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Oculus Innovative Sciences' Development Partner, Bayer Animal Health, Receives Regulatory Approvals to Market Microcyn(R)-Based Vetericyn(TM) Animal Healthcare Products in China and Taiwan

Animal Health and Nutrition Market in China to Reach \$2.4 Billion in 2010

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 chronic and acute wounds, today announced that its development partners, Bayer Animal Health divisions in China and Taiwan, recently secured regulatory approvals in both those countries to develop and market Microcyn-based Vetericyn(TM) products for their respective animal healthcare markets.

While the regulatory approvals closely coincide in terms of timing, they were separately facilitated; the Chinese review and approval by Bayer (Sichuan) Animal Health Co. Ltd. as the result of a development agreement entered into in June 2008, and the Taiwanese approval by Bayer Taiwan Co. Ltd. as the result of a December 2008 agreement. In both instances, the approvals are for the use of Vetericyn animal healthcare products in both companion and food animals.

Mr. Joey Yu, general manager of animal health division, Bayer Taiwan Co. Ltd., said, "We are very pleased with the relative speed with which we secured regulatory approval for Vetericyn. In our country our pets are treated as part of the family--so the opportunity to introduce Vetericyn, which truly is a major advance in wound care technology for animals, is a major event that our entire animal healthcare team is enthused about."

As provided by the development agreements, Bayer has first right of negotiation to enter into distribution agreements for Oculus' Vetericyn(TM) animal brands for both China and Taiwan. Those negotiations, in part to determine pricing and minimum purchases, are now underway.

Bruce Thornton, executive vice president of international operations for Oculus, said, "The Bayer Animal Health relationship is critical in expanding Microcyn's impact on animal healthcare worldwide. We believe that successful adoption of the Microcyn Technology in these animal healthcare markets, as well as the rapid commercialization of Vetericyn in the U.S. by Oculus partner V&M Industries, will significantly increase awareness of the Microcyn Technology around the globe. We continue to work with Bayer Animal Health in several territories, including Australia and New Zealand, where we are currently awaiting regulatory

approvals."

According to Animal Pharm Reports, the market for animal health and nutrition products in China was worth just over \$1.5 billion in 2004 and has grown by more than one-third since 2000. The main reasons for this dynamic growth are the underlying strength of the Chinese economy, and the resultant increases in demand for meat and meat products. This scenario is likely to continue for at least another 10 years, and the growth prospects for the Chinese animal health and nutrition industry are thus excellent. Animal Pharm Reports forecasts that the market will be worth \$2.4 billion by 2010.

About Bayer HealthCare

Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading innovative companies in the healthcare and medical products industry and is based in Leverkusen, Germany. The company combines the global activities of the animal health, consumer care, diabetes care and pharmaceuticals divisions. The pharmaceuticals business operates under the name Bayer Schering Pharma and as Bayer HealthCare Pharmaceuticals in the United States and Canada. Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide. With sales of EUR 956 million (2007), the animal health division is one of the world's leading manufacturers of veterinary drugs. The division produces and markets more than 100 different veterinary drugs and care products for livestock and companion animals.

About Oculus Innovative Sciences

Oculus Innovative Sciences develops, manufactures and markets a family of products based upon the Microcyn^(R) Technology platform, which includes new formulations designed to significantly reduce the need for antibiotics as it reduces infections. The Microcyn Technology platform features a biocompatible, shelf-stable solution that is currently commercialized in the United States, Europe, India, China and Mexico and select Middle East countries under various country-specific regulatory clearances and approvals. Several 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, increase blood flow to the wound site, reduce both inflammation and pain while assisting in faster wound closure. The company's headquarters are in Petaluma, California, with operations in Latin America. More information can be found at www.oculusis.com.

Forward-Looking Statements (Bayer)

This news release contains forward-looking statements based on current assumptions and forecasts made by Bayer Group management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in our annual and interim reports filed with the Frankfurt Stock Exchange. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

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 Company's commercial and technology progress and future financial performance. These forward-looking statements are identified by the use of words such as "introduce," "enter," "determine," "expanding," "will," and "secure," 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, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission including the annual report on Form 10-K for the year ended March 31, 2009. Oculus Innovative Sciences disclaims any obligation to update these forward-looking statements except as required by law.

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Source: Oculus Innovative Sciences, Inc.