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Oculus Innovative Sciences Announces Initial Chinese Commercialization Plan for Launch of Microcyn(R) Technology

Oculus Team Meets in Beijing with Chinese Distributor to Review Product Labeling, Collateral Design, Sales Training Materials and Reimbursement Strategy

PETALUMA, Calif.--(BUSINESS WIRE)--

Oculus Innovative Sciences, Inc. (Nasdaq: OCLS), a biopharmaceutical company that develops, manufactures and markets a family of products based upon the Microcyn(R) Technology platform that is intended to treat infections in chronic and acute wounds, announced today that the Oculus development team completed meetings this past week in Beijing, China with Chinese partners at China Bao Tai and Sinopharm regarding commercialization plans for the product launch of Microcyn Technology in China.

Oculus Innovative Sciences entered into an agreement with China Bao Tai in 2007 for the distribution of Microcyn-based products in China. The partnership allows Oculus and the Microcyn Technology to gain a foothold in China through China Bao Tai and its various sub-distributors, including Sinopharm and Lianhua Supermarket Holdings Co., Ltd.

The first phase of the Chinese commercialization plan includes sampling of Chinese wound care professionals with the Microcyn-based Dermacyn(TM) product. This will initially target key opinion leaders via trials at multiple medical centers for the purpose of securing both post-market clinical data and reimbursement. Dermacyn was approved in March of this year by the Chinese State Food and Drug Agency (SFDA) as a technology that provides a moist environment for wounds and accelerates wound healing through the reduction of microorganisms in wounds.

In results from Oculus' recently completed U.S. Phase II clinical trial evaluating Microcyn(R) Technology as a topical antimicrobial treatment for mildly infected diabetic foot ulcers, the clinical success rate at the test-of-cure visit for Microcyn-alone-treated evaluable patients was 93% compared to 56% for the levofloxacin (antibiotic) plus saline-treated patients. This data, along with complementary results from more than 25 other additional Microcyn trials previously completed, is a key message for the Chinese market since it indicates that Microcyn use can reduce the need for systemic antibiotics, the overuse of which is responsible for the global epidemic of antibiotic-resistant bacteria and viruses such as MRSA.

Hoji Alimi, CEO and founder of Oculus said, "It is vital that the Microcyn Technology be properly positioned and its wide spectrum of potential applications fully communicated to the

Chinese medical community. To that end, the Oculus team and our Chinese partners are crafting a launch plan that is designed for short- and long-term success, further underscoring our commitment to this important market. We believe this well-conceived, multi-tiered commercialization strategy will provide patients with the latest advance in both anti-infective and wound healing technologies and Oculus shareholders with the optimum return in this enormous market of 1.3 billion people."

Chinese Healthcare Market

According to Journal of the American Medical Association, as is the case in much of the rest of the world, the aged proportion of China's population is increasing. The population older than 65 years included 100.4 million persons, or 7.69% of China's total population, in 2005 and is expected to increase at an annual rate of 3.28%. With this increased aged population, total health care needs and expenditures will increase as well. China's proportion of GDP allocated to health care, currently about 5.55%, is likely to increase steadily to become closer to that of developed countries, most of which have comparable rates of 8% to 11%, up to nearly 16% in the United States.

Decision Resources, one of the world's leading research and advisory firms focusing on pharmaceutical and healthcare issues, finds that the prevalence of type 2 diabetes in China is staggering, rivaling that of the United States, Europe, and Japan combined. According to a new Emerging Markets-China report entitled Type 2 Diabetes in China, the type 2 diabetes drug market in China will reach \$1.3 billion in 2010. The report also finds that increasing economic power in China has led to growing numbers of patients with supplementary healthcare insurance and an improved ability to afford Western-branded drugs.

About China Bao Tai Investment Company

China Bao Tai Investment Co., Ltd. is a diversified investment company with a focus on health care, high-tech, new energy sources, and environmental protection. It is registered with the State Administration for Industry and Commerce of the People's Republic of China. China Bao Tai has extensive experience introducing new products and technologies into China and enjoys a productive working relationship with both local and central government agencies. They will utilize various sub-distributors for hospitals, independent pharmacies and retail pharmacies. In that effort, China Bao Tai has reached agreement with two key sub-distributors:

Sinopharm for hospital and pharmacy distribution

Sinopharm (www.sinopharm.com/en) is China's largest pharmaceutical group. Incorporating research with production and service trade, the company has under its jurisdiction 10 wholly owned subsidiaries or shareholding companies. In 2004, its sales revenue from medicines and medical equipment totaled \$2.3 billion US and its imports and exports volume reached \$500 million US.

Lianhua Supermarkets for supermarket distribution

Lianhua Supermarket Holdings Co., Ltd. (www.lhok.com.cn) is a retail chain operator with retail outlets covering the entire Chinese nation, offering a full range of products through direct operations, franchises, mergers and acquisitions. Lianhua Supermarket operates a

total of 3,609 outlets spanning 21 provinces and municipalities across the nation.

About Oculus

Oculus Innovative Sciences is a biopharmaceutical company that develops, manufactures and markets a family of products based upon the Microcyn(R) Technology platform, which is intended to help prevent and treat infections in chronic and acute wounds. The Microcyn Technology platform is a biocompatible, shelf-stable solution containing active oxychlorine compounds that is currently commercialized outside the United States (Europe, India and Mexico) for the treatment of infected wounds. The solutions derived from the Microcyn Technology platform have demonstrated, in a variety of research and investigational studies, the ability to treat a wide range of pathogens, including antibiotic-resistant strains of bacteria (including MRSA and VRE), viruses, fungi and spores.

A recently completed U.S. Phase II clinical trial of Microcyn Technology met the primary endpoints of safety and efficacy for the treatment of mildly infected diabetic foot ulcers.

Oculus' principal operations are in Petaluma, California, and it conducts operations in Europe, Latin America and Japan through its wholly owned subsidiaries, Oculus Innovative Sciences Netherlands B.V., Oculus Technologies of Mexico, S.A. de C.V. and Oculus Japan K.K. Oculus' website is www.oculusis.com.

Forward-Looking Statements

Except for historical information herein, some matters set forth in this press release are forward-looking within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by the use of words such as "finalize," "will," "securing," "communicated," "designed," and "will provide," among others. Forward-looking statements in this press release are subject to certain risks and uncertainties inherent in the Company's business that could cause actual results to vary, including risks inherent in the development and commercialization of potential products, the risk that regulatory clinical and guideline developments may change, the risk that scientific data may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, the risk that clinical results may not be replicated in actual patient settings, the risk that protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors, the risk that present trends will continue and that the available market for our products will not be as large as expected, the risk that our products will not be able to penetrate one or more targeted markets, the risk that revenues will not be sufficient to fund further development and clinical studies, the Company's future capital needs, and its ability to obtain additional funding and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission including the quarterly report on Form 10-Q for the quarter ended December 31, 2007. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

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Source: Oculus Innovative Sciences, Inc.

