internal control over financial reporting. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. In the course of the assessment, material weaknesses were identified in the company's internal control over financial reporting.

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

Management determined that fundamental elements of an effective control environment were missing or inadequate as of December 31, 2010. The most significant issues identified were: 1) lack of segregation of duties due to very small staff and significant reliance on outside consultants, and 2) risks of executive override also due to lack of established policies, and small employee staff. Based on the material weaknesses identified above, management has concluded that internal control over financial reporting was not effective as of December 31, 2010. As the company's operations increase, the company intends to hire additional employees in its accounting department.

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

Changes in Internal Control over Financial Reporting

Other than as described above, no changes in our internal control over financial reporting were made during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the fourth quarter of our fiscal year ended December 31, 2010, we amended the terms of the 0% Convertible Debentures to exclude from the beneficial ownership calculation used in that debenture: (1) the special voting rights granted under the Series H Convertible Preferred Stock (i.e. the right to vote on an as-converted basis, multiplied by 100), and (2) the number of shares of common stock issuable upon (a) conversion of the remaining, unconverted principal amount of the Convertible Debentures beneficially owned by the holders of the Convertible Debentures, and (b) exercise or conversion of the unexercised or unconverted portion of any other securities of ours subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Debentures or the Warrants) beneficially owned by any of the holders or their affiliates.

We also obtained a credit facility of up to $750,000 from Gemini Pharmaceuticals, Inc. and committed to issue to Oasis Oxis Investment Group, LLC, 1,666,667 shares of our Series I Convertible Preferred Stock at a price of $0.15 per share, or an aggregate price of $250,000. Please see *Amendment to Convertible Debentures, Credit Facility* and *Issuance of Series I Preferred Stock* under Item 7 of Part II of this report, "Management's Discussion and Analysis of Financial Condition and Results of Operations" above, which is hereby incorporated by reference into this Item 9B of Part II of this report.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position held by each of our executive officers and directors as of March 31, 2011. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

Name	Age	Position
Anthony J. Cataldo	58	Chairman of the Board and Chief Executive Officer
Anshuman "Andy" Dube (1)(2) (3)	34	Director
Michael Handelman	52	Chief Financial Officer and Treasurer
Thomas W. Hoog	71	Director
Bernard Landes	61	President

(1) Member of our Audit Committee.

(2) Member of our Compensation Committee

(3) Member of our Nominating and Corporate Governance Committee

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

Anshuman "Andy" Dube was appointed to our Board of Directors on March 5, 2010. Mr. Dube co-founded and is the managing director of Theorem Capital, LLC, a Los Angeles based private equity firm specializing in consumer brands, a position which he has held since its inception in early 2005. Mr. Dube was an active angel investor in various companies including PayPal (sold to eBay), WebEx (NASD: WEBX), and Dollar Networks (sold to Centerpoint). Mr. Dube holds a B.S. degree in Computer Engineering from the University of Southern California.

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

Thomas W. Hoog was appointed as this company's Board of Directors effective July 1, 2010. Mr. Hoog has served as special counsel to the global chairman of Hill & Knowlton., a public relations firm since 2005. Mr. Hoog previously served as President and CEO of Hill & Knowlton, from 1996 through 2001. His responsibilities included managing the firm's 13 US offices, leading its acquisition strategy, developing client strategies, overseeing the firm's profit-and-loss centers, and redefining the US Company's corporate culture. Before he became President and CEO of Hill & Knowlton, Mr. Hoog served as Chairman of its Public Affairs practice and as General Manager of its New York and Washington offices. Prior to joining Hill & Knowlton, he founded and served as President of Hoog and Associates, Inc., a Colorado-based governmental affairs firm with offices in Washington, D.C. and Orange County, California.

Bernard Landes was appointed as this company's President effective March 1, 2010. Mr. Landes has over 33 years of experience in the nutraceutical and functional foods industry. Since January 2000, Mr. Landes has been the President of the Nutritional Products Consulting Group, a company that provided consulting services to a global client base in the areas of scientific, regulatory, product commercialization, and mergers and acquisitions. Among his lead clients was, MonaVie LLC, a large developer and marketer of scientifically formulated anti-oxidant nutritional beverages. Mr. Landes currently serves as the President of MonaVie's Science Advisory Board, a position which he has held since its formation in September 2008. Mr. Landes was the CEO of Paracelsian, Inc., an herbal nutritional supplements company, from January 1998 to December 1999. Prior to that, he was a General Manager at Alacer Corporation, a nutritional supplement and functional water company. Prior to his services at Alacer Corporation, Mr. Landes served for 10 years as director of Marketing, Strategic Planning, Product Development, Nutritional Science and Regulatory Affairs for Health Valley Foods. Mr. Landes also served as General Manager of Zila Nutraceuticals where he managed the Ester-C brand of enhanced Vitamin C from January 2006 until November 2006 when the Company was sold to NBTY.

Our Board of Directors believes that Messrs. Cataldo, Dube and Hoog are suitable members of the Board of Directors based on the following experience, qualifications and skills of these persons:

Anthony Cataldo – Mr. Cataldo has extensive experience serving in both executive and non-executive capacities for public and private companies, including companies entering new markets and releasing new products. In addition, Mr. Cataldo is familiar with the duties and obligations of directors serving on the boards of public companies, having served on the board of numerous public companies.

Anshuman "Andy" Dube – Mr. Dube's experience as the founder and principal of a private equity fund that specializes in consumer brands provides our Board with experience and market knowledge in both the financial industry and consumer brands market. These skills will be valuable in the development of our consumer products and our attempts to raise capital in the future.

Thomas W. Hoog – Mr. Hoog has experience in the public relations and public affairs industries, and provides the Board insight to help and position the Company for marketing strategies.

Committees of the Board

Our Board has a standing Audit Committee, Nominating and Governance Committee, and Compensation Committee.

Audit Committee. The Audit Committee operates pursuant to a written charter. Among other things, the Audit Committee is responsible for:

- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;

- hiring our independent registered public accounting firm, and coordinating the oversight and review of the adequacy of our internal control over financial reporting with both management and the independent registered public accounting firm; and

- reviewing and, if appropriate, approving all transactions between our company or its subsidiaries and any related party.

As of March 31, 2011, Anshuman “Andy” Dube and Thomas Hoog constitute the members of the Audit Committee. Each of Messrs. Anshuman “Andy” Dube and Thomas Hoog is a non-employee director and independent as defined under The Nasdaq Stock Market’s listing standards. Mr. Dube has significant knowledge of financial matters, and our Board has designated him as the “audit committee financial expert” of the Audit Committee.

Nominating and Governance Committee. The Nominating and Governance Committee recommends candidates to be nominated for election as directors at our annual meeting, consistent with criteria approved by the Board; develops and regularly reviews corporate governance principles and related policies for approval by the Board; oversees the organization of the Board to discharge the Board’s duties and responsibilities properly and efficiently; and sees that proper attention is given and effective responses are made to stockholder concerns regarding corporate governance. The Nominating and Governance Committee also reviews proposed changes to our Certificate of Incorporation, Bylaws and Board committee charters and conducts ongoing reviews of potential related party transactions and conflicts of interest, including the review and approval of all “related person transactions” as defined under SEC rules.

Usually, nominees for election to our Board are proposed by our existing directors. In identifying and evaluating individuals qualified to become Board members, our current directors will consider such factors as they deem appropriate to assist in developing a board of directors and committees thereof that are diverse in nature and comprised of experienced and seasoned advisors. Our Board of Directors has not adopted a formal policy with regard to the consideration of diversity when evaluating candidates for election to the Board. However, our Board believes that membership should reflect diversity in its broadest sense, but should not be chosen nor excluded based on race, color, gender, national origin or sexual orientation. In this context, the Board does consider a candidate’s experience, education, industry knowledge and, history with the Company, and differences of viewpoint when evaluating his or her qualifications for election the Board. In evaluating such candidates, the Board seeks to achieve a balance of knowledge, experience and capability in its composition. In connection with this evaluation, the Board determines whether to interview the prospective nominee, and if warranted, one or more directors interview prospective nominees in person or by telephone.

As of the date of this Annual Report, Anshuman “Andy” Dube and Thomas Hoog constitute the members of the Nominating and Governance Committee.

Compensation Committee. The Compensation Committee is responsible for the compensation of our executives and directors; reviews and approves any reports required by the SEC for inclusion in the annual proxy statement; provides general oversight of our compensation structure; and, if deemed necessary, retains and approves the terms of the retention of compensation consultants and other compensation experts. Other specific duties and responsibilities of the Compensation Committee include reviewing senior management selection and overseeing succession planning; reviewing and approving objectives relevant to executive officer compensation, evaluating performance and determining the compensation of executive officers in accordance with those objectives; approving severance arrangements and other applicable agreements for executive officers; overseeing our equity-based and incentive compensation; and establishing compensation policies and practices for service on the Board and its committees and for the Chairman of the Board.

As of the date of this Annual Report, Anshuman “Andy” Dube and Thomas Hoog constitute the members of the Compensation Committee.

Scientific Advisory Board

We have established a Scientific Advisory Board currently consisting of Dr. John Repine, Dr. Okezie Aruoma, Rajan Shah and L. Stephen Coles to assist our management in the areas of expertise of the members of our Scientific Advisory Board. We entered into two-year services agreements with each member of the Scientific Advisory Board upon their appointment. With the exception of Dr. Repine, who receives $12,000 per quarter for his services, each member receives an advisory fee of $9,000 per quarter. All members of the Scientific Advisory Board also received a grant of options to purchase up to 250,000 shares of our common stock, which options vest in four equal quarterly installments. A second option to purchase 500,000 shares of our common stock will be granted upon the one-year anniversary of each of member's respective appointments to the Scientific Advisory Board.

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

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

L. Stephen Coles joined the Scientific Advisory Board in March 2010. Dr. Coles, 60, is currently a lecturer in the Department of Chemistry and Biochemistry at the University of California, Los Angeles and the UCLA Molecular Biology Institute. Dr. Coles has served as Co-Principal Investigator in the Department of Surgery at the UCLA School of Medicine, and has served as Vice President for Medical Education and Internet Content at The Kronos Group, an integrated health care delivery network that provides medical products and health care services for the healthy living and aging industry. Dr. Coles is also the co-founder of the Image Date Corporation, and has served as its Chief Scientist. Dr. Coles has also served as Chief Technical Officer of Rcommunity.com, Inc.

Rajan Shah joined the Scientific Advisory Board in July 2010. Mr. Shah is a chemical engineer and is the President of Biospecialties International, an Australian based company that focuses on the production of the advanced, all natural biological antioxidant precursor, GGC. Mr. Shah earned his masters degree in engineering from MIT.

Advisory Board

We have also established an Advisory Board to advise us on matters related to our research and development of new products and technologies, also with respect to creation, maintenance, licensing and exploitation of intellectual properties. The Advisory Board will also advise us with respect to strategic planning, marketing, acquisitions, divestitures, and other related areas. We entered into a two-year Advisory Board Services Agreement with Sandep Rahi on July 15, 2010. Mr. Rahi receives an advisory fee for $9,000 per quarter. Upon entering into the agreement, we granted Mr. Rahi an initial option to purchase 250,000 shares of our common stock under our 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning October 15, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of our common stock under our 2003 Stock Incentive Plan will be granted on July 15, 2011.

Sandep Rahi joined the Advisory Board in July 2010. From December 2008 to September 2010, Mr. Rahi was the Senior Vice President, Group Creative Director, for Dentsu America - Los Angeles, a full-service advertising agency with offices in New York, San Francisco and Los Angeles. As Senior Vice President at Dentsu America, Mr. Rahi has led teams in the development of cross-media branding & advertising campaigns for clients including Chandon, Chapman University, Famima!!, Hass Avocado Board, Kissui Vodka, Major League Soccer, Nissin Foods, Sutter Home Wines and Union Bank. From February 2006 to December 2008, Mr. Rahi was a Senior Vice President Creative Director at Dentsu America. Since September 2010, Mr. Rahi has been Head of the Content Strategy and Development for Dentsu Network West, the parent company of Dentsu America. Mr. Rahi has taught at SCI-Arc, Cal Poly Pomona and at the Carnegie Mellon’s Heinz School of Entertainment Industry. Mr. Rahi is an Emmy award winning Creative Director, seasoned in both the entertainment and advertising industries.

Code of Ethics

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

Based solely on its review of the copies of reporting forms received by the company, the company believes that the following Forms 3 and 4 for transactions effected in 2010 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

- Bernard Landes was late in filing one Form 3 in connection with his appointment as President to the company on March 11, 2010, effective March 1, 2010. The Form 3 was filed on March 22, 2010.

- Michael Handelman was late in filing one Form 3 in connection with his appointment as Chief Financial Officer and Treasurer to the Company on March 11, 2010, effective March 1, 2010. The Form 3 was filed on March 22, 2010.

- Anshuman "Andy" Dube was late in filing one Form 3 in connection with his appointment to the company's Board of Directors on March 5, 2010, and in connection with the issuance of the Series H Convertible Preferred Stock to Theorem Group, LLC on October 13, 2009. The Form 3 was filed on March 25, 2010.

- Theorem Group, LLC was late in filing one Form 3 in connection with its acquisition of Series H Convertible Preferred Stock on October 13, 2009. The Form 3 was filed on March 25, 2010.

- Gary Post, our former secretary and director, was late filing three Form 4s. Mr. Post acquired 1,500,000 shares of our common stock on January 19, 2010, which were granted pursuant to an advisory agreement with the company, 100,000 shares of our common stock on January 26, 2010, pursuant to already existing options, and options to acquire up to 1,110,227 shares of common stock. The Form 4 was filed on April 6, 2010. Mr. Post was late in filing reporting the sales of our common stock from August 26, 2010 to August 31, 2010. A Form 4 reporting the sales were filed on August 30, 2010 and September 2, 2010.

- Anthony Cataldo was late in filing one Form 3 in connection with his appointment as President to the company on March 29, 2010. The Form 3 was filed on April 6, 2010.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table set forth certain information concerning the annual and long-term compensation for services rendered to us in all capacities for the fiscal years ended December 31, 2010 and 2009 of (i) all persons who served as our principal executive officer during the fiscal year ended December 31, 2010, and (ii) our other two most highly compensated executive officers serving on December 31, 2010 whose total annual compensation during the fiscal year ended December 31, 2010 exceeded $100,000. The principal executive officer and the other named officers are collectively referred to as the "Named Executive Officers."

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards	Option Awards[1] ($)	Non-Equity Incentive Plan Compensation Earnings ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total
Anthony J. Cataldo, Chairman, Chief Executive Officer (Principal Executive Officer)[2]	2010	$ 180,000	$ —	$ —	$ 51,391	$ —	$ —	$ —	$ 231,391
	2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Michael Handelman, Chief Financial Officer (Principal Financial Officer)	2010	$ 54,000	$ —	$ —	$ 5,749	$ —	$ —	$ —	$ 59,749
	2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Bernard Landes, President[3]	2010	$ 100,000	$ —	$ —	$ 51,063	$ —	$ —	$ —	$ 151,063
	2009	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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

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

(3) Mr. Landes was appointed President on March 1, 2010.

Employment Agreements

Employment Agreement with Anthony J. Cataldo

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

Employment Agreement with Bernard Landes

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

Employment Agreement with Michael Handelman

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

Stock Option Grant

The following table sets forth information as of December 31, 2010, concerning unexercised options, unvested stock and equity incentive plan awards for the executive officers named in the Summary Compensation Table.

OUTSTANDING EQUITY AWARDS AT YEAR ENDED DECEMBER 31, 2010

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Anthony Cataldo	1,676,020	4,028,061(1)	1,000,000(2)	$0.17	3/1/2020				
Michael Handelman	187,500	62,500(3)		$0.17	3/1/2020				
Bernard Landes	1,665,340	555,113(3)		$0.17	3/1/2020				

(1) Vests quarterly for a term of 3 years following grant on March 1, 2010.

(2) Will vest 25% quarterly as to 500,000 shares commencing on March 1, 2011, and 25% quarterly as to the remaining 500,000 shares commencing on March 1, 2012.

(3) Vested on March 1, 2011.

Director Compensation

No fees to non-employee directors were paid or accrued in 2009 or 2010. Currently, we do not pay meeting fees but directors are reimbursed for their expenses incurred in attending meetings.

With the exception of Mr. Hoog, who was granted an option to purchase 250,000 shares of our common stock upon his appointment to the Board of Directors on July 1, 2010, no director receives any compensation for his services as a director. Employee directors (now only Mr. Cataldo) do not receive compensation as directors. Mr. Dube (an affiliate of Theorem Group, LLC, a significant investor in the Company) also does not receive compensation for serving on the Board. We plan to evaluate our future compensation for non-employee directors as they may be added to our Board. Under our 2003 Stock Incentive Plan, non-employee directors are automatically awarded options to purchase 30,000 shares of common stock upon becoming directors and automatically awarded options to purchase 5,000 shares of common stock annually. During 2009 and 2010, we did not make these automatic option grants to non-employee directors, and it is uncertain if we will have an automatic option grant policy in the future.

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

2003 Stock Incentive Plan

We have adopted an equity incentive plan, the 2003 Stock Incentive Plan (the "2003 Plan"), pursuant to which we are authorized to grant options to purchase up to 3,000,000 shares of common stock to our employees, officers, directors and consultants. The number of shares of common stock issuable under the 2003 Plan increases by 300,000 every year on January 1, commencing in 2005. In 2006, with the approval of shareholders, the 2003 Plan was amended to increase the number of shares reserved for issuance from 3,600,000 shares to 5,600,000 shares. As a result, the number of shares of common stock that may be awarded under the 2003 Plan has increased from 3,000,000 to 7,100,000 as of January 1, 2011. Additionally, any options to purchase shares of common stock that are unexercised at the end of their respective terms or otherwise forfeited, become available under the 2003 Plan. Awards under the 2003 Plan may consist of both non-qualified options and options intended to qualify as "Incentive Stock Options" under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

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

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

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

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

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

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

2010 Stock Incentive Plan

On October 29, 2010, our Board adopted the Oxis International, Inc. 2010 Equity Incentive Plan (the “2010 Plan”), and recommended that the adoption of the 2010 Plan be submitted for approval by our stockholders. Until the stockholders approve the 2010 Plan, we may make awards under the 2010 Plan, as long as the effectiveness of the awards is conditioned upon obtaining such stockholder approval. If stockholders do not approval this proposal, we will not implement the 2010 Plan, and any currently outstanding awards under the 2010 Plan will terminate and be of no further force or effect. A summary of the 2010 Plan is set forth below.

General. The 2010 Plan provides for awards of incentive stock options, non-statutory stock options, rights to acquire restricted stock, and stock appreciation rights, or SARs. Incentive stock options granted under the 2010 Plan are intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code. Non-statutory stock options granted under the 2010 Plan are not intended to qualify as incentive stock options under the Code. See “Federal Income Tax Consequences” below for a discussion of the principal federal income tax consequences of awards under the 2010 Plan.

Purpose. Our Board adopted the 2010 Plan to provide a means by which employees, directors and consultants of the Company and its affiliates may be given an opportunity to benefit from increases in the value of our Common Stock, to assist in attracting and retaining the services of such persons, to bind the interests of eligible recipients more closely to the Company’s interests by offering them opportunities to acquire shares of our Common Stock and to afford such persons stock-based compensation opportunities that are competitive with those afforded by similar businesses. All of our employees, directors and consultants are eligible to participate in the 2010 Plan.

Administration. Unless it delegates administration to a committee as described below, our Board will administer the 2010 Plan. Subject to the provisions of the 2010 Plan, the Board has the power to construe and interpret the 2010 Plan, and to determine: (i) the fair value of Common Stock subject to awards issued under the 2010 Plan; (ii) the persons to whom and the dates on which awards will be granted; (iii) what types or combinations of types of awards will be granted; (iv) the number of shares of Common Stock to be subject to each award; (v) the time or times during the term of each award within which all or a portion of such award may be exercised; (vi) the exercise price or purchase price of each award; and (vii) the types of consideration permitted to exercise or purchase each award and other terms of the awards.

The Board has the power to delegate administration of the 2010 Plan to a committee composed of one or more directors. In the discretion of the Board, a committee may consist solely of "outside directors" or "non-employee directors" (as such terms are defined in the 2010 Plan).

Stock Subject to the 2010 Plan. Subject to the provisions of Sections 6.1.1 and 7.2 of the 2010 Plan relating to adjustments upon changes in our Common Stock, an aggregate of 22,500,000 shares of common stock have been reserved for issuance under the 2010 Plan.

If shares of Common Stock subject to an option or SAR granted under the 2010 Plan expire or otherwise terminate without being exercised (or exercised in full), such shares shall become available again for grants under the 2010 Plan. If shares of restricted stock awarded under the 2010 Plan are forfeited to the Company or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the 2010 Plan. Where the exercise price of an option granted under the 2010 Plan is paid by means of the optionee's surrender of previously owned shares of common stock, or the Company's withholding of shares otherwise issuable upon exercise of the option as may be permitted under the 2010 Plan, only the net number of shares issued and which remain outstanding in connection with such exercise shall be deemed "issued" and no longer available for issuance under the 2010 Plan.

Eligibility. Incentive stock options may be granted under the 2010 Plan only to employees of the Company and its affiliates. Employees, directors and consultants of the Company and its affiliates are eligible to receive all other types of awards under the 2010 Plan.

No incentive stock option may be granted under the 2010 Plan to any person who, at the time of the grant, owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of the Company or any affiliate of the Company, unless the exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant and the term of the option does not exceed five years from the date of grant. In addition, no employee may be granted options under the 2010 Plan exercisable for more than 3,000,000 shares of common stock during any twelve-month period.

Terms of Options and SARs. Options and SARs may be granted under the 2010 Plan pursuant to stock option agreements and stock appreciation rights agreements, respectively. The following is a description of the permissible terms of options and SARs under the 2010 Plan. Individual grants of options and SARs may be more restrictive as to any or all of the permissible terms described below.

The exercise price of incentive stock options may not be less than the fair market value of the common stock subject to the option on the date of the grant and, in some cases (see "Eligibility" above), may not be less than 110% of such fair market value. The exercise price of nonstatutory options also may not be less than the fair market value of the common stock on the date of grant. The base value of a SAR may not be less than the fair market value of the common stock on the date of grant. The exercise price of options granted under the 2010 Plan must be paid either in cash at the time the option is exercised or, at the discretion of the Board, (i) by delivery of already-owned shares of our Common Stock, (ii) pursuant to a deferred payment arrangement, (iii) pursuant to a net exercise arrangement, or (iv) pursuant to a cashless exercise as permitted under applicable rules and regulations of the Securities and Exchange Commission.

In addition, the holder of a SAR is entitled to receive upon exercise of such SAR only shares of our Common Stock at a fair market value equal to the benefit to be received by the exercise.

Options granted under the 2010 Plan may be exercisable in cumulative increments, or "vest," as determined by the Board. Our Board has the power to accelerate the time as of which an option may vest or be exercised.

To the extent provided by the terms of an option or SAR, a participant may satisfy any federal, state or local tax withholding obligation relating to the exercise of such option or SAR by a cash payment upon exercise, or in the discretion of our Board, by authorizing the Company to withhold a portion of the stock otherwise issuable to the participant, by delivering already-owned shares of our Common Stock or by a combination of these means.

The maximum term of options and SARs under the 2010 Plan is ten years, except that in certain cases (see "Eligibility" above) the maximum term is five years. Options and SARs awarded under the 2010 Plan generally will terminate three months after termination of the participant's service; however, pursuant to the terms of the 2010 Plan, an a grantee's employment shall not be deemed to terminate by reason of such grantee's transfer from the Company to an affiliate of the Company, or vice versa, or sick leave, military leave or other leave of absence approved by our Board, if the period of any such leave does not exceed ninety (90) days or, if longer, if the grantee's right to reemployment by the Company or any of its affiliate is guaranteed either contractually or by statute.

A recipient may not transfer an incentive stock option otherwise than by will or by the laws of descent and distribution. During the lifetime of the recipient, only the recipient may exercise an option or SAR. The Board may grant nonstatutory stock options and SARs that are transferable to the extent provided in the applicable written agreement.

Terms of Restricted Stock Awards. Restricted stock awards may be granted under the 2010 Plan pursuant to restricted stock purchase or grant agreements. No awards of restricted stock may be granted under the 2010 Plan after ten (10) years from the Board's adoption of the 2010 Plan.

Our Board may issue shares of restricted stock under the 2010 Plan as a grant or for such consideration, including services, and, subject to the Sarbanes-Oxley Act of 2002, promissory notes, as determined in its sole discretion. If restricted stock under the 2010 Plan is issued pursuant to a purchase agreement, the purchase price must be paid either in cash at the time of purchase or, at the discretion of our Board, pursuant to any other form of legal consideration acceptable to the Board.

Shares of restricted stock acquired under a restricted stock purchase or grant agreement may, but need not, be subject to forfeiture to the Company or other restrictions that will lapse in accordance with a vesting schedule to be determined by our Board. In the event a recipient's employment or service with the Company terminates, any or all of the shares of Common Stock held by such recipient that have not vested as of the date of termination under the terms of the restricted stock agreement may be forfeited to the Company in accordance with such restricted stock agreement.

Our Board may require any recipient of restricted stock to pay to the Company in cash upon demand amounts necessary to satisfy any applicable federal, state or local tax withholding requirements. If the recipient fails to pay the amount demanded, our Board may withhold that amount from other amounts payable by the Company to the recipient, including salary, subject to applicable law. With the consent of our Board in its sole discretion, a recipient may deliver shares of our common stock to the Company to satisfy this withholding obligation.

Rights to acquire shares of common stock under the restricted stock purchase or grant agreement shall be transferable by the recipient only upon such terms and conditions as are set forth in the restricted stock agreement, as the Board shall determine in its discretion, so long as shares of Common Stock awarded under the restricted stock agreement remains subject to the terms of the such agreement.

Adjustment Provisions. f any change is made to our outstanding shares of Common Stock without the Company's receipt of consideration (whether through reorganization, stock dividend or stock split, or other specified change in the capital structure of the Company), appropriate adjustments may be made in the class and maximum number of shares of Common Stock subject to the 2010 Plan and outstanding awards. In that event, the 2010 Plan will be appropriately adjusted in the class and maximum number of shares of Common Stock subject to the 2010 Plan, and outstanding awards may be adjusted in the class, number of shares and price per share of Common Stock subject to such awards.

Effect of Certain Corporate Events. In the event of (i) a liquidation or dissolution of the Company, (ii) a merger or consolidation of the Company with or into another corporation or entity (other than a merger with a wholly-owned subsidiary), or (iii) a sale of all or substantially all of the assets of the Company, any surviving or acquiring corporation may assume awards outstanding under the 2010 Plan or may substitute similar awards. Unless the stock award agreement otherwise provides, in the event any surviving or acquiring corporation does not assume such awards or substitute similar awards, then the awards will terminate if not exercised at or prior to such event.

Duration, Amendment and Termination. The Board may suspend or terminate the 2010 Plan without stockholder approval or ratification at any time or from time to time. Unless sooner terminated, the 2010 Plan will terminate ten years from the date of its adoption by the Board, i.e., in October 2020.

The Board may also amend the 2010 Plan at any time, and from time to time. However, except as provided in Section 6.1.1 and 7.2 relating to adjustments upon changes in common stock, no amendment will be effective unless approved by our stockholders to the extent stockholder approval is necessary to preserve incentive stock option treatment for federal income tax purposes. Our Board may submit any other amendment to the 2010 Plan for stockholder approval if it concludes that stockholder approval is otherwise advisable.

Federal Income Tax Consequences of Plans

The following is a summary of the principal United States federal income tax consequences to the recipient and the Company with respect to participation in the 2003 Plan and 2010 Plan. This summary is not intended to be exhaustive, and does not discuss the income tax laws of any city, state or foreign jurisdiction in which a participant may reside.

Incentive Stock Options

There will be no federal income tax consequences to either us or the recipient upon the grant of an incentive stock option. Upon exercise of the option, the excess of the fair market value of the stock over the exercise price, or the "spread," will be added to the alternative minimum tax base of the recipient unless a disqualifying disposition is made in the year of exercise. A disqualifying disposition is the sale of the stock prior to the expiration of two years from the date of grant and one year from the date of exercise. If the shares of common stock are disposed of in a disqualifying disposition, the recipient will realize taxable ordinary income in an amount equal to the spread at the time of exercise, and we will be entitled (subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation) to a federal income tax deduction equal to such amount. If the recipient sells the shares of common stock after the specified periods, the gain or loss on the sale of the shares will be long-term capital gain or loss and we will not be entitled to a federal income tax deduction.

Non-statutory Stock Options and Restricted Stock Awards

Non-statutory stock options granted under the 2003 Plan and 2010 Plan and restricted stock awards granted under the 2010 Plan generally have the following federal income tax consequences.

There are no tax consequences to the participant or us by reason of the grant. Upon acquisition of the stock, the recipient will recognize taxable ordinary income equal to the excess, if any, of the stock's fair market value on the acquisition date over the purchase price. However, to the extent the stock is subject to "a substantial risk of forfeiture" (as defined in Section 83 of the Code), the taxable event will be delayed until the forfeiture provision lapses unless the recipient elects to be taxed on receipt of the stock by making a Section 83(b) election within 30 days of receipt of the stock. If such election is not made, the recipient generally will recognize income as and when the forfeiture provision lapses, and the income recognized will be based on the fair market value of the stock on such future date. On that date, the recipient's holding period for purposes of determining the long-term or short-term nature of any capital gain or loss recognized on a subsequent disposition of the stock will begin. If a recipient makes a Section 83(b) election, the recipient will recognize ordinary income equal to the difference between the stock's fair market value and the purchase price, if any, as of the date of receipt and the holding period for purposes of characterizing as long-term or short-term any subsequent gain or loss will begin at the date of receipt.

With respect to employees, we are generally required to withhold from regular wages or supplemental wage payments an amount based on the ordinary income recognized. Subject to the requirement of reasonableness, the provisions of Section 162(m) of the Code and the satisfaction of a tax reporting obligation, we will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the participant.

Upon disposition of the stock, the recipient will recognize a capital gain or loss equal to the difference between the selling price and the sum of the amount paid for such stock plus any amount recognized as ordinary income with respect to the stock. Such gain or loss will be long-term or short-term depending on whether the stock has been held for more than one year.

Stock Appreciation Rights or SARs granted under the 2010 Plan

A recipient receiving a stock appreciation right will not recognize income, and we will not be allowed a tax deduction, at the time the award is granted. When a recipient exercises the stock appreciation right, the fair market value of any shares of common stock received will be ordinary income to the recipient and will be allowed as a deduction to us for federal income tax purposes.

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

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 31, 2011 (a) by each person known by us to own beneficially 5% or more of any class of our common stock, (b) by each of our Named Executive Officers, (c) by each of our directors and (d) by all of our current executive officers and directors as a group. As of March 31, 2011 there were 162,680,842 shares of our common stock issued and outstanding. Shares of common stock subject to stock options and warrants that are currently exercisable or exercisable within 60 days of March 31, 2011 are deemed to be outstanding for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Except as otherwise indicated, the address of each stockholder is c/o Oxis International, Inc. at 468 N. Camden Drive, 2nd Fl., Beverly Hills, California 90210.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percent of Shares of Outstanding Common Stock
Security Ownership of Certain Beneficial Owners:		
Bristol Investment Fund, Ltd. (1) Bristol Capital Advisors, LLC 10990 Wilshire Boulevard, Suite 1410 Los Angeles, CA 90024	31,024,357	16.0%
Theorem Group, LLC (2) 10880 Wilshire Blvd., Suite 950 Los Angeles, CA 90024	5,400,000	3.6%
Security Ownership of Management:		
Anshuman Dube(3) 10880 Wilshire Blvd., Suite 950 Los Angeles, CA 90024	0	*
Anthony J. Cataldo (4)	2,234,694	1.4%
Michael Handelman (5)	250,000	*
Thomas W. Hoog (6)	187,500	*
Bernard Landes (7)	2,220,453	1.3%
Executive officers and directors as a group — 5 persons (8)	4,892,647	2.9%

* Less than 1%.

(1) Represents shares issuable upon the exercise of outstanding warrants. Paul Kessler, manager of Bristol Capital Advisors, LLC, the investment advisor to Bristol Investment Fund, Ltd., has voting and investment control over the securities held by Bristol Investment Fund, Ltd. Mr. Kessler disclaims beneficial ownership of these securities.

(2) Represents shares issuable upon: (i) the conversion of 25,000 outstanding shares of Series H Convertible Preferred Stock and a 0% Convertible Debenture that is due October 1, 2011, and (ii) the exercise of Series A Warrant to purchase up to 900,000 shares of Common Stock and Series B Warrant to purchase up to 900,000 shares of Common Stock. The foregoing shares of Series H Convertible Preferred Stock, the 0% Convertible Debenture and the Series A Warrant and Series B Warrant limit the ability of the holder thereof to convert such securities if, following such conversion, the holder and its affiliates would beneficially own more than 4.99% of the Company's then issued and outstanding shares of Common Stock. The Series H Convertible Preferred Stock entitles the holder thereof to a number of votes, without the foregoing 4.99% limitation, equal to (A) the number of shares of Common Stock that such share of preferred stock could, at such time, be converted into (B) multiplied by 100 (or, a voting power of 250,000,000 shares). The foregoing table includes the 2,500,000 shares the Series H Convertible Preferred Stock is convertible into, but does not include the effect of these 250,000,000 votes. Anshuman Dube, managing director of Theorem Group, LLC, has voting and investment control over the securities held by Theorem Group, LLC. Mr. Dube disclaims beneficial ownership of these securities.

(3) Does not include any shares owned by Theorem Group, LLC described in the table. Mr. Dube is the Managing Member of Theorem Group, LLC.

(4) The holdings of Anthony Cataldo include 2,234,694 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 31, 2011.

(5) The holdings of Michael Handelman include 250,000 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 31, 2011.

(6) The holdings of Thomas W. Hoog include 250,000 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 31, 2011.

(7) The holdings of Bernard Landes include 2,220,453 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 31, 2011.

(8) The holdings of the executive officers and directors as a group include 9,362,034 shares issuable upon exercise of options that are exercisable currently or within 60 days of March 31, 2011.

Equity Compensation Plan Information

The following is a summary of our equity compensation plans at December 31, 2010:

Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)**
Equity compensation plans approved by security holders (1)	3,943,782	$ 0.19	2,993,718
Equity compensation plans not approved by security holders (2)	7,490,869	$ 0.21	22,500,000
Total	11,434,651		25,493,718

(1) As of December 31, 2010, we had options issued and outstanding to purchase 3,806,282 shares of common stock under our 2003 Stock Incentive Plan and 137,500 shares of common stock under the 1994 Stock Incentive Plan. Our 1994 Stock Incentive Plan terminated on April 30, 2004 and no additional grants may be made under that plan. As approved by stockholders, we may grant additional options to purchase up to 2,993,718 shares of common stock under our 2003 Stock Incentive Plan as of December 31, 2010. The number of shares reserved for issuance pursuant to options under the 2003 Stock Incentive Plan was increased by 300,000 shares on January 1, 2010 pursuant to an evergreen provision in the stock option plan.

(2) As of December 31, 2010, we had options and warrants issued and outstanding for the purchase of an aggregate of 7,490,869 shares of our common stock to former officers, directors, consultants and advisors outside of our 1994 Stock Incentive Plan and our 2003 Stock Incentive Plan, which were issued on a case by case basis at the discretion of the board of directors. In addition, on October 29, 2010, our Board adopted the Oxis International, Inc. 2010 Equity Incentive Plan (the "2010 Plan"), and recommended that the adoption of the 2010 Plan be submitted for approval by our stockholders. As of the date of this Annual Report, the stockholders have not yet approved the 2010 Plan. An aggregate of 22,500,000 shares of common stock have been reserved for issuance under the 2010 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

We currently rent office space and administrative facilities from Theorem Capital, LLC, an affiliate of one of our major stockholders, Theorem Group, LLC. Theorem Group, LLC currently beneficially owns in excess of 60.6% of this company's voting capital stock. The facilities have been rented on a month-to-month basis since October 2009 at a monthly rate of $5,000 per month. Mr. Dube, a member of our board of directors, is the managing director of Theorem Group, LLC and Theorem Capital, LLC. We paid Theorem Capital, LLC a total of $60,000 under this arrangement during the fiscal year ended December 31, 2010.

On October 13, 2009, Theorem Group, LLC acquired all of the outstanding shares of our Series G Preferred Stock from Bristol Investment Fund, Ltd. The Series G Preferred Stock Certificate Designation contained an error in the voting rights that were granted to the holder of the Series G Preferred Stock. Following the purchase by Theorem Group, LLC of the Series G Preferred Stock from Bristol Investment Fund, Ltd., we discovered certain other inaccuracies in the terms of the Series G Preferred Stock and inconsistencies with the disclosures made by us regarding such terms. Accordingly, rather than amending the Certificate of Designation of the Series G Preferred Stock to correct the voting rights provisions and to otherwise confirm the rights of the Series G Preferred Stock, we created a new series of preferred stock designated as "Series H Convertible Preferred Stock" and entered into that certain Exchange Agreement, dated February 10, 2010, with Theorem Group, LLC, pursuant to which agreement Theorem Group exchanged all its shares of Series G Preferred Stock for an equal number of Series H Preferred Stock. In the Exchange Agreement, Theorem Group also released us from any liabilities related to the incorrect terms of the Series G Preferred Stock. Mr. Dube, who was appointed to our board of directors, effective March 5, 2010, is the managing director of Theorem Group, LLC.

Director Independence

We believe that Mr. Hoog and Mr. Dube qualify as "independent directors" as defined by Item 407 of Regulation S-K.

Our common stock is traded on the OTC Bulletin Board under the symbol "OXIS." The OTC Bulletin Board electronic trading platform does not maintain any standards regarding the "independence" of the directors on our company's Board of Directors, and we are not otherwise subject to the requirements of any national securities exchange or an inter-dealer quotation system with respect to the need to have a majority of our directors be independent.

In the absence of such requirements, we have elected to use the definition for "director independence" under the Nasdaq Stock Market's listing standards, which defines an "independent director" as "a person other than an officer or employee of us or its subsidiaries or any other individual having a relationship, which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director." The definition further provides that, among others, employment of a director by us (or any parent or subsidiary of ours) at any time during the past three years is considered a bar to independence regardless of the determination of our Board of Directors.

Our Board of Directors has determined that Mr. Hoog is the independent director because he is a non-employee director and has no other affiliation with the company. Although Mr. Dube, a member of our board of directors, is the managing director of Theorem Group, LLC and Theorem Capital, LLC, the Board does not believe that the $5,000 monthly rent payment made by this company to Theorem Capital, LLC pursuant to the month-to-month lease of the company's executive offices interferes with Mr. Dube's exercise of independent judgment in carrying out his responsibilities of a director.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Seligson & Giannattasio, LLP was our independent registered public accounting firm for the fiscal years ending December 31, 2009 and December 31, 2010. The Audit Committee has appointed Seligson & Giannattasio, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. The following table shows the fees that were paid or accrued by us for audit and other services provided by Seligson & Giannattasio, LLP for the 2009 and 2010 fiscal years.

	2009	2010
Audit Fees (1)	$ 55,000	$ 50,500
Audit-Related Fees (2)	—	—
Tax Fees (3)	—	—
All Other Fees	—	—
Total……………………………………………	$ 55,000	$ 50,500

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and the review of our financial statements included in our Form 10-Q quarterly reports and services that are normally provided in connection with statutory or regulatory filings for the 2009 and 2010 fiscal years.

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

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

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

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The Company's financial statements and related notes thereto are listed and included in this Annual Report beginning on page F-1. The following documents are furnished as exhibits to this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Restated Certificate of Incorporation as filed in Delaware September 10, 1996 and as thereafter amended through March 1, 2002	10-KSB	04/01/02	3.A	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Oxis International, Inc.				X
3.3	Certificate of Designation of Preferences, Rights and Limitations of Series H Convertible Preferred Stock of Oxis International, Inc., dated February 5, 2010	8-K	2/16/10	3.1	
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series I Convertible Preferred Stock of Oxis International, Inc., dated March 18, 2011.				X
3.5	Bylaws, as restated effective September 7, 1994 and as amended through April 29, 2003	10-QSB	08/13/03	3	
4.1	Convertible Demand Promissory Note dated April 7, 2009	8-K	4/13/09	4.1	
4.2	Form of Warrant to Purchase Common Stock dated April 7, 2009	8-K	4/13/09	4.2	
4.3	Oxis International, Inc. 2003 Stock Incentive Plan	14A	5/8/2003		

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
4.4	Form of Convertible Debenture dated October 1, 2009	8-K	10/09/09	4.2	
4.5	Form of Series A Common Stock Purchase Warrant dated October 1, 2009	8-K	10/09/09	4.3	
4.6	Form of Series B Common Stock Purchase Warrant dated October 1, 2009	8-K	10/09/09	4.4	
4.7	Oxis International, Inc. 2010 Equity Incentive Plan				X
10.1	Form of Indemnification Agreement between OXIS International, Inc. and its Officers and Directors	SB-2	02/25/05	10.P	
10.2	Common Stock Purchase Warrant dated June 2, 2006.	8-K	7/26/06	10.2	
10.3	Amendment #2 to Exclusive License and Supply Agreement dated July 19, 2006.	8-K	7/26/06	10.3	
10.4	Form of Secured Convertible Debenture dated October 25, 2006.	8-K	10/26/06	10.2	
10.5	Form of Series A, B, C, D, E Common Stock Purchase Warrant dated October 25, 2006.	8-K	10/26/06	10.3	
10.6	Secured Promissory Note from Percipio Biosciences, Inc. dated December 11, 2008	8-K	12/18/08	10.2	
10.7	Securities Purchase Agreement dated October 1, 2009	8-K	10/09/09	4.1	
10.8	Waiver Agreement dated October 1, 2009	8-K	10/09/09	10.1	
10.9	Standstill And Forbearance Agreement Dated October 1, 2009	8-K	10/09/09	10.2	
10.10	Escrow Agreement dated as of October 2, 2009, by and among OXIS, Theorem Group, LLC, Theorem Capital, LLC and Law Offices of Jacques Chen.	10-K	3/30/10	10.14	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
10.11	Exchange Agreement dated February 10, 2010	8-K	02/16/10	10/1	
10.12	Assignment and Assumption Agreement, dated April 7, 2009, between Oxis International, Inc. and Bristol Investment Fund, Ltd.	8-K	4/13/09	99.1	
10.13	Employment Agreement by and between OXIS and Michael Handelman, dated March 11, 2010	10-K	3/30/10	10.14	
10.14	Employment Agreement, dated March 26, 2010, between Oxis International, Inc. and Anthony J. Cataldo.	10-K	3/30/10	10.14	
10.15	Employment Agreement by and between OXIS and Bernard Landes, dated March 11, 2010	10-K	3/30/10	10.14	
10.16	Commitment Letter for Subordinated Bridge Revolving Line of Credit, dated October 13, 2010, by and between Gemini Pharmaceuticals, Inc. and OXIS International, Inc.				X
10.17	Series I Preferred Stock Purchase Agreement, dated November 10, 2010, by and between OXIS International, Inc. and Oasis Oxis Investment Group, LLC.				X
10.18	First Amendment to 0% Convertible Debenture dated as of December 23, 2010, by and among OXIS International, Inc., Theorem Group, LLC and Easter Advisors Capital, Ltd.				X
21.1	Subsidiaries of OXIS International, Inc.	10-K	3/30/10	21.1	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Date	Number	Filed Herewith
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 31, 2011

OXIS International, Inc.

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

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

Name	Position	Date
/s/ Anthony J. Cataldo Anthony J. Cataldo	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board	March 31, 2011
/s/ Michael Handelman Michael Handelman	Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2011
/s/ Anshuman Dube Anshuman Dube	Director	March 31, 2011
/s/ Thomas W. Hoog Thomas W. Hoog	Director	March 31, 2011

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Oxis International, Inc. and subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. Oxis International, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oxis International Inc. as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Seligson & Giannattasio, LLP
White Plains, NY
March 31, 2011

OXIS International, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2010 and 2009

	December 31, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 54,000	$ 1,293,000
Prepaid expenses	83,000	—
Total Current Assets	137,000	1,293,000
Property, plant and equipment, net	—	—
Patents, net	48,000	84,000
Goodwill and other assets, net	—	7,000
Total Other Assets	48,000	91,000
TOTAL ASSETS	$ 185,000	$ 1,384,000
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 625,000	$ 925,000
Accrued interest	1,439,000	1,133,000
Accrued expenses	414,000	271,000
Warrant liability	1,012,000	2,405,000
Demand note payable	205,000	180,000
Convertible debentures, net of discount of $250,000 and $0, current portion	415,000	—
Convertible debentures, net of discounts of $0 and $0	1,544,000	1,945,000
Total Current Liabilities	5,654,000	6,859,000
Convertible debentures, net of discount of $0 and $1,750,000		249,000
Total Liabilities	5,654,000	7,108,000
Stockholders' Deficit:		
Convertible preferred stock - $0.001 par value; 15,000,000 shares authorized:		
Series C - 96,230 and 96,230 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	1,000	1,000
Series H – 25,000 and 25,000 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	—	—
Series I – 1,666,667 and 0 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	2,000	—
Common stock - $0.001 par value; 600,000,000 shares authorized; 149,571,976 and 67,040,809 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively	149,000	67,000
Additional paid-in capital	74,474,000	71,308,000
Accumulated deficit	(80,095,000)	(77,100,000)
Total Stockholders' Deficit	(5,469,000)	(5,724,000
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 185,000	$ 1,384,000

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

OXIS International, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2010 and 2009

	December 31	
	2010	**2009**
Revenue:		
Product revenues	$ 11,000	$ 48,000
License revenues	—	—
TOTAL REVENUE	11,000	48,000
Cost of Product Revenue	65,000	50,000
Gross profit	(54,000)	(2,000)
Operating Expenses:		
Research and development	179,000	—
Selling, general and administrative	2,264,000	1,154,000
Total operating expenses	2,443,000	1,154,000
Loss from Operations	(2,497,000)	(1,156,000)
Interest income		4,000
Other income		16,000
Change in value of warrant and derivative liabilities	15,000	26,000
Interest expense	(513,000)	(1,136,000)
Total Other Income (Expense)	(498,000)	(1,090,000)
Loss before provision for income taxes	(2,995,000)	(2,246,000)
Provision for income taxes	—	—
Net loss	(2,995,000)	(2,246,000)
Deemed dividends	23,000	—
Net loss attributable to common shareholders	$ (3,018,000)	$ (2,246,000)
Loss Per Share – basic and diluted	$ (0.03)	$ (0.05)
Weighted Average Shares Outstanding – basic and diluted	109,374,295	48,619,165

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

OXIS International, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity (Deficit)
Years Ended December 31, 2010 and 2009

	Preferred Stock			Common Stock			Additional Paid-in		Accumulated
	Shares		Amount	Shares		Amount	Capital		Deficit
Balance, December 31, 2008	121,230		1,000	46,850,809		47,000	71,126,000		(74,854,000)
Issuance of common stock				20,190,000		20,000	182,000		
Net loss									(2,246,000)
Balance, December 31, 2009	121,230	$	1,000	67,040,809	$	67,000	$ 71,308,000	$	(77,100,000)
Issuance of stock options							149,000		
Issuance of Preferred stock Series I	1,666,667		2,000				248,000		
Issuance of common stock for services				3,984,723		4,000	674,000		
Conversion of debt				75,047,995		75,000	2,075,000		
Exercise of warrants				3,398,449		3,000	23,000		
Exercise of stock options				100,000			20,000		
Deemed dividend							(23,000)		
Net loss									(2,995,000
Balance, December 31, 2010	1,787,897	$	3,000	149,571,976	$	149,000	$ 74,474,000	$	(80,095,000)

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

OXIS INTERNATIONAL, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,995,000)	$ (2,246,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	31,000	55,000
Impairment of patents	—	169,000
Stock compensation expense for options and warrants issued to employees and non-employees	149,000	--
Issuance of shares for services	746,000	--
Amortization of debt discounts	441,000	679,000
Change in value of warrant and derivative liabilities	15,000	26,000
Changes in operating assets and liabilities:		
Accounts receivable	—	—
Inventory	—	3,000
Prepaid expense and other current assets	(76,000)	—
Accounts payable and accrued liabilities	154,000	377,000
Net cash flows from operating activities	(1,535,000)	(937,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of preferred stock	250,000	—
Proceeds from exercise of stock options and warrants	46,000	—
Proceeds from convertible notes payable	—	2,233,000
Repayment of demand notes payable	—	(25,000)
Net cash flows from financing activities	296,000	2,208,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,239,000)	1,271,000
CASH AND CASH EQUIVALENTS - Beginning of period	1,293,000	22,000
CASH AND CASH EQUIVALENTS - End of period	$ 54,000	$ 1,293,000

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

1. The Company and Summary of Significant Accounting Policies

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

On December 11, 2008, the Company closed an Asset Purchase Agreement with Percipio Biosciences, Inc. ("Percipio"), pursuant to which the Company agreed to sell certain assets of its assay business division including certain account receivables, patents and trademarks ("Assay Assets"). The Assay Assets that were sold to Percipio did not include any rights, title, and interest related to our ability to market and sell nutraceutical or therapeutic products, such as with, but not limited to, the sale of ergothioneine or superoxide dismutase as a nutraceutical or therapeutic product. In consideration of the Assay Assets, Percipio provided OXIS with a 6% secured promissory note ("Percipio Note"), in the principal amount of $250,000. OXIS disposed of the Percipio Note in April 2009.

In 1965, the corporate predecessor of OXIS, Diagnostic Data, Inc. was incorporated in the State of California. Diagnostic Data changed its incorporation to the State of Delaware in 1972; and changed its name to DDI Pharmaceuticals, Inc. in 1985. In 1994, DDI Pharmaceuticals merged with International BioClinical, Inc. and Bioxytech S.A. and changed its name to OXIS International, Inc.

Going Concern

As shown in the accompanying consolidated financial statements, the Company has incurred an accumulated deficit of $80,131,000 through December 31, 2010. On a consolidated basis, the Company had cash and cash equivalents of $54,000 at December 31, 2010. The Company's plan is to raise additional capital until such time that the Company generates sufficient revenues to cover its cash flow needs and/or it achieves profitability. However, the Company cannot assure that it will accomplish this task and there are many factors that may prevent the Company from reaching its goal of profitability.

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

Accounts receivable

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

Advertising and promotional fees

Advertising expenses consist primarily of costs incurred in the design, development, and printing of Company literature and marketing materials. The Company expenses all advertising expenditures as incurred. The Company's advertising expenses were $106,000 and $33,000 for the years ended December 31, 2010 and 2009, respectively.

Basis of Consolidation and Comprehensive Income

The accompanying consolidated financial statements include the accounts of OXIS International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. The Company's financial statements are prepared using the accrual method of accounting.

Cash and Cash Equivalents

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

Concentrations of Credit Risk

The Company's cash and cash equivalents, marketable securities and accounts receivable are monitored for exposure to concentrations of credit risk. The Company maintains substantially all of its cash balances in a limited number of financial institutions. The balances are each insured by the Federal Deposit Insurance Corporation up to $250,000 through December 31, 2013, at which time they are scheduled to revert to the prior limit of $100,000. The Company had no balances in excess of this limit at December 31, 2010, although at times during the year, the Company may have exceeded the insured limits. Management monitors the amount of credit exposure related to accounts receivable on an ongoing basis and generally requires no collateral from customers. The Company maintains allowances for estimated probable losses, when applicable.

Fair Value of Financial Instruments

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

Stock Based Compensation to Employees

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

The Company granted stock options to purchase 10,534,761 and 0 shares of the Company's common stock to employees and directors during the year ended December 31, 2010 and 2009, respectively. The fair values of employee stock options are estimated for the calculation of the pro forma adjustments at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions during 2010: expected volatility of 12% to 14%; average risk-free interest rate of 1.76% to 2.28%; initial expected life of 5 years; no expected dividend yield; and amortized over the vesting period of typically one to four years. The Company reported an expense for share-based compensation for its employees and directors of $108,000 and $0 for the year ended December 31, 2010 and 2009, respectively.

Stock Based Compensation to Other than Employees

The Company granted stock options to purchase 1,000,000 and 0 shares of the Company's common stock to non-employees during the year ended December 31, 2010 and 2009, respectively. The Company accounts for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 718. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably determinable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement. The Company recognized $48,000 and $0 in share-based compensation expense for non-employees for the year ended December 31, 2010 and 2009, respectively.

Inventories

Inventories are stated at the lower of cost or market. Cost has been determined by using the first-in, first-out method. The Company had no inventories at December 31, 2010 and 2009.

Impairment of Long Lived Assets

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

Income Taxes

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

Net Income (Loss) per Share

Basic net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period, plus the potential dilutive effect of common shares issuable upon exercise or conversion of outstanding stock options and warrants during the period. The weighted average number of potentially dilutive common shares excluded from the calculation of net income (loss) per share totaled 430,949,470 in 2010 and 465,479,478 in 2009.

Patents

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

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

Property, Plant and Equipment

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

Fair Value

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

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

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

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

The following table represents the Company’s assets and liabilities by level measured at fair value on a recurring basis at December 31, 2010.

Description	Level 1	Level 2	Level 3
Liabilities			
Warrant Liability		$ 1,012,000	

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

Recent Accounting Pronouncements

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

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

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

Research and Development

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

Revenue Recognition

Product Revenue

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

License Revenue

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

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

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

Segment Reporting

The Company operates in one reportable segment.

Use of Estimates

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

2. Note Receivable

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

3. Patents

	December 31,	
	2010	2009
Capitalized patent costs	$ 640,000	$ 655,000
Accumulated amortization	(592,000)	(571,000)
	$ 48,000	$ 84,000

Periodically, the Company reviews its patent portfolio and has determined that certain patent applications no longer possessed commercial viability or were abandoned since they were inconsistent with the Company's business development strategy. At December 31, 2010, the Company determined patents with an original cost of $12,010 were either expired or unused.

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

2011	$ 23,000
2012	11,000
2013	4,000
2014	4,000
2015	4,000

4. Debt

Convertible debentures

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

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

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

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

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

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

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

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

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

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

During 2010, Bristol converted an additional $401,000 of the principal amount for 40,100,000 shares of the Company's common stock.

Subsequent to year end, Bristol converted an additional $114,000 of the principal amount for 11,400,000 shares of the Company's common stock.

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

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

At December 31, 2010 and 2009, the Company determined the fair value of the warrants was $147,000 and $196,000, respectively.

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

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

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

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

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

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

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

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

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

During 2010, Investors converted $1,335,000 of the principal amount for 26,700,000 shares of the Company's common stock.

Subsequent to year end, Investors converted an additional $40,000 of the principal amount for 800,000 shares of the Company's common stock.

Demand Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During 2010, Bristol converted $50,000 of the principal amounts for 5,000,000 shares of the Company's common stock.

Financing Agreement

On November 8, 2010, the Company entered into a financing arrangement with Gemini Pharmaceuticals, Inc., a product development and manufacturing partner of the Company, pursuant to which Gemini Pharmaceuticals made a $250,000 strategic equity investment in the Company and agreed to make a $750,000 purchase order line of credit facility available to the Company.

The aggregate amount of outstanding Advances available to the Company under the Line of Credit may not exceed $750,000.00 at any time. The credit amounts available to the Company will be tiered, starting at $250,000 and will ramp up to $500,000 and then $750,000 upon achievement of determined milestones. The Advances requested under the Line of Credit may only be used for purchases of products and inventory from Gemini Pharmaceuticals.

The outstanding principal of all Advances under the Line of Credit will bear interest at the rate of interest of prime plus 2 percent per annum.

In partial consideration of the commitment made by Gemini Pharmaceuticals under the Line of Credit, the Company has issued to Gemini, non-callable 5-year warrants to purchase 300,000 additional shares of Common Stock at a share price of $0.12. The warrants contain a cashless exercise provision. The warrants vest as follows: 50% immediately, 25% when the credit line is increased to $500,000, and the remaining 25% when the credit line is increased to $750,000.

5. Stockholders' Equity

Common Stock

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

During the year ended December 31, 2010 and 2009, the Company issued a total of 75,047,995 and 20,190,000 shares of common stock for debt conversion valued at 2,342,000 and $201,900, respectively.

During the year ended December 31, 2010, the Company issued a total of 3,984,723 shares of common stock for the payment of services aggregating $534,000. No shares of the Company's common stock were issued for services during the year ended December 31, 2009.

Preferred Stock

The 96,230 shares of Series C preferred stock are convertible into 27,800 shares of the Company's common stock at the option of the holders at any time. The conversion ratio is based on the average closing bid price of the common stock for the fifteen consecutive trading days ending on the date immediately preceding the date notice of conversion is given, but cannot be less than .20 or more than .2889 common shares for each Series C preferred share. The conversion ratio may be adjusted under certain circumstances such as stock splits or stock dividends. The Company has the right to automatically convert the Series C preferred stock into common stock if the Company lists its shares of common stock on the Nasdaq National Market and the average closing bid price of the Company's common stock on the Nasdaq National Market for 15 consecutive trading days exceeds $13.00. Each share of Series C preferred stock is entitled to the number of votes equal to .26 divided by the average closing bid price of the Company's common stock during the fifteen consecutive trading days immediately prior to the date such shares of Series C preferred stock were purchased. In the event of liquidation, the holders of the Series C preferred stock shall participate on an equal basis with the holders of the common stock (as if the Series C preferred stock had converted into common stock) in any distribution of any of the assets or surplus funds of the Company. The holders of Series C preferred stock are entitled to noncumulative dividends if and when declared by the Company's board of directors. No dividends to Series C preferred stockholders were issued or unpaid through December 31, 2010.

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

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

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

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

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

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

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

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

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

On November 8, 2010, Gemini Pharmaceuticals purchased 1,666,667 shares of the Company's Series I Preferred Stock, $.001 par value, at a price of $0.15 per share ($250,000).

As the holder of the Series I Preferred Stock, Gemini Pharmaceuticals will be entitled to receive, out of funds legally available, dividends in cash at the annual rate of 8.0% of the Preference Amount ($0.15), when, as, and if declared by the Board. No dividends or other distributions shall be made with respect to any shares of junior stock until dividends in the same amount per share on the Series I Preferred Stock shall have been declared and paid or set apart during that fiscal year. Dividends on the Series I Preferred Stock shall not be cumulative and no right shall accrue to the Series I Preferred Stock by reason of the fact that the Company may fail to declare or pay dividends on the Series I Preferred Stock in the amount of the Dividend Rate per share or in any amount in any previous fiscal year of the Company, whether or not the earnings of the Company in that previous fiscal year were sufficient to pay such dividends in whole or in part.

Each share of Series I Preferred Stock shall entitle the holder thereof to such number of votes per share as shall equal the number of shares of Common Stock (rounded to the nearest whole number) into which such share of Series I Preferred Stock is then convertible.

Upon any liquidation of the Company, subject to the rights of any series of Preferred Stock that may from time to time come into existence, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of the shares of Series I Preferred Stock then outstanding shall be entitled to receive and be paid out of the assets of the Company legally available for distribution to its stockholders liquidating distributions in cash or property at its fair market value as determined by the Board in the amount of $0.15 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares).

Shares of Series I Preferred Stock may, at the option of the holder thereof, be converted at any time or from time to time into fully paid and non-assessable shares of Common Stock. The number of shares of Common Stock which a holder of shares of Series I Preferred Stock shall be entitled to receive upon conversion of such shares shall be the product obtained by multiplying the Conversion Rate by the number of shares of Series I Preferred Stock being converted. Initially, the Series I Preferred Stock is convertible into 1,666,667 shares of common stock.

In the event that the per-share Market Price of the Common Stock over a period of 20 consecutive trading days is equal to at least 130% of the initial conversion price (130% of $0.15), all outstanding shares of Series I Preferred Stock shall be converted automatically into the number of shares of Common Stock into which such shares of Series I Preferred Stock are then convertible without any further action by the holders of such shares and whether or not the certificates representing such shares of Series I Preferred Stock are surrendered to the Company or its transfer agent.

Common Stock Warrants

Warrant transactions for the years ended December 31, 2010 and 2009 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2008	25,260,587	$ 0.55
Granted	69,241,500	0.04
Exercised	—	—
Expired	(1,245,969)	0.86
Outstanding, December 31, 2009	93,256,118	0.17
Granted	3,300,000	0.12
Exercised	3,637,500	0.01
Expired	12,877,366	0.83
Outstanding, December 31, 2010:	80,041,252	0.07
Exercisable warrants:		
December 31, 2009	93,256,118	0.17
December 31, 2010	79,891,252	0.07

Stock Options

The Company has reserved 5,501,412 shares of its common stock at December 31, 2010 for issuance under the 2003 Stock Incentive Plan (the “2003 Plan”). The 2003 Plan, approved by stockholders at the 2003 annual meeting, permits the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. At December 31, 2010, (7,795,739) shares of common stock were available for grant and options to purchase 13,297,151 shares of common stock are outstanding under the 2003 Plan.

The Company has reserved 137,500 shares of its common stock at December 31, 2010 for issuance pursuant to the future exercise of outstanding options granted under the 1994 Stock Incentive Plan (the "1994 Plan"). The 1994 Plan permitted the Company to grant stock options to acquire shares of the Company's common stock, award stock bonuses of the Company's common stock, and grant stock appreciation rights. This Plan expired on April 30, 2003 and no further issuances will occur. Options to purchase 137,500 shares of common stock are outstanding at December 31, 2010 under the 1994 Plan.

In addition, the Company has reserved 500,000 shares of its common stock for issuance outside of its stock incentive plans. At December 31, 2010, options to purchase 500,000 shares of common stock are outstanding outside of its stock incentive plans.

The following table summarizes stock option transactions for the years ended December 31, 2010 and 2009:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2008	5,527,254	$ 0.33
Granted	—	—
Exercised	—	—
Expired	(1,172,222)	0.33
Outstanding, December 31, 2009	4,355,032	$ 0.33
Granted	11,534,761	0.17
Exercised	(100,000)	0.23
Expired	(1,855,142)	0.32
Outstanding, December 31, 2010	13,934,651	0.15
Exercisable options:		
December 31, 2009	4,355,032	$ 0.33
December 31, 2010	7,601,477	0.14

The weighted-average fair value of options granted was $159,000 and $0 in 2010 and 2009, respectively.

The following table summarizes information about all outstanding and exercisable stock options at December 31, 2010:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Options	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
$0.10 to $0.15	1,008,000	4.36	$0.12	383,000	$0.12
$0.16 to $0.20	10,796,202	8.32	$0.17	5,088,028	$0.18
$0.21 to $0.35	872,537	4.82	$0.27	872,537	$0.27
$.36 to $.69	1,257,912	2.39	$0.40	1,257,912	$0.40
	13,934,651			7,601,477	

Stock Compensation

The fair values of stock options are estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions during 2010: expected volatility of 10% and 14%, respectively; average risk-free interest rate of 1.76% and 2.28%, respectively; initial expected life of 5 years, respectively; no expected dividend yield; and amortized over the vesting period.

Employment Agreements

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

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

Advisory Agreements

In March 2010, the Company entered into a one year advisory agreement to a director in connection with his services as the corporate secretary and participation on the Company's Board of Directors. The agreement renewed automatically for additional one year periods and terminated upon the resignation or disability of the director from the Board of Directors. The Company could terminate his services as corporate secretary at any time with 10 days written notice. Among other provisions, the agreement provided for an initial monthly advisory fee of $5,250 and options to purchase 1,110,227 shares of the company common stock at an exercise price $0.17 per share. The options vested in eight equal quarterly installments. The advisor was also entitled to an additional option to purchase 1,110,227 shares of the Company's common stock after one year if the agreement had not been terminated. The advisor resigned from the Board of Directors on July 14, 2010.

The Company entered into a two-year Scientific Advisory Board Services Agreement with L. Stephen Coles on March 4, 2010. Mr. Coles receives an advisory fee for $9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Coles an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning June 4, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under our 2003 Stock Incentive Plan was granted on March 4, 2011.

The Company entered into a two-year Scientific Advisory Board Services Agreement with Rajan Shah on July 15, 2010. Mr. Shah receives an advisory fee for $9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Shah an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning October 15, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under its 2003 Stock Incentive Plan will be granted on July 15, 2011.

The Company entered into a two-year Advisory Board Services Agreement with Sandep Rahi on July 15, 2010. Mr. Raji receives an advisory fee for $9,000 per quarter. Upon entering into the agreement, the Company granted Mr. Rahi an initial option to purchase 250,000 shares of the Company's common stock under its 2003 Stock Incentive Plan. The options vest and become exercisable in four equal quarterly installments beginning October 15, 2010. Pursuant to the terms of the agreement, a second option to purchase 500,000 shares of the Company's common stock under its 2003 Stock Incentive Plan will be granted on July 15, 2011.

6. Income Taxes

Deferred Taxes

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

	December 31, 2010	December 31, 2009
Deferred tax assets:		
Federal net operating loss carryforward	$ 11,972,000	$ 11,870,000
Other	618,962	487,000
Patent amortization	(12,000)	(76,000)
Deferred tax assets before valuation	12,578,962	12,281,000
Valuation allowance	(12,578,962)	(12,281,000)
Net deferred income tax assets	$ —	$ —

Generally accepted accounting principles requires that the tax benefit of net operating losses, temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is “more likely than not.” Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Because of the Company's history of operating losses, management has provided a valuation allowance equal to its net deferred tax assets.

Tax Carryforward

At December 31, 2010, the Company had net operating loss carryforwards of approximately $27,579,000 to reduce United States federal taxable income in future years. These carryforwards expire through 2030.

7. Geographical Reporting

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

	Year Ended December 31, 2010	Year Ended December 31, 2009
North America	$ 11,000	$ 48,000
EMEA		
Latin America		
Asia Pacific		
Other Countries		
Total	$ 11,000	$ 48,000

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

8. Subsequent Events

On January 1, 2011, the Company entered into a consulting agreement with Bristol Capital, LLC whereby Bristol will assist the company in general corporate activities including but not limited to strategic and financial planning, management and business operations, final projections and investor relation materials. As compensation for these services, the Company will issue 5,000,000 shares of common stock of the Company. The term of the agreement is for six months unless terminated or extended in accordance with subsequent agreements between the parties.

On January 1, 2011, the Company entered into a consulting agreement with Piter Korompis whereby Mr. Korompis will assist the company in general corporate activities including but not limited to strategic and financial planning, management and business operations, final projections and investor relation materials. As compensation for these services, the Company will issue 5,000,000 shares of common stock of the Company. The term of the agreement is for six months unless terminated or extended in accordance with subsequent agreements between the parties.

Under the Company's Second Amended and Restated Certificate of Incorporation as currently in effect, the Company is authorized to issue a total of 150,000,000 shares of Common Stock. As of January 5, 2011, 149,513,815 shares of Common Stock were issued and outstanding. Accordingly, as of that date, there were only 486,185 shares available for future issuance. However, as of January 5, 2011, the Company had outstanding options, warrants and convertible debentures that, if exercised or converted would result in the issuance of approximately 419,046,703 additional shares of the Company's Common Stock. Since the Company does not have sufficient authorized shares to accommodate all of its currently outstanding options, warrants and convertible debentures, it was necessary to increase the authorized number of shares of Common Stock.

On January 5, 2011, the Company's Board of Directors approved an amendment to its Second Amended and Restated Certificate of Incorporation to increase the shares of Common Stock that are authorized for issuance by 450,000,000 shares, bringing the total number of common shares authorized for issuance to 600,000,000.

The approval of the Amendment required the consent of no less than at least a majority of the voting power of the Company. Theorem Group, LLC owns, in addition to other of our securities, 25,000 shares of Series H Convertible Preferred Stock. The Certificate of Designation of Preferences, Rights and Limitations of the Series H Convertible Preferred Stock provides that each outstanding share of Series H Convertible Preferred Stock entitles the holder thereof to a number of votes equal to (A) the number of shares of Common Stock that such share of preferred stock could, at such time, be converted into (B) multiplied by 100. The Series H Convertible Preferred Stock is currently convertible into 2,500,000 shares of Common Stock. Accordingly, Theorem Group, LLC has the voting power of 250,000,000 shares, which represents more than a majority of voting power of all of the Company's outstanding voting shares. Theorem Group, LLC approved the Amendment on January 5, 2011 by an action taken by written consent.

The amendment was filed with the Delaware Secretary of State 20 or more calendar days after January 20, 2011, the date the Information Statement was first mailed to the Company's stockholders.

On February 7, 2011 the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd., pursuant to which Bristol purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common stock, at a price equal to $0.05.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a Series A Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.0625, and a Series B Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.075. The Series A Warrants and Series B Warrants are exercisable for up to seven years from the date of issue. Bristol may exercise the Warrants on a cashless basis if the shares of common stock underlying the Warrants are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrants on a cashless basis, we will not receive any proceeds.

On February 7, 2011 the Company entered into a convertible demand promissory note with Net Capital Partners, Inc., pursuant to which Net Capital purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Net Capital Note will be convertible at the option of the holder at any time into shares of common stock, at a price equal to $0.05.

Simultaneously with the issuance of the Net Capital Note, the Company issued Net Capital a Series A Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.0625, and a Series B Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.075. The Series A Warrants and Series B Warrants are exercisable for up to seven years from the date of issue. Net Capital may exercise the Warrants on a cashless basis if the shares of common stock underlying the Warrants are not then registered pursuant to an effective registration statement. In the event Net Capital exercises the Warrants on a cashless basis, we will not receive any proceeds.

On March 1, 2010 the Company signed a term sheet that called for the formation of a joint venture with Engage:BDR to promote, market and sell the Company's current and planned health and nutrition products.

The company will contribute up to $1,500,000 during the first year. Engage:BDR will provide a full range of online marketing services to the joint venture, including developing brand strategy, the design of all digital media and interfaces, online media planning and buying, leveraging and integrating social media, and customer analysis.

On March 4, 2011 the Company entered into a convertible demand promissory note with Bristol Investment Fund, Ltd., pursuant to which Bristol purchased an aggregate principal amount of $31,375 of convertible demand promissory notes for an aggregate purchase price of $25,000. The Bristol Note will be convertible at the option of the holder at any time into shares of common stock, at a price equal to $0.05.

Simultaneously with the issuance of the Bristol Note, the Company issued Bristol a Series A Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.0625, and a Series B Warrant to purchase 313,750 shares of common stock of the Company at a per share exercise price of $0.075. The Series A Warrants and Series B Warrants are exercisable for up to seven years from the date of issue. Bristol may exercise the Warrants on a cashless basis if the shares of common stock underlying the Warrants are not then registered pursuant to an effective registration statement. In the event Bristol exercises the Warrants on a cashless basis, we will not receive any proceeds.

Exhibit 3.2

CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION
OF
OXIS INTERNATIONAL, INC.

Oxis International, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify:

1. That the board of directors of the Corporation has duly adopted a resolution by the unanimous written consent of its members proposing and declaring advisable the following amendment to the Certificate of Incorporation of the Corporation:

RESOLVED, that the first paragraph of Article FOURTH of the Corporation's Second Amended and Restated Certificate of Incorporation is hereby amended to read in its entirety as follows:

"I. COMMON STOCK

The Company is authorized to issue a total of Six Hundred Million (600,000,000) shares of Common Stock, $0.001 par value per share. Dividends may be paid on the Common Stock as and when declared by the Board of Directors, out of any funds of the Company legally available for the payment of such dividends, and each share of Common Stock will be entitled to one vote on all matters on which such stock is entitled to vote."

2. That in lieu of a meeting and vote of all of the stockholders, the stockholders holding a majority of the outstanding stock of the Corporation have given written consent to said amendment in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by Anthony Cataldo, its Chief Executive Officer, this 9th day of February 2011.

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

Exhibit 3.4

CERTIFICATE OF DESIGNATION OF

PREFERENCES, RIGHTS AND LIMITAITONS OF

SERIES I CONVERTIBLE PREFERRED STOCK OF

OXIS INTERNATIONAL, INC.

OXIS INTERNATIONAL, INC. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY that, pursuant to authority conferred upon the Board of Directors by the Second Restated Certificate of Incorporation of the Corporation, as amended, and pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors, by resolutions adopted on November 7, 2010, duly determined that 1,666,667 of the authorized shares of Preferred Stock, $.01 par value per share, of the Corporation shall be designated "Series I Convertible Preferred Stock," and duly adopted a resolution providing for the voting powers, designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions, of the Series I Convertible Preferred Stock, which resolution is as follows:

"**RESOLVED**, that the Board of Directors, pursuant to the authority vested in it by the provisions of the Second Restated Certificate of Incorporation of the Corporation, as amended, hereby authorizes the issuance of 1,666,667 shares of Preferred Stock, $.01 par value, of the Corporation, which shall be designated as "Series I Convertible Preferred Stock" (the "Series I Preferred Stock") and shall have the following designations, powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions:

1. Definitions.

As used herein, the following terms shall have the following meanings:

(a) "Board" shall mean the Board of Directors of the Corporation.

(b) "Common Stock" shall mean the Corporation's common stock, par value $.001 per share.

(c) "Issuance Date" shall mean the date on which the first share of Series I Preferred Stock is issued.

(d) "Junior Stock" shall mean, with respect to the Series I Preferred Stock, all other classes and series of equity securities of the Corporation now existing or hereafter created, which are junior, among other things, in right of payment of dividends or on liquidation to the Series I Preferred Stock, including the Series C Preferred Stock and the Series H Preferred Stock.

(e) "Liquidation" shall mean any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation.

(f) "Liquidation Preference" shall have the meaning given to such term in Section 5A.

(g) "Market Price" of the Common Stock on any day shall be deemed to be the closing price of the Common Stock on such day as officially reported by the principal securities exchange in which the shares of Common Stock are listed or admitted to trading or by the Nasdaq Stock Market, or if the Common Stock is not listed or admitted to trading on any securities exchange, including the Nasdaq Stock Market, the last sale price, or if there is no last sale price, the closing bid price, as furnished by the Financial Industry Regulatory Authority ("FINRA") (such as through the OTC Bulletin Board) or a similar organization if FINRA is no longer reporting such information. If the Market Price cannot be determined pursuant to the sentence above, the Market Price shall be determined in good faith (using customary valuation methods) by the Board based on the information best available to it.

(h) "Preferred Stock" shall mean the Corporation's preferred stock, par value $.01 per share.

(i) "Securities Act" shall mean the Securities Act of 1933, as amended.

(j) "Series C Preferred Stock" shall mean the Corporation's Series C Preferred Stock, par value $0.01 per share.

(k) "Series H Preferred Stock" shall mean the Corporation's Series H Preferred Stock, par value $0.01 per share.

2. Rank. In respect of rights to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, the Series I Preferred Stock shall rank prior to the Common Stock, the Series H Preferred Stock and the Series C Preferred Stock. The Series I Preferred Stock may rank prior, junior or pari passu with subsequent series of Preferred Stock in the sole discretion of the Board in the designation of such future series.

3. Dividends. Holders of outstanding Series I Preferred Stock are entitled to receive, out of funds legally available, dividends in cash at the annual rate of 8.0% of the Preference Amount (the "Dividend Rate"), when, as, and if declared by the Board. No dividends or other distributions shall be made with respect to any shares of Junior Stock and no shares of Junior Stock shall be purchased during any fiscal year of the Corporation until dividends in the same amount per share on the Series I Preferred Stock shall have been declared and paid or set apart during that fiscal year. Dividends on the Series I Preferred Stock shall not be cumulative and no right shall accrue to the Series I Preferred Stock by reason of the fact that the Corporation may fail to declare or pay dividends on the Series I Preferred Stock in the amount of the Dividend Rate per share or in any amount in any previous fiscal year of the Corporation, whether or not the earnings of the Corporation in that previous fiscal year were sufficient to pay such dividends in whole or in part. After dividends in the total amount of the Dividend Rate per share on the Series I Preferred Stock shall have been declared and paid or set apart in any one fiscal year of the Corporation, if the Board shall elect to declare additional dividends in that fiscal year, out of funds legally available, such additional dividends may be declared on the Junior Stock.

Notwithstanding the foregoing, whether or not dividends have been paid on the Series I Preferred Stock, the Corporation shall be permitted to repurchase shares of Common Stock issued to and held by employees, directors, or consultants on termination of their employment or service to the Corporation.

4. Voting Rights. Each share of Series I Preferred Stock shall entitle the holder thereof to such number of votes per share as shall equal the number of shares of Common Stock (rounded to the nearest whole number) into which such share of Series I Preferred Stock is then convertible as provided in Section 6, and except as required by law, shall further entitle the holder thereof to vote on all matters as to which holders of Common Stock shall be entitled to vote (with the number of votes specified in this Section 4), together with such holders of Common Stock as one class and in the same manner and with the same effect as such holders of Common Stock.

5. Liquidation Preference.

A. Upon any Liquidation, subject to the rights of any series of Preferred Stock that may from time to time come into existence, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of the shares of Series I Preferred Stock then outstanding shall be entitled to receive and be paid out of the assets of the Corporation legally available for distribution to its stockholders liquidating distributions in cash or property at its fair market value as determined by the Board in the amount of $0.15 per share (as adjusted for any stock dividends, combinations or splits with respect to such shares) (the "Liquidation Preference").

B. After payment to the holders of the Series I Preferred Stock of the full amount of the liquidating distributions to which they are entitled, the holders of Series I Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Corporation.

C. If, upon Liquidation, the assets of the Corporation legally available therefor are insufficient to pay the full amount of the liquidating distributions on all outstanding shares of Series I Preferred Stock and the full amount of the liquidating distributions payable on all outstanding shares of any other classes or series of capital stock of the Corporation ranking on parity with the Series I Preferred Stock with respect to the distribution of assets upon Liquidation, then the holders of the Series I Preferred Stock and all other such classes or series of capital stock will share ratably in any such distribution of assets in proportion to the full liquidating distributions to which they would otherwise respectively be entitled.

D. If liquidating distributions shall have been made in full to all holders of Series I Preferred Stock, the remaining assets of the Corporation shall be distributed among the holders of any other classes or series of capital stock of the Corporation ranking junior to the Series A Preferred Stock as to the distribution of assets upon Liquidation according to their respective rights and preferences.

6. Conversion Rights. The holders of shares of Series I Preferred Stock shall have the following conversion rights:

A. At Option of the Holder. Subject to and in compliance with the provisions of this Section 6, any shares of Series I Preferred Stock may, at the option of the holder thereof, be converted at any time or from time to time into fully paid and non-assessable shares of Common Stock. The number of shares of Common Stock which a holder of shares of Series I Preferred Stock shall be entitled to receive upon conversion of such shares shall be the product obtained by multiplying the Conversion Rate (determined as provided in Section 6D hereof) by the number of shares of Series I Preferred Stock being converted.

B. Automatic Conversion.

(i) Mandatory Conversion. In the event that the per-share Market Price of the Common Stock over a period of 20 consecutive trading days is equal to at least 130% of the Conversion Value, all outstanding shares of Series I Preferred Stock shall be converted automatically into the number of shares of Common Stock into which such shares of Series I Preferred Stock are then convertible pursuant to this Section 6 (subject to adjustment as provided in this Section 6) without any further action by the holders of such shares and whether or not the certificates representing such shares of Series I Preferred Stock are surrendered to the Corporation or its transfer agent.

(ii) Procedure Upon Mandatory Conversion. Upon the effectiveness of the conversion of the Series I Preferred Stock specified in Section 6B(i) above (the date and time of such effectiveness being referred to as the "Mandatory Conversion Date"), the holders of shares of Series I Preferred Stock so converted shall surrender the certificates representing such shares at the office of the Corporation or of its transfer agent for the Common Stock. Thereupon, there shall be issued and delivered to each such holder a certificate or certificates for the number of shares of Common Stock into which such shares of Series I Preferred Stock so surrendered were convertible on the Mandatory Conversion Date and cash, as provided in Section 6K, in respect of any fraction of a share of Common Stock issuable upon such conversion. Upon such Mandatory Conversion Date, the rights of the holder as holder of the converted shares of Series I Preferred Stock shall cease and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby. The Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless certificates evidencing such shares of Series I Preferred Stock so converted are either delivered to the Corporation or any such transfer agent or the holder notifies the Corporation or any such transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection therewith.

C. Conversion Rate. The "Conversion Rate" in effect at any time with respect to shares of Series I Preferred Stock shall be the quotient obtained by dividing $0.15 by the Conversion Value, calculated as provided in Section 6D.

D. Conversion Value. The "Conversion Value" with respect to shares of Series I Preferred Stock shall initially be $0.15, subject to adjustment in accordance with Sections 6E and 6F hereof.

E. Adjustments to Conversion Value.

(i) Adjustments for Dilutive Issuances of Common Stock. If the Corporation shall at any time issue or sell any shares of its Common Stock at an effective per share offering price less than the Conversion Value as in effect immediately prior to such issuance or sale (the "Lower Price"), then the Conversion Value, upon each such issuance and sale, except as hereinafter provided, shall be reduced to such Lower Price.

(ii) Adjustments for Issuance of Warrants, Options and Rights to Common Stock or Convertible Securities. For the purposes of this Section 6F, the issuance, whether directly or indirectly, of any warrants, options, subscriptions, convertible notes or purchase rights with respect to shares of Common Stock and the issuance, whether directly or indirectly, of any securities convertible into or exercisable or exchangeable for shares of Common Stock, or the issuance of any warrants, options, subscriptions, convertible notes or purchase rights with respect to such convertible or exercisable or exchangeable securities (collectively, "Common Stock Equivalents") shall be deemed an issuance at such time of Common Stock if the Net Consideration Per Share (as hereinafter determined) which may be received by the Corporation for such Common Stock shall be less than the Conversion Value in effect at the time of such issuance. Any obligation, agreement or undertaking to issue Common Stock Equivalents at any time in the future shall be deemed to be an issuance at the time such obligation, agreement or undertaking is made or arises. No adjustment of the Conversion Value shall be made under this Section 6E upon the issuance of any shares of Common Stock, which are issued pursuant to the exercise, conversion or exchange of Common Stock Equivalents if any adjustment shall previously have been made upon the issuance of any such Common Stock Equivalents as above provided.

The "Net Consideration Per Share" received by the Corporation in respect of the issuance of any Common Stock Equivalents means the amount equal to the total amount of consideration, if any, received by the Corporation (or in the case of convertible notes, the aggregate amount of principal and interest converted) for the issuance of such Common Stock Equivalents plus the minimum amount of consideration, if any, payable to the Corporation upon purchase, exercise, conversion or exchange thereof, divided by the maximum aggregate number of shares of Common Stock that would be issued if all such Common Stock Equivalents were purchased, exercised, exchanged or converted. The Net Consideration Per Share received by the Corporation shall be determined in each instance as of the date of issuance of any Common Stock Equivalents without giving effect to any possible future upward price adjustments or possible future upward rate adjustments which may be applicable with respect to such Common Stock Equivalents.

(iii) <u>Decreases in Conversion Value; Expiration or Cancellation of Warrants, Options or Rights without Exercise</u>. Should the Net Consideration Per Share for any previously issued Common Stock Equivalents be decreased or increased from time to time for which an adjustment was made to the Conversion Value, then, upon the effectiveness of each such change, the Conversion Value shall be adjusted to such Conversion Value as would have been obtained (1) had the adjustments made upon the issuance of such Common Stock Equivalents been made upon the basis of the actual Net Consideration Per Share of such securities, and (2) had any adjustments made to the Conversion Value since the date of issuance of such Common Stock Equivalents been made to the Conversion Value as adjusted pursuant to clause (1) immediately above. Any adjustment of the Conversion Value which relates to the issuance of particular Common Stock Equivalents shall be disregarded if, as, and when all of such Common Stock Equivalents lapse, terminate, expire or are cancelled without being exercised, exchanged or converted, so that the Conversion Value effective immediately upon such lapse, termination, cancellation or expiration shall be equal to the Conversion Value in effect at the time of the issuance of the lapsed, terminated, expired or cancelled Common Stock Equivalents, with such additional adjustments as would have been made to the Conversion Value had the lapsed, terminated, expired or cancelled Common Stock Equivalents not been issued.

(iv) <u>Consideration Other than Cash</u>. For purposes of this Section 6E, if a part of or all of the consideration received by the Corporation in connection with the issuance of any Common Stock or Common Stock Equivalents consists of property other than cash, such consideration shall be deemed to have a fair market value as is reasonably determined in good faith by the Board.

(v) <u>Exceptions to Adjustments For Dilutive Issuances</u>. This Section 6F shall not apply to the issuance of:

(1) shares of capital stock granted or sold to directors, officers, employees, consultants or others providing services to the Corporation or any of its subsidiaries pursuant to any stock option plan, stock purchase plan, or other stock plan approved by the Board or otherwise;

(2) shares of capital stock issuable upon conversion or exercise of (A) any shares of Preferred Stock, whether or not outstanding as of the date hereof or (B) any Common Stock Equivalents outstanding as of the date hereof;

(3) shares of capital stock issued in a transaction as to which an appropriate adjustment to the Conversion Price shall have been made pursuant to Section 6F, 6G or 6H;

(4) Common Stock Equivalents or shares of capital stock issued in connection with commercial credit arrangements, equipment financings or similar transactions;

(5) Common Stock Equivalents or shares of capital stock issued in connection with corporate partnering transactions, licensing arrangements, channel arrangements or similar transactions;

(6) shares of Common Stock issued in connection with a public offering of the Corporation's Common Stock;

(7) Common Stock Equivalents or shares of capital stock issued in connection with bona fide mergers, acquisitions or similar transactions; or

(8) shares issued in any other transaction as to which the holders of a majority of the shares of Series I Preferred Stock then outstanding shall have waived in writing any anti-dilution adjustment hereunder.

F. Upon Extraordinary Common Stock Event. Upon the happening of an Extraordinary Common Stock Event, the Conversion Value shall, simultaneously with the happening of such Extraordinary Common Stock Event, be adjusted by multiplying the then-effective Conversion Value by a fraction, (1) the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such Extraordinary Common Stock Event; and (2) the denominator of which shall be the number of shares of Common Stock outstanding immediately after such Extraordinary Common Stock Event, and the product so obtained shall thereafter be the Conversion Value. The Conversion Value, as so adjusted, shall be readjusted in the same manner upon the happening of any successive Extraordinary Common Stock Event or Events. An "Extraordinary Common Stock Event" shall mean: (i) the issuance of additional shares of Common Stock as a dividend or other distribution on the outstanding shares of Common Stock, (ii) the subdivision of outstanding shares of Common Stock into a greater number of shares of Common Stock, or (iii) the combination of the outstanding shares of Common Stock into a smaller number of shares of Common Stock, in each case other than pursuant to a transaction provided for in Section 6G or 6H.

G. Capital Reorganization or Reclassification. If the shares of Common Stock issuable upon conversion of Series I Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by reorganization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for in Section 6F, or a reorganization, merger, consolidation or sale of assets provided for in Section 6H), then and in each such event, but subject in any case to Section 5, the holders of shares of Series I Preferred Stock shall have the right thereafter to convert such shares into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change by the holders of the number of shares of Common Stock into which such shares of Series I Preferred Stock were convertible immediately prior to such reorganization, reclassification or other change, all subject to further adjustment as provided herein.

H. Reorganization, Merger or Consolidation. If at any time or from time to time there shall be a reorganization, reclassification or recapitalization of the capital stock (other than a subdivision, combination, reorganization, reclassification or exchange of shares provided for elsewhere in this Section 6) (a "Reorganization"), then as a part of such Reorganization, provision shall be made so that each holder of Series I Preferred Stock shall thereafter be entitled to receive upon conversion of such shares of Series I Preferred Stock, the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock into which such holder's shares of Series I Preferred Stock were convertible immediately prior to such Reorganization would have been entitled upon consummation of such Reorganization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 6 with respect to the rights of the holders of Series I Preferred Stock after the Reorganization to the end that the provisions of this Section 6 (including adjustment of the Conversion Value then in effect, and the number of shares of Common Stock issuable upon conversion of the Series I Preferred Stock) shall be applicable after that event in as nearly equivalent a manner as may be practicable.

I. Certificate as to Adjustments. In each case of an adjustment or readjustment of the Conversion Value, the Corporation will furnish each holder of shares of Series I Preferred Stock with a certificate, prepared by the Chief Financial Officer or Treasurer of the Corporation, showing such adjustment or readjustment, and stating in detail the facts upon which such adjustment or readjustment is based. All adjustments shall be rounded upward or downward to the nearest fifth decimal place. All adjustments which represent a change in the Conversion Value of less than $0.001 shall be cumulated and carried forward and added to the next adjustment. The Corporation agrees to maintain its stock transfer and registry books so as to reflect accurately the Conversion Value and the Conversion Rate.

J. Exercise of Conversion Privilege. To exercise the conversion right set forth in Section 6B, a holder of shares of Series I Preferred Stock shall surrender the certificates representing the shares being converted to the Corporation at its principal office, and shall give written notice to the Corporation at that office that such holder elects to convert such shares. Such notice shall also state the name or names (with address or addresses) in which the certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificates for shares of Series I Preferred Stock surrendered for conversion shall be accompanied by proper assignment thereof to the Corporation or in blank. The date when such written notice is received by the Corporation, together with the certificates representing the shares of Series I Preferred Stock being converted, shall be deemed the "Conversion Date." As promptly as practicable after the Conversion Date, the Corporation shall issue and deliver certificates to each holder of shares of Series I Preferred Stock so converted, or on its written order, such certificates as it may request, for the number of whole shares of Common Stock issuable upon the conversion of such shares of Series I Preferred Stock in accordance with the provisions of this Section 6, and cash as provided in Section 6K, in respect of any fraction of a share of Common Stock issuable upon such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Conversion Date, and at such time the rights of the holder as holder of the converted shares of Series I Preferred Stock shall cease and the person or persons in whose name or names any certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Common Stock represented thereby.

K. Cash in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon any conversion of shares of Series I Preferred Stock. Instead of any fractional shares of Common Stock which would otherwise be issuable upon conversion of shares of Series I Preferred Stock, the Corporation shall pay to the holder of shares of Series I Preferred Stock which were converted a cash adjustment in respect of such fractional shares in an amount equal to the same fraction of the Market Price per share of the Common Stock at the close of business on the Conversion Date. The determination as to whether or not any fractional shares are issuable shall be based upon the total number of shares of Series I Preferred Stock so converted at any one time by any holder thereof, and not upon each share of Series I Preferred Stock so converted.

L. Partial Conversion. In the event some but not all of the shares of Series I Preferred Stock represented by a certificate surrendered by a holder are converted, the Corporation shall execute and deliver to or on the order of the holder, at the expense of the Corporation, a new certificate representing the number of shares of Series I Preferred Stock which were not converted.

M. Reservation of Common Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of shares of Series I Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series I Preferred Stock, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Series I Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

N. No Reissuance of Series I Preferred Stock. Shares of Series I Preferred Stock which are converted into shares of Common Stock as provided herein shall not be reissued.

O. Issue Tax. The issuance of certificates for shares of Common Stock upon conversion of any shares of Series I Preferred Stock shall be made without charge to the holders thereof for any issuance tax in respect thereof; provided that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of the shares of Series I Preferred Stock which are being converted.

P. Closing of Books. The Corporation will at no time close its transfer books against the transfer of any shares of Series I Preferred Stock or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series I Preferred Stock in any manner which interferes with the timely conversion of such shares of Series I Preferred Stock, except as may otherwise be required to comply with applicable securities laws.

7. Miscellaneous.

(a) The Corporation covenants that all shares of Common Stock which may be issued upon conversions of shares of Series I Preferred Stock will upon issuance be duly and validly issued, fully paid and nonassessable, free of all liens and charges and not subject to any preemptive rights.

(b) No share or shares of Series I Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise, shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares which the Corporation shall be authorized to issue.

The number of shares of Series I Preferred Stock is 1,666,667, none of which have been issued.

IN WITNESS WHEREOF, this Certificate of Designation has been signed by an authorized officer of the Corporation as of the date first written above.

By: /s/ Michael Handelman
Name: Michael Handelman
Title: CFO

Exhibit 4.7

OXIS INTERNATIONAL, INC.

2010 EQUITY INCENTIVE PLAN

1. PURPOSES OF THE PLAN

The purposes of the 2010 Equity Incentive Plan (the "Plan") of Oxis International, Inc., a Delaware corporation (the "Company"), are to:

1.1 Encourage selected employees, directors, consultants and advisers to improve operations and increase the profitability of the Company;

1.2 Encourage selected employees, directors, consultants and advisers to accept or continue employment or association with the Company or its Affiliates (as defined below); and

1.3 Increase the interest of selected employees, directors, consultants and advisers in the Company's welfare through participation in the growth in value of the common stock of the Company (the "Common Stock"). All references herein to stock or shares, unless otherwise specified, shall mean the Common Stock.

2. TYPES OF AWARDS; ELIGIBLE PERSONS

2.1 The Administrator (as defined below) may, from time to time, take the following action, separately or in combination, under the Plan: (a) grant "incentive stock options" ("ISOs") intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code"); (b) grant "non-qualified options" ("NQOs," and together with ISOs, "Options"); (c) issue or sell shares of Common Stock ("Restricted Stock") and (d) grant stock appreciation rights (any such right would permit the holder to receive the excess of the fair market value of Common Stock on the exercise date over its fair market value (or a greater base value) on the grant date ("SARs")), either in tandem with Options or as separate and independent grants. Any such awards may be made to employees, including employees who are officers or directors, and to individuals described in Section 1 of the Plan who the Administrator believes have made or will make a contribution to the Company or any Affiliate; provided, however, that only a person who is an employee of the Company or any Affiliate at the date of the grant of an Option is eligible to receive ISOs under the Plan.

2.2 For purposes of the Plan: (a) the term "Affiliate" means a parent or subsidiary corporation as defined in the applicable provisions (currently Section 424(e) and 424(f), respectively) of the Code; (b) the term "employee" includes an officer or director who is an employee of the Company; (c) the term "consultant" includes persons employed by, or otherwise affiliated with, a consultant; and (d) the term "adviser" includes persons employed by, or otherwise affiliated with, an adviser.

2.3 Except as otherwise expressly set forth in the Plan, no right or benefit under the Plan shall be subject in any manner to anticipation, alienation, hypothecation, or charge, and any such attempted action shall be void. No right or benefit under the Plan shall in any manner be liable for or subject to debts, contracts, liabilities, or torts of any optionee or any other person except as otherwise may be expressly required by applicable law.

3. STOCK SUBJECT TO THE PLAN; MAXIMUM NUMBER OF GRANTS

3.1 Subject to the provisions of Section 3.2, the total number of shares of Common Stock that may be issued as Restricted Stock or on the exercise of Options or SARs under the Plan shall not exceed 22,500,000 shares. The shares subject to an Option or SAR granted under the Plan that expire, terminate or are cancelled unexercised shall become available again for grants under the Plan. If shares of Restricted Stock awarded under the Plan are forfeited to the Company or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the Plan. Where the exercise price of an Option is paid by means of the optionee's surrender of previously owned shares of Common Stock or the Company's withholding of shares otherwise issuable upon exercise of the Option as may be permitted in the Plan, only the net number of shares issued and which remain outstanding in connection with such exercise shall be deemed "issued" and no longer available for issuance under the Plan. No eligible person shall be granted Options or other awards during any twelve-month period covering more than 3,000,000 shares.

3.2 If the Common Stock is changed by reason of a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification, then the number and class of shares of stock subject to the Plan that may be issued under the Plan shall be proportionately adjusted (provided that any fractional share resulting from such adjustment shall be disregarded).

4. ADMINISTRATION

4.1 The Plan shall be administered by the Board of Directors of the Company (the "Board") or by a committee (the "Committee") to which the Board has delegated administration of the Plan (or of part thereof) (in either case, the "Administrator"). The Board shall appoint and remove members of the Committee in its discretion in accordance with applicable laws. At the Board's discretion, or if necessary in order to comply with Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or Section 162(m) of the Code, the Committee shall, in the Board's discretion, be comprised solely of "non-employee directors" within the meaning of said Rule 16b-3 or "outside directors" within the meaning of Section 162(m) of the Code. The foregoing notwithstanding, the Administrator may delegate non-discretionary administrative duties to such employees of the Company as it deems proper and the Board, in its absolute discretion, may at any time and from time to time exercise any and all rights and duties of the Administrator under this Plan.

4.2 Subject to the other provisions of the Plan, the Administrator shall have the authority, in its discretion: (a) to grant Options and SARs and grant or sell Restricted Stock; (b) to determine the fair market value of the shares of Common Stock subject to Options or other awards; (c) to determine the exercise price of Options granted, which shall be no less than the fair market value of the Common Stock on the date of grant, the economic terms of SARs granted, which shall provide for a benefit of the appreciation on Common Stock over not less than the value of the Common Stock on the date of grant, or the offering price of Restricted Stock; (d) to determine the persons to whom, and the time or times at which, Options or SARs shall be granted or Restricted Stock granted or sold, and the number of shares subject to each Option or SAR or the number of shares of Restricted Stock granted or sold; (e) to construe and interpret the terms and provisions of the Plan, of any applicable agreement and all Options and SARs granted under the Plan, and of any Restricted Stock award under the Plan; (f) to prescribe, amend, and rescind rules and regulations relating to the Plan; (g) to determine the terms and provisions of each Option and SAR granted and award of Restricted Stock (which need not be identical), including but not limited to, the time or times at which Options and SARs shall be exercisable or the time at which the restrictions on Restricted Stock shall lapse; (h) with the consent of the Grantee, to rescind any award or exercise of an Option or SAR; (i) to modify or amend the terms of any Option, SAR or Restricted Stock (with the consent of the Grantee or holder of the Restricted Stock if the modification or amendment is adverse to the Grantee or holder); (j) to reduce the purchase price of Restricted Stock or exercise price of any Option or base price of any SAR; (k) to accelerate or defer (with the consent of the Grantee) the exercise date of any Option or SAR or the date on which the restrictions on Restricted Stock lapse; (l) to issue shares of Restricted Stock to an optionee in connection with the accelerated exercise of an Option by such optionee; (m) to authorize any person to execute on behalf of the Company any instrument evidencing the grant of an Option, SAR or award of Restricted Stock; (n) to determine the duration and purposes of leaves of absence which may be granted to participants without constituting a termination of their employment for the purposes of the Plan; and (o) to make all other determinations deemed necessary or advisable for the administration of the Plan, any applicable agreement, Option, SAR or award of Restricted Stock.

4.3 All questions of interpretation, implementation, and application of the Plan or any agreement or Option, SAR or award of Restricted Stock shall be determined by the Administrator, which determination shall be final and binding on all persons.

5. **GRANTING OF OPTIONS AND SARS; AGREEMENTS**

5.1 No Options or SARs shall be granted under the Plan after 10 years from the date of adoption of the Plan by the Board.

5.2 Each Option and SAR shall be evidenced by a written agreement, in form satisfactory to the Administrator, executed by the Company and the person to whom such grant is made ("Grantee," which term shall include the permitted successors and assigns of the Grantee with respect to the Option or SAR). In the event of a conflict between the terms or conditions of an agreement and the terms and conditions of the Plan, the terms and conditions of the Plan shall govern.

5.3 Each Option agreement shall specify whether the Option it evidences is an NQO or an ISO, provided, however, all Options granted under the Plan to non-employee directors, consultants and advisers of the Company are intended to be NQOs.

5.4 Subject to Section 6.3.3 with respect to ISOs, the Administrator may approve the grant of Options or SARs under the Plan to persons who are expected to become employees, directors, consultants or advisers of the Company, but are not employees, directors, consultants or advisers at the date of approval, and the date of approval shall be deemed to be the date of grant unless otherwise specified by the Administrator.

5.5 For purposes of the Plan, the term "employment" shall be deemed to include service as an employee, director, consultant or adviser. For avoidance of any doubt, a person who is in the employment of the Company is not necessarily an "employee" for purposes of ISOs.

6. TERMS AND CONDITIONS OF OPTIONS AND SARS

Each Option and SAR granted under the Plan shall be subject to the terms and conditions set forth in Section 6.1. NQOs and SARs shall also be subject to the terms and conditions set forth in Section 6.2, but not those set forth in Section 6.3. ISOs shall also be subject to the terms and conditions set forth in Section 6.3, but not those set forth in Section 6.2. SARs shall be subject to the terms and conditions of Section 6.4.

6.1 Terms and Conditions to Which All Options and SARs Are Subject. All Options and SARs granted under the Plan shall be subject to the following terms and conditions:

6.1.1 Changes in Capital Structure. Subject to Section 6.1.2, if the Common Stock is changed by reason of a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification, then the number and class of shares of stock subject to each Option and SAR outstanding under the Plan, and the exercise price of each outstanding Option and the base value of SAR, shall be automatically and proportionately adjusted; provided, that the Company shall not be required to issue fractional shares as a result of any such adjustments. Such adjustment, however, in any outstanding Option or SAR shall be made without change in the total price applicable to the unexercised portion of the Option or SAR but with a corresponding adjustment in the price for each share covered by the unexercised portion of the Option or SAR. Any determination by the Administrator in connection with these adjustments shall be final, binding, and conclusive. If an adjustment under this Section 6.1.1 would result in a fractional share interest under an option or any installment, the Administrator's decision as to inclusion or exclusion of that fractional share interest shall be final, but no fractional shares of stock shall be issued under the Plan on account of any such adjustment.

6.1.2 Corporate Transactions. The provisions of this Section 6.1.2 shall apply to all Options and SARs granted under this Plan unless otherwise provided for in the stock option agreement or in a separate employment or other agreement between the Grantee and the Company. To the extent not previously exercised, all Options and SARs shall terminate immediately prior to the consummation of a Corporate Transaction (as defined below) unless the Administrator determines otherwise in its sole discretion, provided, however, that the Administrator, in its sole discretion, may (i) permit exercise of any Options and/or SARs prior to their termination, even if such Options and/or SARs would not otherwise have been exercisable (provided that the Option or SAR has not expired by its terms and that the Grantee takes all steps necessary to exercise the Option or SAR prior to the Corporate Transaction as required by the agreement evidencing the Option or SAR), and/or (ii) provide that all or certain of the outstanding Options or SARs shall be assumed or an equivalent option substituted by an applicable successor corporation or any Affiliate of the successor corporation in the event of a Corporate Transaction. A "Corporate Transaction" means (i) a liquidation or dissolution of the Company; (ii) a merger or consolidation of the Company with or into another corporation or entity (other than a merger with a wholly-owned subsidiary); or (iii) a sale of all or substantially all of the assets of the Company in a single transaction or a series of related transactions.

6.1.3 Time of Option or SAR Exercise. Subject to Section 5 and 6.3.4, an Option or SAR granted under the Plan shall be exercisable (a) immediately as of the effective date of the applicable agreement granting the Option or SAR or (b) in accordance with a schedule or performance criteria as may be set by the Administrator and specified in the applicable agreement. However, in no case may an Option or SAR be exercisable until the Company and the Grantee execute a written agreement in form and substance satisfactory to the Company.

6.1.4 Grant Date. The date of grant of an Option or SAR under the Plan shall be the date approved or any date thereafter specified by the Administrator in such approval and reflected as the effective date of the applicable agreement.

6.1.5 Non-Transferability of Rights. Except with the express written approval of the Administrator, which approval the Administrator is authorized to give only with respect to NQOs and SARs, no Option or SAR granted under the Plan shall be assignable or otherwise transferable by the Grantee except by will or by the laws of descent and distribution. During the life of the Grantee, an Option or SAR shall be exercisable only by the Grantee or permitted transferee.

6.1.6 Payment. Except as provided below, payment in full, in cash, shall be made for all Common Stock purchased at the time written notice of exercise of an Option is given to the Company and the proceeds of any payment shall be considered general funds of the Company. The Administrator in its sole discretion may include in any Option agreement, or separately approve in connection with the exercise of any Option, any one or more of the following additional methods of payment (provided such payment does not violate applicable law or regulations or the rules of any securities exchange on which the Company's securities may be listed):

(a) Subject to the Sarbanes-Oxley Act of 2002, acceptance of the Grantee's full recourse promissory note for all or part of the Option price, payable on such terms and bearing such interest rate as determined by the Administrator (but in no event less than the minimum interest rate specified under the Code at which no additional interest or original issue discount would be imputed), which promissory note may be either secured or unsecured in such manner as the Administrator shall approve (including, without limitation, by a security interest in the shares of the Company);

(b) Delivery by the optionee of shares of Common Stock already owned by the optionee for all or part of the Option price, provided the fair market value (determined as set forth in Section 6.1.10) of such shares of Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by delivery of such stock;

(c) Through the surrender of shares of Common Stock then issuable upon exercise of the Option, provided the fair market value (determined as set forth in Section 6.1.10) of such shares of Common Stock is equal on the date of exercise to the Option price, or such portion thereof as the optionee is authorized to pay by surrender of such stock; and

(d) By means of so-called cashless exercises through a securities broker as permitted under applicable rules and regulations of the Securities and Exchange Commission and the Federal Reserve Board.

6.1.7 Termination of Employment. Unless otherwise provided in the applicable agreement, if for any reason a Grantee ceases to be employed by at least the Company or one of its Affiliates, each Option and SAR held by the Grantee at the date of termination of employment (to the extent then exercisable) may be exercised in whole or in part at any time (but in no event after the Expiration Date and or the termination of the Option or SAR pursuant to Section 6.1.2) within one year of the date of termination in the case of termination by reason of death or disability; at the commencement of business on the date of a termination for "cause" (as defined in the applicable agreement or in any agreement with the Company pertaining to employment); and, in all other cases, within 90 days of the date of termination. For purposes of this Section 6.1.7, a Grantee's employment shall not be deemed to terminate by reason of the Grantee's transfer from the Company to an Affiliate, or vice versa, or sick leave, military leave or other leave of absence approved by the Administrator, if the period of any such leave does not exceed 90 days or, if longer, if the Grantee's right to reemployment by the Company or any Affiliate is guaranteed either contractually or by statute.

6.1.8 Withholding and Employment Taxes. At the time of exercise and as a condition thereto, or at such other time as the amount of such obligation becomes determinable, the Grantee of an Option or SAR shall remit to the Company in cash all applicable federal and state withholding and employment taxes. Such obligation to remit may be satisfied, if authorized by the Administrator in its sole discretion, after considering any tax, accounting and financial consequences, by the Grantee's (a) delivery of a promissory note in the required amount on such terms as the Administrator deems appropriate, (b) tendering to the Company previously owned shares of Common Stock or other securities of the Company with a fair market value equal to the required amount, or (c) agreeing to have shares of Common Stock (with a fair market value equal to the required amount), which are acquired upon exercise of the Option or SAR, withheld by the Company.

6.1.9 Other Provisions. Each Option and SAR granted under the Plan may contain such other terms, provisions, and conditions not inconsistent with the Plan as may be determined by the Administrator, and each ISO granted under the Plan shall include such provisions and conditions as are necessary to qualify the Option as an "incentive stock option" within the meaning of Section 422 of the Code.

6.1.10 Determination of Fair Market Value. For purposes of the Plan, the fair market value of Common Stock or other securities of the Company shall be determined as follows:

(a) If the stock of the Company is listed on a securities exchange or is regularly quoted by a recognized securities dealer, and selling prices are reported, its fair market value shall be the closing price of such stock on the date the value is to be determined, but if selling prices are not reported, its fair market value shall be the mean between the high bid and low asked prices for such stock on the date the value is to be determined (or if there are no quoted prices for the date of grant, then for the last preceding business day on which there were quoted prices).

(b) In the absence of an established market for the stock, the fair market value thereof shall be determined in good faith by the Administrator, with reference to the Company's net worth, prospective earning power, dividend-paying capacity, and other relevant factors, including the goodwill of the Company, the economic outlook in the Company's industry, the Company's position in the industry, the Company's management, and the values of stock of other corporations in the same or a similar line of business.

6.1.11 Option and SAR Term. Subject to Section 6.3.4, no Option or SAR shall be exercisable more than 10 years after the date of grant, or such lesser period of time as is set forth in the applicable agreement (the end of the maximum exercise period stated in the agreement is referred to in the Plan as the "Expiration Date").

6.2 Terms and Conditions to Which Only NQOs and SARs Are Subject. Options granted under the Plan which are designated as NQOs and SARs shall be subject to the following terms and conditions:

6.2.1 Exercise Price. The exercise price of an NQO and the base value of an SAR shall be the amount determined by the Administrator as specified in the option or SAR agreement, but shall not be less than the fair market value of the Common Stock on the date of grant (determined under Section 6.1.10).

6.3 Terms and Conditions to Which Only ISOs Are Subject. Options granted under the Plan which are designated as ISOs shall be subject to the following terms and conditions:

6.3.1 Exercise Price. The exercise price of an ISO shall not be less than the fair market value (determined in accordance with Section 6.1.10) of the stock covered by the Option at the time the Option is granted. The exercise price of an ISO granted to any person who owns, directly or by attribution under the Code (currently Section 424(d)), stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any Affiliate (a "10% Stockholder") shall in no event be less than 110% of the fair market value (determined in accordance with Section 6.1.10) of the stock covered by the Option at the time the Option is granted.

6.3.2 Disqualifying Dispositions. If stock acquired by exercise of an ISO granted pursuant to the Plan is disposed of in a "disqualifying disposition" within the meaning of Section 422 of the Code (a disposition within two years from the date of grant of the Option or within one year after the issuance of such stock on exercise of the Option), the holder of the stock immediately before the disposition shall promptly notify the Company in writing of the date and terms of the disposition and shall provide such other information regarding the Option as the Company may reasonably require.

6.3.3 Grant Date. If an ISO is granted in anticipation of employment as provided in Section 5.4, the Option shall be deemed granted, without further approval, on the date the Grantee assumes the employment relationship forming the basis for such grant, and, in addition, satisfies all requirements of the Plan for Options granted on that date.

6.3.4 Term. Notwithstanding Section 6.1.11, no ISO granted to any 10% Stockholder shall be exercisable more than five years after the date of grant.

6.4 Terms and Conditions Applicable Solely to SARs. In addition to the other terms and conditions applicable to SARs in this Section 6, the holder shall be entitled to receive on exercise of an SAR only Common Stock at a fair market value equal to the benefit to be received by the exercise.

6.5 Manner of Exercise. A Grantee wishing to exercise an Option or SAR shall give written notice to the Company at its principal executive office, to the attention of the officer of the Company designated by the Administrator, accompanied by payment of the exercise price and/or withholding taxes as provided in Sections 6.1.6 and 6.1.8. The date the Company receives written notice of an exercise hereunder accompanied by the applicable payment will be considered as the date such Option or SAR was exercised. Promptly after receipt of written notice of exercise and the applicable payments called for by this Section 6.5, the Company shall, without stock issue or transfer taxes to the holder or other person entitled to exercise the Option or SAR, deliver to the holder or such other person a certificate or certificates for the requisite number of shares of Common Stock. A holder or permitted transferee of an Option or SAR shall not have any privileges as a stockholder with respect to any shares of Common Stock to be issued until the date of issuance (as evidenced by the appropriate entry on the books of the Company or a duly authorized transfer agent) of such shares.

7. RESTRICTED STOCK

7.1 Grant or Sale of Restricted Stock.

7.1.1 No grants or sales of Restricted Stock shall be made under the Plan after 10 years from the date of adoption of the Plan by the Board.

7.1.2 The Administrator may issue Restricted Stock under the Plan for such consideration (including past or future services, any benefit to the Company, and, subject to applicable law, recourse promissory notes) and such other terms, conditions and restrictions as determined by the Administrator. The restrictions may include restrictions concerning transferability, repurchase by the Company and forfeiture of the shares issued, together with such other restrictions as may be determined by the Administrator. If shares are subject to forfeiture or repurchase by the Company, all dividends or other distributions paid by the Company with respect to the shares may be retained by the Company until the shares are no longer subject to forfeiture or repurchase, at which time all accumulated amounts shall be paid to the recipient.

7.1.3 All Common Stock issued pursuant to this Section 7.1 shall be subject to an agreement, which shall be executed by the Company and the prospective recipient of the Common Stock prior to the delivery of certificates representing such stock to the recipient. The agreement may contain any terms, conditions, restrictions, representations and warranties required by the Administrator. The certificates representing the shares shall bear any legends required by the Administrator.

7.1.4 The Administrator may require any purchaser or grantee of Restricted Stock to pay to the Company in cash, upon demand, amounts necessary to satisfy any applicable federal, state or local tax withholding requirements. If the purchaser or grantee fails to pay the amount demanded, the Administrator may withhold that amount from other amounts payable by the Company to the purchaser or grantee, including salary, subject to applicable law. With the consent of the Administrator in its sole discretion, a purchaser may deliver Common Stock to the Company to satisfy this withholding obligation.

7.2 Corporate Transactions. All restricted stock subject to forfeiture as of the occurrence of any Corporate Transaction shall be forfeited immediately prior to the consummation of such Corporate Transaction unless the Administrator determines otherwise in its sole discretion. The Administrator, in its sole discretion, may remove any restrictions as to any outstanding restricted stock. The Administrator may, in its sole discretion, provide that all outstanding restricted stock participate in the Corporate Transaction with an equivalent stock substituted by an applicable successor corporation subject to the restriction.

8. EMPLOYMENT OR CONSULTING RELATIONSHIP

Nothing in the Plan, any Option or SAR granted under the Plan, or any Restricted Stock granted or sold under the Plan, shall interfere with or limit in any way the right of the Company or of any of its Affiliates to terminate the employment of any Grantee or holder of Restricted Stock or an SAR at any time, nor confer upon any Grantee or holder of Restricted Stock or an SAR any right to continue in the employ of, or consult with, or advise, the Company or any of its Affiliates.

9. CONDITIONS UPON ISSUANCE OF SHARES

Notwithstanding the provisions of any Option, SAR or offer of Restricted Stock, the Company shall have no obligation to issue shares under the Plan unless such issuance shall be either registered or qualified under applicable securities laws, including, without limitation, the Securities Act, or exempt from such registration or qualification. The Company shall have no obligation to register or qualify such issuance under the Securities Act or other securities laws.

10. NON-EXCLUSIVITY OF THE PLAN

The adoption of the Plan shall not be construed as creating any limitations on the power of the Company to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options other than under the Plan.

11. MARKET STAND-OFF

Each Grantee and recipient of Restricted Stock, if so requested by the Company or any representative of the underwriters in connection with any registration of any securities of the Company under the Securities Act, shall not sell or otherwise transfer any shares of Common Stock acquired upon exercise of Options or SARs, or such Restricted Stock or receipt of Restricted Stock during a period of up to 180 days following the effective date of a registration statement of the Company filed under the Securities Act; provided, however, that such restriction is applicable to all directors and officers of the Company.

12. AMENDMENTS TO PLAN

The Board may at any time amend, alter, suspend or discontinue the Plan. Without the consent of a Grantee or holder of Restricted Stock, no amendment, alteration, suspension or discontinuance may adversely affect such person's outstanding Option(s), SAR(s) or the terms applicable to Restricted Stock except to conform the Plan and ISOs granted under the Plan to the requirements of federal or other tax laws relating to ISOs. No amendment, alteration, suspension or discontinuance to the Plan shall require stockholder approval unless (a) stockholder approval is required to preserve incentive stock option treatment for federal income tax purposes; (b) the Board otherwise concludes that stockholder approval is advisable; or (c) such approval is required under the rules of any securities exchange on which securities of the Company are registered.

13. COMPLIANCE WITH CALIFORNIA CODE OF REGULATIONS.

13.1 Except during any period in which the grant of Options and grant or sale of Restricted Stock under this Plan is exempt from qualification under the California Corporate Securities Law of 1968 pursuant to any exemption other than Section 25102(o) of such Law, the Plan, all Options granted and all Restricted Stock granted or sold under the Plan shall comply with Sections 260.140.41, 260.140.42, 260.140.45 and 260.140.46 of Title 10 of the California Code of Regulations, as in effect and as from time to time amended ("Title 10"), including the following (which shall be deemed modified or amended by any corresponding change in the applicable regulations):

13.1.1 At no time shall the total number of securities issuable upon exercise of all outstanding options (excluding options, warrants and rights excluded by Section 260.140.45) and the total number of shares provided for under any stock bonus or similar plan or agreement of the Company exceed the 30% limitation set forth in Section 260.140.45 of Title 10 based on the securities of the Company which are outstanding at the time the calculation is made.

13.1.2 The exercise price of the Option, and the purchase price of Restricted Stock, shall not be less than 85% (100% in the case of any person who owns securities possessing more than 10% of the total combined voting power of all classes of securities of the Company) of the fair market value of the stock covered by the Option at the time the Option is granted (with fair value and total combined voting power determined in accordance with Section 260.140.41(b) and 260.140.42(b), as applicable, of Title 10).

13.1.3 No Option shall be transferable except by will, the laws of descent and distribution, or as permitted by Rule 701 under the Securities Act of 1933, as amended.

13.1.4 If the Option is granted to an employee other than an officer, director, manager or consultant, it shall be exercisable at the rate of at least 20% per year over five years.

13.1.5 If the Restricted Stock is sold to an employee other than an officer, director, manager or consultant, any right to repurchase at the original purchase price must lapse at the rate of at least 20% per year over five years and the right to repurchase must be exercised for cash or cancellation of purchase money indebtedness for the stock within 90 days of termination of employment.

13.1.6 If the Option gives the Company the right to repurchase shares acquired upon exercise of the Option upon termination of employment, it must comply with Section 260.140.41 of Title 10.

13.1.7 The Option shall remain exercisable (to the extent the optionee is entitled to exercise on the date of termination of employment) for at least: (i) six months after the date of termination of employment where termination occurs by reason of an optionee's death or disability; or (ii) 30 days after the date of termination of employment if termination was for any reason other than death, disability or termination by the Company for cause (as defined in the applicable agreement or in any agreement with the Company pertaining to employment) (provided that in each case that the Option shall not be exercisable after the Expiration Date).

13.2 Annual Financial Statements. The Company shall provide to each Grantee financial statements of the Company at least annually.

14. EFFECTIVE DATE OF PLAN; DISCONTINUANCE OR TERMINATION OF PLAN

The Plan became effective on October 29, 2010, the effective date of adoption by the Board; provided, however, that no shares of Common Stock shall be issued, and no Option or SAR shall be exercisable, unless and until the Plan is approved by the holders of a majority of the Common Stock of the Company entitled to vote within 12 months after adoption by the Board. If any Options or SARs are so granted and stockholder approval shall not have been obtained within 12 months of the date of adoption of the Plan by the Board, such Options and SARs shall terminate retroactively as of the date they were granted. The Board may at any time adopt a resolution stating that no more awards will be granted under the Plan. The Plan shall terminate upon the first date at which there shall not be any outstanding Options or SARS or any outstanding Restricted Stock subject to vesting and/or repurchase conditions following the first to occur of: (a) October 29, 2020 or (b) the date the Board adopts a resolution discontinuing the grant of awards under the Plan.

Exhibit 10.16

October 13, 2011

Mike Finamore
Gemini Pharmaceuticals, Inc.
87 Modular Avenue
Commack, NY 11725

Re: Subordinated Bridge Revolving Line of Credit

Dear Mike:

The purpose of this commitment letter (the "Commitment Letter") is to confirm the terms and conditions upon which Gemini Pharmaceuticals Inc. (the "Lender ") will make available to Oxis International Inc., a Delaware corporation (the "Company") the Line of Credit (as defined below).

1. Line of Credit

This will confirm that Lender proposes to make available to the Company a subordinated revolving line of credit (the "Line of Credit"), subject to the terms and contingencies set forth in this letter. Advances under the Line of Credit (collectively and severally, the "Advances," and severally, an "Advance") shall be made from time to time at the request of the Company but subject always to the specific terms, conditions, and limitations of this Commitment Letter and the Loan Documents (as defined below).

2. Loan Amount

The aggregate amount of outstanding Advances shall not exceed $750,000.00 at any time. The maximum amount of the aggregate outstanding Advances at any one time during the term of the Line of Credit is referred to herein as the "Maximum Availability." The loan amount will be tiered, starting at $250,000 and will ramp up to $500,000 and then $750,000 upon achievement of determined milestones. In addition, there will be a mutual waiver should the line need to be increased sooner than milestone is achieved.

It is understood and agreed that this shall be a revolving line of credit and that the Company shall have the right to repay all or a portion of any outstanding Advances and thereafter reborrow amounts already repaid so long as the aforementioned Maximum Availability limitations are adhered to during the term of the Line of Credit.

3. Purpose

The Advances requested under the Line of Credit shall be used for product and inventory purchases

4. Advances

Advances will be made available at the request of the Company on and after the date that the Loan Documents are executed by the parties and through October 13, 2011, (as such date may be extended, in writing from time to time, in the Lender's sole and absolute discretion, the "Termination Date"), unless earlier terminated under the terms of this Commitment Letter or the Loan Documents.

Prior to any Advance, the Company shall submit to the Lender a written request for such Advance. All Advances made to the Company under the terms of the Line of Credit shall be repayable with interest as more fully provided in the Loan Documents.

Advances shall be made upon request so long as the Company's representations and warranties in the Loan Documents are true and accurate in all material respects and no event of default, or event which with the passage of time or giving notice would constitute an event of default, has occurred under the Loan Documents. Each request by the Company for an Advance shall constitute a representation and warranty by the Company to the Lender as of the date of such request that (a) the foregoing conditions have been satisfied; and (b) after giving effect to the Advance Requested, total Advances then outstanding under the Line of Credit will not exceed the Maximum Availability for which the Company is then eligible under the Line of Credit.

Advances under the Line of Credit will be evidenced by an account maintained by the Lender on its books. Company authorizes the Lender to accept and act upon either written or oral instructions of Michael Handelman that the Lender believes in good faith to be a request from the Company for an Advance. For the Company's protection the Lender reserves the right at all times to decline a request when the Lender feels that additional verification is appropriate before making an Advance.

5. Interest

The outstanding principal of all Advances under the Line of Credit will bear interest at the rate of interest of prime plus 2 percent per annum.

Interest on the outstanding principal of all Advances shall be payable at the rate set forth above and shall be payable in arrears on the last of each month commencing with the first month in which an Advance is made and on the Termination Date. Interest shall be computed on the basis of a three hundred sixty (360)-day year and actual days elapsed.

6. Repayments

Repayments of Advances may be made to the Lender without premium, penalty or other fees at any time prior to the Termination Date. The amount of any Advance repaid prior to the Termination Date may be reborrowed by the Company in the form of an additional Advance subject to the Maximum Availability limitations described herein.

Upon receipt of payment from company accounts receivable invoices, those funds will be used first as repayment of advances. The CFO will certify upon receipt of said funds, that payment will go first to Gemini to repay the advance on the credit line.

The outstanding principal balance of all Advances under the Line of Credit plus all accrued but unpaid interest thereon, if not sooner paid, shall be due and payable on the Termination Date, unless earlier payment is otherwise required under the terms of the Loan Documents.

All payments shall be applied first to the payment of interest on the unpaid principal of all then-outstanding Advances, and then to the balance on account of the principal of all Advances under the Line of Credit.

7. Subordination

The Company indebtedness to the Lender under the Line of Credit will be subordinate and junior in right of payment to the prior payment in full of all secured Senior Indebtedness. In the event that said Debentures are converted, paid or otherwise satisfied, then the Company's indebtedness to the Lender shall be senior in right of payment to all other indebtedness.

8. Loan Documents

The obligation of the Lender to make the first Advance under the Line of Credit will not arise until the parties have executed and delivered a revolving line of credit promissory note (the "Note") payable to the order of the Lender and such other documents in form and substance satisfactory to the Lender as Lender may reasonably required in connection with the Line of Credit (collectively the "Loan Documents").

9. Warrants

In partial consideration of the commitment made by the Lender under the Line of Credit, the Company shall issue to the Lender non-callable 5-year warrants to purchase 300,000 additional shares of Common Stock at a share price of $0.12. There will be a cashless exercise provision included. The warrants will vest as follows: 50% immediately, 25% when the line is increased to $500,000 and the remaining 25% when the line is increased to $750,000.

10. Representations and Warranties

Each of the Lender and the Company hereby represent and warranty to one another that:

(a) They have the full legal right to enter into the Loan Documents and perform their obligations hereunder.

(b) The execution, delivery and performance of the Loan Documents by the respective party (i) will not require any approval or consent of, or filing with, any governmental agency or entity; and (ii) will not result in, or require, the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance of any nature on any property now or hereafter acquired by the party, except as provided in the Loan Documents.

(c) The Loan Documents will be valid and legal enforceable against the respective party in accordance with their terms.

In addition, the Loan Documents shall contain customary representations and warranties from the Company, including confirmation of corporate status and authority; execution, delivery and performance of Loan Documents do not violate law or existing agreements; status of litigation relating to Company's business and properties; accuracy of financial information regarding the Company and no material adverse change since the date of the financial information delivered to the Lender; no governmental or regulatory approvals required; legality, validity, binding effect and enforceability of Loan Documents; and use of proceeds. The Loan Documents shall also contain customary representations and warranties from the Lender with respect to certain securities law matters relating to the Line of Credit and the securities of the Company that may be issued in accordance with the terms and conditions of the Line of Credit.

11. Covenants

The Loan Documents shall contain customary affirmative and negative covenants regarding the activities and operations of the Company, including required deliveries of financial information; continuation of business and maintenance of legal existence, rights and privileges; compliance with contractual obligations and laws; maintenance of property and insurance; maintenance of books and records.

12. Events of Default

If any of the events set forth below ("Events of Default") shall occur and be continuing, the Lender may, but shall not be obligated to, declare the Note immediately due and payable and withhold Advances and pursue any other rights and remedies available to the Lender or both:

(a) A payment of interest on the Note is not made within thirty (30) business days following the date on which it is due;

(b) A representation or warranty contained herein or in the Loan Documents proves to be incorrect in any material respect;

(c) The Company is in default of any other material provision hereof or in the Loan Documents and has failed to cure such default within an agreed period following notice thereof from the Lender; or

(d) The Company shall be involved in financial difficulties as evidenced by the entry of an order by a court of competent jurisdiction finding it to be bankrupt or insolvent and such order shall not be vacated or stayed on appear or otherwise stayed within ninety (90) days.

Following any Event of Default which is continuing, the Lender may decline to make any or all further Advances hereunder; the Lender may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding either for specific performance of any covenant or condition contained in the Loan Documents, or in aid of the exercise of any power granted in the Loan Documents.

13. Notices

All communications provided herein shall be in writing and shall be sufficient if sent by United States mail, registered or certified, postage prepaid, delivered by messenger, or so-called overnight courier, address as follows:

If to the Lender:

Mike Finamore

If to the Company:

Michael Handelman, CFO

or to such other address as the party to receive any such communication or notice may have designated by written notice to the other party.

14. Governing Law

This Commitment Letter and the Loan Documents shall be governed by and construed in accordance with the laws of the State of California as applied to agreements made between residents of California for performance entirely within California.

15. Securities Law Compliance

THIS AGREEMENT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFED UNDER ANY STATE SECURITIES LAWS. THIS AGREEMENT (OR ANY OF THE SECURITIES OR INSTRUMENTS REFERRED TO HEREIN) MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT AND REGISTRATION OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS UNLESS THE PROPOSED TRANSACTION DOES NOT REQUIRE SUCH REGISTRATION OR QUALIFICATION.

16. Counterparts

This Commitment Letter may be executed in one or more counterparts each of which shall be an original and all of which together shall be but one agreement.

If the above terms and conditions are satisfactory, please so indicate on the enclosed copy hereof whereupon this Commitment Letter will then constitute an agreement between the Company and the Lender. This document may be executed in counterparts and each counterpart deemed an original.

Gemini Pharmaceuticals, Inc

By: /s/ Michael Finamore

Agreed and Accepted this 18 day of October, 2010.

Oxis International, Inc.

By: s/ Michael Handelman

Exhibit 10.17

SERIES I PREFERRED STOCK PURCHASE AGREEMENT

This Series I Preferred Stock Purchase Agreement (this "*Agreement*") is made as of November 10, 2010, by and among Oxis International, Inc., a Delaware corporation (the "*Company*"), and the purchaser of the Company's Series I Preferred Stock listed on Exhibit A hereto who is a signatory of this Agreement (the "*Purchaser*").

In consideration of the mutual promises and covenants herein, the receipt and sufficiency are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1

Authorization and Sale of Series I Preferred Stock

1.1 **Authorization of Series I Preferred Stock.** The Company has authorized the sale and issuance to the Purchasers of 1,666,667 shares, the Shares (the "*Shares*") of its Series I Preferred Stock, $.001 par value (the "*Series I Preferred*"), having the rights, preferences, privileges and restrictions as set forth in the Certificate of Designation of Series I Preferred Stock in substantially the form attached hereto as Exhibit B (the "*Certificate of Designation*").

1.2 **Sale and Issuance of Series I Preferred.** Subject to the terms and conditions hereof, the Company will severally issue and sell to the Purchaser and the Purchaser will severally buy from the Company at the Closing (as defined in Section 2.1), at a per share purchase price of $ 0.15 (the "*Per Share Price*"), the number of shares of Series I Preferred specified opposite the name of Purchaser in the column designated "Number of Shares" on Exhibit A.

SECTION 2

Closing Dates; Delivery

2.1 **Closing Date.** It is anticipated that the purchase and sale of shares of Series I Preferred hereunder shall be consummated at a closing (the "*Closing*") to be held at the Company's offices in Los Angeles, California on November __, 2010, at 9:00 A.M., local time or at such other date, time and place upon which the Company and the Purchaser shall agree. The date and time of the Closing are hereinafter referred to as the "*Closing Date*".

2.2 **Delivery and Payment.** At the Closing, the Company will deliver to Purchaser consummating the purchase of Shares hereunder at the Closing a certificate or certificates, registered in the Purchaser's name, representing the number of Shares to be purchased by the Purchaser at the Closing, against payment of the purchase price by wire transfer per the Company's instructions as detailed below;

Account Name: Oxis International, Inc.
Account Number:
Bank ABA Number:
Bank Name/Address:

SECTION 3

Representations and Warranties of the Company

Except as set forth on Exhibit C attached hereto, the Company represents and warrants to the Purchasers that, as of the date hereof:

3.1 **Organization and Standing; Certificate of Incorporation and Bylaws.** The Company is a corporation duly organized and existing under, and by virtue of, the laws of the State of Delaware and is in good standing under such laws. The Company has requisite corporate power and authority to own and operate its properties and assets and to carry on its business as presently conducted. The Company is presently qualified to do business as a foreign corporation in the State of California, and there is no other jurisdiction in which the failure to be so qualified would have a material adverse effect on the business or financial condition of the Company. The Company has furnished the counsel for the Purchasers with copies of its Certificate of Incorporation and Bylaws, each as amended to date. Said copies are true, correct and complete and reflect all amendments now in effect.

3.2 **Corporate Power.** The Company has all requisite legal and corporate power and authority to execute and deliver this Agreement in substantially the form attached hereto as Exhibit D (the "*Amended and Restated Purchaser Rights Agreement*" and, together with this Agreement, the "*Investment Agreements*"), to sell and issue the Shares hereunder, to issue the underlying Common Stock (the "*Conversion Stock*") in accordance with the provisions of the Certificate of Designation, and to carry out and perform its obligations under the terms of the Investment Agreements.

3.3 **Subsidiaries.** All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

3.4 **Authorization.** All corporate actions on the part of the Company, its directors and its shareholders necessary for the authorization, execution, delivery and performance of the Investment Agreements by the Company, the authorization, sale, issuance and delivery of the Shares and the Conversion Stock and the performance of the Company's obligations under the Investment Agreements has been taken or will be taken prior to the Closing Dates. The Investment Agreements, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies; provided, however, that the Company makes no representation as to the enforceability of the indemnification provisions contained in the Amended and Restated Purchaser Rights Agreement.

The Shares, when issued in compliance with the provisions of this Agreement, will be validly issued, fully paid and nonassessable, and will have the rights, preferences, privileges and restrictions described in the Certificate of Designation; the Common Stock issuable upon conversion of the Shares has been duly and validly reserved and, when issued in compliance with the provisions of the Certificate of Designation, will be validly issued, fully paid and nonassessable; and the Shares and the Conversion Stock will be free of any liens or encumbrances, other than any liens or encumbrances created by or imposed upon the holders; provided, however, that the Shares and the Conversion Stock may be subject to restrictions on transfer under state or federal securities laws and restrictions set forth in the Amended and Restated Purchaser Rights Agreement. The issuance of the Shares is not subject to any preemptive rights or rights of first refusal other than such as have been waived or satisfied as described on Exhibit C.

3.5 **SEC Reports; Financial Statements**. The Company has filed all reports, forms or other information required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the 24 months preceding the date hereof (the foregoing materials being collectively referred to herein as the "SEC Reports"). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

3.6 **Proprietary Rights.** The Company has title and ownership of, or full right to use, all patents, patent applications, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and processes necessary for its business as now conducted and, to the Company's knowledge, without any conflict with or infringement of the rights of others. There are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, patent applications, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other person or entity. The Company is not aware of, and has not received any notice of, any violation or infringement by a third party of any of the Company's patents, licenses, trademarks, service marks, trade names, copyrights, trade secrets or other proprietary rights. To the Company's knowledge, the Company's business as now conducted will not infringe or conflict with the rights of others, including rights under patents, service marks, trade names, trademarks, copyrights, trade secrets and other proprietary rights, in any manner that could reasonably be expected to materially and adversely affect the Company's business. The Company has taken reasonable measures to protect the secrecy, confidentiality and value of all trade secrets useful in the conduct of its business. To the knowledge of the Company, none of its employees is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his or her best efforts to promote the interests of the Company or that would conflict with the Company's business as currently conducted. Neither the execution and delivery of the Investment Agreements, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as currently conducted, will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. The Company does not believe it is or will be necessary to utilize any inventions of any of its employees (or people it currently intends to hire) made prior to their employment by the Company.

3.7 **Litigation, etc.** There are no actions, suits, proceedings or investigations pending or, to the Company's knowledge, threatened in writing against the Company or its properties before any court or governmental agency.

3.8 **Material Liabilities.** Other than those disclosed in the Company's unaudited balance sheet, dated September 30, 2010 and attached hereto to Exhibit C, the Company has no liabilities or obligations, absolute or contingent, which are reasonably expected to exceed $50,000 individually or in the aggregate and which are not disclosed and required to be disclosed on such balance sheet. Since October 1, 2010 the Company has not incurred any liability or obligation that exceeded or is reasonably expected to exceed $50,000, other than in the ordinary course of business.

3.9 **Material Agreements.** All of the contracts and agreements with expected receipts or expenditures in excess of $50,000 or involving a license or grant of rights to or from the Company involving patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and processes applicable to the current business of the Company, are valid, binding and in full force and effect in all material respects, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies, and the Company has not received any indication of an intention to terminate any such contract or agreement by any of the parties to any such contract or agreement.

3.10 **Title to Properties and Assets; Liens, etc.** The Company has good and marketable title to its properties and assets, and has good title to all its leasehold interests, in each case subject to no mortgage, pledge, lien, encumbrance or charge, other than (i) the lien of current taxes not yet due and payable, and (ii) possible minor liens and encumbrances which, when considered individually or together, do not materially detract from the value of the property subject thereto or materially impair the operations of the Company, and which have not arisen otherwise than in the ordinary course of business.

3.11 **Compliance with Other Instruments, None Burdensome, etc.** The Company is not in material violation of: any term of its Restated Certificate, as amended by the Certificate of Designation, or Bylaws; any term or provision of any mortgage, indebtedness, indenture, contract, agreement, instrument, judgment or decree; and, to its knowledge, any order, statute, rule or regulation applicable to the Company. The execution, delivery and performance of and compliance with the Investment Agreements, and the issuance of the Shares and the Conversion Stock, have not resulted and will not result in any violation of, or materially conflict with, or constitute a default under, the Company's Restated Certificate, as amended by the Certificate of Designation, or Bylaws, and have not and will not result in any material violation of, or materially conflict with, or constitute a material default under, any of its agreements nor result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company.

3.12 **Employees.** To the Company's knowledge, no employee of the Company is in violation of any term of any employment contract, non-disclosure agreement or any other similar contract or agreement relating to the relationship of such employee with the Company, any former employer or any other party. Each employee of the Company has executed a confidential information and invention assignment agreement.

3.13 **Registration Rights.** Except as set forth on Exhibit C and except for the Amended and Restated Purchaser Rights Agreement, the Company is not under any contractual obligation to register under the Securities Act of 1933, as amended (the "*Securities Act*"), any of its presently outstanding securities or any of its securities that may hereafter be issued.

3.14 **Governmental Consent, etc.** No consent, approval or authorization of or designation, declaration or filing with any governmental authority on the part of the Company is required in connection with the valid execution and delivery of the Investment Agreements, or the offer, sale or issuance of the Shares or the Conversion Stock, or the consummation of any other transaction contemplated hereby, except (i) the filing of the Certificate of Designation in the office of the Delaware Secretary of State prior to the Closing Date and (ii) the qualification (or taking of such action as may be necessary to secure an exemption from qualification, if available) of the offer and sale of the Shares and the Conversion Stock under applicable federal and state securities laws, which filings and qualifications, if required, will be accomplished in a timely manner.

3.15 **Offering.** Subject to the accuracy of the Purchaser's representations in Section 4 hereof, the offer, sale and issuance of the Shares and the Conversion Stock constitute transactions exempt from the registration requirements of Section 5 of the Securities Act.

3.16 **Brokers or Finders.** Except as set forth in Exhibit C attached hereto, neither the Company nor the Purchaser have incurred or will incur, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement or the transactions contemplated hereby.

3.17 **Permits.** The Company has all franchises, permits, licenses, and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could materially and adversely affect the business, properties, or financial condition of the Company, and the Company believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted. To its knowledge, the Company is not in default in any material respect under any of such franchises, permits, licenses, or other similar authority.

SECTION 4

Representations and Warranties of the Purchasers

Each Purchaser hereby severally represents and warrants to the Company as follows:

4.1 **Preexisting Relationship with Company; Business and Financial Experience.** It either (i) has a prior business and/or personal relationship with the Company and/or its officers and directors, or (ii) by reason of its business or financial experience or the business or financial experience of its professional advisors who are unaffiliated with the Company and who are not compensated by the Company, has the capacity to protect its own interests in connection with the purchase of the Shares and underlying Conversion Stock.

4.2 **Investment Intent; Blue Sky.** It is acquiring the Shares and the underlying Conversion Stock for investment for its own account, not as a nominee or agent, and not with a view to, or for resale in connection with, any distribution thereof. It understands that the issuance of the Shares and the underlying Conversion Stock has not been, and will not be, registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends upon, among other things, the bona fide nature of the Purchaser's investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser's address set forth on the Schedule of Purchasers attached hereto as Exhibit A represents the Purchaser's true and correct state of domicile, upon which the Company may rely for the purpose of complying with applicable federal and state securities laws.

4.3 **Rule 144.** It acknowledges that the Shares and the underlying Conversion Stock must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from such registration is available. It is aware of the provisions of Rule 144 promulgated under the Securities Act which permit limited public resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale occurring not less than six months after a party has purchased and paid for the security to be sold, and the number of shares being sold during any three-month period not exceeding specified limitations.

4.4 **Disclosure of Information**. Such Purchaser has had an opportunity to receive all information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. Such Purchaser acknowledges receipt of copies of the SEC Filings. Neither such inquiries nor any other due diligence investigation conducted by such Purchaser shall modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement..

4.5 **Restrictions on Transfer; Restrictive Legends.** It understands that the transfer of the Shares and the Conversion Stock is restricted by applicable state and Federal securities laws and by the provisions of the Amended and Restated Purchaser Rights Agreement, and that the certificates representing the Shares and the Conversion Stock will be imprinted with legends restricting transfer except in compliance therewith.

4.6 **Purchase Entirely for Own Account**. The securities to be received by such Purchaser hereunder will be acquired for such Purchaser's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act without prejudice, however, to such Purchaser's right at all times to sell or otherwise dispose of all or any part of such Securities in compliance with applicable federal and state securities laws. Nothing contained herein shall be deemed a representation or warranty by such Purchaser to hold the securities for any period of time. Such Purchaser is not a broker-dealer registered with the SEC under the 1934 Act or an entity engaged in a business that would require it to be so registered.

4.7 **Authorization.** All action on the part of the Purchaser's partners, board of directors, and shareholders, if and as applicable, necessary for the authorization, execution, delivery and performance of the Investment Agreements by the Purchaser, the purchase of and payment for the Shares and the Conversion Stock and the performance of all of the Purchaser's obligations under the Investment Agreements has been taken or will be taken prior to the Closing. The Investment Agreements, when executed and delivered by the Purchaser, shall constitute valid and binding obligations of the Purchaser, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies; provided, however, that the Purchaser makes no representation as to the enforceability of the indemnification provisions contained in the Amended and Restated Purchaser Rights Agreement.

4.8 **Brokers or Finders.** Other than those disclosed in section 3, the Purchaser has not employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement, and the Company has not and will not incur, directly or indirectly, any such liability as a result of any action taken by the Purchaser.

4.9 **Accredited Purchaser.** The Purchaser represents that it is an accredited investor within the meaning of Regulation D under the Securities Act.

SECTION 5

Conditions to Closing of the Purchasers

Purchaser's obligation to purchase the Shares is, unless waived in writing by the Purchaser, subject to the fulfillment as of the Closing Date of the following conditions:

5.1 **Representations and Warranties Correct.** The representations and warranties made by the Company in Section 3 hereof shall be true and correct in all material respects as of the Closing Date.

5.2 **Covenants.** All covenants, agreements and conditions contained in this Agreement to be performed or complied with by the Company on or prior to the Closing Date shall have been performed or complied with in all material respects.

5.3 **Blue Sky.** The Company shall have obtained all necessary state securities law permits and qualifications, or have the availability of exemptions therefrom, required by any state for the offer and sale of the Shares and the underlying Conversion Stock.

5.4 **Certificate of Designation.** The Certificate of Designation shall have been filed in the office of the Delaware Secretary of State.

5.5 **Compliance Certificate.** The Company shall have delivered to the Purchasers a certificate of the Company, executed by the Chief Executive Officer of the Company, dated as of the Closing Date and certifying the fulfillment of the conditions specified in Sections 5.1 and 5.2 of this Agreement.

SECTION 6

Conditions to Closing of the Company

The Company's obligation to sell and issue the Shares is, unless waived in writing by the Company, subject to the fulfillment as of the Closing Date of the following conditions:

6.1 **Representations and Warranties Correct.** The representations made in Section 4 hereof by the Purchasers shall be true and correct in all material respects as of the date of Closing Date.

6.2 **Covenants.** All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Purchasers on or prior to the Closing Date shall have been performed or complied with in all material respects.

6.3 **Blue Sky.** The Company shall have obtained all necessary state law permits and qualifications, or have the availability of exemptions therefrom, required by any state for the offer and sale of the Shares and the underlying Conversion Stock.

6.4 **Certificate of Designation.** The Certificate of Designation shall have been filed in the office of the Delaware Secretary of State.

6.5 **Payment.** The Company shall have received the purchase price of the Shares purchased by each of the Purchasers.

6.6 **Waivers.** All applicable rights of first refusal, rights of first investment, preemptive rights and similar rights to subscribe for or purchase the Shares shall have expired unexercised or been validly waived in writing by the holders thereof.

SECTION 7

Miscellaneous

7.1 **Governing Law**. This Agreement shall be governed in all respects by the internal laws of the State of Delaware without regard to conflict of laws provisions.

7.2 **Entire Agreement; Amendment.** This Agreement, including the exhibits hereto, the Investment Agreements, and the other documents delivered at the Closing pursuant to this Agreement, constitutes the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof, 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. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

7.3 **Notices, etc** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or otherwise delivered by facsimile transmission, by hand or by messenger, addressed:

if to a Purchaser, to the address or fax number listed after such Purchaser's name on the Schedule of Purchasers attached hereto as Exhibit A or at such other address as such Purchaser shall have furnished to the Company, and if to the Company:

Oxis International, Inc.

Attn: Michael Handelman

Fax: (310) 500-2151

or at such other address as the Company shall have furnished to the Purchaser, with a copy to:

Troy Gould Professional Corporation

1801 Century Park East, 16th Floor

Los Angeles, California 90067

Attn: Istvan Benko, Esq.

Fax: (310) 201-4746

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when received if delivered personally, if sent by facsimile, the first business day after the date of confirmation that the facsimile has been successfully transmitted to the facsimile number for the party notified, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

7.4 **Delays or Omissions.** Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach or default of another party under this Agreement, shall impair any such right, power or remedy of such party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.5 **Expenses.** The Company and the Purchaser shall bear their own expenses incurred on their own behalf with respect to this Agreement and the transactions contemplated hereby.

7.6 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one instrument.

7.7 **Severability.** In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision, which shall be replaced with an enforceable provision closest in intent and economic effect as the severed provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

7.8 **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.

The foregoing agreement is hereby executed effective as of the date first set forth above.

"COMPANY"	"PURCHASER"
OXIS INTERNATIONAL, INC.	Oasis Oxis Investment Group, LLC
/s/ /s/ Michael Handelman	/s/ /s/ Michael Finamore
Name: Michael Handelman	Name: Michael Finamore
Title: Chief Financial Officer	Title: Director

EXHIBIT A

(To Series I Preferred Stock Purchase Agreement)

Schedule of Purchasers

Name and Address	**Number of Shares**
Oasis Oxis Investment Group, LLC 87 Modular Avenue Commack, NY 11725	1,666,667

EXHIBIT B

(To Series I Preferred Stock Purchase Agreement)

Certificate of Designation – Series I Preferred Stock

SECTION 1 CONFIDENTIAL

EXHIBIT C

(To Series I Preferred Stock Purchase Agreement)

Schedule of Exceptions

Any disclosures made under the heading of one section of this Exhibit may apply to and/or qualify disclosures made under one or more other sections. Section headings are provided for convenience only. Unless otherwise defined, any capitalized terms in this Exhibit shall have the same meanings assigned to such terms in the Series I Preferred Stock Purchase Agreement to which this schedule is an exhibit. Nothing in this Schedule of Exceptions constitutes an admission of any liability or obligation of the Company to any third party, nor an admission against the Company's interests.

3.5 Authorization

3.13 Registration Rights – NONE

3.16 Brokers or Finders -

FIRST AMENDMENT TO 0% CONVERTIBLE DEBENTURE

This First Amendment to 0% Convertible Debenture (this "First Amendment") is entered into as of December 23, 2010 to amend those 0% Convertible Debentures, Due October 1, 2011, issued as of October 1, 2009 (the "Debentures") by Oxis International, Inc. (the "Company").

RECITALS

A. Theorem Group, LLC owns Debentures and 25,000 shares of the Company's Series H Convertible Preferred Stock;

B. The 25,000 shares of Series H Convertible Preferred Stock are convertible into 2,500,000 shares of the Company's common stock (less than 2% of the issued and outstanding common stock), but have voting rights equal to 250 million shares (more than 60% of the potential voting power of the Company's shares).

C. As a result of the special voting rights granted to the holder of the Series H Convertible Preferred Stock, Theorem Group, LLC is unable to convert any portion of the Debenture.

D. Section 9(e) of the Debentures requires that holders of at least 67% in interest of the outstanding Debentures enter into a written instrument with the Company to amend any terms of the Debentures.

E. The current principal amount outstanding under the Debentures is $675,000, of which the undersigned holders collectively hold $605,000, or 89.6%.

F. The undersigned Holders and the Company desire to amend Section 4(d) of the Debentures to permit Theorem Group, LLC to convert its Debenture by excluding from the calculation of the "Beneficial Ownership Limitation" the special voting rights of the Series H Convertible Preferred Stock.

G. Except as otherwise provided, all defined terms not defined herein shall have the same meanings as set forth in the Debentures.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Company and the undersigned Holders hereby agree as follows:

1. Amendment of the Agreement. The second sentence of Section 4(d) of the Debentures is hereby amended and restated to read in its entirety as follows:

> For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of this Debenture with respect to which such determination is being made, but shall exclude: (a) the special voting rights granted under the Series H Convertible Preferred Stock (i.e. the right to vote on an as-converted basis, multiplied by 100), and (b) the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted principal amount of this Debenture beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Debentures or the Warrants) beneficially owned by the Holder or any of its Affiliates.

2. Effect of Amendment. All terms and conditions of the Debentures not specifically amended hereby shall remain in full force and effect as set forth in the Debentures.

IN WITNESS WHEREOF, the undersigned Holders and the Company have caused this First Amendment to 0% Convertible Debenture to be executed and delivered by their duly authorized officers as of the day and year and at the place set forth above.

Company:

OXIS INTERNATIONAL, INC.

By: /s/ Anthony Cataldo
Name: Anthony Cataldo
Title: President

Holders:

	Principal Amount of Debentures
THEOREM GROUP, LLC	$55,000.00
By: /s/ Anshuman Dube Name: Anshuman Dube Title: Managing Director	
EASTERN ADVISORS CAPITAL, LTD	$300,000.00
By: ______________________________ Name: ______________________ Title: _______________________	
EA OXIS, LLC	$250,000.00
By: ______________________________ Name: ______________________ Title: _______________________	

Exhibit 31.1

Certification of the Principal Executive Officer Under Section 302 of the Sarbanes-Oxley Act

I, Anthony Cataldo, certify that:

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

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

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

4. The registrant'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report 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

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

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

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

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

Date: March 31, 2011

By: /s/ ANTHONY CATALDO
Name: Anthony Cataldo
Title: Chief Executive Officer and Chairman of the Board

Exhibit 31.2

Certification of the Principal Financial Officer Under Section 302 of the Sarbanes-Oxley Act

I, Michael Handelman, certify that:

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

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

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

4. The registrant'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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report 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

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

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

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

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

Date: March 31, 2011

By: /s/ MICHAEL HANDELMAN
Name: Michael Handelman
Title: Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Oxis International, Inc. (the “Company”) hereby certifies that, to his knowledge:

(i) The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2010 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: March 31, 2011

By: /s/ ANTHONY CATALDO
Name: Anthony Cataldo
Title: Chief Executive Officer and Chairman of the Board

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

Exhibit 32.2

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Oxis International, Inc. (the "Company") hereby certifies that, to his knowledge:

(i) The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: March 31, 2011

By: /s/ MICHAEL HANDELMAN
Name: Michael Handelman
Title: Chief Financial Officer and Treasurer

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