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Oculus Innovative Sciences Announces Reverse Split of Common Stock

Focused on Continued Expansion of Product Portfolio, Partnerships and Global Commercial Footprint as Company Fundamentals Are Strong

PETALUMA, Calif., March 28, 2013 (GLOBE NEWSWIRE) -- Oculus Innovative Sciences, Inc. (Nasdaq:OCLS), a global healthcare company that designs, manufactures and markets prescription and non-prescription products in over 20 countries, announced today that a 1-for-7 reverse split of its common stock will be effective at the open of business on Monday, April 1, 2013. The reverse stock split was previously approved by the company's stockholders at the company's special meeting held on March 22, 2013. The company's board of directors approved the implementation of a reverse stock split and determined the appropriate reverse stock split ratio to be a ratio of 1-for-7 on March 22, 2013.

Oculus has demonstrated strong fundamentals and growth as the company targets profitability. Operating losses, minus non-cash expenses (EBITDAS), for the nine months ended December 31, 2012, was \$398,000, a significant reduction from \$2.4 million in the same period in the prior year. Over the past four years, product revenues increased an average of 39% annually and current product gross margins are averaging greater than 70%. The company has a strong cash position, which is expected to be greater than \$7.5 million at the end of the fourth quarter ending March 31, 2013.

Jim Schutz, Oculus CEO said, "This reverse split puts us back in good standing with NASDAQ, enabling us to focus on expanding our commercial efforts and the growth of our global footprint. Our fundamentals are strong with a solid cash position, growing product sales and a strong pipeline of new product formulations. Finally, our drug subsidiary, Ruthigen, Inc., is focused on exciting next steps to bring forward a much-needed anti-infective drug for the reduction of infections in surgical and trauma procedures."

At the effective time of the reverse stock split, every seven shares of Oculus' issued and outstanding common stock will be automatically converted into one newly issued and outstanding share of common stock, without any change in the par value per share. All fractional shares will be rounded up the nearest whole share.

The reverse stock split will reduce the number of shares of Oculus' common stock outstanding from 46.1 million to approximately 6.6 million. The number of authorized shares of the company's common stock will also be proportionally reduced from 100 million to approximately 14.3 million. Proportional adjustments will be made to Oculus' stock options, warrants and equity-compensation plans. The reverse stock split will have no effect on the company's authorized shares of preferred stock.

The company's common stock will continue to trade on The NASDAQ Capital Market under

the symbol "OCLS". A new CUSIP number will be issued to Oculus' common stock after the reverse stock split becomes effective.

The reverse stock split is intended to increase the per share trading price of the company's ordinary shares to satisfy the \$1.00 minimum bid price requirement for continued listing on The NASDAQ Capital Market. In order to maintain the company's listing on NASDAQ, the company's common stock must have a closing bid price of \$1.00 or more for a minimum of 10 consecutive trading days prior to April 15, 2013. There can be no assurance that the reverse stock split will have the desired effect of raising the closing bid price of the company's common stock prior to April 15, 2013, to meet such requirement.

Once the reverse stock split becomes effective, stockholders holding shares through a brokerage account will have their shares automatically adjusted to reflect the 1:7 reverse stock split. Existing stockholders holding common stock certificates will receive a letter of transmittal from the company's transfer agent, Computershare, Inc. with specific instructions regarding the exchange of shares.

About Oculus Innovative Sciences

Oculus Innovative Science is a global healthcare company that designs, manufactures and markets prescription and non-prescription products in over 20 countries. The company's products are designed to treat patients in the surgical/advanced wound management, dermatology, women's health and animal health and address the unmet medical needs of those markets, while raising the standard of patient care and lowering overall healthcare costs. The company's headquarters are in Petaluma, California, with manufacturing operations in the United States and Latin America. More information can be found at www.oculusis.com.

Forward-Looking Statements

Except for historical information herein, 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, including statements about the commercial and technology progress and future financial performance of Oculus Innovative Sciences, Inc. and its subsidiaries (the "Company"). These forward-looking statements are identified by the use of words such as "enabling," "expects," "expanding," "intends," "growing" and "to bring," 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 such risks that regulatory clinical and guideline developments may change, scientific data may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, clinical results may not be replicated in actual patient settings, protection offered by the Company's patents and patent applications may be challenged, invalidated or circumvented by its competitors, the available market for the Company's products will not be as large as expected, the Company's products will not be able to penetrate one or more targeted markets, revenues will not be sufficient to fund further development and clinical studies, the Company may not meet its future capital needs, and its ability to obtain additional funding, as well as uncertainties relative to varying product formulations and a multitude of diverse regulatory and marketing requirements in different countries and municipalities, the uncertainties associated with effecting a spinoff and initial public offering of a separate public company, and the discretion of Oculus' Board

of Directors to delay or cancel the spinoff prior to execution, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission including its annual report on Form 10-K for the year ended March 31, 2012. The Company disclaims any obligation to update these forward-looking statements except as required by law.

The Company's press releases contain information about products, which may or may not be available in any particular country, and if applicable, may have received approval or market clearance by a governmental regulatory body for different indications and restrictions in different countries. Each country has specific laws, regulations and medical practices governing the communication of medical or other information about medical products. Nothing herein should be construed as a solicitation or promotion for any product or for an indication for any product, which is not authorized by the laws and regulations of the country where the reader resides.

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CONTACT: Media and Investor Contact:

Oculus Innovative Sciences, Inc.
Dan McFadden
Vice President of Public and Investor Relations
(425) 753-2105

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