

December 19, 2013



Oculus Innovative Sciences Pays Off Debt to Strengthen Balance Sheet; Obtains \$4.5 Million in Stockholders' Equity on a Pro Forma Basis as of September 30, 2013, Sufficient to Regain Compliance with NASDAQ Listing Rules

PETALUMA, Calif., Dec. 19, 2013 (GLOBE NEWSWIRE) -- In a transaction on October 30, 2012, Oculus Innovative Sciences (Nasdaq:OCLS) agreed to issue \$3.5 million dollars of restricted common stock to its primary lender, Venture Lending and Leasing (VLL), which agreed to reduce the company's debt liability with the sale of these common shares. As of December 16, 2013, VLL sold all of its shares of the company's common stock acquired in the October 30, 2012, transaction at an average price of about \$5.35 per share. The net proceeds of the shares will be applied to the put warrant liabilities of those certain warrants held by VLL, and will also prepay the remaining balance of principal and interest owed by the company under those certain loan agreements with VLL. The net result of this transaction is intended to increase the company's stockholders' equity by \$1 million. This also reduced Oculus' debt to less than \$60,000.

In addition, as a result of the company's recent equity raise in December 2013, along with the sale of shares held by VLL, the company has increased its stockholders' equity by \$3.0 million, and on a pro forma basis as of September 30, 2013, the company has obtained \$4.5 million in stockholders' equity. Accordingly, as of the date of this release, the company believes it has regained compliance with the \$2.5 million stockholders' equity requirement for continued listing on the NASDAQ Capital Market.

The company is awaiting NASDAQ's formal determination with respect to its compliance status. NASDAQ will continue to monitor the company's ongoing compliance with the stockholders' equity requirement and, if the company's quarterly report on Form 10-Q for the quarter ended December 31, 2013, does not evidence such compliance, then the company may be subject to delisting.

As announced on November 22, 2013, the company received a letter from the Listing Qualifications staff of The Nasdaq Stock Market LLC, notifying the company that it was not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires the company to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on the NASDAQ Capital Market.

About Oculus Innovative Sciences

Oculus Innovative Sciences is a global healthcare company that designs, manufactures and markets prescription and non-prescription products in 27 countries. The company's products are used to treat patients in surgical/advanced wound management, dermatology, women's health and animal health markets; addressing the unmet medical needs of these markets, while raising the standard of patient care and lowering overall healthcare costs. 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 commercial and technology progress and future financial performance of Oculus Innovative Sciences, Inc. and its subsidiaries (the "Company"). These forward-looking statements are identified by the use of words such as "anticipates," "believes," "expects," and "intends," 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, the uncertainties associated with an initial public offering of a separate public company, 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, 2013. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

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