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Oculus Innovative Sciences Announces Agreement with Animal Health International for North American Distribution of Microcyn(R)-Based Vetericyn(TM) Wound Spray

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

Oculus Innovative Sciences, Inc. (NASDAQ:OCLS) today announced that it has entered into an exclusive North American distribution agreement with Walco International, Inc., a subsidiary of Animal Health International, Inc. (NASDAQ:AHII) for the company's Microcyn(R)-based Vetericyn(TM) Wound Spray for animals.

"This agreement validates our Microcyn Technology platform and the potential broad application it has in the marketplace. AHII's subsidiary, Walco International, is a major distributor to the production animal markets including beef, dairy, poultry and swine. The agreement underscores our stated strategy to partner with world class companies to develop our technology while increasing revenue and reducing commercialization costs," said Hoji Alimi, Oculus founder and CEO. "Walco International is currently engaged in an animal study using the Vetericyn Wound Spray in an effort to better understand the animal wound care market while also obtaining evidence of safety and efficacy for use in marketing."

"We believe that the Microcyn Technology does indeed present the opportunity to raise the bar when it comes to standards in animal healthcare," said Rob Mart, vice president of marketing and business development for AHII. "There is no technology on the market today that we've seen that has the potential of the Microcyn Technology relative to anti-infective properties and the promotion of wound healing. We will investigate these clinical benefits in further studies in an effort to secure the appropriate regulatory claims. It would be our intent, after successful introduction of Vetericyn in the animal space, to study a private label opportunity for variety of uses including wound care, ophthalmic applications, sinus applications and otic preparations in production animals."

Oculus has finalized three major international partnerships in recent years. These include a 2006 agreement with Alkem Laboratories Ltd. of India, a 2007 agreement with China Bao Tai in China, and a 2007 agreement with the Drug Enhancement Company of America. Oculus is pursuing additional partnering opportunities worldwide.

About Animal Health International, Inc.

Animal Health International, Inc., through its wholly owned subsidiaries including Walco International, Inc., is engaged in the distribution of animal health products in the United

States and Canada with a 20-person marketing team and a 326-person sales force. The Company's subsidiaries distribute more than 40,000 products sourced from over 1,500 manufacturers to over 62,000 customers, including veterinarians, production animal operators, and animal health product retailers. Products the Company's subsidiaries distribute include pharmaceuticals, vaccines, parasiticides, diagnostics, capital equipment, sanitizers, pet foods, devices and supplies. The Company was founded in 1954, and has its corporate headquarters located in Westlake, Texas.

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 solution containing active oxychlorine compounds. 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. The technology has also demonstrated wound healing in chronic and acute wounds in clinical investigational studies. It has been commercialized outside of the United States for the treatment of infected wounds.

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, including statements about our ability to replicate the results of the test in clinical trials, if at all, or for such trials or other tests to establish the conclusions suggested by the results of the test. These forward-looking statements are identified by the use of words such as "validates," "to partner," "obtaining," "believe," "will investigate," "would be," "pursuing," and "to study," among others. These forward-looking statements are based on Oculus Innovative Sciences, Inc.'s current expectations. Investors are cautioned that such forward-looking statements in this press release are subject to certain risks and uncertainties inherent in the Company's business including risks inherent in the development and commercialization of potential products, the risk that scientific data may not be sufficient to meet regulatory standards or receipt of required regulatory clearances or approvals, risks that revenues will not reach expected levels, 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 September 30, 2007 and Form 10-K for the fiscal year ended March 31, 2007. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

Oculus, Vetericyn and Microcyn are trademarks or registered trademarks of Oculus Innovative Sciences, Inc. All other trademarks and service marks are the property of their respective owners.

Source: Oculus Innovative Sciences, Inc.