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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) January 26, 2009

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**OCULUS INNOVATIVE SCIENCES, INC.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b>	<b>001-33216</b>	<b>68-0423298</b>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
<b>1129 N. McDowell Blvd, Petaluma, California</b>		<b>94954</b>
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (707) 782-0792

**Not applicable.**

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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.01. Entry Into a Material Definitive Agreement.**

### **Item 3.02 Unregistered Sales of Equity Securities.**

On January 26, 2009, we entered into Purchase Agreements and a Revenue Sharing Agreement with VetCure Inc., a California corporation, (“VetCure”), our Director, Robert Burlingame, and an accredited investor, whereby VetCure and its affiliates agreed to make a \$3 million investment in our Company in exchange for the exclusive rights to distribute and sell our Vetericyn Wound Care product for animals in the United States and an aggregate of 3 million shares of common stock with warrants. We intend to use the \$3 million cash infusion as general working capital and to help accelerate our commercial activities in the United States, China, Europe, Mexico, India and select Middle East countries.

We entered into the following agreements:

#### *Purchase Agreement with Robert Burlingame, a Director of the Company:*

On January 26, 2009, we entered into a Purchase Agreement with Robert Burlingame (the “Burlingame Agreement”). Mr. Burlingame has served as a member of our Board of Directors since November 2006. Pursuant to the terms of the Burlingame Agreement, Mr. Burlingame agreed to make a \$1 million investment in our Company, which will be paid in the following installments:

- \$167,000 on January 26, 2009;
- \$167,000 on March 2, 2009; and
- \$666,000 no later than August 1, 2009.

In exchange for his investment, we have agreed to issue to Mr. Burlingame a total of 796,813 shares of our common stock in three tranches, pro rata to the investment amounts paid by Mr. Burlingame on each date that Mr. Burlingame provides funds.

In addition, we agreed to issue to Mr. Burlingame Series A Warrants to purchase a total of 500,000 shares of common stock at an exercise price of \$1.87 per share in three tranches pro rata to the investment amounts paid. The Series A Warrants are exercisable after six months and have a five-year term. The Series A Warrants also have a cashless feature in the event the shares of common stock underlying the Series A Warrants are not registered.

#### *Purchase Agreement with Non-Affiliated Investor:*

On January 26, 2009, we entered into a second Purchase Agreement with a non-affiliated accredited Investor (the “Non-Affiliate Agreement”). Pursuant to the terms of the Non-Affiliate Agreement, the Investor has agreed to make a \$2 million investment in our Company, which will be paid in the following installments:

- \$333,000 on January 23, 2009;
- \$333,000 on March 2, 2009; and
- \$1,334,000 no later than August 1, 2009.

In exchange for this investment, we agreed to issue to the Investor a total of 1,769,912 shares of common stock in three tranches, pro rata to the investment amounts paid by the Investor on each date the Investor provides funds.

In addition, we agreed to issue to the Investor Series A Warrants to purchase a total of 1,000,000 shares of common stock at an exercise price of \$1.87 per share in three tranches pro rata to the investment amounts paid. The Series A Warrants are exercisable after six months and have a five-year term. The Series A Warrants also have a cashless feature in the event the shares of common stock underlying the Series A Warrants are not registered.

We also agreed to issue to the Investor Series B Warrants to purchase an additional 2,000,000 shares of common stock at an exercise price of \$1.13 per share in three tranches pro rata to the investment amounts paid by the Investor. The Series B Warrants are exercisable after six months and have a three-year term. In addition, for every two shares of common stock the Investor purchases upon exercise of a Series B Warrant, the Investor will receive an additional Series C Warrant to purchase one share of common stock. The Series C Warrant is exercisable after six months and will have an exercise price of \$1.94 and a five-year term. We will only be obligated to issue Series C Warrants to purchase up to 1,000,000 shares of common stock.

#### *Revenue Sharing Distribution Agreement with VetCure*

On January 26, 2009, we entered into a Revenue Sharing Distribution Agreement (the “Distribution Agreement”) with VetCure, appointing them as the exclusive distributor of our Vetericyn Wound Care product for animals in the United States. Pursuant to the terms of the Distribution Agreement, VetCure may distribute Vetericyn Wound Care only to persons and entities located and taking delivery within the United States. The Distribution Agreement does not limit our marketing or distribution activities or our ability to appoint other dealers, distributors, licensees or agents outside of the United States. As the exclusive distributor of our Vetericyn Wound Care product in the United States, VetCure has agreed to use commercially reasonable efforts to successfully market Vetericyn Wound Care on a continuing basis. We agreed to issue to VetCure or its designees 433,275 shares of common stock within 10 business days of the execution of the Distribution Agreement.

With respect to the issuance of our securities as described in the agreements above, we relied on the Section 4(2) exemption from securities registration under the federal securities laws for transactions not involving a public offering. No advertising or general solicitation was employed in the offering of the securities. The securities were sold to accredited investors. The securities were offered

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for investment purposes only and not for the purpose of resale or distribution, and the transfer thereof was appropriately restricted by us.

The above-descriptions of the Burlingame Agreement, Non-Affiliate Agreement and Distribution Agreement do not purport to be complete and each is qualified in its entirety by reference to the full text of those agreements filed as Exhibits 10.1, 10.2, and 10.3, respectively, to this report and incorporated herein by reference.

This report contains forward-looking statements that involve risks and uncertainties. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in our Form 10-K and other reports we file with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

**Item 9.01. Financial Statements and Exhibits.**

- 10.1 Purchase Agreement by and between Oculus Innovative Sciences, Inc. and Robert Burlingame, dated January 26, 2009 (filed herewith).
  - 10.2 Purchase Agreement by and between Oculus Innovative Sciences, Inc. and Non-Affiliated Investors, dated January 26, 2009 (filed herewith).
  - 10.3 Revenue Sharing Distribution Agreement by and between Oculus Innovative Sciences, Inc. and VetCure, Inc., dated January 26, 2009 (filed herewith).
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Oculus Innovative Sciences, Inc.

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(Registrant)

Date: January 29, 2009

/s/ Hojabr Alimi

\_\_\_\_\_  
(Signature)

Name: Hojabr Alimi

Title: Chief Executive Officer

**PURCHASE AGREEMENT**

THIS PURCHASE AGREEMENT (“Agreement”) is made as of the 26th day of January, 2009 by and among Oculus Innovative Sciences, Inc., a Delaware corporation (the “Company”), and Robert Burlingame (the “Investor”).

**Recitals**

WHEREAS, the Company and the Investor are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D (“Regulation D”), as promulgated by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended; and

WHEREAS, the Investor wishes to purchase from the Company, and the Company wishes to sell and issue to the Investor, upon the terms and conditions stated in this Agreement, (i) an aggregate of 796,813 shares of the Company’s Common Stock, par value \$0.0001 per share (the “Common Stock”), at a purchase price of \$1.255 per share, (ii) Warrants to purchase Common Stock as further described below;

NOW THEREFORE, In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** In addition to those terms defined above and elsewhere in this Agreement, for the purposes of this Agreement, the following terms shall have the meanings set forth below:

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common control with, such Person.

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

“**Company’s Knowledge**” means the actual knowledge of the executive officers (as defined in Rule 405 under the 1933 Act) of the Company, after due inquiry.

“**Confidential Information**” means trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, processes, procedures and techniques, research and development information, computer program code, performance specifications, support documentation, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information).

“**Control**” (including the terms “controlling”, “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Material Adverse Effect**” means a material adverse effect on (i) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company, or (ii) the ability of the Company to perform its obligations under the Transaction Documents.

“**Person**” means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

“**Securities**” means the Shares, the Warrants and the Warrant Shares.

“Warrant Shares” means the shares of Common Stock issuable upon the exercise of the Warrants.

“1933 Act” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“1934 Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

2. Purchase and Sale of the Shares and Warrants. Subject to the terms and conditions of this Agreement, on each Closing Date, the Investor shall purchase, and the Company shall sell and issue to the Investor, the Shares and Warrants in the amounts set forth below.

The Investor will pay:

- \$167,000 on January 26, 2009;
- \$167,000 on March 2, 2009; and
- \$666,000 no later than August 1, 2009.

The Company will issue to the Investor a total of 796,813 shares of Common Stock in three tranches pro rata to the investment amounts paid by the Investor on each date the Investor provides funds to the Company.

The Company will issue to the Investor Series A Warrants, in substantially the same form as Exhibit A, to purchase a total of 500,000 shares of Common Stock at an exercise price of \$1.87 per share. The Series A Warrants shall be exercisable after six months and will have a five year term. The Series A Warrants will also have a cashless feature in the event the shares of Common Stock underlying the Series A Warrants are not registered. The Company will issue the Series A Warrants in three tranches pro rata to the investment amounts paid by the Investor.

Each warrant will have a prohibition on exercise in the event that the holder of such warrant would beneficially own over 9.99% of the Company’s stock. Additionally, each warrant will contain a provision that prohibits exercise in the event that exercise will permit a “change of control” as that term is interpreted by the applicable rules and interpretations of any market on which the Company’s securities trade.

3. Closing. On the date of each investment, as identified in Section 2 (each, a “Closing”) once the Company receives the designated payment in full and confirms that the other conditions to closing specified herein have been satisfied or duly waived by the Investor, the Company shall deliver to the Investor, a certificate or certificates, registered in such name or names as the Investor may designate, representing the Shares and the Series A and Series B Warrants. Each Closing of the purchase and sale of the Shares and Warrants shall take place at the Company’s headquarters, 1129 North McDowell Blvd., Petaluma, California 94954, or at such other location and on such other date as the Company and the Investor shall mutually agree.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor the following:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own its properties. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not had and could not reasonably be expected to have a Material Adverse Effect.

4.2 Authorization. The Company has full power and authority and has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (i) the authorization, execution and delivery of the Transaction Documents, (ii) the authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Securities. The Transaction Documents constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

4.3 Valid Issuance. The Shares have been duly and validly authorized and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and shall be free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws. The Warrants have been duly and validly authorized. Upon the due exercise of the Warrants, the Warrant Shares will be validly issued, fully paid and non-assessable free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the exercise of the Warrants, free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws.

4.4 Delivery of SEC Filings; Business. The Company has made available to the Investor, through the EDGAR system, true and complete copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended March 31, 2008 (the "10-K"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. The Company is engaged in all material respects only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole.

4.5 Use of Proceeds. The net proceeds of the sale of the Shares and the Warrants hereunder shall be used by the Company for working capital and general corporate purposes.

4.6 No Directed Selling Efforts or General Solicitation. Neither the Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.7 Private Placement. The offer and sale of the Securities to the Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act.

5. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company that:

5.1 Organization and Existence. The Investor is a validly existing corporation and has all requisite corporate power and authority to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by the Investor of the Transaction Documents to which the Investor is a party have been duly authorized and will constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Purchase Entirely for Own Account. The Securities to be received by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any

participation in, or otherwise distributing the same in violation of the 1933 Act without prejudice, however, to the Investor's right at all times to sell or otherwise dispose of all or any part of such Securities in compliance with applicable federal and state securities laws. Nothing contained herein shall be deemed a representation or warranty by the Investor to hold the Securities for any period of time. The Investor is not a broker-dealer registered with the SEC under the 1934 Act or an entity engaged in a business that would require it to be so registered.

5.4 Investment Experience. The Investor acknowledges that it can bear the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5 Disclosure of Information. The Investor has had an opportunity to receive all information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges that true and complete copies of the Company's SEC Filings have been made available to the Investor through the EDGAR system. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, limit or otherwise affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Restricted Securities. The Investor understands that the Securities are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances.

5.7 Legends. It is understood that, except as provided below, certificates evidencing the Securities may bear the following or any similar legend:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

5.8 Accredited Investor. The Investor is an accredited investor as defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

5.9 No General Solicitation. The Investor did not learn of the investment in the Securities as a result of any general solicitation or general advertising.

5.10 Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company, any Subsidiary or the Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

5.11 Prohibited Transactions. During the last thirty (30) days prior to the date hereof, neither the Investor nor any Affiliate of the Investor which (a) had knowledge of the transactions contemplated hereby, (b) has or shares discretion relating to the Investor's investments or trading or information concerning the Investor's investments, including in respect of the Securities, or (c) is subject to the Investor's review or input concerning



such Affiliate's investments or trading (collectively, "Trading Affiliates") has, directly or indirectly, effected or agreed to effect any short sale, whether or not against the box, established any "put equivalent position" (as defined in Rule 16a-1(h) under the 1934 Act) with respect to the Common Stock, granted any other right (including, without limitation, any put or call option) with respect to the Common Stock or with respect to any security that includes, relates to or derived any significant part of its value from the Common Stock or otherwise sought to hedge its position in the Securities (each, a "Prohibited Transaction"). The Investor agrees that, prior to the termination of this Agreement, the Investor shall not, and shall cause its Trading Affiliates not to, engage, directly or indirectly, in a Prohibited Transaction. The Investor acknowledges that the representations, warranties and covenants contained in this Section 5.11 are being made for the benefit of the Investor as well as the Company.

5.12 Reliance on Exemptions. The Investor understands that the Securities are being offered and sold to in reliance upon specific exemptions from the registration requirements of the 1933 Act, the rules and regulations promulgated thereunder and state securities laws and that the Company is relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein in order to determine the availability of such exemptions and the eligibility of the Investor to acquire the Securities.

5.13 Investment Decision. The Investor understands that nothing in the Agreement or any other materials presented to the Investor in connection with the purchase and sale of the Securities constitutes legal, tax or investment advice. The Investor has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Securities.

5.14 Risk of Loss. The Investor understands that its investment in the Securities involves a significant degree of risk, including a risk of total loss of the Investor's investment, and the Investor has full cognizance of and understands all of the risk factors related to the Investor's purchase of the Securities, including, but not limited to, those set forth under or incorporated by reference under the caption "Risk Factors" in the SEC Filings. The Investor understands that the market price of the Common Stock can fluctuate and that no representation is being made as to the future value of the Common Stock.

5.15 No Government Review. The Investor understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

5.16 Residency. The Investor's principal executive office is in the jurisdiction set forth immediately below the Investor's name on the signature page attached hereto.

## 6. Conditions to Closing

6.1 Conditions to the Investors' Obligations. The obligation of the Investor to purchase the Shares and the Warrants at the Closing is subject to the fulfillment to the Investor's satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by the Investor:

(a) The Company shall have delivered a Certificate or Certificates representing the number of shares of Common Stock to be issued.

(b) The Company shall have delivered the Series A warrants.

6.2 Conditions to Obligations of the Company. The Company's obligation to sell and issue the Shares and the Warrants at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The Investor shall have delivered the investment amount described in Section 2 to the Company.

(b) The Investor shall have designated the number of shares of Common Stock to be represented on each Certificate and provided the tax identification number, delivery address and any other information the Company may reasonably request to issue the Certificates.

7. Covenants and Agreements of the Company.

7.1 Reservation of Common Stock. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

7.2 No Conflicting Agreements. The Company will not take any action, enter into any agreement or make any commitment that would conflict or interfere in any material respect with the Company's obligations to the Investor under the Transaction Documents.

7.3 Compliance with Laws. The Company will comply in all material respects with all applicable laws, rules, regulations, orders and decrees of all governmental authorities.

8. Miscellaneous.

8.1 Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company or the Investor, as applicable. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

8.2 Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and transmitted via facsimile or by .pdf (portable document format) via electronic mail, each of which shall be deemed an original.

8.3 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8.4 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one Business Day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

With a copy to:

Trombly Business Law  
1320 Centre Street, Suite 202  
Newton, MA 02459  
Attention: Amy Trombly  
Fax: (617) 243-0066

If to the Investor:

To the Address listed on Schedule A

8.5 Expenses. Each of the parties hereto shall pay its own costs and expenses in connection with this Agreement and the transactions contemplated hereby, including the fees and expenses of its counsel and other experts. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Transaction Documents, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

8.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such Securities, and the Company.

8.7 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

8.8 Entire Agreement. This Agreement, including the Exhibits, and the other Transaction Documents constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

8.9 Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

8.10 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California without regard to the choice of law

principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of California for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

OCULUS INNOVATIVE SCIENCES, INC.

By: /s/ Hojabr Alimi

Hojabr Alimi  
President, Chief Executive Officer and  
Chairman of the Board

By: /s/ Robert Burlingame

Robert Burlingame

**EXHIBIT A TO THE PURCHASE AGREEMENT**

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COMPANY COUNSEL THAT THIS WARRANT OR SUCH SECURITIES, AS APPLICABLE, MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

OCULUS INNOVATIVE SCIENCES, INC.

Form of Series A Warrants for the Purchase  
of

Shares of Common Stock, Par Value \$0.0001 per Share

No. \_\_\_\_\_

Issue Date: \_\_\_\_\_

**THIS CERTIFIES** that, for consideration, the receipt and sufficiency of which are hereby acknowledged, and other value received, \_\_\_\_\_ (the “*Holder*”) is entitled to subscribe for, and purchase from, **OCULUS INNOVATIVE SCIENCES, INC.**, a Delaware corporation (the “*Company*”), upon the terms and conditions set forth herein, at any time or from time to time six months after the date this warrant is issued (the “*Initial Exercise Date*”) until five years after the Issue Date (the “*Exercise Period*”), up to an aggregate of \_\_\_\_\_ shares of common stock, par value \$0.0001 per share (the “*Common Stock*”), of the Company. This Warrant is initially exercisable at a price of \$1.87 per share, subject to adjustment as described in this Warrant. The term “*Exercise Price*” shall mean, depending on the context, the initial exercise price (as set forth above) or the adjusted exercise price per share. The Company may, in its sole discretion, reduce the then current Exercise Price to any amount or extend the Exercise Period, at any time. Such modifications to the Exercise Price or Exercise Period may be temporary or permanent.

As used herein, the term “*this Warrant*” shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of the exercise or transfer of this Warrant in whole or in part. Each share of Common Stock issuable upon the exercise hereof shall be hereinafter referred to as a “*Warrant Share*.”

1. (a) Subject to the terms of this Warrant, this Warrant may be exercised at any time in whole and from time to time in part, at the option of the Holder, on or after the Initial Exercise Date and on or prior to the end of the Exercise Period. This Warrant shall initially be exercisable in whole or in part for that number of fully paid and nonassessable shares of Common Stock as indicated on the first page of this Warrant, for an exercise price per share equal to the Exercise Price, by delivery to the Company at its office at 1129 North McDowell Blvd., Petaluma, California 94954, or at such other place as is designated in writing by the Company, of:

(i) a completed Election to Purchase, in the form set forth in Exhibit A, executed by the Holder exercising all or part of the purchase rights represented by this Warrant;

(ii) this Warrant; and

(iii) subject to Section 1(c) below, payment of an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise in the form of, at the Holder's option, (A) a certified or bank cashier's check payable to the Company, or (B) a wire transfer of funds to an account designated by the Company.

(b) As used herein:

(i) "*Fair Market Value*" of a security shall mean, on any given day, the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed on such day, or, if there has been no sales on any such exchange on such day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on such day such security is not so listed, the average of the representative bid and asked prices quoted on the over-the-counter bulletin board (the "*OTCBB*") as of 4:00 P.M., New York time, or, if on such day such security is not quoted on the OTCBB, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the Pink Sheet, LLC, or any similar successor organization. If at any time such security is not listed on any securities exchange or quoted on the OTCBB or the over-the-counter market, the "Fair Market Value" shall be as determined by the Board of Directors of the Company in good faith, absent manifest error.

(c) Cashless Exercise. If at any time six months after the date of the issuance of this Warrant there is no effective registration statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised only at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive, without the payment by the Holder of any additional consideration, a certificate for the number of Warrant Shares equal to the number as is computed using the following formula:

$$X = \frac{Y (A-B)}{A}$$

where

X = the number of Warrant Shares to be issued to the Holder pursuant to this Warrant.

Y = the number of Warrant Shares covered by this Warrant with respect to which the cashless exercise election is made pursuant to this Section 1(c).

A = the Fair Market Value (as defined above) of one Warrant Share.

B = the Exercise Price in effect at the time the cashless exercise election is made pursuant to this Section 1(c).

(d) Upon the exercise of this Warrant, the Company shall issue and cause promptly to be delivered upon such exercise to, or upon the written order of, the Holder a certificate or certificates for the number of full Warrant Shares to which such Holder shall be entitled, together with cash in lieu of any fraction of a Warrant Share otherwise issuable upon such exercise.

(e) If this Warrant is exercised in respect of less than all of the Warrant Shares evidenced by this Warrant at any time prior to the end of the Exercise Period, a new Warrant evidencing the remaining Warrant Shares shall be issued to the Holder, or its nominee(s), without charge therefor.

2. The Exercise Price for the Warrants in effect from time to time shall be subject to adjustment as follows:

(a) If the Company, at any time while this Warrant is outstanding: (i) subdivides outstanding shares of Common Stock into a larger number of shares, (ii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iii) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) If the Company, at any time while this Warrant is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Holder) evidence of its



indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock, then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which (i) the denominator shall be the Fair Market Value per share of Common Stock determined as of the record date mentioned above and (ii) the numerator shall be such Fair Market Value per share of Common Stock on such record date *less* the then per share fair market value at such record date of the portion of such evidence of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed applicable to one outstanding share of the Common Stock, which fair market value shall be reduced by the fair market value of consideration, if any, paid to the Company by holders of Common Stock in exchange for such evidence of indebtedness or assets or rights or warrants so distributed, in each case as such Fair Market Value is determined by the Board of Directors of the Company in good faith. In either case, the adjustments shall be described in a statement provided to the Holder of the portion of evidences of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(c) All calculations under this Section 2 shall be made to the nearest cent.

(d) The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but may pay the value thereof to the Holder in cash on the basis of the Fair Market Value per Warrant Share.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such price.

3. Unless registered, the Warrant Shares issued on exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates representing the Warrant Shares shall bear the following legend:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COUNSEL WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED**

**WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.**

4. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate, without charge, of like date, tenor and denomination, in lieu of such Warrant or stock certificate.

5. The Company shall not be obligated to issue any shares of Common Stock upon exercise of this Warrant if the issuance of such shares of Common Stock would cause a breach or violation of the Company's obligations under any applicable rules or regulations of any market on which the Company's securities trade.

6. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to such issuance after exercise, such Holder (together with such Holder's affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant, and the provisions of this section shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial

Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

7. (a) The Holder shall not have, solely on account of its status as a holder of a Warrant, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

(b) No provision hereof, in the absence of affirmative action by the Holder to receive Warrant Shares, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of Company, whether such liability is asserted by Company or by creditors of Company.

8. All notices that are required or permitted hereunder shall be in writing and shall be sufficient if personally delivered, sent by facsimile, or sent by registered or certified mail or Federal Express or other nationally recognized overnight delivery service. Any notices shall be deemed given upon the earlier of the date when received at, the day when delivered via facsimile or the third day after the date when sent by registered or certified mail or the day after the date when sent by Federal Express to, the address set forth below, unless such address is changed by notice to the other party hereto:

if to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

if to the Holder: As set forth in the Warrant Register of the Company.

The Company or the Holder by notice to the other party may designate additional or different addresses as shall be furnished in writing by such party.

9. The provisions of this Warrant may not be amended, modified or changed except by an instrument in writing signed by each of the Company and the Holder.

10. All the covenants and provisions of this Warrant by or for the benefit of the Company or the Holder shall be binding upon and shall inure to the benefit of their respective permitted successors and assigns hereunder.

11. The validity, interpretation and performance of this Warrant shall be governed by the laws of the State of California, as applied to contracts made and performed within such State, without regard to principles of conflicts of law.

12. The provisions hereof have been and are made solely for the benefit of the Company and the Holder, and their respective successors and assigns, and no other person shall acquire or have any right hereunder or by virtue hereof.

13. The headings in this Warrant are for convenience only and shall not limit or otherwise affect the meaning hereof.

14. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, illegal, void or unenforceable.

15. This Warrant is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings between the parties with respect to such subject matter.

16. The Company agrees to take such further action and to deliver or cause to be delivered to each other after the date hereof such additional agreements or instruments as any of them may reasonably request for the purpose of carrying out this Warrant and the agreements and transactions contemplated hereby and thereby.

17. Each party hereto acknowledges and agrees that irreparable harm, for which there may be no adequate remedy at law and for which the ascertainment of damages would be difficult, would occur in the event any of the provisions of this Warrant were not performed in accordance with its specific terms or were otherwise breached. Each party hereto accordingly agrees that each other party hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Warrant, or any agreement contemplated hereunder, and to enforce specifically the terms and provisions hereof or thereof in any court of the United States or any state thereof having jurisdiction, in each instance without being required to post bond or other security and in addition to, and without having to prove the inadequacy of, other remedies at law.

*[signature page follows]*

Dated as of: [date]

**OCULUS INNOVATIVE SCIENCES, INC.**

**By:** \_\_\_\_\_

**Name:**

**Title:**

[Seal]

\_\_\_\_\_  
Secretary

**EXHIBIT A**

ELECTION TO PURCHASE

The undersigned hereby irrevocably elects to exercise Warrants represented by this Warrant and to purchase the shares of Common Stock or other securities issuable upon the exercise of said Warrants, and requests that Certificates for such shares be issued and delivered as follows:

PORTION OF WARRANT BEING EXERCISED: (check applicable box or fill in number of Warrant Shares):

Entire Warrant

\_\_\_\_\_ Warrant Shares

ISSUE TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

\_\_\_\_\_  
(Social Security or Tax Identification Number)

DELIVER TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

In payment of the purchase price with respect to this Warrant exercised, the undersigned hereby either (A) tenders payment of \$ \_\_\_\_\_ by (i) certified or bank cashiers check payable to the order of the Company ; or (ii) a wire transfer of such funds to an account designated by the Company  (*check applicable box*) or (B) hereby provides notice to the Company that the undersigned is exercising this Warrant pursuant to the Cashless Exercise set forth in Section 1(c) of the Warrant. If the number of Warrant Shares hereby exercised is fewer than all the Warrant Shares represented by this Warrant, the undersigned requests that a new Warrant representing the number of full Warrant Shares not exercised to be issued and delivered as set forth below:

Name of Holder or Assignee: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ DATED: \_\_\_\_\_, 20 \_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the fact of this Warrant)

Signature Guaranteed: \_\_\_\_\_

**PURCHASE AGREEMENT**

THIS PURCHASE AGREEMENT (“Agreement”) is made as of the 26th day of January, 2009 by and among Oculus Innovative Sciences, Inc., a Delaware corporation (the “Company”), and the Investors listed on Schedule A (each, an “Investor”).

**Recitals**

WHEREAS, the Company and the Investor are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D (“Regulation D”), as promulgated by the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended; and

WHEREAS, the Investor wishes to purchase from the Company, and the Company wishes to sell and issue to the Investor, upon the terms and conditions stated in this Agreement, (i) an aggregate of 1,769,912 shares of the Company’s Common Stock, par value \$0.0001 per share (the “Common Stock”), at a purchase price of \$1.13 per share, (ii) Warrants to purchase Common Stock as further described below;

NOW THEREFORE, In consideration of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** In addition to those terms defined above and elsewhere in this Agreement, for the purposes of this Agreement, the following terms shall have the meanings set forth below:

“**Affiliate**” means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common control with, such Person.

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

“**Company’s Knowledge**” means the actual knowledge of the executive officers (as defined in Rule 405 under the 1933 Act) of the Company, after due inquiry.

“**Confidential Information**” means trade secrets, confidential information and know-how (including but not limited to ideas, formulae, compositions, processes, procedures and techniques, research and development information, computer program code, performance specifications, support documentation, drawings, specifications, designs, business and marketing plans, and customer and supplier lists and related information).

“**Control**” (including the terms “controlling”, “controlled by” or “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“**Material Adverse Effect**” means a material adverse effect on (i) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company, or (ii) the ability of the Company to perform its obligations under the Transaction Documents.

“**Person**” means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.



“Securities” means the Shares, the Warrants and the Warrant Shares.

“Warrant Shares” means the shares of Common Stock issuable upon the exercise of the Warrants.

“1933 Act” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“1934 Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

2. Purchase and Sale of the Shares and Warrants. Subject to the terms and conditions of this Agreement, on each Closing Date, the Investor shall purchase, and the Company shall sell and issue to the Investor, the Shares and Warrants in the amounts set forth below. If there is more than one Investor, such Investors will participate pro rata in the following amounts as established on Schedule A and, in such case, each reference to “Investor” should be interpreted to mean the Investors listed on Schedule A.

The Investor will pay:

- \$333,000 on January 23, 2009;
- \$333,000 on March 2, 2009; and
- \$1,334,000 no later than August 1, 2009.

The Company will issue to the Investor a total of 1,769,912 shares of Common Stock in three tranches pro rata to the investment amounts paid by the Investor on each date the Investor provides funds to the Company.

The Company will issue to the Investor Series A Warrants, in substantially the same form as Exhibit A, to purchase a total of 1,000,000 shares of Common Stock at an exercise price of \$1.87 per share. The Series A Warrants shall be exercisable after six months and will have a five year term. The Series A Warrants will also have a cashless feature in the event the shares of Common Stock underlying the Series A Warrants are not registered. The Company will issue the Series A Warrants in three tranches pro rata to the investment amounts paid by the Investor.

The Company will issue to the Investor Series B Warrants, in substantially the same form as Exhibit B, to purchase an additional 2,000,000 shares of Common Stock at an exercise price of \$1.13 per share. The Series B Warrants shall be exercisable after six months and will have a three year term. The Company will issue the Series B Warrants in three tranches pro rata to the investment amounts paid by the Investor. For every two shares of Common Stock the Investor purchases upon exercise of a Series B Warrant, the Investor will receive an additional Series C Warrant, in substantially the same form as Exhibit C, to purchase one share of Common Stock. The Series C Warrant shall be exercisable after six months and will have an exercise price of \$1.94 and a five year term. The Company will only be obligated to issue Series C Warrants to purchase up to 1,000,000 shares of Common Stock.

Each warrant will have a prohibition on exercise in the event that the holder of such warrant would beneficially own over 9.99% of the Company’s stock. Additionally, each warrant will contain a provision that prohibits exercise in the event that exercise will permit a “change of control” as that term is interpreted by the applicable rules and interpretations of any market on which the Company’s securities trade.

3. Closing. On the date of each investment, as identified in Section 2 (each, a “Closing”) once the Company receives the designated payment in full and confirms that the other conditions to closing specified herein have been satisfied or duly waived by the Investor, the Company shall deliver to the Investor, a certificate or certificates, registered in such name or names as the Investor may designate, representing the Shares and the Series A and Series B Warrants. Each Closing of the purchase and sale of the Shares and Warrants shall take place at the Company’s headquarters, 1129 North McDowell Blvd., Petaluma, California 94954, or at such other location and on such other date as the Company and the Investor shall mutually agree.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor the following:

4.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to carry on its business as now conducted and to own its properties. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property makes such qualification or leasing necessary unless the failure to so qualify has not had and could not reasonably be expected to have a Material Adverse Effect.

4.2 Authorization. The Company has full power and authority and has taken all requisite action on the part of the Company, its officers, directors and stockholders necessary for (i) the authorization, execution and delivery of the Transaction Documents, (ii) the authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization, issuance (or reservation for issuance) and delivery of the Securities. The Transaction Documents constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

4.3 Valid Issuance. The Shares have been duly and validly authorized and, when issued and paid for pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and shall be free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws. The Warrants have been duly and validly authorized. Upon the due exercise of the Warrants, the Warrant Shares will be validly issued, fully paid and non-assessable free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws. The Company has reserved a sufficient number of shares of Common Stock for issuance upon the exercise of the Warrants, free and clear of all encumbrances and restrictions, except for restrictions on transfer imposed by applicable securities laws.

4.4 Delivery of SEC Filings: Business. The Company has made available to the Investor, through the EDGAR system, true and complete copies of the Company's most recent Annual Report on Form 10-K for the fiscal year ended March 31, 2008 (the "10-K"), and all other reports filed by the Company pursuant to the 1934 Act since the filing of the 10-K and prior to the date hereof (collectively, the "SEC Filings"). The SEC Filings are the only filings required of the Company pursuant to the 1934 Act for such period. The Company is engaged in all material respects only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company and its Subsidiaries, taken as a whole.

4.5 Use of Proceeds. The net proceeds of the sale of the Shares and the Warrants hereunder shall be used by the Company for working capital and general corporate purposes.

4.6 No Directed Selling Efforts or General Solicitation. Neither the Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Securities.

4.7 Private Placement. The offer and sale of the Securities to the Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act.

5. Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company that:

5.1 Organization and Existence. The Investor is a validly existing corporation and has all requisite corporate power and authority to invest in the Securities pursuant to this Agreement.

5.2 Authorization. The execution, delivery and performance by the Investor of the Transaction Documents to which the Investor is a party have been duly authorized and will constitute the valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3 Purchase Entirely for Own Account. The Securities to be received by the Investor hereunder will be acquired for the Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act without prejudice, however, to the Investor's right at all times to sell or otherwise dispose of all or any part of such Securities in compliance with applicable federal and state securities laws. Nothing contained herein shall be deemed a representation or warranty by the Investor to hold the Securities for any period of time. The Investor is not a broker-dealer registered with the SEC under the 1934 Act or an entity engaged in a business that would require it to be so registered.

5.4 Investment Experience. The Investor acknowledges that it can bear the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5 Disclosure of Information. The Investor has had an opportunity to receive all information related to the Company requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. The Investor acknowledges that true and complete copies of the Company's SEC Filings have been made available to the Investor through the EDGAR system. Neither such inquiries nor any other due diligence investigation conducted by the Investor shall modify, limit or otherwise affect the Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6 Restricted Securities. The Investor understands that the Securities are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances.

5.7 Legends. It is understood that, except as provided below, certificates evidencing the Securities may bear the following or any similar legend:

(a) "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SHARES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAW OR AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED."

(b) If required by the authorities of any state in connection with the issuance of sale of the Securities, the legend required by such state authority.

5.8 Accredited Investor. The Investor is an accredited investor as defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

5.9 No General Solicitation. The Investor did not learn of the investment in the Securities as a result of any general solicitation or general advertising.

5.10 Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company, any Subsidiary or the Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

5.11 Prohibited Transactions. During the last thirty (30) days prior to the date hereof, neither the Investor nor any Affiliate of the Investor which (a) had knowledge of the transactions contemplated hereby, (b) has or shares discretion relating to the Investor's investments or trading or information concerning the Investor's investments, including in respect of the Securities, or (c) is subject to the Investor's review or input concerning such Affiliate's investments or trading (collectively, "Trading Affiliates") has, directly or indirectly, effected or agreed to effect any short sale, whether or not against the box, established any "put equivalent position" (as defined in Rule 16a-1(h) under the 1934 Act) with respect to the Common Stock, granted any other right (including, without limitation, any put or call option) with respect to the Common Stock or with respect to any security that includes, relates to or derived any significant part of its value from the Common Stock or otherwise sought to hedge its position in the Securities (each, a "Prohibited Transaction"). The Investor agrees that, prior to the termination of this Agreement, the Investor shall not, and shall cause its Trading Affiliates not to, engage, directly or indirectly, in a Prohibited Transaction. The Investor acknowledges that the representations, warranties and covenants contained in this Section 5.11 are being made for the benefit of the Investor as well as the Company.

5.12 Reliance on Exemptions. The Investor understands that the Securities are being offered and sold to in reliance upon specific exemptions from the registration requirements of the 1933 Act, the rules and regulations promulgated thereunder and state securities laws and that the Company is relying upon the truth and accuracy of, and the Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Investor set forth herein in order to determine the availability of such exemptions and the eligibility of the Investor to acquire the Securities.

5.13 Investment Decision. The Investor understands that nothing in the Agreement or any other materials presented to the Investor in connection with the purchase and sale of the Securities constitutes legal, tax or investment advice. The Investor has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Securities.

5.14 Risk of Loss. The Investor understands that its investment in the Securities involves a significant degree of risk, including a risk of total loss of the Investor's investment, and the Investor has full cognizance of and understands all of the risk factors related to the Investor's purchase of the Securities, including, but not limited to, those set forth under or incorporated by reference under the caption "Risk Factors" in the SEC Filings. The Investor understands that the market price of the Common Stock can fluctuate and that no representation is being made as to the future value of the Common Stock.

5.15 No Government Review. The Investor understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

5.16 Residency. The Investor's principal executive office is in the jurisdiction set forth immediately below the Investor's name on the signature page attached hereto.

6. Conditions to Closing.

6.1 Conditions to the Investors' Obligations. The obligation of the Investor to purchase the Shares and the Warrants at the Closing is subject to the fulfillment to the Investor's satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by the Investor:

- (a) The Company shall have delivered a Certificate or Certificates representing the number of shares of Common Stock to be issued.
- (b) The Company shall have delivered the Series A and Series B warrants.

6.2 Conditions to Obligations of the Company. The Company's obligation to sell and issue the Shares and the Warrants at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

- (a) The Investor shall have delivered the investment amount described in Section 2 to the Company.
- (b) The Investor shall have designated the number of shares of Common Stock to be represented on each Certificate and provided the tax identification number, delivery address and any other information the Company may reasonably request to issue the Certificates.

#### 7. Covenants and Agreements of the Company.

7.1 Reservation of Common Stock. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of providing for the exercise of the Warrants, such number of shares of Common Stock as shall from time to time equal the number of shares sufficient to permit the exercise of the Warrants issued pursuant to this Agreement in accordance with their respective terms.

7.2 No Conflicting Agreements. The Company will not take any action, enter into any agreement or make any commitment that would conflict or interfere in any material respect with the Company's obligations to the Investor under the Transaction Documents.

7.3 Compliance with Laws. The Company will comply in all material respects with all applicable laws, rules, regulations, orders and decrees of all governmental authorities.

#### 8. Miscellaneous.

8.1 Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company or the Investor, as applicable. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

8.2 Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and transmitted via facsimile or by .pdf (portable document format) via electronic mail, each of which shall be deemed an original.

8.3 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8.4 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by telex or telecopier, then such notice shall be deemed given upon receipt of confirmation of complete transmittal, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one Business Day after delivery to such carrier. All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

With a copy to:

Trombly Business Law  
1320 Centre Street, Suite 202  
Newton, MA 02459  
Attention: Amy Trombly  
Fax: (617) 243-0066

If to the Investor:

To the Address listed on Schedule A

8.5 Expenses. Each of the parties hereto shall pay its own costs and expenses in connection with this Agreement and the transactions contemplated hereby, including the fees and expenses of its counsel and other experts. In the event that legal proceedings are commenced by any party to this Agreement against another party to this Agreement in connection with this Agreement or the other Transaction Documents, the party or parties which do not prevail in such proceedings shall severally, but not jointly, pay their pro rata share of the reasonable attorneys' fees and other reasonable out-of-pocket costs and expenses incurred by the prevailing party in such proceedings.

8.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Investor. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding, each future holder of all such Securities, and the Company.

8.7 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

8.8 Entire Agreement. This Agreement, including the Exhibits, and the other Transaction Documents constitute the entire agreement among the parties hereof with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

8.9 Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

8.10 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of California without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of California for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement or caused their duly authorized officers to execute this Agreement as of the date first above written.

OCULUS INNOVATIVE SCIENCES, INC.

By: /s/ Hojabr Alimi

Hojabr Alimi  
President, Chief Executive Officer and  
Chairman of the Board

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SCHEDULE A

/s/ Seamus P. Burlingame  
Seamus P. Burlingame

January 26, 2009  
Date

**EXHIBIT A TO THE PURCHASE AGREEMENT**

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COMPANY COUNSEL THAT THIS WARRANT OR SUCH SECURITIES, AS APPLICABLE, MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

OCULUS INNOVATIVE SCIENCES, INC.

Form of Series A Warrants for the Purchase  
of

Shares of Common Stock, Par Value \$0.0001 per Share

No. \_\_\_\_\_

Issue Date: \_\_\_\_\_

**THIS CERTIFIES** that, for consideration, the receipt and sufficiency of which are hereby acknowledged, and other value received, \_\_\_\_\_ (the “*Holder*”) is entitled to subscribe for, and purchase from, OCULUS INNOVATIVE SCIENCES, INC., a Delaware corporation (the “*Company*”), upon the terms and conditions set forth herein, at any time or from time to time six months after the date this warrant is issued (the “*Initial Exercise Date*”) until five years after the Issue Date (the “*Exercise Period*”), up to an aggregate of \_\_\_\_\_ shares of common stock, par value \$0.0001 per share (the “*Common Stock*”), of the Company. This Warrant is initially exercisable at a price of \$1.87 per share, subject to adjustment as described in this Warrant. The term “*Exercise Price*” shall mean, depending on the context, the initial exercise price (as set forth above) or the adjusted exercise price per share. The Company may, in its sole discretion, reduce the then current Exercise Price to any amount or extend the Exercise Period, at any time. Such modifications to the Exercise Price or Exercise Period may be temporary or permanent.

As used herein, the term “*this Warrant*” shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of the exercise or transfer of this Warrant in whole or in part. Each share of Common Stock issuable upon the exercise hereof shall be hereinafter referred to as a “*Warrant Share*.”

1. (a) Subject to the terms of this Warrant, this Warrant may be exercised at any time in whole and from time to time in part, at the option of the Holder, on or after the Initial Exercise Date and on or prior to the end of the Exercise Period. This Warrant shall initially be exercisable in whole or in part for that number of fully paid and nonassessable shares of Common Stock as indicated on the first page of this Warrant, for an exercise price per share equal to the Exercise Price, by delivery to the Company at its office at 1129 North McDowell Blvd., Petaluma, California 94954, or at such other place as is designated in writing by the Company, of:

(i) a completed Election to Purchase, in the form set forth in Exhibit A, executed by the Holder exercising all or part of the purchase rights represented by this Warrant;

(ii) this Warrant; and

(iii) subject to Section 1(c) below, payment of an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise in the form of, at the Holder's option, (A) a certified or bank cashier's check payable to the Company, or (B) a wire transfer of funds to an account designated by the Company.

(b) As used herein:

(i) "*Fair Market Value*" of a security shall mean, on any given day, the average of the closing prices of such security's sales on all securities exchanges on which such security may at the time be listed on such day, or, if there has been no sales on any such exchange on such day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on such day such security is not so listed, the average of the representative bid and asked prices quoted on the over-the-counter bulletin board (the "*OTCBB*") as of 4:00 P.M., New York time, or, if on such day such security is not quoted on the OTCBB, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the Pink Sheet, LLC, or any similar successor organization. If at any time such security is not listed on any securities exchange or quoted on the OTCBB or the over-the-counter market, the "Fair Market Value" shall be as determined by the Board of Directors of the Company in good faith, absent manifest error.

(c) Cashless Exercise. If at any time six months after the date of the issuance of this Warrant there is no effective registration statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised only at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive, without the payment by the Holder of any additional consideration, a certificate for the number of Warrant Shares equal to the number as is computed using the following formula:

$$X = \frac{Y (A-B)}{A}$$

where

X = the number of Warrant Shares to be issued to the Holder pursuant to this Warrant.

Y = the number of Warrant Shares covered by this Warrant with respect to which the cashless exercise election is made pursuant to this Section 1(c).

A = the Fair Market Value (as defined above) of one Warrant Share.

B = the Exercise Price in effect at the time the cashless exercise election is made pursuant to this Section 1(c).

(d) Upon the exercise of this Warrant, the Company shall issue and cause promptly to be delivered upon such exercise to, or upon the written order of, the Holder a certificate or certificates for the number of full Warrant Shares to which such Holder shall be entitled, together with cash in lieu of any fraction of a Warrant Share otherwise issuable upon such exercise.

(e) If this Warrant is exercised in respect of less than all of the Warrant Shares evidenced by this Warrant at any time prior to the end of the Exercise Period, a new Warrant evidencing the remaining Warrant Shares shall be issued to the Holder, or its nominee(s), without charge therefor.

2. The Exercise Price for the Warrants in effect from time to time shall be subject to adjustment as follows:

(a) If the Company, at any time while this Warrant is outstanding: (i) subdivides outstanding shares of Common Stock into a larger number of shares, (ii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iii) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) If the Company, at any time while this Warrant is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Holder) evidence of its

indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock, then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which (i) the denominator shall be the Fair Market Value per share of Common Stock determined as of the record date mentioned above and (ii) the numerator shall be such Fair Market Value per share of Common Stock on such record date *less* the then per share fair market value at such record date of the portion of such evidence of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed applicable to one outstanding share of the Common Stock, which fair market value shall be reduced by the fair market value of consideration, if any, paid to the Company by holders of Common Stock in exchange for such evidence of indebtedness or assets or rights or warrants so distributed, in each case as such Fair Market Value is determined by the Board of Directors of the Company in good faith. In either case, the adjustments shall be described in a statement provided to the Holder of the portion of evidences of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(c) All calculations under this Section 2 shall be made to the nearest cent.

(d) The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but may pay the value thereof to the Holder in cash on the basis of the Fair Market Value per Warrant Share.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such price.

3. Unless registered, the Warrant Shares issued on exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates representing the Warrant Shares shall bear the following legend:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COUNSEL WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED**

**WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.**

4. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate, without charge, of like date, tenor and denomination, in lieu of such Warrant or stock certificate.

5. The Company shall not be obligated to issue any shares of Common Stock upon exercise of this Warrant if the issuance of such shares of Common Stock would cause a breach or violation of the Company's obligations under any applicable rules or regulations of any market on which the Company's securities trade.

6. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to such issuance after exercise, such Holder (together with such Holder's affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant, and the provisions of this section shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial

Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

7. (a) The Holder shall not have, solely on account of its status as a holder of a Warrant, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

(b) No provision hereof, in the absence of affirmative action by the Holder to receive Warrant Shares, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of Company, whether such liability is asserted by Company or by creditors of Company.

8. All notices that are required or permitted hereunder shall be in writing and shall be sufficient if personally delivered, sent by facsimile, or sent by registered or certified mail or Federal Express or other nationally recognized overnight delivery service. Any notices shall be deemed given upon the earlier of the date when received at, the day when delivered via facsimile or the third day after the date when sent by registered or certified mail or the day after the date when sent by Federal Express to, the address set forth below, unless such address is changed by notice to the other party hereto:

if to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

if to the Holder: As set forth in the Warrant Register of the Company.

The Company or the Holder by notice to the other party may designate additional or different addresses as shall be furnished in writing by such party.

9. The provisions of this Warrant may not be amended, modified or changed except by an instrument in writing signed by each of the Company and the Holder.

10. All the covenants and provisions of this Warrant by or for the benefit of the Company or the Holder shall be binding upon and shall inure to the benefit of their respective permitted successors and assigns hereunder.

11. The validity, interpretation and performance of this Warrant shall be governed by the laws of the State of California, as applied to contracts made and performed within such State, without regard to principles of conflicts of law.

12. The provisions hereof have been and are made solely for the benefit of the Company and the Holder, and their respective successors and assigns, and no other person shall acquire or have any right hereunder or by virtue hereof.

13. The headings in this Warrant are for convenience only and shall not limit or otherwise affect the meaning hereof.

14. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, illegal, void or unenforceable.

15. This Warrant is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings between the parties with respect to such subject matter.

16. The Company agrees to take such further action and to deliver or cause to be delivered to each other after the date hereof such additional agreements or instruments as any of them may reasonably request for the purpose of carrying out this Warrant and the agreements and transactions contemplated hereby and thereby.

17. Each party hereto acknowledges and agrees that irreparable harm, for which there may be no adequate remedy at law and for which the ascertainment of damages would be difficult, would occur in the event any of the provisions of this Warrant were not performed in accordance with its specific terms or were otherwise breached. Each party hereto accordingly agrees that each other party hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Warrant, or any agreement contemplated hereunder, and to enforce specifically the terms and provisions hereof or thereof in any court of the United States or any state thereof having jurisdiction, in each instance without being required to post bond or other security and in addition to, and without having to prove the inadequacy of, other remedies at law.

*[signature page follows]*



Dated as of: [date]

**OCULUS INNOVATIVE SCIENCES, INC.**

**By:** \_\_\_\_\_

**Name:**

**Title:**

[Seal]

\_\_\_\_\_  
Secretary

**EXHIBIT A**

**ELECTION TO PURCHASE**

The undersigned hereby irrevocably elects to exercise Warrants represented by this Warrant and to purchase the shares of Common Stock or other securities issuable upon the exercise of said Warrants, and requests that Certificates for such shares be issued and delivered as follows:

PORTION OF WARRANT BEING EXERCISED: (check applicable box or fill in number of Warrant Shares):

Entire Warrant

\_\_\_\_\_ Warrant Shares

ISSUE TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

\_\_\_\_\_  
(Social Security or Tax Identification Number)

DELIVER TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

In payment of the purchase price with respect to this Warrant exercised, the undersigned hereby either (A) tenders payment of \$ \_\_\_\_\_ by (i) certified or bank cashiers check payable to the order of the Company ; or (ii) a wire transfer of such funds to an account designated by the Company  (*check applicable box*) or (B) hereby provides notice to the Company that the undersigned is exercising this Warrant pursuant to the Cashless Exercise set forth in Section 1(c) of the Warrant. If the number of Warrant Shares hereby exercised is fewer than all the Warrant Shares represented by this Warrant, the undersigned requests that a new Warrant representing the number of full Warrant Shares not exercised to be issued and delivered as set forth below:

Name of Holder or Assignee: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ DATED: \_\_\_\_\_, 20 \_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the fact of this Warrant)

Signature Guaranteed: \_\_\_\_\_

**EXHIBIT B TO THE PURCHASE AGREEMENT**

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COMPANY COUNSEL THAT THIS WARRANT OR SUCH SECURITIES, AS APPLICABLE, MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

OCULUS INNOVATIVE SCIENCES, INC.

Form of Series B Warrants for the Purchase  
of

Shares of Common Stock, Par Value \$0.0001 per Share

No. \_\_\_\_\_

Issue Date: \_\_\_\_\_

**THIS CERTIFIES** that, for consideration, the receipt and sufficiency of which are hereby acknowledged, and other value received, \_\_\_\_\_ (the “*Holder*”) is entitled to subscribe for, and purchase from, **OCULUS INNOVATIVE SCIENCES, INC.**, a Delaware corporation (the “*Company*”), upon the terms and conditions set forth herein, at any time or from time to time six months after the date this warrant is issued (the “*Initial Exercise Date*”) until three years after the Issue Date (the “*Exercise Period*”), up to an aggregate of \_\_\_\_\_ shares of common stock, par value \$0.0001 per share (the “*Common Stock*”), of the Company. This Warrant is initially exercisable at a price of \$1.13 per share, subject to adjustment as described in this Warrant. The term “*Exercise Price*” shall mean, depending on the context, the initial exercise price (as set forth above) or the adjusted exercise price per share. The Company may, in its sole discretion, reduce the then current Exercise Price to any amount or extend the Exercise Period, at any time. Such modifications to the Exercise Price or Exercise Period may be temporary or permanent.

As used herein, the term “*this Warrant*” shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of the exercise or transfer of this Warrant in whole or in part. Each share of Common Stock issuable upon the exercise hereof shall be hereinafter referred to as a “*Warrant Share*.”

1. (a) Subject to the terms of this Warrant, this Warrant may be exercised at any time in whole and from time to time in part, at the option of the Holder, on or after the Initial Exercise Date and on or prior to the end of the Exercise Period. This Warrant shall initially be exercisable in whole or in part for that number of fully paid and nonassessable shares of Common Stock as indicated on the first page of this Warrant, for an exercise price per share equal to the Exercise Price, by delivery to the Company at its office at 1129 North McDowell Blvd., Petaluma, California 94954, or at such other place as is designated in writing by the Company, of:

(i) a completed Election to Purchase, in the form set forth in Exhibit A, executed by the Holder exercising all or part of the purchase rights represented by this Warrant;

(ii) this Warrant; and

(iii) payment of an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise in the form of, at the Holder's option, (A) a certified or bank cashier's check payable to the Company, or (B) a wire transfer of funds to an account designated by the Company.

(b) Upon the exercise of this Warrant, the Company shall issue and cause promptly to be delivered upon such exercise to, or upon the written order of, the Holder a certificate or certificates for the number of full Warrant Shares to which such Holder shall be entitled, together with cash in lieu of any fraction of a Warrant Share otherwise issuable upon such exercise.

(c) If this Warrant is exercised in respect of less than all of the Warrant Shares evidenced by this Warrant at any time prior to the end of the Exercise Period, a new Warrant evidencing the remaining Warrant Shares shall be issued to the Holder, or its nominee(s), without charge therefor.

2. The Exercise Price for the Warrants in effect from time to time shall be subject to adjustment as follows:

(a) If the Company, at any time while this Warrant is outstanding: (i) subdivides outstanding shares of Common Stock into a larger number of shares, (ii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iii) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or

distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) If the Company, at any time while this Warrant is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Holder) evidence of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock, then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which (i) the numerator shall be the Fair Market Value per share of Common Stock determined as of the record date mentioned above and (ii) the denominator shall be such Fair Market Value per share of Common Stock on such record date *less* the then per share fair market value at such record date of the portion of such evidence of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed applicable to one outstanding share of the Common Stock, which fair market value shall be reduced by the fair market value of consideration, if any, paid to the Company by holders of Common Stock in exchange for such evidence of indebtedness or assets or rights or warrants so distributed, in each case as such Fair Market Value is determined by the Board of Directors of the Company in good faith. In either case, the adjustments shall be described in a statement provided to the Holder of the portion of evidences of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(c) All calculations under this Section 2 shall be made to the nearest cent.

(d) The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but may pay the value thereof to the Holder in cash on the basis of the Fair Market Value per Warrant Share.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such price.

3. Unless registered, the Warrant Shares issued on exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates representing the Warrant Shares shall bear the following legend:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND**

**ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COUNSEL WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.**

4. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate, without charge, of like date, tenor and denomination, in lieu of such Warrant or stock certificate.

5. The Company shall not be obligated to issue any shares of Common Stock upon exercise of this Warrant if the issuance of such shares of Common Stock would cause a breach or violation of the Company's obligations under any applicable rules or regulations of any market on which the Company's securities trade.

6. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to such issuance after exercise, such Holder (together with such Holder's affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant, and the provisions of this section shall continue to apply. Upon such a

change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

7. (a) The Holder shall not have, solely on account of its status as a holder of a Warrant, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

(b) No provision hereof, in the absence of affirmative action by the Holder to receive Warrant Shares, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of Company, whether such liability is asserted by Company or by creditors of Company.

8. All notices that are required or permitted hereunder shall be in writing and shall be sufficient if personally delivered, sent by facsimile, or sent by registered or certified mail or Federal Express or other nationally recognized overnight delivery service. Any notices shall be deemed given upon the earlier of the date when received at, the day when delivered via facsimile or the third day after the date when sent by registered or certified mail or the day after the date when sent by Federal Express to, the address set forth below, unless such address is changed by notice to the other party hereto:

if to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

if to the Holder: As set forth in the Warrant Register of the Company.

The Company or the Holder by notice to the other party may designate additional or different addresses as shall be furnished in writing by such party.

9. The provisions of this Warrant may not be amended, modified or changed except by an instrument in writing signed by each of the Company and the Holder.



10. All the covenants and provisions of this Warrant by or for the benefit of the Company or the Holder shall be binding upon and shall inure to the benefit of their respective permitted successors and assigns hereunder.

11. The validity, interpretation and performance of this Warrant shall be governed by the laws of the State of California, as applied to contracts made and performed within such State, without regard to principles of conflicts of law.

12. The provisions hereof have been and are made solely for the benefit of the Company and the Holder, and their respective successors and assigns, and no other person shall acquire or have any right hereunder or by virtue hereof.

13. The headings in this Warrant are for convenience only and shall not limit or otherwise affect the meaning hereof.

14. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, illegal, void or unenforceable.

15. This Warrant is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings between the parties with respect to such subject matter.

16. The Company agrees to take such further action and to deliver or cause to be delivered to each other after the date hereof such additional agreements or instruments as any of them may reasonably request for the purpose of carrying out this Warrant and the agreements and transactions contemplated hereby and thereby.

17. Each party hereto acknowledges and agrees that irreparable harm, for which there may be no adequate remedy at law and for which the ascertainment of damages would be difficult, would occur in the event any of the provisions of this Warrant were not performed in accordance with its specific terms or were otherwise breached. Each party hereto accordingly agrees that each other party hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Warrant, or any agreement contemplated hereunder, and to enforce specifically the terms and provisions hereof or thereof in any court of the United States or any state thereof having jurisdiction, in each instance without being

required to post bond or other security and in addition to, and without having to prove the inadequacy of, other remedies at law.

*[signature page follows]*

Dated as of: [date]

**OCULUS INNOVATIVE SCIENCES, INC.**

**By:** \_\_\_\_\_

**Name:**

**Title:**

[Seal]

\_\_\_\_\_  
Secretary

**EXHIBIT A**

ELECTION TO PURCHASE

The undersigned hereby irrevocably elects to exercise Warrants represented by this Warrant and to purchase the shares of Common Stock or other securities issuable upon the exercise of said Warrants, and requests that Certificates for such shares be issued and delivered as follows:

PORTION OF WARRANT BEING EXERCISED: (check applicable box or fill in number of Warrant Shares):

Entire Warrant

\_\_\_\_\_ Warrant Shares

ISSUE TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

\_\_\_\_\_  
(Social Security or Tax Identification Number)

DELIVER TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

In payment of the purchase price with respect to this Warrant exercised, the undersigned hereby tenders payment of \$ \_\_\_\_\_ by (i) certified or bank cashiers check payable to the order of the Company ; or (ii) a wire transfer of such funds to an account designated by the Company  (*check applicable box*). If the number of Warrant Shares hereby exercised is fewer than all the Warrant Shares represented by this Warrant, the undersigned requests that a new Warrant representing the number of full Warrant Shares not exercised to be issued and delivered as set forth below:

Name of Holder or Assignee: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ DATED: \_\_\_\_\_, 20 \_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the fact of this Warrant)

Signature Guaranteed: \_\_\_\_\_

**EXHIBIT C TO THE PURCHASE AGREEMENT**

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COMPANY COUNSEL THAT THIS WARRANT OR SUCH SECURITIES, AS APPLICABLE, MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.

OCULUS INNOVATIVE SCIENCES, INC.

Form of Series C Warrants for the Purchase  
of

Shares of Common Stock, Par Value \$0.0001 per Share

No. \_\_\_\_\_

Issue Date: \_\_\_\_\_

**THIS CERTIFIES** that, for consideration, the receipt and sufficiency of which are hereby acknowledged, and other value received, \_\_\_\_\_ (the “*Holder*”) is entitled to subscribe for, and purchase from, **OCULUS INNOVATIVE SCIENCES, INC.**, a Delaware corporation (the “*Company*”), upon the terms and conditions set forth herein, at any time or from time to time six months after the date this warrant is issued (the “*Initial Exercise Date*”) until five years after the Issue Date (the “*Exercise Period*”), up to an aggregate of \_\_\_\_\_ shares of common stock, par value \$0.0001 per share (the “*Common Stock*”), of the Company. This Warrant is initially exercisable at a price of \$1.94 per share, subject to adjustment as described in this Warrant. The term “*Exercise Price*” shall mean, depending on the context, the initial exercise price (as set forth above) or the adjusted exercise price per share. The Company may, in its sole discretion, reduce the then current Exercise Price to any amount or extend the Exercise Period, at any time. Such modifications to the Exercise Price or Exercise Period may be temporary or permanent.

As used herein, the term “*this Warrant*” shall mean and include this Warrant and any Warrant or Warrants hereafter issued as a consequence of the exercise or transfer of this Warrant in whole or in part. Each share of Common Stock issuable upon the exercise hereof shall be hereinafter referred to as a “*Warrant Share*.”

1. (a) Subject to the terms of this Warrant, this Warrant may be exercised at any time in whole and from time to time in part, at the option of the Holder, on or after the Initial Exercise Date and on or prior to the end of the Exercise Period. This Warrant shall initially be exercisable in whole or in part for that number of fully paid and nonassessable shares of Common Stock as indicated on the first page of this Warrant, for an exercise price per share equal to the Exercise Price, by delivery to the Company at its office at 1129 North McDowell Blvd., Petaluma, California 94954, or at such other place as is designated in writing by the Company, of:

(i) a completed Election to Purchase, in the form set forth in Exhibit A, executed by the Holder exercising all or part of the purchase rights represented by this Warrant;

(ii) this Warrant; and

(iii) payment of an amount equal to the product of the Exercise Price multiplied by the number of shares of Common Stock being purchased upon such exercise in the form of, at the Holder's option, (A) a certified or bank cashier's check payable to the Company, or (B) a wire transfer of funds to an account designated by the Company.

(b) Upon the exercise of this Warrant, the Company shall issue and cause promptly to be delivered upon such exercise to, or upon the written order of, the Holder a certificate or certificates for the number of full Warrant Shares to which such Holder shall be entitled, together with cash in lieu of any fraction of a Warrant Share otherwise issuable upon such exercise.

(c) If this Warrant is exercised in respect of less than all of the Warrant Shares evidenced by this Warrant at any time prior to the end of the Exercise Period, a new Warrant evidencing the remaining Warrant Shares shall be issued to the Holder, or its nominee(s), without charge therefor.

2. The Exercise Price for the Warrants in effect from time to time shall be subject to adjustment as follows:

(a) If the Company, at any time while this Warrant is outstanding: (i) subdivides outstanding shares of Common Stock into a larger number of shares, (ii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iii) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 2(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or

distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) If the Company, at any time while this Warrant is outstanding, shall distribute to all or substantially all holders of Common Stock (and not to the Holder) evidence of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock, then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which (i) the numerator shall be the Fair Market Value per share of Common Stock determined as of the record date mentioned above and (ii) the denominator shall be such Fair Market Value per share of Common Stock on such record date *less* the then per share fair market value at such record date of the portion of such evidence of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed applicable to one outstanding share of the Common Stock, which fair market value shall be reduced by the fair market value of consideration, if any, paid to the Company by holders of Common Stock in exchange for such evidence of indebtedness or assets or rights or warrants so distributed, in each case as such Fair Market Value is determined by the Board of Directors of the Company in good faith. In either case, the adjustments shall be described in a statement provided to the Holder of the portion of evidences of indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(c) All calculations under this Section 2 shall be made to the nearest cent.

(d) The Company shall not be required upon the exercise of this Warrant to issue any fractional shares, but may pay the value thereof to the Holder in cash on the basis of the Fair Market Value per Warrant Share.

(e) No adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such price.

3. Unless registered, the Warrant Shares issued on exercise of the Warrants shall be subject to a stop transfer order and the certificate or certificates representing the Warrant Shares shall bear the following legend:

**THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND**



**ANY APPLICABLE STATE SECURITIES LAWS, OR (2) THE COMPANY RECEIVES AN OPINION OF COUNSEL WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT THE SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED, OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS.**

4. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate, without charge, of like date, tenor and denomination, in lieu of such Warrant or stock certificate.

5. The Company shall not be obligated to issue any shares of Common Stock upon exercise of this Warrant if the issuance of such shares of Common Stock would cause a breach or violation of the Company's obligations under any applicable rules or regulations of any market on which the Company's securities trade.

6. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, to the extent that after giving effect to such issuance after exercise, such Holder (together with such Holder's affiliates, and any other person or entity acting as a group together with such Holder or any of such Holder's affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by such Holder or any of its affiliates and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this section may be waived by such Holder, at the election of such Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant, and the provisions of this section shall continue to apply. Upon such a

change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by such Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this section to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

7. (a) The Holder shall not have, solely on account of its status as a holder of a Warrant, any rights of a stockholder of the Company, either at law or in equity, or to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Warrant.

(b) No provision hereof, in the absence of affirmative action by the Holder to receive Warrant Shares, and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of Company, whether such liability is asserted by Company or by creditors of Company.

8. All notices that are required or permitted hereunder shall be in writing and shall be sufficient if personally delivered, sent by facsimile, or sent by registered or certified mail or Federal Express or other nationally recognized overnight delivery service. Any notices shall be deemed given upon the earlier of the date when received at, the day when delivered via facsimile or the third day after the date when sent by registered or certified mail or the day after the date when sent by Federal Express to, the address set forth below, unless such address is changed by notice to the other party hereto:

if to the Company:

Oculus Innovative Sciences, Inc.  
1129 North McDowell Blvd.  
Petaluma, California 94954  
Attention: Jim Schutz, Vice President Corporate Development and General Counsel  
Fax: (707) 283-0551

if to the Holder: As set forth in the Warrant Register of the Company.

The Company or the Holder by notice to the other party may designate additional or different addresses as shall be furnished in writing by such party.

9. The provisions of this Warrant may not be amended, modified or changed except by an instrument in writing signed by each of the Company and the Holder.

10. All the covenants and provisions of this Warrant by or for the benefit of the Company or the Holder shall be binding upon and shall inure to the benefit of their respective permitted successors and assigns hereunder.

11. The validity, interpretation and performance of this Warrant shall be governed by the laws of the State of California, as applied to contracts made and performed within such State, without regard to principles of conflicts of law.

12. The provisions hereof have been and are made solely for the benefit of the Company and the Holder, and their respective successors and assigns, and no other person shall acquire or have any right hereunder or by virtue hereof.

13. The headings in this Warrant are for convenience only and shall not limit or otherwise affect the meaning hereof.

14. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, illegal, void or unenforceable.

15. This Warrant is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings between the parties with respect to such subject matter.

16. The Company agrees to take such further action and to deliver or cause to be delivered to each other after the date hereof such additional agreements or instruments as any of them may reasonably request for the purpose of carrying out this Warrant and the agreements and transactions contemplated hereby and thereby.

17. Each party hereto acknowledges and agrees that irreparable harm, for which there may be no adequate remedy at law and for which the ascertainment of damages would be difficult, would occur in the event any of the provisions of this Warrant were not performed in accordance with its specific terms or were otherwise breached. Each party hereto accordingly agrees that each other party hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Warrant, or any agreement contemplated hereunder, and to enforce specifically the terms and provisions hereof or thereof in any court of the United States or any state thereof having jurisdiction, in each instance without being

required to post bond or other security and in addition to, and without having to prove the inadequacy of, other remedies at law.

*[signature page follows]*

Dated as of: [date]

**OCULUS INNOVATIVE SCIENCES, INC.**

**By:** \_\_\_\_\_

**Name:**

**Title:**

[Seal]

\_\_\_\_\_  
Secretary

**EXHIBIT A**

**ELECTION TO PURCHASE**

The undersigned hereby irrevocably elects to exercise Warrants represented by this Warrant and to purchase the shares of Common Stock or other securities issuable upon the exercise of said Warrants, and requests that Certificates for such shares be issued and delivered as follows:

PORTION OF WARRANT BEING EXERCISED: (check applicable box or fill in number of Warrant Shares):

Entire Warrant

\_\_\_\_\_ Warrant Shares

ISSUE TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

\_\_\_\_\_  
(Social Security or Tax Identification Number)

DELIVER TO:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address, Including Zip Code)

In payment of the purchase price with respect to this Warrant exercised, the undersigned hereby tenders payment of \$ \_\_\_\_\_ by (i) certified or bank cashiers check payable to the order of the Company ; or (ii) a wire transfer of such funds to an account designated by the Company  (*check applicable box*). If the number of Warrant Shares hereby exercised is fewer than all the Warrant Shares represented by this Warrant, the undersigned requests that a new Warrant representing the number of full Warrant Shares not exercised to be issued and delivered as set forth below:

Name of Holder or Assignee: \_\_\_\_\_  
(Please Print)

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_ DATED: \_\_\_\_\_, 20 \_\_\_\_  
(Signature must conform in all respects to name of holder as specified on the fact of this Warrant)

Signature Guaranteed: \_\_\_\_\_

**REVENUE SHARING DISTRIBUTION AGREEMENT**

This Agreement is made and entered into as of the latest date set forth on the signature lines below (the “Effective Date”) by and between Oculus Innovative Sciences, Inc., a Delaware corporation having a place of business at 1129 No. McDowell Boulevard, Petaluma, California, USA 94954 (“Company”), and VetCure, Inc., a California corporation having a place of business at 3546 N. Riverside Ave, Rialto, CA 92377 (“Distributor”).

WHEREAS Company has developed proprietary technology and know-how known as the Vetericyn Wound Care Spray (“Vetericyn”) which the Company distributes and sells in the form of liquid solutions, as further identified in Exhibit A to this Agreement, and

WHEREAS Distributor desires to distribute Vetericyn in the Territory (as hereinafter defined).

NOW THEREFORE in consideration of the mutual promises and undertakings of the parties hereto the parties agree as follows:

1. Definitions.

1.1 “Change in Control” shall mean (a) any consolidation or merger of either party with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of such party immediately prior to such consolidation, merger or reorganization, own less than fifty percent (50%) of such party’s voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which either is a party in which in excess of fifty percent (50%) of such party’s voting power is transferred; or (b) a sale, lease or other disposition of all or substantially all the assets of either party.

1.2 “Confidential Information” means information of a party, which information is conspicuously marked with “Confidential”, “Proprietary” or other similar legend. If Confidential Information is orally disclosed or it is observed, it shall be identified as such at the time of disclosure or observation and a brief written description and confirmation of the confidential nature of the information shall be sent to the recipient within thirty (30) days after the disclosure. The Solution Specifications, quantities, schedules and pricing, projections and business plans shall be considered Confidential Information hereunder whether disclosed orally or in writing, or whether or not marked “Confidential” or “Proprietary.”

1.3 “Intellectual Property Rights” means all intellectual property rights worldwide arising under statutory or common law or by contract and whether or not perfected, now existing or hereafter filed, issued, or acquired, including all (a) patent rights; (b) rights associated with works of authorship including copyrights and mask work rights; (c) trademarks, service marks, trade dress and trade names; (d) rights relating to the protection of trade secrets and confidential information; and (e) any right analogous to those set forth herein and any other proprietary rights relating to intangible property.

1.4 “Markets” means the animal health markets solely for use in the treatment of all types of animals (non-humans) within the Territory.

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1.5 “Purchase Order” shall mean an offer from Distributor received by Company, whether in written or other form, or in electronic form, to purchase or schedule delivery of a specified amount of Solutions that complies with the requirements set forth in this Agreement.

1.6 “Regulatory Approvals” means any and all approvals, applications, registrations, licenses, certifications and other requirements imposed by any governmental agency or other entity exercising any regulatory or other governmental or quasi-governmental authority.

1.7 “Company’s Technology” means Company’s proprietary technology and know-how known as the Microcyn Technology, used for (among other things) veterinary applications.

1.8 “Solution(s)” means the liquid solutions based on Company’s Microcyn Technology which are to be provided by Company under this Agreement as Vetericyn Wound Care Spray, as further described in Exhibit A. From time to time, the Company may introduce new products and packaging, including, but not limited to, otic cleanser, gels, shampoos, etc., based on the Microcyn Technology platform and new packaging configurations. Distributor will be granted exclusive distribution rights for these new products in the Market during the Term and within the Territory. The parties intend to work in good faith to finalize pricing, packaging and labeling regarding these new products in the future.

1.9 “Solution Specifications” means the specifications for the Solutions as set forth in Exhibit B.

1.10 “Territory” shall mean the United States of America.

## 2. Purchases and Solutions.

2.1 General. This Agreement establishes the terms and conditions on which Company will sell to Distributor the Solutions. This Agreement shall not be modified, supplemented or interpreted by any trade usage or prior course of dealing not made a part of this Agreement by its express terms.

2.2 Appointment. Subject to all the terms and conditions of this Agreement, Company hereby appoints Distributor for the term of this Agreement as the exclusive distributor of the Solutions only within the Market and only within the Territory. Distributor may distribute Solutions only to persons and entities located and taking delivery within the Territory . Furthermore, Solution distributed by Distributor for further distribution may be distributed only through subdistributors who are bound in writing for Company’s benefit to all the restrictions on Distributor contained in this Agreement. Nothing in this Agreement shall be construed as limiting in any manner Company’s marketing or distribution activities or its appointment of other dealers, distributors, licensees or agents outside the Market and/or outside the Territory.

2.3 Shipment Terms and Costs. Solution is delivered DDP, Delivered Duty Paid, from the Company’s manufacturing plant in Zapopan, Mexico to Distributor’s warehouse in Rialto, California.

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2.4 Purchase Order and Forecast. On a quarterly basis, Distributor shall provide a non-binding, rolling forecast of purchases of Solutions for the next six (6) months after the period covered by the Purchase Order.

2.5 Purchase Orders. All Purchase Orders shall contain such pricing, requested shipment schedule, delivery address, requested carrier and quantity terms as set forth in Exhibit A.

When acknowledgement of receipt and acceptance of the Purchase Order is made by Company (either by written notice or by shipment of the Solutions covered by the Purchase Order), the Purchase Order shall be deemed a commitment to purchase and sell the Solutions pursuant to the terms of this Agreement.

2.6 Pricing. The Solution prices are set forth in Exhibit A and shall be payable in US Dollars.

2.7 Payment Terms. Payment terms are thirty (30) days net for OBP (defined below). All payments related to the Revenue Sharing (also defined below) portion are due thirty (30) days after month end for which the Revenue Sharing calculation applies.

2.8 Minimum Purchase. Minimum ordering quantities are set forth in Exhibit A. No orders shall be accepted, unless such orders are at least equal to or greater than the minimum quantities set forth in Exhibit A.

### 3. Delivery and Acceptance.

3.1 Delivery of Solution. Delivery of Solution shall be DDP, Delivered Duty Paid, from the Company's manufacturing plant in Zapopan, Mexico to Distributor's warehouse in Rialto, California. Shipment dates are approximate and are subject to change.

3.2 Packaging. Company shall package the Solutions for shipment to Distributor in the manner customarily used by Company, unless Distributor requires different packaging specifications, in which case any such different packaging shall be at Distributor's expense. Distributor will provide such reasonable specifications to Company in writing within thirty (30) days of the Effective Date. After execution of this Agreement, Distributor will, at its own expense, begin studying all necessary steps to conduct final finished bottling and labeling ("Packaging") of Vetericyn in Distributor's facility. The Company will, at its own expense, begin studying all necessary steps to manufacture the Solution in Petaluma, California and ship to Distributor in bulk. Distributor intends to target certain Packaging and Solution pricing not to exceed \$2.00 per bottle. If the costs of Packaging and Solution pricing are greater than \$2.00 per bottle, which includes transportation and duties, if any, then Distributor will absorb any additional costs over \$2.00 per bottle. If the costs of Packaging and Solution are less than \$2.00 per bottle, then any savings will be shared equally between the parties. Upon achieving all necessary regulatory approvals necessary for Packaging medical devices, Distributor will have the right to Package the Solution for the Market in the Territory. The Company will conduct periodic audits, with reasonable prior notice, of Distributor's Packaging facility in an effort to ensure Distributor complies with appropriate regulatory requirements for final finished Packaging. The parties agree to work in good faith to create a similar Revenue Sharing mechanism, as described in Exhibit A, upon transfer of Packaging to Distributor.

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3.3 Future Manufacturing Rights. Upon achieving a certificate of compliance under Good Manufacturing Practices (“GMP”) to Package medical devices under US Food and Drug Administration rules, the parties agree to work in good faith to study Distributor’s manufacturing capabilities under the following scenario. Distributor would provide a secure manufacturing area within Distributor’s facility solely to house the Company’s proprietary manufacturing line. Distributor would further reimburse all salary and related employment costs for a Company employee, if deemed necessary by the parties, to maintain and operate the Company’s manufacturing line within Distributor’s facility. Any potential costs savings that result from the transfer of manufacturing to Distributor’s facility would be split evenly between the Company and Distributor. For purposes of clarity, any transfer of manufacturing rights will only occur upon written mutual agreement, or pursuant to Section 10.3.

3.4 Risk of Loss or Damage. Title and risk of loss will be transferred to Distributor upon delivery of Solutions by Company. Distributor will also bear the risk of loss with respect to any Solutions rejected by Distributor until received by Company in Petaluma, California, or another location by mutual agreement.

3.5 Delivery Performance. Company may make partial deliveries of the Solutions under this Agreement. Partial deliveries will be separately invoiced by Company and paid for by Distributor without regard to subsequent deliveries.

3.6 Cancellation; Rescheduling. Distributor may not cancel or reschedule any shipment under a Purchase Order once the Purchase Order is accepted by Company.

3.7 Solution Acceptance. All Solutions will be subject to final inspection and acceptance by Distributor within seven (7) working days after receipt. Distributor may only reject Solutions if the Solutions shipped by Company did not materially conform to the Solution Specifications at the time of shipment by Company. In any event, use of the Solutions by Distributor or its customers, or the failure by Distributor to return the Solutions within fourteen (14) working days following delivery of such Solutions shall constitute acceptance by the Distributor. Any Solutions properly rejected will be returned to Company in accordance with the return procedures set forth in Article VI with respect to warranty claims.

3.8 Force Majeure. Neither party shall be liable for nonperformance or delay in performance (other than of obligations regarding payment of money or confidentiality) caused by any event reasonably beyond the control of such party including, but not limited to wars, hostilities, revolutions, riots, civil commotion, national emergency, strikes, lockouts, epidemics, fire, flood, earthquake, force of nature, explosion, embargo, or any other Act of God, or any law, proclamation, regulation, ordinance, or other act or order of any court, government or governmental agency.

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#### 4. Certain Obligations.

4.1 Distribution Efforts. Distributor shall use commercially reasonable efforts to successfully market the Solutions in the Market in the Territory on a continuing basis and to comply with good business practices and all laws and regulations relevant to this Agreement or the subject matter hereof. In its distribution efforts, Distributor will use mutually agreed upon names for the Solution; provided that all advertisements and promotional materials shall be subject to mutual written consent of both parties, which approval shall not be unreasonably withheld, and, provided further, that no other right to use any name or designation is granted by this Agreement.

4.2 Compliance with Laws. Both parties shall conduct their respective businesses in accordance with all laws and regulations. Without limiting the foregoing, Distributor shall not market or sell any Solution except in compliance with the Regulatory Approvals and all applicable laws and regulations.

4.3 Exclusivity and Use of Solutions. Distributor is the exclusive distributor in the Territory and purchase of Solution is solely for use by Distributor in the Markets. Distributor shall not market, distribute or sell the Solution on a stand-alone basis or in any market other than the Markets.

4.4 Support. Subject to Company's scheduling and personnel constraints, Company will provide to Distributor reasonable engineering, research and development support and access to its personnel as needed for use of the Solution in the Markets.

4.5 Branding of Solution. Both parties will work in good faith to use the other's trademarks and brand names for labeling and marketing efforts.

4.6 Equity Compensation. In exchange for Distributor's commitment to its marketing efforts and other good and valuable consideration, the Company will issue to the Distributor 433,275 shares of its common stock. Such issuance will depend on the Company's satisfaction that such issuance complies with federal and state securities laws and with the rules and regulations for the trading market on which the Company's stock trades. The Distributor agrees to provide such information as reasonably requested by the Company to establish such compliance. The Company will issue such shares of common stock within 10 business days of the execution of this agreement to such individuals or entities as directed by the Distributor or as otherwise decided by the parties in writing. The shares of common stock will be issued pursuant to a private placement and will bear a restrictive legend. The shares of common stock will not have registration rights however the Company may, in its sole discretion, register such shares of common stock.

#### 5. Ownership.

5.1 Company's IP. Company is and shall be the sole and exclusive owner of all Intellectual Property Rights in and to the Solutions and Company's Technology, including, without limitation, its Microcyn Technology, and any and all inventions, technology, know-how and other intellectual property made, conceived, created, reduced to practice or otherwise developed as part of Company's services pursuant to Article IV of this Agreement, and all improvements, enhancements, modifications and derivatives of any of the foregoing (collectively, "Company's IP").

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5.2 No Reverse Engineering. Distributor acknowledges that the Solutions contain the valuable trade secret information of Company and other proprietary information of Company. Accordingly, Distributor agrees that it will not, at any time during the term of this Agreement or thereafter, reverse engineer or otherwise attempt to discern the trade secret information of the Solutions, nor will Distributor permit any third party to do any of the foregoing. Company acknowledges that the Distributor's Process contains the valuable trade secret information of Distributor and other proprietary information of Distributor. Accordingly, Company agrees that it will not, at any time during the term of this Agreement or thereafter, reverse engineer or otherwise attempt to discern the trade secret information of the Distributor's Process, nor will Company permit any third party to do any of the foregoing.

5.3 IP Warranty. The Company is the legal and beneficial owner of all right, title and interest in and to the Intellectual Property, the Solutions and the Company Technology, having good title hereto, free and clear of any and all mortgages, liens, security interest and charges, and no person or entity has or shall have any claim of ownership with respect to the Intellectual Property, the Solutions or the Company Technology; The Intellectual Property is subsisting and is not invalid or unenforceable, in whole or in part; Company has not previously assigned, transferred, conveyed or otherwise encumbered any right, title or interest in the Intellectual Property, the Solutions or the Company Technology the subject of this Agreement and has not granted to any third party any license to use the Intellectual Property, Solutions or the Company Technology in any manner inconsistent with or in conflict with any provisions of this Agreement or the rights of Distributor under this Agreement, or any covenant not to sue for any such use; Neither the Intellectual Property, the Solutions nor the Company Technology nor the disclosing, copying, making, using or selling of such Intellectual Property, Solutions or Company Technology, or products or services embodying such Intellectual Property, Solutions of Company Technology, violates, infringes or otherwise conflicts or interferes with any copyright, trade secret, trademark, service mark, patent or any other intellectual property or proprietary right of any third party; There are no claims, judgments or settlements relating to the Intellectual Property, the Solutions or the Company Technology to be paid by the Company, and no claim has been brought by any person or entity alleging that the Intellectual Property, the Solutions or the Company Technology or the disclosing, copying, making, using or selling of such Intellectual Property, Solutions or Company Technology or products or services embodying such Intellectual Property, Solutions or Company Technology, violates, infringes or otherwise conflicts or interferes with any copyright, trade secret, trademark, service mark, patent or any other intellectual property or proprietary right of any third party; and the Company does not know of any infringement by others of the Intellectual Property.

## 6. Limitation On Liability And Remedies.

### 6.1 Company Limited Warranty; Limitation of Remedies.

(a) Company warrants that each Solution delivered will, under normal use and conditions, substantially conform to the applicable Solution Specifications for a period of one (1) to two (2) years, in conformity with the various products label claims regarding shelf-life, after the specific Solution has shipped ex-works. This limited warranty does not cover the results of accident, abuse, misapplication, vandalism, acts of God, use contrary to specifications or instructions, or modification by anyone other than Company.

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(b) Company's entire liability and Distributor's exclusive remedy, except for the indemnity obligations as set forth in Section 7.2, which are in addition to the remedies set forth in this Section 6.1, shall be replacement of the materially non-conforming Solutions. Distributor may reject and return such non-conforming Solutions for modification or replacement by Company provided that Distributor must first obtain a Return Material Authorization from Company. Company shall issue a Return Material Authorization ("RMA") within two (2) business days after Distributor's request. Any additional terms of the RMA procedure shall be mutually agreed to between the parties. Distributor shall include the RMA number with all returns. Distributor shall return all such non-conforming Solutions to Company within fifteen (15) days of Distributor's receipt of such Solutions.

(c) Company is liable for all transit costs associated with replacement of non-conforming Solution. If the Company intends to destroy any non-conforming Solution, such costs are the responsibility of the Company.

(d) If modification or replacement is not reasonably possible, then Company may elect to refund to Distributor an amount equal to the purchase price for the non-conforming Solutions, and such refund shall be Distributor's entire remedy. Any replacement Solution will be warranted for the remainder of the original warranty period. Company shall not be responsible for any labor costs or other costs Distributor incurs incident to the replacement of any non-conforming Solution.

(e) If Company determines that any returned Solution conformed to the warranty, Company will return the Solution to Distributor at Distributor's expense, freight collect, along with a written statement setting forth Company's conclusion that the returned Solution was not defective, and Distributor agrees to pay Company's reasonable cost of handling and testing the returned Solution.

(f) EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE VI, THE SOLUTIONS ARE PROVIDED "AS-IS" WITHOUT WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE VI, COMPANY DOES NOT WARRANT THAT THE SOLUTIONS WILL MEET SPECIFIC REQUIREMENTS.

6.2 Consequential Damages Waiver. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ITS CUSTOMERS FOR ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT DAMAGES, INCLUDING BUT NOT LIMITED TO ANY LOST PROFITS OR LOST SAVINGS ARISING OUT OF THE USE OR INABILITY TO USE THE SOLUTIONS OR OTHERWISE ARISING OUT OF OR RELATED TO THIS AGREEMENT.

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6.3 Limitation of Liability. COMPANY'S AGGREGATE LIABILITY UNDER OR ARISING OUT OF THIS AGREEMENT FOR ANY CLAIM, WHETHER BASED ON CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED, EXCEPT FOR THE INDEMNITY OBLIGATIONS IN SECTION 7.2, WHICH ARE IN ADDITION TO THE REMEDIES SET FORTH IN THIS SECTION 6.3, TO AN AMOUNT EQUAL TO THE AMOUNT PAID BY DISTRIBUTOR TO COMPANY UNDER THIS AGREEMENT FOR THE SOLUTIONS THAT ARE THE SUBJECT OF THE LIABILITY IN THE SIX-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE ON WHICH THE CLAIM AROSE. DISTRIBUTOR'S AGGREGATE LIABILITY UNDER OR ARISING OUT OF THIS AGREEMENT FOR ANY CLAIM, WHETHER BASED ON CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO THE AMOUNT OF COVERAGE REQUIRED UNDER THIS SECTION 6.3. EACH PARTY SHALL NAME THE OTHER PARTY AS AN ADDITIONAL INSURED IN ITS LIABILITY INSURANCE COVERAGE AND EACH PARTY SHALL MAINTAIN A MINIMUM OF TWO (\$2,000,000) MILLION DOLLAR LIABILITY INSURANCE COVERAGE.

#### 7. Indemnification.

7.1 Distributor's Indemnity. Distributor agrees that it will, at its own expense, defend all suits or proceedings instituted against Company arising out of any marketing, sale or use or off-label use of the Solution in the Markets by Distributor.

7.2 Company's Indemnity. The Company agrees that it will, at its own expense, defend all suits or proceedings instituted against the Distributor arising out of any marketing, sale or on-label use of the Company's products in the non-Markets. The Company further agrees that it will, at its own expense, indemnify and hold harmless for the benefit of Distributor and its officers, directors, shareholders, for any liability or damage to Distributor in the event any warranties of Company are inaccurate or false, any product liability claims regarding the Solutions, or any infringement or threatened infringement of the Intellectual Property.

#### 8. Confidential Information

8.1 Ownership of Confidential Information. Both parties are and shall remain the owner of its Confidential Information. Nothing contained in this Agreement shall be construed as granting any rights by license or otherwise to such Confidential Information.

8.2 Agreement to Maintain Confidentiality. Both parties shall take all reasonable steps to ensure that it and its agents maintain the confidentiality of the Confidential Information.

8.3 Agreement Not to Use or Disclose. Except as provided in this Agreement, neither party shall disclose to any other person or entity Confidential Information of the disclosing party or use such Confidential Information for any purpose other than the purposes expressly authorized under this Agreement.

8.4 Specific Performance. The parties recognize and agree that any breach by the receiving party of its obligations contained in this Article VIII would cause irreparable harm to the disclosing party such that the disclosing party could not be compensated for the harm by money damages alone. Therefore, the parties agree that the provisions of this Article VIII shall be enforceable by specific performance, including injunctive relief.

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## 9. Term and Termination.

9.1 Term. This Agreement shall be effective and in full force from the Effective Date for a period of ten (10) years and shall automatically renew for successive five (5) year terms, unless terminated earlier pursuant to this Section 9.

9.2 Termination for Cause. Either party will have the right to terminate this Agreement for cause upon thirty (30) days' prior written notice to the other party of a material breach of this Agreement by the other party that remains uncured during such thirty (30) day period or if any representation or warranty is determined to be false or misleading.

### 9.3 Effect of Termination.

(a) Upon the termination of this Agreement for any reason, each party shall retain ownership of its respective Confidential Information and shall return to the other party all of the Confidential Information received from the other party up to the time of termination.

(b) Upon termination of this Agreement, Distributor may elect to (i) pay to Company any amounts due under this Agreement or (ii) return to the Company any unpaid for Solution.

(c) If either party terminates this Agreement for cause, then, the other party may elect to (i) continue to supply, or require the Company to continue to supply, Solutions to Distributor under Purchase Orders that Company accepted prior to the effective date of termination and Distributor agrees to pay Company the purchase price for such Solutions or (ii) cancel all such Purchase Orders and neither party will have liability for such cancellation.

(d) Neither Company nor Distributor shall be liable to the other for compensation, reimbursement or damages for the loss of prospective profits, anticipated sales or goodwill as a result of the termination of this Agreement in accordance with the terms of Section 9.2 or Section 9.3.

9.4 Survival. Upon the expiration, or the termination for any reason, of this Agreement, the rights and obligations of the parties under Sections 2.6, 2.7, 3.7, 3.8, 4.1, 9.4, 9.5 and Articles 1,5,6,7 and 8 shall survive and remain in effect.

## 10. Miscellaneous.

10.1 Notices. All notices shall be deemed given by fax, and addressed as set forth at the signature line below or to such other address as the party to receive the notice or request so designates by written notice to the other.

10.2 Assignment and Subcontracting. This Agreement and all rights and obligations hereunder are personal to the parties hereto and shall not be assigned by either

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party to any third party without the prior written consent thereto by the other party except that Company may assign this Agreement to an affiliate or to a successor to all or substantially all of the Company's assets or to a majority of Company's voting stock. This Agreement shall benefit and be binding upon the parties to this Agreement and their respective permitted successors and assigns.

10.3 Change of Control. Within sixty (60) days of a Change in Control at the Company, and notwithstanding any provision of this Agreement to the contrary, including without limitation Section 3.3, Distributor may elect at its own expense, to immediately transfer (by way of a non-exclusive license) one or more of the Company's manufacturing lines that produce the Vetericyn formula for the Solutions. Upon the election to transfer, Distributor would have the exclusive right to manufacture and Package Vetericyn or any derivative thereof, in the Market during the Term. In consideration, the Company, or its successors, would receive a one-time, nonrefundable payment for the manufacturing line(s) on a mutually agreed upon price, in any event not to exceed the Company's original cost for such manufacturing line(s) and a perpetual ten percent (10%) royalty on net sales related to the sales of Vetericyn or any derivative product thereof, for the Term. The Company, or its successors, would agree to provide, at Distributor's expense, commercially reasonable technical and other assistance to Distributor to facilitate the transfer process.

10.4 Waiver. No term or condition of this Agreement shall be deemed waived unless such waiver is in a writing executed by the party against whom the waiver is sought to be enforced. Failure or delay in the exercise of any right, power or privilege hereunder shall not operate as a waiver thereof or of any subsequent failure or delay.

10.5 Governing Law, Jurisdiction, Venue. This Agreement is made under and in all respects shall be interpreted, construed and governed by and in accordance with the Laws of the State of California. Sole and exclusive jurisdiction in any case or controversy arising under this Agreement or by reason of this Agreement shall be with the Sonoma County Superior Court or the United States District Court for the Northern District of California, and for this purpose each party hereby expressly and irrevocably consents to the exclusive jurisdiction of such courts.

10.6 Severability. If any of the provisions of this Agreement in any way violate or contravene any laws applicable to this Agreement, such provision shall be deemed not to be a part of this Agreement and the remainder of this Agreement shall remain in full force and effect. In such event, the parties agree to negotiate in good faith to substitute legal and enforceable provisions that most nearly effect the original intent of the severed provision.

10.7 Subject Headings. The captions and headings used herein are intended for convenience only, and shall not affect the construction or interpretation of any section or provision of this Agreement.

10.8 Entire Agreement; Amendments. This Agreement, including Exhibits A and B hereto, constitutes the entire understanding and agreement of the parties related to the subject matter hereof, and supersedes any and all prior or contemporaneous offers, negotiations, agreements and/or understandings, written or oral, as to such subject matter. Except as provided herein, no amendment, revision or modification of this Agreement shall be effective or binding unless made in writing and signed by the party against whom enforcement is sought.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date transcribed below.

COMPANY:  
OCULUS INNOVATIVE SCIENCES, INC.

DISTRIBUTOR:  
VETCURE, INC.

BY: /s/ Hojabr Alimi

BY: /s/ Robert Burlingame

TITLE: CEO and Chairman

TITLE: CEO

DATE: January 26, 2009

DATE: January 26, 2009

ADDRESS: 1129 No. McDowell Boulevard  
Petaluma, CA 94954

ADDRESS:

PHONE: ( ) \_\_\_\_\_

PHONE: ( ) \_\_\_\_\_

FAX: ( ) \_\_\_\_\_

FAX: ( ) \_\_\_\_\_