

Key Statistics

(as of 04/05/10)

Sector	Specialty Pharma/Medical Devices
Ticker	DSCI
Recent Price	\$5.80
Market Cap	\$38.04M
52wk Range	\$0.73 - \$9.00
Shares Outstanding	6.58M
Float	4.27M
Average Volume (3-mo)	6,556
Sales (ttm)	\$48.53M
Price/Sales (ttm)	0.78x
Fiscal Year End	December 31st

Management

Edward J. Quilty

Chairman & Chief Executive Officer

John E. Yetter

Vice President & Chief Financial Officer

Barry J. Wolfenson

Executive Vice President, Global Marketing & Business Development

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Corporate Overview

Derma Sciences is a specialty medical device/pharmaceutical company dedicated to manufacturing, marketing, and selling a broad base of wound care products.

The company focuses on three primary areas:

- 1) Advanced Wound Care** – Several newly-launched proprietary dressings along with a full line of products for chronic wounds and burns. *Approximately 17% of current total revenue, expecting to grow to 28% of total revenue in 2010. High-growth, high-margins (50%).*
- 2) Basic Wound Care** – Includes both branded and private-label/OEM bandages, gauze-based dressings, wound closure strips, and first aid products. *This is Derma's core business. Currently generating over 80% of current total revenue. Medium-growth, medium margins (28%).*
- 3) Drug Development** - Drug candidate DSC127 is in a Phase II study on Diabetic Foot Ulcer healing. Enrollment is expected to be completed within Q2 2010, with initial key efficacy results to be reported towards the end of Q3 2010. *Pending regulatory approval, very high growth and very high margins (90%).*

Derma Sciences' products are marketed to wound care centers, long-term care facilities, hospitals, physicians' offices, clinics, home health care agencies and other health care institutions, as well as pharmacies on the retail side of the business.

Investment Highlights

- **Robust product licensing and development history**
 - » 5 novel, advanced wound care products successfully launched in the past 3 years, generating \$6 million in sales in 2009 and expected to grow to \$15M in sales in 2010
- **Powerful growth engine: Advanced Wound Care**
 - » Advanced Wound Care sales force in US will double in 2010 (from 10 to 20)
 - » Global market for Advanced Wound Care products totals almost \$5 billion and is growing approximately 10% annually
- **DSC127 has blockbuster potential**
 - » Total market for accelerated healing and scar reduction drug estimated at \$30 billion
 - » Phase II trial results expected in 3Q10
- **Recently acquired perpetual, global rights to key brand, MEDIHONEY®**
 - » Acquisition is a catalyst for company's international expansion
- **Strong cash flow core business with good growth potential**
 - » Positive cash flow will fund growth initiatives
- **DSCI stock is undervalued**
 - » Current market cap is substantially less than 2009 sales

Key Product Under Development

DSC127 (angiotensin analog)

Novel angiotensin analog for use in wound healing and scar reduction. Developed at the University of Southern California by leading product development researchers in the field of tissue repair, and licensed from the university in November 2007. Successfully completed a phase I trial in 4Q07, and presently undergoing phase II trials to assess safety and efficacy of DSC127 on healing diabetic ulcers. Results from the phase II trials are expected in 3Q10.

- **"Blockbuster" potential** - with applications in the following markets:
 - » \$10 billion chronic wound market
 - » \$8 billion scar prevention/reduction market
 - » \$6 billion burn market
 - » \$6 billion radiation and other wound markets
- **Limited competition** – Systagenix's Regranex® is the only FDA-approved drug for wound healing. (Systagenix is formerly Johnson & Johnson's Chronic Wound Care division.)
 - » Regranex® has a black box warning and is only 13% more effective than saline-soaked gauze but has achieved sales exceeding \$100M per year



Key Products

MEDIHONEY® (wound and burn dressings)

Novel, patented dressings comprised of a high percentage of active Leptospermum honey. This unique type of honey has been shown to result in durable antimicrobial, anti-inflammatory and immunomodulatory activities. Effective against virulent bacteria such as methicillin resistant staphylococcus aureus (MRSA) while also promoting cellular regeneration of tissue. MEDIHONEY® dressings are ideal for the management of chronic and hard-to-heal wounds -- including ulcers, burns and post-operative wounds. The dressings are non-toxic and have been shown in a large scale randomized controlled study to promote healing.



- **Leading global brand** - \$4 million business (grew 80% in 2009 vs 2008)
- **Best-in-class product** - with first mover advantage and strong IP / patents
- **DSCI's deepest product offering & pipeline** - 4 products with several line extensions in the pipeline
- **Sourcing advantages** - Worldwide licensing rights obtained from Comvita (New Zealand-based company that controls 75% of worldwide Leptospermum honey production)

XTRASORB™ (super absorbent polymer-based dressings)

Novel, proprietary dressing that utilizes a super absorbent polymer. While other absorbing dressings currently on the market use open cell structures to capture fluid, XTRASORB dressings convert fluid within the dressing into a gel, thus locking the exudates into the dressing. XTRASORB dressings have a distinct advantage over competitive dressings in that they absorb more fluid and hold the fluid away from the wound thus avoiding further deterioration of the wound.

- **Competitive edge** - more absorbent than any dressing currently on the market, reducing nursing time and costs associated with dressing changes
- **Binding fluid** - keeping fluid away from the wound reduces the risk of wound deterioration
- **Product line extension slated for 2Q10** - foam version (to compete in the largest category of moist wound dressings) with line extensions continuing into 2011

BIOGUARD™ (barrier dressings)

Novel, patented barrier dressings that contain an active antimicrobial compound. Dressings have been shown to kill > 99.999% of virulent bacteria such as methicillin resistant staphylococcus aureus (MRSA). Complete line-up of traditional wound care dressings.

- **Strong IP** - Protected by nine U.S. patents and patents pending and 24 foreign counterparts
- **Exclusive license** - 7-year license initially granted by QuickMed Technologies in 2007 with 3-year extension granted in February 2010 to 2017
- **Exclusive distribution agreement with Medline Industries** - Medline is 2nd largest provider of traditional wound care products to U.S. acute care facilities (with over 800 sales reps)

Management

Edward Quilty - Chairman and Chief Executive Officer

Ed Quilty has served as Chief Executive Officer of our Company since November 1996, Chairman of the Board since May 1996 and as a director of our Company since March 1996. Mr. Quilty was the Chairman of the Board of Palatin Technologies, Inc., a publicly traded biopharmaceutical company, from November 1995 until May 2000. During November 1996 through May 2000, he was CEO of both our Company and Palatin. From July 1994 through November 1995, he was President and CEO of MedChem Products, Inc. Mr. Quilty was also CEO of Life Medical Sciences from 1992 to 1994, EVP at McGaw Inc. from 1987 to 1992, and from 1975 to 1987, he worked at Baxter/American Hospital supply in numerous positions.

John Yetter, CPA - Vice President and Chief Financial Officer

John Yetter has served as Vice President and Chief Financial Officer of Derma Sciences since August 2000. Prior to joining Derma Sciences, Mr. Yetter held a variety of senior financial positions with Bristol-Myers Squibb Company. Before that, he held several supervisory financial positions with Cooper Industries, Inc., Price Waterhouse and Hulse Manufacturing Company.

Barry Wolfenson - Executive Vice President of Global Marketing & Business Development

Barry Wolfenson has served as EVP of Global Marketing & Business Development for Derma Sciences since March 2010. Previously, Mr. Wolfenson served as Derma Sciences Vice President for Marketing and Business Development (from May 2006 to March 2010) and Director of Marketing (from February 2004 through February 2006). Prior to joining Derma Sciences, Mr. Wolfenson worked at Bristol Myers Squibb, where he held various sales and marketing positions since 2001. His last position at Bristol Myers Squibb was as the Marketing Manager of their ConvaTec division. Before his association with Bristol-Myers Squibb, Mr. Wolfenson operated a successful entrepreneurial venture and worked as a management information systems consultant with Andersen Consulting.

Recent News

April 01, 2010	Derma Sciences Reports Fourth Quarter and Full Year 2009 Results
February 25, 2010	Derma Sciences Finalizes Licensing Agreement for Worldwide Rights to MEDIHONEY®
February 23, 2010	Derma Sciences Gains Expanded Product Offering and Extended Contract Term for its BIOGUARD™ Dressing Line
February 23, 2010	Derma Sciences Announces Full Exercise of Over- Allotment Option and Closing of Public Equity Offering
February 18, 2010	Derma Sciences Signs Contract With Leading Wound Care Company for Exclusive Distribution of BIOGUARD™ Barrier Dressings
February 17, 2010	Derma Sciences Announces Pricing of Follow-on Offering
February 09, 2010	Derma Sciences, Inc. to List Its Common Stock on NASDAQ
January 29, 2010	Derma Sciences Announces 1-for-8 Reverse Stock Split
January 05, 2010	Derma Sciences Signs Three-Year Contract With Leading Global Healthcare Company

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