

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**OXIS INTERNATIONAL INC**

CIK: **109657** | IRS No.: **941620407** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-08092** | Film No.: **96688084**  
SIC: **2834** Pharmaceutical preparations

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317  
PORTLAND OR 97217

Business Address

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PORTLAND OR 97217  
5032833911

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported) December 10, 1996  
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OXIS INTERNATIONAL, INC.  
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(Exact Name of Registrant as Specified in Charter)

DELAWARE

0-8092

94-1620407  
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(STATE OR OTHER JURISDICTION  
OF INCORPORATION)

(COMMISSION FILE NUMBER)

(IRS EMPLOYER  
IDENTIFICATION NUMBER)

6040 N. Cutter Circle, Suite 317, Portland, OR

97217  
-----

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

Registrant's telephone number, including area code. (503) 283-3911  
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(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

Exhibit Index at page: 5  
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ITEM 5. OTHER EVENTS  
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(a) On and after December 10, 1996, OXIS International, Inc. (the "Company" or "OXIS") closed a private placement of Common Stock and Series E Preferred Stock for an aggregate of \$1,100,000. The Series E Preferred Stock is

convertible into shares of common stock at a conversion rate based on market trading prices of the Company's Common Stock (subject to adjustment under certain circumstances). The Company additionally agreed to the issuance of a Warrant (the "Warrant") to the placement agent for the foregoing offering for an aggregate of 105,778 shares of Common Stock.

All of the securities mentioned in this report (including the underlying shares of Common Stock) have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The foregoing securities may not be offered or sold in the United States nor may the Warrant be exercised in the United States absent registration under the Securities Act or an applicable exemption from such registration requirements. The Company has agreed to register the shares of Common Stock issued and the Common Stock issuable upon conversion of Series E Preferred Stock and the shares of stock issuable upon exercise of the Warrant for resale under the Securities Act.

(b) The Company is continuing pursuit of a public offering of its Common Stock in France on the newly opened French stock market, Le Nouveau Marche, subject to obtaining appropriate authorization from the French stock market regulatory authorities.

A copy of the press release with respect to the sale of Common Stock and Series E Preferred Stock and the other matters discussed herein is attached as an exhibit to this report. A copy of each of the form of Securities Subscription Agreement, the Certificate of Designations, Preferences and Rights of Series E Preferred Stock, the form of the Registration Rights Agreement executed in connection with such offering, and the form of the Warrant to be issued to the placement agent are attached as exhibits to this report.

Certain of the statements made in this report and in the attached press release are forward looking statements that are based on current expectations which involve a number of uncertainties, including the Company's ability to enter the Le Nouveau Marche stock market, and to further advance the Company's products. The events described herein may not occur in a timely manner, or at all. Accordingly, the Company's future activities may differ materially from those projected in the forward-looking statements.

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS  
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(c) Exhibits

99.1 Press Release, dated December 20, 1996.

99.2 Form of Securities Subscription Agreement, dated December 10, 1996.

99.3 Certificate of Designations, Preferences and Rights of Series E Preferred

Stock filed December 9, 1996.

99.4 Registration Rights Agreement, dated December 10, 1996.

99.5 Stock Purchase Warrant to be issued to placement agent.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OXIS INTERNATIONAL, INC.  
(Registrant)

Dated: December 30, 1996

By: /s/Jon S. Pitcher

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Name: Jon S. Pitcher

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Title: Chief Financial Officer and  
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Vice President  
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EXHIBIT INDEX

Exhibit No.	Description
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99.1	Press Release dated December 30, 1996.
99.2	Form of Securities Subscription Agreement dated December 10, 1996
99.3	Certificate of Designations, Preferences and Rights of Series E Preferred Stock
99.4	Registration Rights Agreement dated December 10, 1996
99.5	Form of Stock Purchase Warrant to be issued to placement agent

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FOR IMMEDIATE RELEASE

EXHIBIT 99.1

OXIS INTERNATIONAL CLOSES \$1.1 MILLION IN PRIVATE FINANCING

PORTLAND, ORE. -- DECEMBER 20, 1996 -- OXIS International, Inc. (NASDAQ: OXIS), announced today that it has closed a private round of financing for \$1,100,000 in a combination of preferred and common stock. The funds were raised from European and American investors. "We are pleased that the investment community continues to support OXIS's technology and business strategies," said Dr. Anna D. Barker, President and Chief Executive Officer.

All securities mentioned in this press release (including shares of common stock underlying other securities) have not been registered under the Securities Act of 1933, as amended. The foregoing securities may not be offered and sold in the United States, nor may any warrants be exercised in the United States, absent registration under the Securities Act or an applicable exemption from such registration requirements.

OXIS International is a drug discovery and development company focused on the development of novel therapeutic molecules and supportive technologies to treat diseases associated with damage from free radicals and reactive oxygen species (ROS). The Company has one compound, BXT-51072, a mimic of the natural enzyme glutathione peroxidase, currently in Phase I clinical trials for inflammatory bowel disease. OXIS is also developing a second series of lipid soluble antioxidant compounds for potential use in treating specific dermal and ophthalmic diseases, and pursuing a discovery phase program in the cancer area. Through its catalog, the Company offers assays, spin traps, antibodies and fine chemicals to basic and clinical researchers working in the oxidative stress area.

The Company continues to pursue a public offering of its common stock on the French stock market, Le Nouveau Marche, subject to obtaining appropriate authorization from the stock market regulatory authorities.

Certain of the statements contained in this press release are forward-looking statements which involve a number of uncertainties, including the company's ability to enter the Le Nouveau Marche stock market, and to further advance its products. The events described herein may not occur in a timely manner, or at all. Accordingly, the company's future activities may differ materially from those projected in the forward-looking statements.

OXIS International is headquartered in Portland, Oregon, with research facilities outside Paris, France. Visit OXIS International on the World Wide

Web at <http://www.oxis.com>.

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## SECURITIES SUBSCRIPTION AGREEMENT

This Securities Subscription Agreement (the "Agreement"), dated as of December 10, 1996, is entered into by and between OXIS International, Inc., a Delaware corporation (the "Issuer"), and \_\_\_\_\_ (the "Purchaser").

The parties hereto agree as follows:

1. PURCHASE AND SALE OF INITIAL SHARES AND PREFERRED SHARES. Upon the \_\_\_\_\_ basis of the representations and warranties, and subject to the terms and conditions set forth in this Agreement, the Issuer covenants and agrees to sell to the Purchaser on the Closing Date (as hereinafter defined) (I) \_\_\_\_\_ (\_\_\_\_\_) shares (the "Initial Shares") of the Issuer's common stock (the "Common Stock"), and (II) \_\_\_\_\_ (\_\_\_\_\_) shares (the "Preferred Shares") of its Series E Preferred Stock (the "Preferred Stock"), each such Preferred Share convertible in accordance with the terms and conditions of the Issuer's Certificate of Designation for the Preferred Stock (the "Certificate of Designation") at any time on or after 120 days following the Closing Date (as defined below), or such earlier date as provided for in the Certificate of Designation, (any such date of conversion, the "Conversion Date") into shares (the "Conversion Shares" and together with the Initial Shares and the Preferred Shares, the "Shares") of the Common Stock at a purchase price of \$ \_\_\_\_\_ (the "Purchase Price").

2. CLOSING. The closing of the purchase and sale of the Initial Shares \_\_\_\_\_ and the Preferred Shares pursuant to Section 1 hereof shall take place on December, 10, 1996, at the offices of Morse, Zelnick, Rose & Lander, LLP, 450 Park Avenue, Suite 902, New York, NY 10502, or at such other date, time and place as the Purchaser and the Issuer may agree upon in writing (such time and date for the closing, the "Closing Date"). The legended certificates representing the Initial Shares and the Preferred Shares to be purchased by the Purchaser shall be delivered by, or on behalf of, the Issuer, at the closing against payment of the Purchase Price therefor in immediately available funds by, or on behalf of, the Purchaser to the attorney trust account of Morse, Zelnick, Rose & Lander, LLP, (the "Escrow Agent") ( Chase Manhattan Bank, Account No. 9670866390, ABA Routing Number 021000021). The Escrow Agent shall receive from the Purchaser and the Issuer written instructions of the Purchaser and the Issuer in substantially the form of Exhibit A hereto (the "Closing Instructions"), instructing the Escrow Agent with respect the closing and settlement procedures. Commencing on the second business day after delivery to the Escrow Agent of the Purchase Price, the Purchaser, if the Issuer is not ready, willing and able to consummate the transaction in accordance with the

terms of the Closing Instructions, may terminate the proposed transaction by notice to the Issuer and the Escrow Agent, whereupon the Escrow Agent shall redeliver the Purchase Price to the Purchaser as soon as practicable in accordance with the written instructions of the Purchaser.

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER. The Purchaser  
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understands, and represents and warrants to the Issuer, that:

(a) The Initial Shares and the Preferred Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable securities law, and accordingly, none of the Shares may be offered, sold, transferred, pledged, hypothecated

or otherwise disposed of ("Transferred") unless registered pursuant to, or in a transaction exempt from registration under the Securities Act and any other applicable securities law.

(b) The Purchaser is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act (an "Accredited Investor") that is acquiring the Shares for its own account. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Shares. The Purchaser is aware that it may be required to bear the economic risk of an investment in the Shares for an indefinite period, and it is able to bear such risk for an indefinite period. The Purchaser has received copies of all of the filings (the "Issuer's Filings") made by the Issuer during 1996 pursuant to the Securities Act and the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), and has been given access to sufficient information to make an informed investment decision concerning the Shares.

(c) The Purchaser is acquiring the Shares for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. The Purchaser agrees to offer, sell or otherwise transfer the Shares only pursuant to a registration under the Securities Act and any other applicable securities law, or an exemption therefrom.

(d) The Purchaser acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and further agrees that if any of the acknowledgments, representations and agreements deemed to have been made by the Purchaser by its acquisition of the Shares are no longer accurate, it shall promptly notify the Issuer.

4. REPRESENTATIONS AND WARRANTIES OF THE ISSUER. The Issuer represents  
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and warrants to, and agrees with, each Purchaser that except as set forth on the Schedule of Exceptions annexed hereto:

(a) The Issuer has been duly incorporated and is validly existing as

a corporation in good standing under the laws of the State of Delaware.

(b) This Agreement has been duly authorized, executed and delivered by the Issuer and is a valid and binding agreement enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights generally or to general principles of equity; and the Issuer has full corporate power and authority necessary to enter into this Agreement and to perform its obligations hereunder.

(c) No consent, approval, authorization or order of any court, governmental agency or body or arbitrator having jurisdiction over the Issuer or any of its affiliates is required for execution of this Agreement, including, without limitation, the issuance and sale of the Shares or the performance of its obligations hereunder.

(d) Neither the sale of the Shares pursuant to, nor the performance of its obligations under, this Agreement by the Issuer will:

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(i) violate, conflict with, result in a breach of, or constitute a default (or an event which with the giving of notice or the lapse of time or both would be reasonably likely to constitute a default) under (A) the certificate of incorporation, charter or by-laws of the Issuer or any of its affiliates, (B) any decree, judgment, order, law, treaty, rule, regulation or determination applicable to the Issuer or any of its affiliates of any court, governmental agency or body, or arbitrator having jurisdiction over the Issuer or any of its affiliates or over the properties or assets of the Issuer or any of its affiliates, (C) the terms of any bond, debenture, note or other evidence of indebtedness, or any agreement, stock option or other similar plan, indenture, lease, mortgage, deed of trust or other instrument to which the Issuer or any of its affiliates is a party, by which the Issuer or any of its affiliates is bound, or to which any of the properties of the Issuer or any of its affiliates is subject, or (D) the terms of any "lock-up" or similar provision of any underwriting or similar agreement to which the Issuer or any of its affiliates is a party; or

(ii) result in the creation or imposition of any lien, charge or encumbrance upon the Shares or any of the assets of the Issuer or any of its affiliates.

(e) The Shares (i) are, or will be upon issuance, free and clear of any security interests, liens, claims or other encumbrances; (ii) have been duly and validly authorized and will be duly and validly issued, fully paid and nonassessable; (iii) will not have been individually and collectively, issued or sold in violation of any preemptive or other similar rights of the holders of any securities of the Issuer; and (iv) will not subject the holders thereof to personal liability by reason of being such holders.

(f) There is no pending or, to the best knowledge of the Issuer, threatened action, suit, proceeding or investigation before any court, governmental agency or body, or arbitrator having jurisdiction over the Issuer or any of its affiliates that would materially affect the results of operations of the Issuer or the execution by the Issuer of, or the performance by the Issuer of its obligations under, this Agreement.

(g) The Issuer, and, to the best knowledge of the Issuer, any other person selling or offering to sell the Shares in connection with the transaction contemplated by this Agreement, have not made, at any time, any oral communication in connection with the offer or sale of the Shares which contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, taking all of such statements, the Issuer's Filings and this Agreement as a whole.

(h) The Issuer is not in possession of any material non-public information that, if publicly disclosed, would, or could reasonably be expected to have, an effect on the price of the Shares.

(i) Assuming the accuracy of Purchaser's representations and warranties set forth herein, the sale of the Shares pursuant to this Agreement has been made in accordance with the provisions and requirements of Regulation D under the Securities Act ("Regulation D") and any applicable state law.

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(j) None of the Issuer, any affiliate of the Issuer, or, to the knowledge of the Issuer, any person acting on behalf of the Issuer or any such affiliate has engaged, or will engage, in any general solicitation or general advertising with respect to the Shares.

(k) The Issuer has timely made all filings required under the Securities Exchange Act during the twelve month period preceding the date hereof and is eligible to use Form S-3 to register the Initial Shares and the Conversion Shares under the Securities Act.

5. COVENANTS OF THE ISSUER. The Issuer covenants and agrees with the

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Purchaser to:

(a) Comply with all requirements of Regulation D with respect to the Shares, including without limitation, filing a Form D; and

(b) Notify the Purchaser promptly if at any time during the period beginning on the date of this Agreement and ending on the final Conversion Date (i) any event shall have occurred as a result of which any written communication made by the Issuer, or to the best knowledge of the Issuer, any person representing the Issuer, would include an untrue statement of a material fact or

omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or (ii) there is any public disclosure of material information regarding the Issuer or its financial condition or results of operation.

(c) Timely make all filings required pursuant to the Securities Exchange Act in order to preserve the Issuer's eligibility to register the Initial Shares and the Conversion Shares on Form S-3.

6. CONDITIONS PRECEDENT TO THE PURCHASER'S OBLIGATIONS. The obligations of -----

the Purchaser hereunder are subject to the performance by the Issuer of its obligations hereunder and to the satisfaction of the following additional conditions precedent:

(a) The representations and warranties made by the Issuer in this Agreement shall, unless waived by the Purchaser, be true and correct as of the date hereof and at the Closing Date, with the same force and effect as if they had been made on and as of the Closing Date.

(b) The Issuer and the Purchaser shall have entered into a Registration Rights Agreement substantially in the form of Exhibit B hereto;

(c) The Issuer will provide an opinion of counsel confirming in substance the representations and warranties set out in paragraphs (a), (b), (c), (d), (e) and (k) of Section 4 hereof in substantially the form of Exhibit C hereto;

(d) None of the following shall have occurred: (i) any general suspension of, or limitation on prices for, quotes for the Common Stock on the NASDAQ, (ii) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States, (iii) a commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States, (iv) any limitation by federal or state authorities on the extension of credit by lending institutions which materially and adversely affects the Purchaser, (v)

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in the case of the foregoing existing at the date of this Agreement, a material acceleration or worsening thereof, or (vi) at any time up to and including the day before the Closing Date, the Common Stock shall trade on the NASDAQ at a price below \$\_\_\_\_\_ per share, upon notification to the Issuer by the Purchaser.

7. CONDITIONS PRECEDENT TO THE ISSUER'S OBLIGATIONS. The obligations of -----

the Issuer hereunder are subject to the performance by the Purchaser of its obligations hereunder and to the satisfaction of the condition precedent that the representations and warranties made by the Purchaser in this Agreement

shall, unless waived by the Issuer, be true and correct as of the date hereof and at the Closing Date, with the same force and effect as if they had been made on and as of the Closing Date.

8. TRANSFER OF SHARES.  
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(a) SECURITIES ACT LEGEND. Each certificate evidencing the Shares  
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shall (unless otherwise permitted by this Agreement) be stamped or imprinted with a legend substantially as follows:

"The securities represented hereby have not been registered under the Securities Act of 1933, as amended, or under the securities laws of any state; and may not be sold, assigned, transferred, pledged or otherwise disposed of except in compliance with, or pursuant to an exemption from, the requirements of such Act or such laws."

(b) SECURITIES ACT COMPLIANCE. Each holder (a "Holder") of a  
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certificate evidencing Shares which bears the restrictive legend set forth in Section 8(a) above (the "Restricted Shares"), and who proposes to Transfer (as defined in Section 3(a) of this Agreement) any Restricted Shares, shall give written notice to the Issuer of such Holder's intention to effect such Transfer. Each such notice shall describe the manner and circumstances of the proposed sale or other disposition in sufficient detail and may be accompanied by an opinion of legal counsel to the Holder. Promptly upon receipt of such notice, the Issuer shall present a copy thereof (together with any accompanying opinion of legal counsel to the Holder) to its legal counsel, and the following provisions shall apply:

(i) If, in the opinion of legal counsel to such Holder, satisfactory in form and substance to the Issuer and its legal counsel, or if such notice was not accompanied by an opinion of legal counsel to the Holder, then, if, in the opinion of legal counsel to the Issuer, the proposed sale or other disposition may be effected without registering the Restricted Shares involved under the Securities Act or under state securities laws, such Holder shall be entitled to Transfer such Restricted Shares in accordance with the terms of the notice delivered to the Issuer. The Issuer will advise the Holder, within three (3) business days after submission of such notice, whether such Holder is entitled to so Transfer the Restricted Shares. If the Holder is entitled to so Transfer, he shall submit the stock certificate or certificates evidencing the Restricted Shares to be Transferred to the Issuer in proper form for Transfer and accompanied by appropriate instruments of Transfer. Restricted Shares thus Transferred (and each of the

certificates evidencing any untransferred balance of the Shares not so transferred) shall bear the restrictive legend set forth in Section 8(a),

unless, in the opinion of both such legal counsel (or legal counsel to the Issuer if the Holder did not present an opinion of its legal counsel), such legend is not required by the applicable provisions of the Securities Act or state securities laws; and

(ii) If in the reasonable opinion of either of such legal counsel (or legal counsel to the Issuer if the Holder did not present an opinion of its legal counsel) the proposed Transfer cannot be effected without registering the Shares involved under the Securities Act or state securities laws, such Holder shall not offer to Transfer or Transfer such restricted Shares unless and until such Restricted Shares have been registered under the Securities Act or state securities laws for such purpose or an exemption from such registration becomes available pursuant to Section 8(b)(i) above.

9. FEES AND EXPENSES. The Purchaser and the Issuer agrees to pay its own

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expenses incident to the performance of its obligations hereunder, including, but not limited to, the fees, expenses and disbursements of such party's counsel.

10. INDEMNIFICATION.

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(a) The Issuer agrees to indemnify the Purchaser and its officers, directors, employees, agents and affiliates in respect of, and hold each of them harmless from and against, any and all damages, fines, fees, penalties, deficiencies, losses and expenses (including without limitation interest, court costs, fees of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment) ("Losses") suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to any misrepresentation, breach of warranty or nonfulfillment of or failure to perform any covenant or agreement on the part of Issuer contained in this Agreement, as such expenses are incurred, unless such Loss results primarily from such Purchaser's gross negligence, recklessness or bad faith in performing the obligations which are the subject of this Agreement.

(b) The Purchaser agrees to indemnify the Issuer and its officers, directors, employees, agents and affiliates in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to any misrepresentation, breach of warranty or nonfulfillment of or failure to perform any covenant or agreement on the part of such Purchaser contained in this Agreement, as such expenses are incurred, unless such Loss results primarily from the Issuer's gross negligence, recklessness or bad faith in performing the obligations which are the subject of this Agreement.

11. METHOD OF ASSERTING INDEMNIFICATION CLAIMS. All claims for

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indemnification by any Indemnified Party (as defined below) under Section 10 will be asserted and resolved as follows:

(a) In the event any claim or demand in respect of which any person claiming indemnification under any provision of Section 10 (an "Indemnified Party") might seek indemnity under Section 10 is asserted against or sought to be collected from such Indemnified Party by a person other than the Issuer, the Purchaser or any affiliate of the Issuer or the Purchaser (a "Third Party Claim"), the Indemnified Party shall deliver a written notification, enclosing a copy of all papers served, if any, and specifying the nature of and basis for such Third Party Claim and for the Indemnified Party's claim for indemnification that is being asserted under any provision of Section 10 against any person (the "Indemnified Party"), together with the amount or, if not then reasonably ascertainable, the estimated amount, determined in good faith, of such Third Party Claim (a "Claim Notice") with reasonable promptness to the Indemnifying Party. If the Indemnified Party fails to provide the Claim Notice with reasonable promptness after the Indemnified Party receives notice of such Third Party Claim, the Indemnifying Party will not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim to the extent that the Indemnifying Party's ability to defend has been substantially prejudiced by such failure of the Indemnified Party. The Indemnifying Party will notify the Indemnified Party as soon as practicable within the period ending thirty (30) calendar days following receipt by an Indemnifying Party of either a Claim Notice or an Indemnity Notice (as defined below) (the "Dispute Period") whether the Indemnifying Party disputes its liability to the Indemnified Party under Section 10 and whether the Indemnifying Party desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim.

(i) If the Indemnifying Party notifies the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 11(a), then the Indemnifying Party will have the right to defend, with counsel reasonably satisfactory to the Indemnifying Party, at the sole cost and expense of the Indemnifying Party, such Third Party Claim by all appropriate proceedings, which proceedings will be vigorously and diligently prosecuted by the Indemnifying Party to a final conclusion or will be settled at the discretion of the Indemnifying Party (but only with the consent of the Indemnified Party in the case of any settlement that provides for any relief other than the payment of monetary damages or that provides for the payment of monetary damage, as to which the Indemnified Party will not be indemnified in full pursuant to Section 10). The Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that the Indemnified Party may at the sole cost and expense of the Indemnified Party, at any time prior to the Indemnifying Party's delivery of the notice referred to in the first sentence of this clause (i), file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests; and provided further, that if requested by the Indemnifying Party, the Indemnified Party will, at the sole cost and expense of the

Indemnifying Party, provide reasonable cooperation to the Indemnifying Party in contesting any Third Party Claim that the Indemnifying Party elects to contest. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this clause (i) and except as provided in the preceding sentence, the Indemnified Party will bear its own costs and expenses with respect to such participation. Notwithstanding the

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foregoing, the Indemnified Party may take over the control of the defense or settlement of a Third Party Claim at any time if it irrevocably waives its right to indemnity under Section 10 with respect to such Third Party Claim.

(ii) If the Indemnifying Party fails to notify the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Third Party Claim pursuant to Section 11(a), or if the Indemnifying Party gives such notice but fails to prosecute vigorously and diligently or settle the Third Party Claim, or if the Indemnifying Party fails to give any notice whatsoever within the Dispute Period, then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be prosecuted by the Indemnified Party in a reasonable manner and in good faith or will be settled at the discretion of the Indemnified Party (with the consent of the Indemnifying Party, which consent will not be unreasonably withheld). The Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party will, at the sole cost and expense of the Indemnifying Party, provide reasonable cooperation to the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting. Notwithstanding the foregoing provisions of this clause (ii), if the Indemnifying Party has notified the Indemnified Party within the Dispute Period that the Indemnifying Party disputes its liability hereunder to the Indemnified Party with respect to such Third Party Claim and if such dispute is resolved in favor of the Indemnifying Party in the manner provided in clause (iii) below, the Indemnifying Party will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this clause (ii) or of the Indemnifying Party's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse the Indemnifying Party in full for all reasonable costs and expenses incurred by the Indemnifying Party in connection with such litigation. The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this clause (ii), and the Indemnifying Party will bear its own costs and expenses with respect to such participation.

(iii) If the Indemnifying Party notifies the Indemnified Party that it

does not dispute its liability to the Indemnified Party with respect to the Third Party Claim under Section 10 or fails to notify the Indemnified Party within the Dispute Period whether the Indemnifying Party disputes its liability to the Indemnified Party with respect to such Third Party Claim, the Loss in the amount specified in the Claim Notice will be conclusively deemed a liability of the Indemnifying Party under Section 10 and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying Party has timely disputed its liability with respect to such claim, the Indemnifying Party and the Indemnified Party will proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within ten (10) business days (the "Resolution Period"), such dispute shall be resolved by arbitration in accordance with paragraph (c) of this Section 11.

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(b) In the event any Indemnified Party should have a claim under Section 10 against any Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party shall deliver a written notification of a claim for indemnity under Section 10 specifying the nature of and basis for such claim, together with the amount or, if not reasonably ascertainable, the estimated amount, determined in good faith, of such claim (an "Indemnity Notice") with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been substantially prejudiced thereby. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such Indemnity Notice or fails to notify the Indemnified Party within the Dispute Period whether the Indemnifying Party disputes the claim described in such Indemnity Notice, the Loss in the amount specified in the Indemnity Notice will be conclusively deemed a liability of the Indemnifying Party under Section 10 and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying Party has timely disputed its liability with respect to such claim, the Indemnifying Party and the Indemnified Party will proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved by arbitration in accordance with paragraph (c) of this Section 11.

(c) Any dispute submitted to arbitration pursuant to this Section 11 shall be finally and conclusively determined by the decision of a board of arbitration consisting of three (3) members (hereinafter sometimes called the "Board of Arbitrations") selected as hereinafter provided. Each of the Indemnified Party and the Indemnifying Party shall select one (1) member and the third member shall be selected by mutual agreement of the other members, or if the other members fail to reach agreement on a third member within twenty (20) days after their selection, such third member shall thereafter be selected by the American Arbitration Association upon application made to it for such purpose by the Indemnified Party. The Board of Arbitration shall meet in New York, New York or such other place as a majority of the members of the Board of Arbitration determines more appropriate, and shall reach and render a decision

in writing (concurring in by a majority of the members of the Board of Arbitration) with respect to the amount, if any, which the Indemnifying Party is required to pay to the Indemnified Party in respect of a claim filed by the Indemnified Party. In connection with rendering its decisions, the Board of Arbitration shall adopt and follow such rules and procedures as a majority of the members of the Board of Arbitration deems necessary or appropriate. To the extent practical, decisions of the Board of Arbitration shall be rendered no more than thirty (30) calendar days following commencement of proceedings with respect thereto. The Board of Arbitration shall cause its written decision to be delivered to the Indemnified Party and the Indemnifying Party. Any decision made by the Board of Arbitration (either prior to or after the expiration of such thirty (30) calendar day period) shall be final, binding and conclusive on the Indemnified Party and the Indemnifying Party and entitled to be enforced to the fullest extent permitted by law and entered in any court of competent jurisdiction. Each party to any arbitration shall bear its own expense in relation thereto, including but not limited to such party's attorneys' fees, if any, and the expenses and fees of the Board of Arbitration shall be divided between the Indemnifying Party and the Indemnified Party in the same proportion as the portion of the related claim determined by the

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Board of Arbitration to be payable to the Indemnified Party bears to the portion of such claim determined not to be so payable.

12. SURVIVAL OF THE REPRESENTATIONS, WARRANTIES, ETC. The respective

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agreements, representations, warranties, indemnities and other statements made by or on behalf of the Issuer and the Purchaser, respectively, pursuant to this Agreement, shall remain in full force and effect for a period of one year, regardless of any investigation made by or on behalf of the other party to This Agreement or any officer, director or employee of, or person controlling or under common control with, such party and will survive delivery of any payment for the Initial Shares and the Preferred Shares.

13. NOTICES. All communications hereunder shall be in writing and shall be

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sufficient in all respects if delivered, sent by registered mail, or by telecopy and confirmed to the Purchaser or Issuer at the respective address set forth below:

(i) if to the Issuer:

OXIS International, Inc.  
6040 N. Cutter Circle, Suite 317  
Portland, Oregon 97217-3935  
Attention: Chief Executive Officer  
Telecopy: (503) 283-4058

with a copy to:

Richard Scudellari, Esq.  
Jackson Tufts Cole & Black LLP  
60 South Market Street  
San Jose, CA 95113-4058  
Telecopy: (408) 998-4889

(ii) if to the Purchaser:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. MISCELLANEOUS.

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(a) This Agreement may be executed in one or more counterparts and it is not necessary that signatures of all parties appear on the same counterpart, but such counterparts together shall constitute but one and the same agreement. This Agreement may not be assigned by either party.

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(b) This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and, with respect to Section 10 and 11 hereof, the officers, directors and controlling persons thereof and each person under common control therewith, and no other person shall have any right or obligation hereunder.

(c) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware (without giving effect to conflicts of laws principles).

(d) The headings of the sections of this document have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

(e) The provisions of this Agreement are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

(f) This Agreement, including the schedules and exhibits hereto, constitute the sole and entire agreement of the parties with respect to the subject matter hereof. All schedules and exhibits are hereby incorporated herein by reference.

15. ESCROW AGENT. The Escrow Agent shall not be liable for any action

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taken or omitted by it in good faith and its liability hereunder shall be limited to liability for gross negligence, willful misconduct or bad faith on its part. The Issuer and the Purchaser agree to save harmless, indemnify and defend the Escrow agent for, from and against any loss, damage, liability, judgment, cost and expense whatsoever, by reason of, or on account of, any misrepresentation made to it or its status or activities as Escrow Agent under this Agreement except for any loss, damage, liability, judgment, cost or expense resulting from gross negligence, willful misconduct or bad faith on the part of the Escrow Agent.

It is understood and further agreed that the Escrow Agent shall:

(a) be under no duty to enforce payment of any subscription that is to be paid to and held by it hereunder;

(b) promptly notify the Purchaser and the Issuer of any discrepancy between the amounts set forth on any statement delivered by a Purchaser and/or the Issuer and the sum or sums delivered to it therewith;

(c) be under no duty to accept funds, checks, drafts or instruments for the payment of money from anyone other than the Issuer or the Purchaser, or to give any receipt therefor except to the Issuer or the Purchaser, with a copy in each case to the Issuer;

(d) be protected in acting upon any notice, request, certificate, approval, consent or other paper reasonably believed by it to be genuine and to be signed by the proper party or parties;

CERTIFICATE OF DESIGNATIONS,  
PREFERENCES AND RIGHTS

OF

SERIES E CONVERTIBLE PREFERRED STOCK

OF

OXIS INTERNATIONAL, INC.

Pursuant to Section 151 of the Delaware General Corporation Law

OXIS International, Inc. a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation pursuant to authority of the Board of Directors as required by Section 151 of the Delaware General Corporation Law:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (the "Board of Directors" or the "Board") in accordance with the provisions of its Restated Certificate of Incorporation, the Board of Directors hereby authorizes a series of the Corporation's previously authorized Preferred Stock, par value \$.01 per share (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, privileges, powers and restrictions thereof as follows:

Series E Convertible Preferred Stock:

I. DESIGNATION AND AMOUNT  
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The designation of this series, which consists of 3,000 shares of Preferred Stock, is Series E Convertible Preferred Stock (the "Series E Preferred Stock") and the stated value shall be Five Hundred Dollars (\$500) per share (the "Stated Value").

II. RANK WITH RESPECT TO LIQUIDATION EVENT  
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In the event of any distribution of assets upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Series E Preferred Stock shall participate on an equal basis with the holders of

the Corporation's Common Stock, par value \$.50 per share (the "Common Stock"), as if the Series E Preferred Stock had converted into Common Stock.

III. NO DIVIDENDS

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The Series E Preferred Stock will bear no dividends, and the holders of the Series E Preferred Stock shall not be entitled to receive dividends on the Series E Preferred Stock.

IV. [INTENTIONALLY OMITTED]

V. CASH REDEMPTION OF SERIES E PREFERRED STOCK.

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A. Except as provided in Article V.B hereof, the Series E Preferred Stock is not subject to redemption.

B. If any of the following events (each, a "Mandatory Redemption Event") shall occur:

(i) Conversion and the Shares. The Corporation fails to issue

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shares of Common Stock (subject to the limitations set forth in Article VI.G.) to the holders of Series E Preferred Stock upon exercise by the holders of their conversion rights in accordance with the terms of this Certificate of Designation (for a period of at least one hundred twenty (120) days if such failure is solely as a result of the circumstances governed by Article VI.E. below and the Corporation is using all commercially reasonable efforts to authorize a sufficient number of shares of Common Stock as soon as practicable), fails to transfer any certificate for shares of Common Stock issued to the holders upon conversion of the Series E Preferred Stock and when required by this Certificate of Designation or the Registration Rights Agreement, dated as of December 10, 1996, by and among the Corporation and the other signatories thereto (the "Registration Rights Agreement"), or fails to remove any restrictive legend on any certificate or any shares of Common Stock issued to the holders of Series E Preferred Stock upon conversion of the Series E Preferred Stock as and when required by this Certificate of Designation, the Securities Subscription Agreement dated as of December 10, 1996 ("Purchase Agreement") or the Registration Rights Agreement and any such failure shall continue uncured for ten (10) business days after the Corporation shall have been notified thereof in writing by the holder;

(ii) Failure to Register. The Corporation fails to obtain

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effectiveness with the Securities and Exchange Commission (the "SEC") of the Registration Statement (as defined in the Registration Rights Agreement) prior to April 1, 1997 or lapses in effectiveness (or sales otherwise cannot be made thereunder) for more than thirty (30) consecutive days or sixty (60) days in any twelve (12) month period after such

Registration Statement becomes effective;

(iii) Receiver or Trustee. The Corporation or any subsidiary of the  
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Corporation shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for all or substantially all of its property or business; or such a receiver or trustee shall otherwise be appointed;

(iv) Bankruptcy. Bankruptcy, insolvency, reorganization or  
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liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Corporation or any subsidiary of the Corporation.

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Then, upon the occurrence and during the continuation of any Mandatory Redemption Event specified in subparagraphs (i) or (ii), at the option of the holders of at least 50% of the then outstanding shares of Series E Preferred Stock by written notice (the "Mandatory Redemption Notice") to the Corporation of such Mandatory Redemption Event, the Corporation shall, and upon the occurrence of any Mandatory Redemption Event specified in subparagraphs (iii) or (iv) the Corporation shall, without the necessity of any such notice, purchase the holder's shares of Series E Preferred Stock for an amount per share equal to (y) 125% multiplied by the Redemption Price in effect at the time of the redemption hereunder (the "Mandatory Redemption Amount") with respect to the events specified in subparagraphs (ii), (iii) and (iv) above and (z) with respect to the events specified in subparagraph (i) above, the greater of (yy) the Mandatory Redemption Amount or (zz) the Redemption Price multiplied by the ratio of the highest closing bid price of the Common Stock for the ten (10) business days following the Conversion Date (numerator) and the "Conversion Price" (denominator) as defined in Article VI.B. The "Redemption Price" with respect to each share of Series E Preferred Stock shall mean the amount equal to the Stated Value thereof.

Subject to the limitations contained in Article VI.G, if the Corporation fails to pay the Mandatory Redemption Amount for each share within fifteen (15) business days of written notice that such amount is due and payable, then each holder of Series E Preferred Stock shall have the right at any time (so long as the Mandatory Redemption Event continues in effect) to require the Corporation, upon written notice, to immediately issue (in accordance with the terms of Article VI below), in lieu of the Mandatory Redemption Amount, with respect to each outstanding share of Series E Preferred Stock held by such holder, the number of shares of Common Stock of the Corporation equal to the Mandatory Redemption Amount divided by the Conversion Price then in effect.

## VI. CONVERSION AT THE OPTION OF THE HOLDER -----

A. Each holder of shares of Series E Preferred Stock may, at its option at any time and from time to time after the earlier of (i) April 9, 1997 or (ii) thirty (30) days following the closing of a public offering of Common Stock by the Corporation, upon surrender of the certificates therefor, convert any or all of its shares of Series E Preferred Stock into Common Stock as follows (an "Optional Conversion"). Each share of Series E Preferred Stock shall be convertible into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (x) the Stated Value thereof by (y) the then effective Conversion Price (as defined below); provided, however, that in no event shall holders of shares of Series E Preferred Stock be entitled to convert any such shares in excess of that number of shares upon conversion of which the sum of (xx) the number of shares of Common Stock beneficially owned by the holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the shares of Series E Preferred Stock) and (yy) the number of shares of Common Stock issuable upon the conversion of the shares of Series E Preferred Stock with respect to which the determination of this proviso is being made would result in beneficial ownership by the holder and its affiliates of more than 4.9% of the outstanding shares of Common Stock. For purposes of the second proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the

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Securities Exchange Act of 1934, as amended, and Regulation 13 D-G thereunder, except as otherwise provided in clause (xx) of such proviso.

B. The "Conversion Price" shall be the lesser of (i) the Applicable Percentage (as hereinafter defined) of the average of the closing bid prices for the Common Stock on the NASDAQ National Market ("NASDAQ"), or on the principal securities exchange or other securities market on which the Common Stock is then being traded, for the five (5) consecutive Trading Days ending one Trading Day prior to the date (the "Conversion Date") the Conversion Notice is sent by a holder to the Corporation via facsimile (the "Variable Conversion Price"), and (ii) \$2.00 (the "Fixed Conversion Price") (subject to equitable adjustments from time to time pursuant to the antidilution provisions of Article VI.C. below). "Applicable Percentage" means 75%. "Trading Day" shall mean any day on which the Common Stock is traded for any period on NASDAQ, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

C. The Conversion Price shall be subject to adjustment from time to time as follows:

(a) Adjustment to Fixed Conversion Price Due to Stock Split, Stock

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Dividend, Etc. If at any time when the Series E Preferred Stock is issued

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and outstanding, the number of outstanding shares of Common Stock is increased by a stock split, stock dividend, or other similar event, the

Fixed Conversion Price shall be proportionately reduced, or if the number of outstanding shares of Common Stock is decreased by a reverse stock split, combination or reclassification of shares, or other similar event, the Fixed Conversion Price shall be proportionately increased. In such event the Corporation shall notify the Transfer Agent of such change on or before the effective date thereof.

(b) Adjustment to Variable Conversion Price. If at any time when

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Series E Preferred Stock is issued and outstanding, the number of outstanding shares of Common Stock is increased or decreased by a stock split, stock dividend, combination, reclassification or other similar event, which event shall have taken place during the reference period for determination of the Conversion Price for any Optional Conversion or Mandatory Conversion of the Series E Preferred Stock, then the Variable Conversion Price shall be calculated giving appropriate effect to the stock split, stock dividend, combination, reclassification or other similar event for all five (5) Trading Days immediately preceding the Conversion Date.

(c) No Fractional Shares. If any adjustment under this

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Article VI.C. would create a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion shall be the next higher number of shares.

D. In order to convert Series E Preferred Stock into full shares of Common Stock, a holder shall: (i) fax a copy of the fully executed notice of conversion in the form attached hereto ("Notice of Conversion") to the Corporation at the office of the Corporation for the Series E Preferred Stock that the holder elects to convert the same, which notice shall specify the number of shares of Series E Preferred Stock to be converted, the applicable Conversion Price and a calculation of the number of shares of Common Stock issuable upon such conversion (together

with a copy of the first page of each certificate to be converted) prior to Midnight, New York City time (the "Conversion Notice Deadline") on the date of conversion specified on the Notice of Conversion; and (ii) surrender the original certificates representing the Series E Preferred Stock being converted (the "Preferred Stock Certificates"), duly endorsed, along with a copy of the Notice of Conversion as soon as practicable thereafter to the office of the Corporation for the Series E Preferred Stock; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless either the Preferred Stock Certificates are delivered to the Corporation as provided above, or the holder notifies the Corporation that such certificates have been lost, stolen or destroyed (subject to the requirements of subparagraph (a) below). In the case of a dispute as to the calculation of the Conversion Price, the Corporation

shall promptly issue such number of shares of Common Stock that are not disputed in accordance with subparagraph (b) below. The Corporation shall submit the disputed calculations to its outside accountant via facsimile within three (3) business days of receipt of the Notice of Conversion. The accountant shall audit the calculations and notify the Corporation and the holder of the results no later than 48 hours from the time it receives the disputed calculations. The accountant's calculation shall be deemed conclusive absent manifest error.

(a) Lost or Stolen Certificates. Upon receipt by the Corporation

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of evidence of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing shares of Series E Preferred Stock, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Corporation, and upon surrender and cancellation of the Preferred Stock Certificate(s), if mutilated, the Corporation shall execute and deliver new Preferred Stock Certificate(s) of like tenor and date. However, the Corporation shall not be obligated to reissue such lost or stolen Preferred Stock Certificate(s) if the holder contemporaneously requests the Corporation to convert such Series E Preferred Stock.

(b) Delivery of Common Stock Upon Conversion. Upon the surrender of

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certificates as described above from a holder of Series E Preferred Stock accompanied by a Notice of Conversion, the Corporation shall issue and, within three (3) business days (the "Delivery Period") after such surrender (or, in the case of lost, stolen or destroyed certificates, after provision of agreement and indemnification pursuant to subparagraph (a) above), deliver to or upon the order of the holder (i) that number of shares of Common Stock for the portion of the shares of Series E Preferred Stock converted as shall be determined in accordance herewith and (ii) a certificate representing the balance of the shares of Series E Preferred Stock not converted, if any. In addition to any other remedies available to the holder, including actual damages and/or equitable relief, the Corporation shall pay to a holder \$250 in cash for the first day beyond such Delivery Period that the Corporation fails to deliver Common Stock issuable upon surrender of shares of Series E Preferred Stock with a Notice of Conversion and \$500 per day in cash for each day thereafter until such time as the earlier of the date that the Corporation has delivered all such Common Stock and the tenth day beyond such Delivery Period. Such cash amount shall be paid to such holder by the fifth day of the month following the month in which it has accrued. In the event the Corporation fails to deliver such Common Stock prior to the expiration of the ten (10) business day period after the Delivery Period for any reason (whether due to a requirement of law or a stock exchange or otherwise), such holder shall be entitled to (in addition to any other

remedies available to the holder) Conversion Default Payments in accordance with Article VI.E. hereof beginning on the expiration of such ten (10)

business day period.

(c) No Fractional Shares. If any conversion of Series E Preferred

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Stock would result in a fractional share of Common Stock or the right to acquire a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon conversion of the Series E Preferred Stock shall be the next higher number of shares.

(d) Conversion Date. The "Conversion Date" shall be the date

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specified in the Notice of Conversion, provided (i) that the advance copy of the Notice of Conversion is faxed to the Corporation before Midnight, New York City time, on the Conversion Date, and (ii) that the original Preferred Stock Certificate(s), duly endorsed, are surrendered along with a copy of the Notice of Conversion as soon as practicable thereafter to the office of the Corporation or the Transfer Agent for the Series E Preferred Stock. The person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such securities as of the Conversion Date and all rights with respect to the shares of Series E Preferred Stock surrendered shall forthwith terminate except the right to receive the shares of Common Stock or other securities or property issuable on such conversion.

E. A number of shares of the authorized but unissued Common Stock sufficient to provide for the conversion of the Series E Preferred Stock outstanding at the then current Conversion Price shall at all times be reserved by the Corporation, free from preemptive rights, for such conversion or exercise. If the Corporation shall issue any securities or make any change in its capital structure which would change the number of shares of Common Stock into which each share of the Series E Preferred Stock shall be convertible at the then current Conversion Price, the Corporation shall at the same time also make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Series E Preferred Stock on the new basis. If, at any time a holder of shares of Series E Preferred Stock submits a Conversion Notice, the Corporation does not have sufficient authorized but unissued shares of Common Stock available to effect such conversion in accordance with the provisions of this Article VI (a "Conversion Default"), the Corporation shall issue to the holder all of the shares of Common Stock which are available to effect such conversion. The number of shares of Series E Preferred Stock included in the Notice of Conversion which exceeds the amount which is then convertible into available shares of Common Stock (the "Excess Amount") shall, notwithstanding anything to the contrary contained herein, not be convertible into Common Stock in accordance with the terms hereof until (and at the holder's option at any time after) the date additional shares of Common Stock are authorized by the Corporation to permit such conversion, at which time the Conversion Price in respect thereof shall be the lesser of (i) the Conversion Price on the Conversion Date Default (as defined below) and (ii) the Conversion Price on the Conversion Date elected by the holder in respect thereof. The

Corporation shall pay to the holder payments ("Conversion Default Payments") for a Conversion Default in the amount of  $(N/365)$ , multiplied by the sum of the Stated Value with respect to each share of Series E Preferred Stock, multiplied by the Default Amount (as defined below) on the first day of the Conversion Default (the "Conversion Default Date"), multiplied by .25, where (i) N = the number of days from the Conversion Default Date to

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the earlier of (A) the date (the "Authorization Date") that the Corporation authorizes a sufficient number of shares of Common Stock to effect conversion of the full number of shares of Series E Preferred Stock and (B) the date such share of Series E Preferred Stock is redeemed in accordance with Article VI.D. and (ii) "Default Amount" means the Excess Amount. The Corporation shall send notice to the holder of the authorization of additional shares of Common Stock, the Authorization Date and the amount of holder's accrued Conversion Default Payments. The accrued Conversion Default Payments for each calendar month shall be paid in cash or, subject to the limitations contained in Article VI.G, shall be convertible into Common Stock at the Conversion Price, at the holder's option, as follows:

(a) In the event holder elects to take such payment in cash, cash payment shall be made to holder by the fifth day of the month following the month in which it has accrued; and

(b) In the event holder elects to take such payment in Common Stock, the holder may convert such payment amount into Common Stock at the Conversion Price (as in effect at the time of Conversion) at any time after the fifth day of the month following the month in which it has accrued in accordance with the terms of this Article VI.

Nothing herein shall limit the holder's right to pursue actual damages for the Corporation's failure to maintain a sufficient number of authorized shares of Common Stock, and each holder shall have the right to pursue all remedies available at law or in equity (including a decree of specific performance and/or injunctive relief).

F. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Article VI, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series E Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series E Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of a share of Series E Preferred Stock.

G. Notwithstanding anything contained herein to the contrary, in no event shall the aggregate number of shares of Common Stock issuable upon conversion or redemption of, or otherwise issuable with respect to, all of the Series E Preferred Stock issued by the Corporation pursuant to the Purchase Agreement or any purchase agreement pertaining to the sale of Series E Preferred Stock (including, without limitation, all shares of Common Stock issued with respect to such Series E Preferred Stock pursuant to Article V.C and Article VI.E hereof) plus all shares of Common Stock issued pursuant to the Purchase Agreement or issuable pursuant to Section 2(c) of the Registration Rights Agreement exceed 2,733,799 (subject to equitable adjustments from time to time pursuant to the antidilution provisions of Article VI.C. above). In the event the Corporation is prohibited from issuing shares of Common Stock as a result of the operation of this Article VI.G., the provisions of Article V.C., subparagraph (b) of Article VI.D. and Article VI.E. shall apply to the extent applicable.

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VII. MANDATORY CONVERSION

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Each share of Series E Preferred Stock issued and outstanding on December 11, 2001, automatically shall be converted into shares of Common Stock on such date at the then effective Conversion Price in accordance with the provisions of Article VI hereof (the "Mandatory Conversion").

VIII. VOTING RIGHTS

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The holders of the Series E Preferred Stock have no voting power whatsoever, except as otherwise provided by the Delaware General Corporation Law ("DGCL"), and in this Article VIII, and in Article IX below.

Notwithstanding the above, the Corporation shall provide each holder of Series E Preferred Stock with prior notification of any meeting of the shareholders (and copies of proxy materials and other information sent to shareholders). In the event of any taking by the Corporation of a record of its shareholders for the purpose of determining shareholders who are entitled to receive payment of any dividend or other distribution, any right to subscribe for, purchase or otherwise acquire (including by way of merger, consolidation or recapitalization) any share of any class or any other securities or property, or to receive any other right, or for the purpose of determining shareholders who are entitled to vote in connection with any proposed sale, lease or conveyance of all or substantially all of the assets of the Corporation, or any proposed liquidation, dissolution or winding up of the Corporation, the Corporation shall mail a notice to each holder, at least ten (10) days prior to the record date specified therein (or 30 days prior to the consummation of the transaction or event, whichever is earlier), of the date on which any such record is to be taken for the purpose of such dividend, distribution, right or other event, and a brief statement regarding the amount and character of such dividend,

distribution, right or other event to the extent known at such time.

To the extent that under the DGCL the vote of the holders of the Series E Preferred Stock, voting separately as a class or series as applicable, is required to authorize a given action of the Corporation, the affirmative vote or consent of the holders of at least a majority of the shares of the Series E Preferred Stock represented at a duly held meeting at which a quorum is present or by written consent of a majority of the shares of Series E Preferred Stock (except as otherwise may be required under the DGCL) shall constitute the approval of such action by the class. To the extent that under the DGCL holders of the Series E Preferred Stock are entitled to vote on a matter with holders of Common Stock, voting together as one class, each share of Series E Preferred Stock shall be entitled to a number of votes equal to the number of shares of Common Stock into which it is then convertible using the record date for the taking of such vote of shareholders as the date as of which the Conversion Price is calculated. Holders of the Series E Preferred Stock shall be entitled to notice of (and copies of proxy materials and other information sent to shareholders) all shareholder meetings or written consents with respect to which they would be entitled to vote, which notice would be provided pursuant to the Corporation's by-laws and the DGCL.

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#### IX. PROTECTION PROVISION

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So long as shares of Series E Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by the DGCL) of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock:

(a) alter or change the rights, preferences or privileges of the Series E Preferred Stock or any other class or series of capital stock of the Corporation so as to affect adversely the Series E Preferred Stock;

(b) create any new class or series of capital stock having a preference over the Series E Preferred Stock as to distribution of assets upon liquidation, dissolution or winding up of the Corporation ("Senior Securities");

(c) increase the authorized number of shares of Series E Preferred Stock;

(d) do any act or thing not authorized or contemplated by this Certificate of Designation which would result in taxation of the holders of shares of the Series E Preferred Stock under Section 305 of the Internal Revenue Code of 1986, as amended (or any comparable provision of the Internal Revenue Code as hereafter from time to time amended); or

(e) issue after the Closing Date any Senior Securities.

In the event holders of at least a majority of the then outstanding shares of Series E Preferred Stock agree to allow the Corporation to alter or change the rights, preferences or privileges of the shares of Series E Preferred Stock, pursuant to subsection (a) above, so as to affect the Series E Preferred Stock, then the Corporation will deliver notice of such approved change to the holders of the Series E Preferred Stock that did not agree to such alteration or change (the "Dissenting Holders") and Dissenting Holders shall have the right for a period of twenty (20) days to convert pursuant to the terms of this Certificate of Designation as they exist prior to such alteration or change or continue to hold their shares of Series E Preferred Stock.

X. NOTICES

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Each holder of Series E Preferred Stock shall send a copy of all notices to be given to the Corporation under this Certificate of Designation to such one (1) counsel as the Corporation may designate in writing at least five (5) business days prior to such holder sending such notice. For purposes of this Article X, the initial counsel designated by the Corporation for receiving copies of notices under this Certificate of Designation shall be Jackson Tufts Cole & Black, LLP, 60 South Market Street, San Jose, California 95113, Attention: Richard Scudellari, Telecopier (408) 998-4889.

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IN WITNESS WHEREOF, this Certificate of Designations, Right and Preferences is executed on behalf of the Corporation this 9th day of December, 1996.

OXIS INTERNATIONAL, INC.

By: /s/ Ray R. Rogers

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Name: Ray R. Rogers

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Title: Chairman

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NOTICE OF CONVERSION

(To be Executed by the Registered Holder  
in order to Convert the Series E Preferred Stock)

The undersigned hereby irrevocably elects to convert shares of Series E Preferred Stock, represented by stock certificate No(s). (the "Preferred Stock Certificates") into shares of common stock ("Common Stock") of OXIS International, Inc. (the "Corporation") according to the conditions of the Certificate of Designation of Series E Preferred Stock, as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any. A copy of each Preferred Stock Certificate is attached hereto (or evidence of loss, theft or destruction thereof).

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable to the undersigned upon conversion of the Series E Preferred Stock shall be made pursuant to registration of the securities under the Securities Act of 1933, as amended (the "Act"), or pursuant to an exemption from registration under the Act.

Date of Conversion:

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Applicable Conversion Price:

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Number of Shares of  
Common Stock to be Issued:

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Signature:

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Name:

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Address:

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\*The Corporation is not required to issue shares of Common Stock until the original Series E Preferred Stock Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the Corporation or its Transfer Agent. The Corporation shall issue and deliver shares of Common Stock to an overnight courier not later than three (3) business days following receipt of the original Preferred Stock Certificate(s) to be converted, and shall make

payments pursuant to the Certificate of Designation for the number of business days such issuance and delivery is late.

REGISTRATION RIGHTS AGREEMENT  
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REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of December 10, 1996 by and among OXIS INTERNATIONAL, INC., a Delaware corporation, with headquarters located at 6040 N. Cutter Circle, Suite 317, Portland, Oregon 97217-3935 (the "Company"), and the undersigned parties (together with affiliates, the "Initial Investors").

## WHEREAS:

A. In connection with the Securities Subscription Agreement of even date herewith by and between the Company and the Initial Investors (the "Securities Purchase Agreement"), the Company has agreed, upon the terms and subject to the conditions contained therein, to issue and sell to the Initial Investors shares of its (i) Series E Convertible Preferred Stock (the "Preferred Stock") that is convertible into shares (the "Conversion Shares") of the Company's common stock (the "Common Stock"), upon the terms and subject to the limitations and conditions set forth in the Certificate of Designations, Rights and Preferences with respect to such Preferred Stock (the "Certificate of Designation") and (ii) Common Stock; and

B. To induce the Initial Investors to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "1933 Act"), and applicable state securities laws;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investors hereby agree as follows:

1. DEFINITIONS.  
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(a) As used in this Agreement, the following terms shall have the following meanings:

(i) "Investors" means the Initial Investors and any transferees or assignees who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof.

(ii) "register," "registered," and "registration" refer to a registration effected by preparing and filing a Registration Statement or

Statements in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(iii) "Registrable Securities" means shares of Common Stock issued under the Securities Purchase Agreement and the Conversion Shares issued or issuable and any shares of capital stock issued or issuable as a dividend on or in exchange for or otherwise with respect to any of the foregoing.

(iv) "Registration Statement" means a registration statement of the Company under the 1933 Act.

(b) Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

## 2. REGISTRATION.

(a) Mandatory Registration. The Company shall prepare, and, on or

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prior to the date which is the day after the later of (x) the Closing Date under the Securities Purchase Agreement (the "Closing Date") or (y) the date the Initial Investors approve the Registration Statement, file with the SEC a Registration Statement on Form S-3 (or, if Form S-3 is not then available, on such form of Registration Statement as is then available to effect a registration of the Registrable Securities, subject to the consent of the Initial Investors (as determined pursuant to Section 11(j) hereof, which consent will not be unreasonably withheld) covering the resale of the Registrable Securities, which Registration Statement, to the extent allowable under the 1933 Act and the Rules promulgated thereunder (including Rule 416), shall state that such Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon conversion of the Preferred Stock (i) to prevent dilution resulting from stock splits, stock dividends or similar transactions or (ii) by reason of changes in the Conversion Price of the Preferred Stock in accordance with the terms thereof. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to (and subject to the approval of) the Initial Investors and its counsel prior to its filing or other submission.

(b) Payments by the Company. The Company shall use its best efforts

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to obtain effectiveness of the Registration Statement as soon as practicable. If (i) the Registration Statement(s) covering the Registrable Securities required to be filed by the Company pursuant to Section 2(a) hereof is not declared effective by the SEC within ninety (90) days after the final Closing Date of the

sale of the Preferred Stock or if, after the Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to the Registration Statement (by reason of stop order, or the Company's failure to update the Registration Statement), or (ii) the Common Stock is not listed or included for quotation on the NASDAQ National Market System (the "NASDAQ-NMS"), NASDAQ Small Cap, the New York Stock Exchange (the "NYSE") or the American Stock Exchange (the "AMEX"), then the Company will make payments to the Investors in such amounts and at such times as shall be determined pursuant to this Section 2(b) as partial relief for the damages to the Investors by reason of any such delay in or reduction of their ability to sell the Registrable Securities (which remedy shall not be exclusive of any other remedies available at law or in equity). The Company shall pay to each holder of Registrable Securities an amount equal to the aggregate "Purchase Price" (as defined below) of the Preferred Stock held by such Investors (including, without limitation, Preferred Stock that has been converted into Conversion Shares then held by such Investors) (the "Aggregate Share Price")

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multiplied by two and one-half hundredths (.025) times the sum of: (i) the number of months (prorated for partial months) after the end of such 90-day period and prior to the date the Registration Statement is declared effective by the SEC, provided, however, that there shall be excluded from such period any delays which are solely attributable to changes required by the Investors in the Registration Statement with respect to information relating to the Investors, including, without limitation, changes to the plan of distribution, or to the failure of the Investors to conduct their review of the registration statement pursuant to Section 2(a) above in a reasonably prompt manner; (ii) the number of months (prorated for partial months) that sales cannot be made pursuant to the Registration Statement after the Registration Statement has been declared effective; and (iii) the number of months (prorated for partial months) that the Common Stock is not listed or included for quotation on the NASDAQ-NMS, NASDAQ Small Cap, NYSE or AMEX after the Registration Statement has been declared effective. (For example, if the Registration Statement becomes effective one (1) month after the end of such 90-day period, the Company would pay \$25,000 for each \$1,000,000 of Aggregate Share Price and would continue to pay \$25,000 for each \$1,000,000 of Aggregate Share Price until the Registration Statement becomes effective.) Such amounts shall be paid in cash or, at each Investor's option (but subject to the limitations contained in Article VI.G. of the Certificate of Designation), may be convertible into Common Stock at the "Conversion Price" (as defined in the Certificate of Designation). Any shares of Common Stock issued upon conversion of such amounts shall be Registrable Securities. If the Investor desires to convert the amounts due hereunder into Registrable Securities it shall so notify the Company in writing within two (2) business days of the date on which such amounts are first payable in cash and such amounts shall be so convertible (pursuant to the mechanics set forth under Article VI of the Certificate of Designation), beginning on the last day upon which the cash amount would otherwise be due in accordance with the following sentence. Payments of cash pursuant hereto shall be made within ten (10) days after the end of each period that gives rise to such obligation, provided that,

if any such period extends for more than thirty (30) days, interim payments shall be made for each such thirty (30) day period. The term "Purchase Price" means the purchase price paid by the Investors for the Preferred Stock.

(c) Piggy-Back Registrations. If at any time prior to the expiration

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of the Registration Period (as hereinafter defined) the Company shall file with the SEC a Registration Statement relating to (i) a firm underwritten offering for its own account or the account of others under the 1933 Act of any of its equity securities or (ii) any other offering for its own account or the account of others under the 1933 Act of any of its equity securities (other than on Form S-4 or Form S-8 or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans) at a time when the Registration Statement contemplated by Section 1(a) hereof is not effective, the Company shall send to each Investor who is entitled to registration rights under this Section 2(c) written notice of such determination and, if within fifteen (15) days after the effective date of such notice, such Investor shall so request in writing, the Company shall include in such Registration Statement all or any part of the Registrable Securities such Investor requests to be registered, except that if, in connection with any underwritten public offering for the account of the Company the managing underwriter(s) thereof shall impose a limitation on the number of shares of Common Stock which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors

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dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which such Investor has requested inclusion hereunder as the underwriter shall permit. Any exclusion of Registrable Securities shall be made pro rata among the Investors seeking to include Registrable Securities, in proportion to the number of Registrable Securities sought to be included by such Investors; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities; and provided, further, however, that, after giving effect to the immediately preceding proviso, any exclusion of Registrable Securities shall be made pro rata with holders of other securities having the right to include such securities in the Registration Statement other than holders of securities entitled to inclusion of their securities in such Registration Statement by reason of demand registration rights. No right to registration of Registrable Securities under this Section 2(c) shall be construed to limit any registration required under Section 2(a) hereof. If an offering in connection with which an Investor is entitled to registration under this Section 2(c) is an underwritten offering, then each Investor whose Registrable Securities are included in such

Registration Statement shall, unless otherwise agreed by the Company, offer and sell such Registrable Securities in an underwritten offering using the same underwriter or underwriters and, subject to the provisions of this Agreement, on the same terms and conditions as other shares of Common Stock included in such underwritten offering.

(d) Eligibility for Form S-3. The Company represents and warrants  
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that it meets the requirements for the use of Form S-3 for registration of the sale by the Initial Investors and any other Investor of the Registrable Securities and the Company shall file all reports required to be filed by the Company with the SEC in a timely manner so as to maintain such eligibility for the use of Form S-3. If after effectiveness the Registration Statement cannot be kept effective for the period required by the terms of this Agreement through the filing of post-effective amendments or supplements, the Company shall promptly file a new Registration Statement covering the resale of the Registrable Securities.

3. OBLIGATIONS OF THE COMPANY.  
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In connection with the registration of the Registrable Securities, the Company shall have the following obligations:

(a) The Company shall prepare and file promptly with the SEC, a Registration Statement with respect to the number of Registrable Securities provided in Section 2(a), and thereafter use its best efforts to cause such Registration Statement relating to Registrable Securities to become effective as soon as possible after such filing, and keep the Registration Statement effective pursuant to Rule 415 at all times until such date as is the earlier of (i) the date on which all of the Registrable Securities have been sold and (ii) the date on which the Registrable Securities (in the opinion of counsel to the Initial Investors) may be immediately sold without registration (the "Registration Period"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein and all documents incorporated by reference therein) shall not contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein, or necessary to make the statements therein not misleading.

(b) The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with

the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement. In the event the number of shares available under a Registration Statement filed pursuant to this Agreement is insufficient to cover all of the Registrable Securities issued or issuable upon conversion of the Preferred Stock, the Company shall amend the Registration Statement, or file a new Registration Statement (on the short form available therefore, if applicable), or both, so as to cover all of the Registrable Securities, in each case, as soon as practicable, but in any event within fifteen (15) days after the necessity therefor arises (based on the market price of the Common Stock and other relevant factors on which the Company reasonably elects to rely). The Company shall use its best efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof.

(c) The Company shall furnish to each Investor whose Registrable Securities are included in the Registration Statement and its legal counsel (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one copy of the Registration Statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and, in the case of the Registration Statement referred to in Section 2(a), each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor.

(d) The Company shall use reasonable efforts to (i) register and qualify the Registrable Securities covered by the Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as the Investors who hold a majority in interest of the Registrable Securities being offered reasonably request, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (a) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (b) subject itself to general taxation

in any such jurisdiction, (c) file a general consent to service of process in any such jurisdiction, (d) provide any undertakings that cause the Company undue

expense or burden, or (e) make any change in its charter or bylaws, which in each case the Board of Directors of the Company determines to be contrary to the best interests of the Company and its stockholders.

(e) As promptly as practicable after becoming aware of such event, the Company shall notify each Investor of the happening of any event, of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and use its best efforts promptly to prepare a supplement or amendment to the Registration Statement to correct such untrue statement or omission, and deliver such number of copies of such supplement or amendment to each Investor as such Investor may reasonably request.

(f) The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, and, if such an order is issued, to obtain the withdrawal of such order at the earliest possible moment and to notify each Investor who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance of such order and the resolution thereof.

(g) The Company shall permit a single firm of counsel designated by the Initial Investors to review the Registration Statement and all amendments and supplements thereto a reasonable period of time prior to their filing with the SEC, and not file any document in a form to which such counsel reasonably objects.

(h) The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement.

(i) The Company shall make available for inspection by (i) any Investor, (ii) any underwriter participating in any disposition pursuant to the Registration Statement, (iii) one firm of attorneys and one firm of accountants or other agents retained by the Initial Investors, and (iv) one firm of attorneys retained by all such underwriters (collectively, the "Inspectors") all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably deemed necessary by each Inspector to enable each Inspector to exercise its due diligence responsibility, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request for purposes of such due diligence; provided, however, that each Inspector shall hold in confidence and shall not make any disclosure (except to an Investor) of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement, (b) the release of such

Records is ordered pursuant to a subpoena or other order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement. The

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Company shall not be required to disclose any confidential information in such Records to any Inspector until and unless such Inspector shall have entered into confidentiality agreements (in form and substance satisfactory to the Company) with the Company with respect thereto, substantially in the form of this Section 3(i). Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein shall be deemed to limit the Investor's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to such Investor prior to making such disclosure, and allow the Investor, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(k) The Company shall use its best efforts either to (i) cause all the Registrable Securities covered by the Registration Statement to be listed on the NYSE or the AMEX or another national securities exchange and on each additional national securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure the designation and quotation, of all the Registrable Securities covered by the Registration Statement on the NASDAQ-NMS or, if not eligible for the NASDAQ-NMS on the NASDAQ Small Cap and, without limiting the generality of the foregoing, to arrange for or maintain at least two market makers to register with the National Association of Securities Dealers, Inc. ("NASD") as such with respect to such Registrable Securities.

(l) The Company shall provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective

date of the Registration Statement.

(m) The Company shall cooperate with the Investors who hold Registrable Securities being offered and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the managing underwriter or underwriters, if any, or the Investors may reasonably request and registered in such names as the managing underwriter or underwriters, if any, or the Investors may request.

4. OBLIGATIONS OF THE INVESTORS.  
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In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e) or 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or 3(f) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

(d) No Investor may participate in any underwritten registration hereunder unless such Investor (i) agrees to sell such Investor's Registrable Securities on the basis provided in any underwriting arrangements in usual and

customary form entered into by the Company, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, and (iii) agrees to pay its pro rata share of all underwriting discounts and commissions and any expenses in excess of those payable by the Company pursuant to Section 5 below.

5. EXPENSES OF REGISTRATION.  
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All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company.

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6. INDEMNIFICATION.  
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In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify, hold harmless and defend (i) each Investor who holds such Registrable Securities, and (ii) the directors, officers, partners, employees, agents and each person who control any Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the "1934 Act"), if any, (each, an "Indemnified Person"), against any joint or several losses, claims, damages, liabilities or expenses (collectively, together with actions, proceedings or inquiries by any regulatory or self-regulatory organization, whether commenced or threatened, in respect thereof, "Claims") to which any of them may become subject insofar as such Claims arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to the restrictions set forth in Section 6(c) with respect to the number of legal counsel, the Company shall

reimburse the Investors and each such underwriter or controlling person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld; and (iii) with respect to any preliminary prospectus, shall not inure to the benefit of any Indemnified Person if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented, if such corrected prospectus was timely made available by the Company pursuant to Section 3(c) hereof, and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a Violation and such Indemnified Person, notwithstanding such advice, used it. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

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(b) In connection with any Registration Statement in which an Investor is participating, each such Investor agrees severally and not jointly to indemnify, hold harmless and defend, to the same extent and in the same manner set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act, and any other stockholder selling securities pursuant to the Registration Statement or any of its directors or officers or any person who controls such stockholder or underwriter within the meaning of the 1933 Act or the 1934 Act (collectively and together with an Indemnified Person, an "Indemnified Party"), against any Claim to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim arises out of or is based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and subject to Section 6(c) such Investor will reimburse any legal or other expenses (promptly as such expenses are incurred and are due and payable) reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; provided, further, however, that the Investor shall be liable under this Agreement (including this Section 6(b) and

Section 7) for only that amount as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The indemnifying party shall pay for only one separate legal counsel for the Indemnified Persons or the Indemnified Parties, as applicable, and such legal counsel shall be selected by Investors holding a majority-in-interest of the Registrable Securities included in the Registration Statement

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to which the Claim relates (with the approval of the Initial Investor if it holds Registrable Securities included in such Registration Statement), if the Investors are entitled to indemnification hereunder, or the Company, if the Company is entitled to indemnification hereunder, as applicable. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

## 7. CONTRIBUTION.

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To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (i) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6, (ii) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (iii) contribution (together with any indemnification or other obligations under this Agreement) by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. REPORTS UNDER THE 1934 ACT.  
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With a view to making available to the Investors the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

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9. ASSIGNMENT OF REGISTRATION RIGHTS.  
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The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time

after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned, (iii) following such transfer or assignment, the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws, (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, (v) such transfer shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement, and (vi) such transferee shall be an "accredited investor" as that term defined in Rule 501 of Regulation D promulgated under the 1933 Act.

10. AMENDMENT OF REGISTRATION RIGHTS.  
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Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with written consent of the Company, and Investors who hold a majority interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. MISCELLANEOUS.  
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(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices required or permitted to be given hereunder shall be in writing and shall be deemed to be sufficiently given when personally delivered (by hand, by courier, by telephone line facsimile transmission or other means) or sent by certified mail, return receipt requested, properly addressed and with proper postage pre-paid,

if to the Company:

OXIS International, Inc.  
6040 N. Cutter Circle  
Suite 317  
Portland, Oregon 97217-3935  
Attention: Chief Executive Officer  
Telecopy: (503) 283-4058

with copy to:

Richard Scudellari, Esquire  
Jackson Tufts Cole & Black LLP  
60 South Market Street  
San Jose, California 95113-2336  
Telecopy: (408) 998-4889

if to the Initial Investors as set forth below their signatures appended hereto, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b), and shall be effective, when personally delivered, upon receipt and, when so sent by certified mail, four days after deposit with the United States Postal Service.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such State. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof. The parties hereto hereby submit to the exclusive jurisdiction of the United States Federal Courts located in Portland, Oregon with respect to any dispute arising under this Agreement or the transactions contemplated hereby.

(e) This Agreement and the Securities Purchase Agreement (including all schedules and exhibits thereto) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement and the Securities Purchase Agreement supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(f) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(g) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(i) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(j) All consents and other determinations to be made by the Investors pursuant to this Agreement shall be made by the Investors holding a majority of the Registrable Securities (determined as if all shares of Preferred Stock then outstanding had been converted into Registrable Securities).

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

OXIS INTERNATIONAL, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

INITIAL INVESTORS:

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

THIS WARRANT MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT AS SPECIFIED IN SECTION 11 HEREOF. NEITHER THE RIGHTS REPRESENTED BY THIS WARRANT NOR THE SHARES ISSUABLE UPON THE EXERCISE HEREOF (COLLECTIVELY, THE "SECURITIES") HAVE BEEN REGISTERED FOR OFFER OR SALE UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE LAW, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED, ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT, OR UNLESS THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED. THE SECURITIES MAY NOT BE SOLD OR OFFERED FOR SALE IN WHOLE OR IN PART NOR THE WARRANT EXERCISED EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 2 AND SECTION 11 HEREOF.

OXIS INTERNATIONAL, INC.

WARRANT TO PURCHASE COMMON STOCK

OXIS International, Inc, a Delaware corporation (the "Company"), hereby certifies that, for value received, H.J. Meyers & Co., Inc., the registered holder hereof, or its registered assigns ("Investor"), is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof but not after 5:00 P.M., Portland time, on the Expiration Date (as defined herein), One Hundred and Five Thousand, Seven Hundred and Seventy Eight (105,778) fully paid nonassessable shares (the "Warrant Shares") of Common Stock (as defined herein) of the Company (as adjusted from time to time as provided in this Warrant) at an initial purchase price of U.S. \$1.875 per share in lawful money of the United States.

Section 1. (a) Definitions. The following words and terms as used in  
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this Warrant shall have the following meanings:

"Common Stock" means (a) the Company's common stock and (b) any  
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capital stock into which such "Common Stock" shall have been changed or any capital stock resulting from a reclassification of such "Common Stock."

"Expiration Date" means December 10, 2001.  
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"Warrant Exercise Price" shall initially be U.S.\$1.875 per share and  
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shall be adjusted and readjusted from time to time to the extent as provided in this Warrant.

(b) Other Definitional Provisions. (i) Except as otherwise specified herein, all references herein (A) to any person other than the Company, shall be deemed to include such person's successors and assigns, (B) to the Company shall be deemed to include the Company's successors and (C) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time.

(ii) When used in this Warrant, the words "herein," "hereof," and "hereunder," and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified.

(iii) Whenever the context so requires the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

Section 2. Exercise of Warrant. (a) Subject to the terms and conditions

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hereof, this Warrant may be exercised, in whole or in part, at any time during normal business hours on or after the opening of business on the date hereof and prior to the close of business on the Expiration Date. The rights represented by this Warrant may be exercised by the holder hereof then registered on the books of the Company, in whole or from time to time in part (except that this Warrant shall not be exercisable as to a fractional share) by (i) delivery of a written notice, in the form of the Subscription Notice attached as Exhibit A hereto, of such holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased, (ii) payment to the Company of an amount equal to the Warrant Exercise Price multiplied by the number of Warrant Shares as to which the Warrant is being exercised (plus any applicable issue or transfer taxes) in cash or by certified or official bank check or otherwise as permitted by Section 2(c) hereof, for the number of Warrant Shares as to which this Warrant shall have been exercised, and (iii) the surrender of this Warrant, properly endorsed, at the principal office of the Company in Portland, Oregon (or at such other agency or office of the Company as the Company may designate by notice to the holder hereof); provided, that if such Warrant Shares are to be issued in any name other than that of the registered holder of this Warrant, such issuance shall be deemed a transfer and the provisions of Section 11 shall be applicable. In the event of any exercise of the rights represented by this Warrant in compliance with this Section 2(a), a certificate or certificates for the Warrant Shares so purchased, registered in the name of, or as directed by, the holder, shall be delivered to, or as directed by such holder within a reasonable time, not exceeding 15 days, after such rights shall have been so exercised.

(b) Unless the rights represented by this Warrant shall have expired or have been fully exercised, the Company shall issue a new Warrant identical in

all respects to the Warrant exercised except (x) it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under the Warrant exercised, less the number of Warrant Shares with respect to which such Warrant was exercised, and (y) the holder thereof shall be deemed to have become the holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the amount due in respect of such exercise and any applicable taxes was made, irrespective of the date of delivery of such share certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are properly closed, such person shall be

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deemed to have become the holder of such Warrant Shares at the opening of business on the next succeeding date on which the stock transfer books are open.

(c) Payment of the Warrant Exercise Price may be made, where permitted by law, by any of the following methods:

(1) In cash or by certified or official bank check;

(2) by cancellation of indebtedness of the Company to the holder of the Warrant;

(3) by waiver of compensation due or accrued to holder of the Warrant for services rendered;

(4) provided that a public market for the Company's stock exists, through a "same day sale" commitment from the holder of the Warrant and a broker-dealer that is a member of the National Association of Securities Dealers, Inc. (an "NASD Dealer") whereby the holder of the Warrant irrevocably elects to exercise the Warrant and to sell a portion of the Warrant Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Warrant Shares to forward the exercise price directly to the Company; or

(5) provided that a public market for the Company's stock exists, through a "margin" commitment from the holder of the Warrant and an NASD Dealer whereby the holder of the Warrant irrevocably elects to exercise this Warrant and to pledge the Warrant Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Warrant Shares to forward the exercise price directly to the Company.

Section 3. Covenants as to Common Stock. The Company covenants and agrees

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that all Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable. The Company further covenants and agrees that during the

period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of the rights then represented by this Warrant.

Section 4. Adjustment of Warrant Exercise Price Upon Stock Splits,  
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Dividends, Distributions and Combinations; and Adjustment of Number of Shares.  
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(a) In case the Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares or issue a stock dividend or make a distribution with respect to outstanding shares of Common Stock payable in Common Stock, the Warrant Exercise Price in effect immediately prior to such subdivision or stock dividend or distribution shall be proportionately reduced and conversely, in case the outstanding shares of Common Stock of the Company shall be combined into a smaller number of shares, the Warrant Exercise Price in effect immediately prior to such combination shall be proportionately increased in each case by multiplying the then effective Warrant Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such action and the denominator of which shall be the number of shares of

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Common Stock outstanding immediately after such action, and the product so obtained shall thereafter be the Warrant Exercise Price.

(b) Upon each adjustment of the Warrant Exercise Price as provided above in this Section 4, the registered holder of this Warrant shall thereafter be entitled to purchase, at the Warrant Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Warrant Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the Warrant Exercise Price after such adjustment .

Section 5. Notice of Adjustment of Warrant Exercise Price. Upon any  
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adjustment of the Warrant Exercise Price, the Company shall give notice thereof to the registered holder of this Warrant, which notice shall state the Warrant Exercise Price in effect after such adjustment and the increase, or decrease, if any, in the number of shares purchasable at the Warrant Exercise Price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. In the event of a merger, consolidation or reorganization of the Company with or into another corporation or corporations in which the Company is not the surviving entity (other than a mere reincorporation transaction), a sale of all or substantially all of the assets of the Company, or a transaction in which the Company issues shares representing more than fifty percent (50%) of the voting power in the Company immediately after giving effect to such transaction, the Company shall give notice thereof to the registered holder of this Warrant at least ten (10)

business days prior to the consummation of such transaction.

Section 6. Computation of Adjustments. Upon each computation of an  
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adjustment in the Warrant Exercise Price and the number of shares which may be subscribed for and purchased upon exercise of this Warrant, the Warrant Exercise Price shall be computed to the nearest cent (i.e., fractions of .5 of a cent, or greater, shall be rounded to the next highest cent) and the number of shares which may be subscribed for and purchased upon exercise of this Warrant shall be calculated to the nearest whole share (i.e., fractions of less than one half of a share shall be disregarded and fractions of one half of a share, or greater, shall be treated as being a whole share).

Section 7. No Change in Warrant Terms on Adjustment. Irrespective of any  
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adjustment in the Warrant Exercise Price or the number of shares of Common Stock issuable upon exercise hereof, this Warrant, whether theretofore or thereafter issued or reissued, may continue to express the same price and number of shares as are stated herein and the Warrant Exercise Price and such number of shares specified herein shall be deemed to have been so adjusted.

Section 8. Taxes. The Company shall not be required to pay any tax or  
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taxes attributable to the initial issuance of the Warrant Shares or any transfer involved in the issue or delivery of any certificates for Warrant Shares of Common Stock in a name other than that of the registered holder hereof or upon any transfer of this Warrant.

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Section 9. Warrant Holder Not Deemed a Shareholder. No holder, as such, of  
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this Warrant shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the holder of this Warrant of the Warrant Shares which he is then entitled to receive upon the due exercise of this Warrant.

Section 10. No Limitation on Corporate Action. No provisions of this  
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Warrant and no right or option granted or conferred hereunder shall in any way limit, affect or abridge the exercise by the Company of any of its corporate rights or powers to recapitalize, amend its Certificate of Incorporation, reorganize, consolidate or merge with or into another corporation, or to transfer all or any part of its property or assets, or the exercise of any other

of its corporate rights and powers.

Section 11. Transfer; Opinions of Counsel; Restrictive Legends.  
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(a) Prior to any sale, transfer or other disposition of this Warrant or the Warrant Shares, the holder thereof will give ten (10) days' notice to the Company of such holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer and, if such transfer is not registered under the Securities Act of 1933, as amended ("Securities Act"), shall be accompanied by an opinion, addressed to the Company and reasonably satisfactory in form and substance to it, of counsel (reasonably satisfactory to the Company) for such holder, stating whether, in the opinion of such counsel, such transfer will be a transaction exempt from registration under the Securities Act.

(b) If such sale, transfer or other disposition may in the opinion of such counsel be effected without registration under the Securities Act, such holder shall thereupon be entitled to the terms of the notice delivered by such holder to the Company. If in the opinion of such counsel such transfer may not be effected without registration under the Securities Act, such holder shall not be entitled to so transfer this Warrant, or the Warrant Shares unless the Company shall have filed a registration statement relating to such proposed transfer and such registration statement has become effective under the Securities Act; provided, however, notwithstanding the foregoing, the Company shall under no circumstances be obligated to file such a registration statement relating to the transfer of this Warrant or the Warrant Shares.

(c) Any Warrant Shares issued pursuant to the exercise of this Warrant may bear one or more of the legends in similar form to the legend set forth on this Warrant.

Section 12. Exchange of Warrant. This Warrant is exchangeable upon the  
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surrender hereof by the holder hereof at such office or agency of the Company, for new Warrants of like tenor representing in the aggregate the right to subscribe for and purchase the number of shares which may be subscribed for and purchased hereunder from time to time after giving effect to all the provisions hereof, each of such new Warrants to represent the right to subscribe for and

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purchase such number of shares as shall be designated by said holder hereof at the time of such surrender.

Section 13. Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant  
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is lost, stolen, mutilated or destroyed, the Company shall, on such terms as to indemnity or otherwise as it may in its discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant

of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

Section 14. Representations of Holder. The holder of this Warrant, by the

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acceptance hereof, represents that it is acquiring this Warrant for its own account for investment and not with a view to, or sale in connection with, any distribution hereof or of any of the shares of Common Stock or other securities issuable upon the exercise thereof, nor with any present intention of distributing any of the same. Investor represents that it is an "accredited investor" as such term is defined under Regulation D of the Securities Act. Upon exercise of this Warrant, the holder will confirm in writing, in form reasonably satisfactory to the Company, the holder's investment intent.

Section 15. Notice. All notices and other communications under this

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Warrant shall (a) be in writing (which shall include communications by telecopy), (b) be (i) sent by registered or certified mail, postage prepaid, return receipt requested, by telecopier, or (ii) delivered by hand, (c) be given at the following respective addresses and telecopier numbers and to the attention of the following persons:

(i) if to the Company, to it at:

OXIS International, Inc.  
Corporate Headquarters  
6040 N. Cutter Circle, Suite 317  
Portland, Oregon 97217-3935  
Attention: Ray R. Rogers, Chairman  
Telephone: (503) 283-3911  
Telecopier: (503) 283-4058

with a copy to:

Jackson Tufts Cole & Black, LLP  
60 South Market Street  
San Jose, CA 95113  
Attention: Richard Scudellari, Esq.  
Telephone: (408) 998-1952  
Telecopier: (408) 998-4889

(ii) if to Investor, to it at the address set forth below Investor's signature on the signature page hereof.

or at such other address or telecopier number or to the attention of such other person as the party to whom such information pertains may hereafter specify for

the purpose in a notice to the other specifically captioned "Notice of Change of Address", and (d) be effective or deemed delivered or furnished (i) if given by mail, on the fifth Business Day after such communication is deposited in the mail, addressed as above provided, (ii) if given by telecopier, when such communication is transmitted to the appropriate number determined as above provided in this Section and the appropriate answer back is received or receipt is otherwise acknowledged, and (iii) if given by hand delivery, when left at the address of the addressee addressed as above provided, except that notices of a change of address, telecopier or telephone number, shall not be deemed furnished, until received.

Section 16. Indemnification. In the event any of the Warrant Shares (for ----- purposes of this Section 16, the "Registrable Securities") are included in a Registration Statement filed by the Company with the Securities and Exchange Commission (a "Registration Statement"):

(a) To the extent permitted by law, the Company will indemnify, hold harmless and defend (i) each Investor who holds such Registrable Securities, and (ii) the directors, officers, partners, employees, agents and each person who control any Investor within the meaning of the 1933 Act or the Securities Exchange Act of 1934, as amended (the "1934 Act"), if any, (each, an "Indemnified Person"), against any joint or several losses, claims, damages, liabilities or expenses (collectively, together with actions, proceedings or inquiries by any regulatory or self-regulatory organization, whether commenced or threatened, in respect thereof, "Claims") to which any of them may become subject insofar as such Claims arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to the restrictions set forth in Section 16(c) with respect to the number of legal counsel, the Company shall reimburse the Investors and each such underwriter or controlling person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 16(a): (i) shall not apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person

expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto; (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld; and (iii) with respect to any preliminary prospectus, shall not inure to the benefit of any Indemnified Person if the untrue

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statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented, if such corrected prospectus was timely made available to the Indemnified Person by the Company, and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a Violation and such Indemnified Person, notwithstanding such advice, used it. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive any permitted transfer of the Registrable Securities by the Investor pursuant to this Warrant.

(b) In connection with any Registration Statement of the Company in which an Investor is participating, each such Investor agrees severally and not jointly to indemnify, hold harmless and defend, to the same extent and in the same manner set forth in Section 16(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act, and any other stockholder selling securities pursuant to the Registration Statement or any of its directors or officers or any person who controls such stockholder or underwriter within the meaning of the 1933 Act or the 1934 Act (collectively, an "Indemnified Party"), against any Claim to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim arises out of or is based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and subject to Section 16(c) such Investor will reimburse any legal or other expenses (promptly as such expenses are incurred and are due and payable) reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 16(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; provided, further, however, that the Investor shall be liable under this Warrant for only that amount as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to this Warrant. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 16(b) with respect to any preliminary prospectus shall not inure to the

benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 16 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to made against any indemnifying party under this Section 16, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if, in the

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reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. The indemnifying party shall pay for only one separate legal counsel for the Indemnified Persons or the Indemnified Parties, as applicable, and such legal counsel shall be selected by Investors holding a majority-in-interest of the Registrable Securities included in the Registration Statement to which the Claim relates (with the approval of the Initial Investor if it holds Registrable Securities included in such Registration Statement), if the Investors are entitled to indemnification hereunder, or the Company, if the Company is entitled to indemnification hereunder, as applicable. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 16, except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action.

Section 17. Miscellaneous. This Warrant and any term hereof may be

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changed, waived, discharged, or terminated only by an instrument in writing signed by the party or holder hereof against which enforcement of such change, waiver, discharge or termination is sought. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Warrant shall be governed by and interpreted under the laws of the State of Oregon.

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Section 18. Date. The date of this Warrant is December 10, 1996. This

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Warrant, in all events, shall be wholly void and of no effect after the close of business on the Expiration Date, except that notwithstanding any other provisions hereof, the provisions of Section 11 shall continue in full force and effect after such date as to any Warrant Shares or other securities issued upon the exercise of this Warrant.

OXIS INTERNATIONAL, INC.

By:

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Name:

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Title:

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ACCEPTED.

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H.J. MEYERS & CO., INC.

By:

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Name:

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Title:

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Address: 180 Maiden Lane  
New York, NY 10038

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EXHIBIT A TO WARRANT

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SUBSCRIPTION FORM

TO BE EXECUTED BY THE REGISTERED HOLDER IF SUCH REGISTERED HOLDER DESIRES TO EXERCISE THIS WARRANT

OXIS INTERNATIONAL, INC.

The undersigned hereby exercises the right to purchase Warrant Shares covered by this Warrant according to the conditions thereof and herewith makes payment of U.S. \$ \_\_\_\_\_, the aggregate Warrant Exercise Price of such Warrant Shares in full.

The undersigned represents that it is purchasing the Warrant Shares for its own account for investment and not with a view to, or sale in connection with, any distribution hereof, nor with any present intention of distributing the same. The undersigned represents that it is an "accredited investor" as such term is defined under Regulation D of the Securities Act of 1933, as amended ("Securities Act"). The Warrant Shares may not be sold, pledged, transferred, hypothecated, or otherwise disposed of except pursuant to an effective registration thereof under the Securities Act, or unless the Company shall have received an opinion of counsel satisfactory to the Company that such registration is not required.

INVESTOR:

By:

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Name:

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Title:

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Address:

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Number of Warrant Shares Being Purchased:

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Dated: \_\_\_\_\_, 199\_\_.