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Oculus Innovative Sciences Announces Agreement with Bayer Australia Limited for Development of Microcyn(R) Technology Use in Australian Animal Market

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 an agreement with Bayer Australia's Animal Health division for the development of the Microcyn(R) Technology for use in the Australian animal market.

As part of the agreement, Bayer will be responsible for securing Australian regulatory approvals for the use of Microcyn Technology in the Australian companion animal and food animal markets. Upon receipt of the regulatory approvals, Bayer retains right of first negotiation to enter into a distribution agreement for Oculus' Vetericyn(TM) animal brand (formulated with the Microcyn Technology) in Australia.

Hoji Alimi, CEO and founder of Oculus, said, "We are excited to work with the innovative and market-leading team from Bayer Australia and see this relationship as vital in our efforts to expand Microcyn's impact on animal health care worldwide. Similar to our efforts to establish Microcyn as the standard of care in human wound care, Bayer Australia's Animal Health team has the ability to carry this same message into multiple animal health care markets through its global network of Bayer Animal Health divisions. We believe that successful approval and adoption of the Microcyn Technology in the Australian animal health market will obviously bode well for the adoption of the technology in other regional animal health care markets."

Australian Companion Animal Market

According to the Australian Companion Animal Council, the incidence of pet ownership in Australia is one of the highest in the world, with an estimated 63% of households owning some kind of pet (53% owning a cat or dog). There are over 38 million pets of various species throughout Australia. The current estimate of cat and dog populations is 2.43 and 3.75 million, respectively. In the calendar year 2005, it was estimated that total consumer expenditures on pet care products and services in Australia was \$4.62 billion.

About Bayer's Animal Health Division

As one of the leading and most successful suppliers of veterinary solutions since 1919, Bayer's Animal Health division produces and distributes worldwide around 100 different animal health products for food animals and companion animals. It is ranked number four internationally and is the market leader in Australia for its companion animal business.

In Australia, the Animal Health division is part of Bayer Australia Limited, a fully owned subsidiary of German-based Bayer AG. Bayer has had a presence in Australia since 1925. In 2007, Bayer's operations in Australia and New Zealand generated \$713 million in revenue with a total of 830 employees.

Research and development is key to Bayer's success, and as such, most of today's business activities are based on Bayer's own innovations. The company's mission statement "Bayer: Science For A Better Life" highlights its focus as an inventor company to help shape the future by coming up with innovations that benefit humans and animals.

Bayer places corporate social responsibility on an equal level with economic and ecological performance.

Bayer Animal Health's top products in Australia include:

- Advantage(R) - This family of products, developed in Australia, provides parasite control on dogs and cats through use of the active ingredient Imidacloprid.
- Advocate(R) - A broad protection against common internal and external parasites for dogs and cats. Application is stress-free for pets, owners and veterinarians.
- Profender(R) - The world's first broad-spectrum gastrointestinal worm treatment for cats with simple stress-free spot-on application.
- Zapp(R) - Zapp(R) Pour-on is an insect growth regulator pour-on lousicide for the control of sheep body lice.

For further information, visit www.bayer.com.au.

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.

In addition to the company's existing and under-development therapeutic products, Oculus also develops, manufactures and markets a number of 510k devices and products for both professional and consumer. This includes the recently announced Oculus MDD (Microcyn

Delivery Device) for dressing-free treatment of both chronic and acute wounds. As well, Dermacyn Wound Care is currently being test marketed in the U.S. for the moistening and debriding of wounds.

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 "securing," "receipt," "to expand," and "adoption," 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 March 31, 2008. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

Oculus, Microcyn, Dermacyn and Vetericyn 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.