

February 15, 2011



Amneal and Oculus Innovative Sciences Announce Broad Multi-Market, Multi-Product Collaboration for Microcyn(R)-Based Drugs and Devices

- \$1 Million Upfront Payment
- Drugs -- Mutual Exploration of Microcyn-Based Drug Prospects - Starting Immediately with Acne
- Dermatology -- Amneal to Market Current and Future Microcyn-Based Dermatology Products in United States and Canada, Including Recently Cleared Atopic Dermatitis HydroGel
- Chronic Wound Care -- Amneal to Co-Promote Microcyn-Based Products to Podiatrists

BRIDGEWATER, N.J. & PETALUMA, Calif.--(BUSINESS WIRE)-- Amneal Enterprises, an affiliation of independent pharmaceutical marketing, discovery and development companies, and Oculus Innovative Sciences, Inc. (Nasdaq: OCLS), innovator and developer of products based upon the Microcyn(R) Technology platform, announced today that Amneal alliance members have formed a broad multi-year collaboration with Oculus to realize the development and commercial potential of Microcyn Technology.

Chirag Patel, Co-Chairman of Amneal Enterprises, said, "We are deeply impressed by the wide importance and potential of Oculus' Microcyn Technology and are excited by the prospects of what our strategic, organizational and financial collaboration can accomplish."

There are three key components to the collaboration:

Drug Opportunities:

- AmDerma Pharmaceuticals, LLC, an Amneal alliance member, will pay Oculus \$500,000 as a non-refundable initial payment as an option to license the Microcyn technology for an acne new drug application, with the option expiring June 30, 2011. Assuming execution of the option, the new acne drug will be the subject of a separate agreement for U.S. and European rights, with Oculus retaining rights to the rest of world, that will include undisclosed upfront, milestones and royalty payments.

Dermatology Device Opportunities:

- Another Amneal alliance member, Quinnova Pharmaceuticals, Inc., has licensed, with a \$500,000 prepayment and ongoing double-digit royalties, the U.S. and Canadian rights to Microcyn-based dermatology atopic dermatitis hydrogel that received FDA clearance this past week. Future Rx dermatology products will also be licensed for undisclosed upfront payments.

Chronic Wound Care:

- Amneal will co-promote the current Rx Microcyn-based wound care products to podiatry professionals in the United States and Canada.

Hoji Alimi, CEO of Oculus, said, "This next-generation collaboration is an important milestone for Oculus. The breadth of the resources of the Amneal Enterprises alliance members -- encompassing multiple sites, nearly a thousand employees and hundreds of scientists -- are complemented by their demonstrated ability to perform. In just a few short years, Amneal Pharmaceuticals, a member of the Amneal Enterprises alliance, has become the ninth largest provider of generic prescriptions in the United States as well as the fastest growing company in the highly competitive U.S. generics industry -- and also looking towards the development of new drugs. Together, we can advance towards realizing what we have always believed to be the extraordinary promise of Microcyn."

About Amneal

Amneal Enterprises is a powerful alliance of independent businesses. Each company is strategically aligned based on its ability to bring significant value and tremendous growth potential to the group as well as each of its members.

- Amneal Pharmaceuticals, LLC
- Prolong Pharmaceuticals, LLC
- AmDerma Pharmaceuticals, LLC
- Quinnova Pharmaceuticals, Inc.
- Kashiv Pharma, LLC
- TcNet, LLC.

In this way, Amneal Enterprises continues to grow aggressively, yet intelligently, and in keeping with the group's strategic plan.

Although each company operates independently, working together Amneal Enterprises can leverage value across the alliance for exponential advancement and more dynamic growth for each individual business. The venture is an excellent example of the whole being greater than the sum of its parts.

About Atopic/Radiation Dermatitis

More than 15 million patients have symptoms of atopic dermatitis, characterized by itchy skin, which can lead to rash, redness, swelling, crusting and scaling. The disease affects up to 20 percent of infants and young children, who continue to have symptoms as adults with significant impact on their quality of life. The exact cause is unknown, but genetics are considered a key factor.

Radiation dermatitis is an unintended and often unavoidable skin reaction commonly experienced by patients receiving radiation therapy as part of their cancer treatment. This side effect, caused by radiation passing through skin cells, is often unpleasant and painful and may contribute to poor quality of life in cancer patients. In some cases, radiation dermatitis may become so severe as to necessitate interruption or cessation of radiation

therapy. A wide variety of products have been used to treat radiation dermatitis with little or no evidence to support their use. Of total cancer patients, approximately 60 percent receive radiation treatment, and up to 95% of those are afflicted with radiation dermatitis.

About Acne

Research published by Research and Markets suggests that the global acne market was worth \$2.8 billion in 2009. It is estimated to reach revenues of \$3.02 billion by 2016 at a Compound Annual Growth Rate ([CAGR](#)) of 0.7%. The acne therapeutics market is witnessing a shift towards combination products, using two or more acne treatments.

The acne market is primarily genericised and is moderately served by the currently marketed drugs. The majority of the pipeline products of large pharmaceutical companies also consist of combination products with very few first-in-class molecules. With emerging me-too combination products in the pipeline that are not significantly different from the current monotherapies, the acne market awaits a blockbuster drug. Increases in the population in general and an increase in the prescription rate are estimated to sustain the acne market in the future.

With the recent characterization of acne as a chronic disease, research and development (R&D) in acne therapeutics requires, if not effective new launches, immediate prioritization of research on the pathology of this seemingly simple but actually complex disease.

About Oculus Innovative Sciences

Oculus Innovative Sciences is a commercial healthcare company that designs, produces and markets safe and effective tissue care products based upon the Microcyn(R) Technology platform, which significantly reduces the need for antibiotics while reducing infections and accelerating healing. The Microcyn Technology addresses the need for improved solutions in multiple markets including dermatology, oral care, cosmeceutical, wound care and others. It 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; and reduce both inflammation and pain while assisting in faster wound closure. 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 Company's commercial and technology progress and future financial performance. These forward-looking statements are identified by the use of words such as "that will," "advance" and "licensed," 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, 2010. 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.