

January 27, 2009



Oculus Innovative Sciences Announces \$3 Million Investment from Strategic Partner to Fund Oculus to Profitability in 12 Months

Strategic Partner, VetCure Inc., Receives Exclusive Rights to Market Vetericyn(TM) Wound Care for Animals in the United States

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, which is intended to treat infections in chronic and acute wounds, announced today it has entered into a definitive agreement with Oculus' strategic partner, VetCure(TM) Inc., whereby VetCure and its affiliates are making a \$3 million investment in return for the exclusive rights to distribute and sell Vetericyn Wound Care for animals in the United States and 3 million shares of common stock with warrants. This cash infusion is a key element in Oculus' recently announced strategy to bring the company to profitability in just 12 months. Merriman Curhan Ford & Co. served as financial advisor to Oculus in the transaction.

Oculus' management currently intends to use the majority of the proceeds from the agreement to fund general working capital and accelerate the company's commercial activities in the United States, China, Europe, Mexico, India and select Middle East countries. In line with this strategy, the company is expanding its distribution channels in several of these countries and has taken significant steps to reduce its global operation costs through consolidation of manufacturing, as well as reduction of clinical costs, management compensation and work force.

Bob Burlingame, founder and president of VetCure, Inc., as well as Oculus board member said, "This has been a three-step process for me. I originally invested in Oculus because of the company's strong and energetic management team. I subsequently learned the significance of this technology first hand and eventually joined the board of directors in 2006."

Most recently, Oculus finalized a revenue sharing partnership with VetCure, Inc. for the distribution of the Oculus' Vetericyn(TM) Wound Care for animals, "Being an owner of two major ranches in California and Idaho, I started using the Vetericyn on my reigning horses, dogs and others and saw firsthand the phenomenal healing impact it provided for wounds and infections," Burlingame added. "So I decided to go 'all in' as they say and a few weeks back launched VetCure for the purpose of marketing of Vetericyn--and as of today I have also significantly increased my financial investment in Oculus. I believe we've got our arms around one of the greatest advances in wound care since the discovery of penicillin--bar

none."

In addition to the equity investment in Oculus, VetCure, Inc. will also receive the right to purchase an additional 1.5 million warrants to purchase common stock at \$1.81 per share and 2 million warrants to purchase common stock at \$1.13 per share. Also, upon exercise of the 2 million warrants, VetCure can earn the right to purchase an additional 1 million common stock at \$1.94 per share.

"In spite of the economic conditions, the wound care market is embracing the Microcyn Technology and as a result we have seen significant sales increases in the past two quarters," said Hoji Alimi, founder and CEO, of Oculus. "We realize that accelerated revenue growth is key to our ongoing success in this challenging environment. Thus, with today's funding, our intent is to accelerate revenue growth while we continue scrutinizing our spending. Our goal is to reach profitability in a year's time. This increased market adoption of the Microcyn Technology, in both the human and animal realms, is continued validation of the science behind Microcyn as evidenced by 25 human clinical studies successfully completed to date and over one million human patients treated worldwide without a single reported incident of significant adverse side effects."

About VetCure, Inc.

VetCure, Inc. is a privately held company established by Bob Burlingame in 2008. Mr. Burlingame is the chief executive officer and chairman of the board of Burlingame Industries, Inc., a manufacturer of automated equipment specializing in the concrete roof tile industry and the largest concrete roof tile manufacturer in America, which he founded in 1969. He received a B.S. in business from Michigan State University and was a pilot in the U.S. Navy. He was selected "Master Entrepreneur of the Year" for the Inland Empire in 1995 by Ernst & Young. VetCure, Inc. is dedicated to bringing innovative veterinary treatment products to companion and large animal owners and caregivers in North America. Learn more about VetCure, Inc. by visiting the company web site at www.vet-cure.com or calling 866-318-3116.

About Oculus

Oculus Innovative Sciences 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 features a biocompatible, shelf-stable solution containing active oxychlorine compounds that is currently commercialized in the United States, Europe, India, China and Mexico for the treatment of infected wounds. The solutions derived from this 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 company's headquarters are in Petaluma, California, with operations in Europe and Latin America. More information can be found at 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 "intends," "accelerate," "expanding," and "has taken," 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 financial forecasts will not be achieved, 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 September 30, 2008. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements.

Oculus, Microcyn 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.