

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	MERGER
EFFECTIVE DATE:	09/14/2012

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
DERMA SCIENCES, INC.		08/06/2013	CORPORATION: PENNSYLVANIA

RECEIVING PARTY DATA

Name:	DERMA SCIENCES, INC.
Street Address:	214 CARNEGIE CENTER, SUITE 300
City:	PRINCETON
State/Country:	NEW JERSEY
Postal Code:	08540
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 17

Property Type	Number	Word Mark
Registration Number:	3375027	ALGICELL
Registration Number:	1635918	APRIVERA
Registration Number:	2569609	
Registration Number:	3793891	BIOGUARD
Registration Number:	2069517	CATH-STRIP
Registration Number:	1386543	DERMAGRAN
Registration Number:	1695738	DERMAGRAN
Registration Number:	1828019	DERMAGRAN
Registration Number:	1763594	DERMAGRAN
Registration Number:	2912413	DERMAGRAN
Registration Number:	2017556	DERMASCIENCE
Registration Number:	2772934	DERMA SCIENCES
Registration Number:	3503313	HONEYCOLLOID

CH \$440.00 3375027

Registration Number:	2055256	NG STRIP
Registration Number:	1697316	SUTURE STRIP
Registration Number:	3719605	XTRASORB
Serial Number:	85889467	HONEYGEL

CORRESPONDENCE DATA

Fax Number: 8164121263
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
Phone: 816.842.8600
Email: TRADEMARK@STINSON.COM
Correspondent Name: STINSON MORRISON HECKER LLP
Address Line 1: 1201 WALNUT STREET, SUITE 2900
Address Line 2: STINSON TRADEMARK ADMINISTRATOR
Address Line 4: KANSAS CITY, MISSOURI 64106-2150

ATTORNEY DOCKET NUMBER:	0506429-0000
NAME OF SUBMITTER:	CYNTHIA MAUST
Signature:	/CYNTHIA MAUST/
Date:	08/07/2013

Total Attachments: 13
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NOTICE OF MERGER AND NAME CHANGE

WHEREAS, on September 14, 2012, Derma Sciences, Inc., a Pennsylvania corporation, changed its state of incorporation from Pennsylvania to Delaware by way of a merger with and into Derma Sciences, Inc., a Delaware corporation, pursuant to an agreement and plan of merger dated September 5, 2012 (the "Merger Agreement"). The Merger Agreement was approved by the requisite vote of shareholders on May 30, 2012. The terms of the Merger Agreement are set forth beginning at page 21 of the Derma Sciences, Inc. Proxy Statement mailed to stockholders on or about April 17, 2012 (copies of pertinent pages of the Proxy Statement are attached). Other than the change in corporate domicile, the merger did not result in any change in the location of the merged company, which continues to be 214 Carnegie Center, Suite 300, Princeton, New Jersey 08540.

WHEREAS, prior to the merger and thereafter, Derma Sciences, Inc., (Pennsylvania corporation) has been shown in the records of the U.S. Patent and Trademark Office as being the titular owner of all right, title and interest in and to the following marks, and in and to the registrations and applications for registration thereof.

U.S. TRADEMARKS

MARK	REGISTRATION NO.	APPLICATION SERIAL NO.
ALGICELL	3,375,027	77072072
APRIVERA	1,635,918	74052406
ARC & DROPS Design	2,569,609	76151124
BIOGUARD	3,793,891	77525708
CATH-STRIP	2,069,517	75112713
DERMAGRAN	1,386,543	73554182
DERMAGRAN	1,695,738	74169262

MARK	REGISTRATION NO.	APPLICATION SERIAL NO.
DERMAGRAN	1,828,019	74409625
DERMAGRAN	1,763,594	74213713
DERMAGRAN	2,912,413	76555072
DERMASCIENCE	2,017,556	75024139
DERMA SCIENCES & Design	2,772,934	76150886
HONEYCOLLOID	3,503,313	77405225
HONEYGEL	Pending	85889467
NG STRIP	2,055,256	75112986
SUTURE STRIP	1,697,316	74021832
XTRASORB	3,719,605	77549489

WHEREAS, as a result of the merger, Derma Sciences, Inc., (Delaware corporation), located at 214 Carnegie Center, Suite 300, Princeton, New Jersey 08540, is and has become the titular owner of all right, title and interest in and to all of the marks previously owned by Derma Sciences, Inc., (Pennsylvania corporation), including those marks listed above, and in and to the registrations and applications for registration thereof, and has acquired the entire right, title and interest in and to the listed marks and the goodwill of the business associated therewith.


NOW, THEREFORE, TO ALL WHOM IT MAY CONCERN:

Pursuant to the foregoing, it is respectfully requested that this Notice of Merger and Name Change be recorded in the records of the U.S. Patent and Trademark Office and that the assignment records of the Office be changed to show that Derma Sciences, Inc., (Delaware corporation) is the true owner of all of the right, title and interest in and to each of the trademarks, trademark applications and/or trademark registrations listed above, together with the goodwill of the business associated therewith, including all claims for damages by reason of past


infringement of said marks, with the right to sue and collect therefor, and all common law rights in the marks, to the same extent as previously has been owned by Derma Sciences, Inc., (Pennsylvania corporation).

This Notice of Merger and Name Change is dated this 6 day of August, 2013.

DERMA SCIENCES, INC., (Delaware corporation)

By  _____
John E. Yetter
VICE PRESIDENT AND CFO

DERMA SCIENCES, INC., (Pennsylvania corporation)

By  _____
John E. Yetter
VICE PRESIDENT AND CFO

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

DERMA SCIENCES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

- Fees paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

 2. Form, Schedule or Registration Statement No.:

 3. Filing Party:

 4. Date Filed:

-
-



D E R M A S C I E N C E S

214 Carnegie Center
Suite 300
Princeton, New Jersey 08540

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 30, 2012**

To the Shareholders of Derma Sciences, Inc.:

The Annual Meeting of Shareholders (the "Meeting") of Derma Sciences, Inc., a Pennsylvania corporation (the "Company"), will be held on May 30, 2012, at 3:00 p.m., at the offices of the Company, 214 Carnegie Center, Suite 300, Princeton, New Jersey, for the following purposes:

1. To elect nine directors for the year following the Meeting or until their successors are elected;
2. To consider and vote upon the proposal to amend the Company's Articles of Incorporation to increase the number of authorized shares of common stock of the Company from 18,750,000 to 25,000,000;
3. To consider and vote upon the adoption of the Derma Sciences, Inc. 2012 Equity Incentive Plan;
4. To consider and vote upon the proposal to change the Company's state of incorporation from Pennsylvania to Delaware;
5. To consider and vote upon ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
6. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Only shareholders of record at the close of business on April 10, 2012, are entitled to notice of and to vote at the Meeting and at any adjournments or postponements of the Meeting.

All shareholders are cordially invited to attend the Meeting in person. Whether or not you plan to attend the Meeting, your vote is important. In an effort to facilitate the voting process, we are pleased to avail ourselves of Securities and Exchange Commission rules that allow proxy materials to be furnished to shareholders on the Internet. You can vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials that was mailed to you on or about April 17, 2012, or, if you request printed copies of the proxy materials by mail, you can also vote by mail or by telephone. Your promptness in voting by proxy will assist in its expeditious and orderly processing and will assure that you are represented at the Meeting. If you vote by proxy, you may nevertheless attend the Meeting and vote your shares in person.

TO ENSURE YOUR REPRESENTATION AT THE MEETING, YOU ARE URGED TO READ THIS PROXY STATEMENT AND SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE BY FOLLOWING THE INSTRUCTIONS IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS, WHICH WAS MAILED TO YOU ON OR ABOUT APRIL 17, 2012, OR, IF YOU REQUEST PRINTED COPIES OF THE PROXY MATERIALS BY MAIL, YOU CAN ALSO VOTE BY MAIL OR BY TELEPHONE.

By Order of the Board of Directors,

DERMA SCIENCES, INC.

/s/ Edward J. Quilty

Chairman of the Board, President and Chief Executive
Officer

DERMA SCIENCES, INC.
214 Carnegie Center
Suite 300
Princeton, New Jersey 08540

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 30, 2012

PROXY STATEMENT

The Board of Directors (the "Board" or the "Board of Directors") of Derma Sciences, Inc. (the "Company," "Derma Sciences," "we," "us" or "our") has made these materials available to you on the Internet, or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies for use at its Annual Meeting of Shareholders (the "Meeting") to be held at 3:00 p.m. on Wednesday, May 30, 2012, at the offices of the Company, 214 Carnegie Center, Suite 300, Princeton, New Jersey, 08540, and at any adjournments thereof. The purpose of the Meeting and the matters to be acted upon are set forth under the headings *Proposal 1 — Election of Directors*, *Proposal 2 — Amendment of the Company's Articles of Incorporation to Increase the Authorized Shares of Common Stock*, *Proposal 3 — Adoption of the Derma Sciences, Inc. 2012 Equity Incentive Plan*, *Proposal 4 — Change of the Company's State of Incorporation from Pennsylvania to Delaware* and *Proposal 5 — Ratification of Appointment of Independent Registered Public Accounting Firm* below and in the Notice of Annual Meeting of Shareholders. Shareholders are requested to promptly vote by proxy over the Internet by following the instructions provided in the Notice of Internet Availability of Proxy Materials, which was mailed to you on or about April 17, 2012. If you request printed copies of the proxy materials by mail, you can also vote by mail or by telephone.

The close of business on April 10, 2012, has been fixed as the record date (the "Record Date") for the determination of shareholders entitled to notice of, and to vote at, the Meeting. On the Record Date, the Company had the following shares issued, outstanding and entitled to vote:

- 12,770,876 shares of the Common Stock;
- 18,598 shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock"),
- 54,734 shares of Series B Convertible Preferred Stock (the "Series B Preferred Stock," together with the Series A Preferred Stock, the "Preferred Stock").

The foregoing shares of Common Stock and Preferred Stock are collectively referred to herein as the "Shares." Holders of the Shares are entitled to one vote for each share held of record. Holders of the Shares may cumulate their votes for the election of directors as described below. The Shares are the only voting securities of the Company.

The presence at the Meeting, in person or by proxy, of the holders of 6,422,105 Shares (a majority of the aggregate number of shares of Common Stock and Preferred Stock issued and outstanding and entitled to vote as of the Record Date) is necessary to constitute a quorum to transact business. Proxies marked "ABSTAIN" and Broker Non-Votes (as defined below), if any, will be counted in determining the presence of a quorum. Other than for election of directors (discussed below), each holder of Common Stock and Preferred Stock as of the Record Date is entitled to one vote per Share.

PROPOSAL 4 — CHANGE OF THE COMPANY'S STATE OF INCORPORATION FROM PENNSYLVANIA TO DELAWARE

General

The Board of Directors has unanimously approved, subject to shareholder approval, a proposal (the "Reincorporation Proposal") to change the Company's state of incorporation from the Commonwealth of Pennsylvania to the State of Delaware (the "Reincorporation") by means of a merger (the "Merger") of the Company with and into its wholly owned subsidiary, Derma Sciences, Inc., a Delaware corporation ("Derma Delaware"), solely for the purpose of reincorporating the Company in Delaware. The Merger will be accomplished pursuant to the terms of the Agreement and Plan of Merger (the "Merger Agreement"), attached as Appendix C to this Proxy Statement. The effect of the Merger will be to change the law applicable to the Company's corporate affairs from Pennsylvania law to Delaware law and to change the governing instruments for the Company from its existing articles of incorporation, as amended, and bylaws to the certificate of incorporation and bylaws of Derma Delaware, which are attached hereto as Appendices D and E. While these governing documents are substantially similar to the existing articles of incorporation and bylaws of the Company, the Reincorporation will result in some changes to shareholders' rights. See "*Comparison of Pennsylvania and Delaware Corporation Laws*" below. Copies of the Company's existing articles of incorporation and bylaws are available upon request to the Corporate Secretary of the Company at Derma Sciences, Inc., 214 Carnegie Center, Suite 300, Princeton, New Jersey.

Approval of the Reincorporation Proposal by the Company's shareholders will constitute adoption by the Company's shareholders of the Merger Agreement and approval by the Company's shareholders of the certificate of incorporation and the bylaws of Derma Delaware, all other transactions and proceedings relating to the Merger and the assumption by Derma Delaware, as the surviving corporation of the Merger, of the Company's employee benefit plans, agreements and arrangements and the obligations of the Company under such plans, agreements and arrangements. Pursuant to the terms of the Merger Agreement, the certificate of incorporation and bylaws of Derma Delaware will replace the Company's current articles of incorporation and bylaws as the Company's principal corporate governance documents. See "*Comparison of Pennsylvania and Delaware Corporation Laws*" below. Accordingly, shareholders are urged to read carefully this Proxy Statement and the attached appendices.

Reasons for and Advantages of the Reincorporation in Delaware

For the reasons discussed below, the Board believes that the best interests of the Company and its shareholders would be served by changing its state of incorporation from Pennsylvania to Delaware.

Predictability, Flexibility and Responsiveness to Corporate Needs

Delaware has adopted comprehensive and flexible corporate laws which are revised regularly to meet changing business circumstances. The Delaware legislature is particularly sensitive to issues regarding corporate law and is especially responsive to developments in modern corporate law. Each year the Delaware General Assembly considers and adopts statutory amendments that have been proposed by the Corporation Law Section of the Delaware bar to meet changing business needs. In addition, the Delaware Secretary of State is particularly flexible, expert and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions.

Delaware has a system of specialized Chancery Courts to deal with corporate law questions, which has streamlined procedures and processes that result in relatively quick decisions. The Chancery Court has no jurisdiction over criminal and tort cases, and corporate cases are heard by judges, without juries, who have many years of experience with corporate law issues. Traditionally, this has meant that the Delaware courts are able, in most cases, to process corporate litigation relatively quickly and effectively. As a result, Delaware courts have developed considerable expertise in dealing with corporate issues and produced a substantial body of case law construing Delaware corporate laws. Because the legal system in the United States is based largely on legal precedents, the abundance of Delaware case law should serve to enhance the relative clarity and predictability of many areas of corporate law, which should offer added advantages to the Company and its shareholders by allowing the Board and management to make corporate decisions and take corporate actions with greater assurance as to the validity and consequences of those decisions and actions.

Raising Capital

The Reincorporation in Delaware may provide the Company with greater opportunities to raise capital as underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for corporations having the greater flexibility afforded by Delaware law. Delaware also may make it easier to attract financing as many investors are generally more familiar with Delaware corporate law, particularly provisions relating to rights of preferred shareholders.

Directors and Officers

Reincorporation under Delaware law may enhance the Company's ability to attract and retain qualified directors and officers as well as encourage directors and officers to continue to make independent decisions in good faith on behalf of the Company. The parameters of director and officer liability are more extensively addressed in Delaware court decisions, and are therefore better defined and better understood than under Pennsylvania law, thus offering greater certainty and stability from the perspective of those who serve as corporate officers and directors. Reincorporation from Pennsylvania to Delaware also may make it easier to attract future candidates willing to serve on the Board, because many potential candidates may already be familiar with Delaware corporate law, including provisions relating to director indemnification, from their past business experience. The better understood and comparatively stable corporate environment afforded by Delaware may enable the Company to compete more effectively with other public companies, most of which are incorporated in Delaware, in the recruitment of talented and experienced directors and officers.

Anti-Takeover Provisions

Under Delaware law, a corporation may adopt certain measures to mitigate its vulnerability to unsolicited takeover attempts through amendment of the corporate charter documents, adoption of a shareholder rights plan or otherwise. Delaware law also imposes certain restrictions on parties attempting to seize control of Delaware corporations. Unsolicited takeovers can involve attempts to seize control without acquiring all outstanding shares and without paying a fair value to the shareholders of a company. The Company does not currently have in place various measures permitted under Delaware law designed to protect shareholders interests in the event of a hostile takeover attempt against the Company. These measures include a classified board of directors and the prohibition of actions by written consent of shareholders. Many of these measures have not been as fully tested in the Pennsylvania courts as in the Delaware courts. As a result, Delaware law affords greater certainty that these measures will be interpreted, sustained and applied in accordance with the intentions of the board of directors. In general, Delaware case law provides a well-developed body of law defining the proper duties and decision making process expected of a board of directors in evaluating potential and proposed corporate takeover offers and business combinations. These measures and related Delaware law could help the Board protect the Company's corporate strategies, to consider fully any proposed takeover and alternatives and, if appropriate, to negotiate terms that maximize the benefit to the shareholders.

Principal Features of the Reincorporation Proposal

The Merger Agreement provides for the Merger of the Company into Derma Delaware. Prior to the Merger, Derma Delaware will have no operating history, assets, or liabilities. After the Effective Time (as defined in the Merger Agreement), the Company will be governed by the certificate of incorporation and bylaws of Derma Delaware, which are substantially similar to the governing documents of the Company, except as described in this Proxy Statement. The Merger will not change the business or management of the Company. The Merger will not cause a change in our name, which will remain "Derma Sciences, Inc." The following discussion summarizes key aspects of the Reincorporation Proposal. This summary is not intended to be complete and is qualified in its entirety by reference to the Merger Agreement attached as Appendix C, Derma Delaware's certificate of incorporation, attached as Appendix D and Derma Delaware's bylaws, attached as Appendix E.

Pursuant to the Merger Agreement, at the Effective Time, each outstanding share of Common Stock and Preferred Stock will automatically be converted into one share of common stock or preferred stock, as applicable, of Derma Delaware. Each outstanding certificate representing shares of the Company's Common Stock and Preferred Stock will continue to represent the same number of shares of common stock or preferred stock, as applicable, of Derma Delaware. It will not be necessary for shareholders to exchange existing Company stock certificates for Derma Delaware stock certificates. However, when outstanding certificates representing shares of the Company's Common Stock or Preferred Stock are presented for transfer after the Merger, new certificates representing shares of Derma Delaware's common stock or preferred stock, as applicable, will be issued. New certificates will also be issued upon the request of any shareholder, subject to normal requirements as to proper endorsement, signature guarantee, if required, and the payment of any applicable taxes.

Approval of the Reincorporation Proposal will effect a change in the legal domicile of the Company and other changes described in this Proxy Statement. Reincorporation of the Company will not, in and of itself, result in any change in the name, business, management, or location of the principal executive offices, assets or liabilities of the Company. The Derma Delaware board of directors will consist of the same individuals who serve as directors of the Company as of the Effective Time. Pursuant to the terms of the Merger Agreement, such individuals will serve as members of the Derma Delaware board of directors for the same terms as those for which they are serving as directors of the Company as of the Effective Time. Each of the officers of Derma Delaware is now serving as an officer of the Company. The Prior Plans, or the 2012 Plan if Proposal No. 3 is approved by the shareholders, will be continued by Derma Delaware, and each option to purchase the Company's Common Stock issued pursuant to the Prior Plans or the 2012 Plan will automatically be converted into an option to purchase the same number of shares of common stock of Derma Delaware, upon the same terms and subject to the same conditions as set forth in the Prior Plans or the 2012 Plan, as applicable.

The Company's Common Stock will continue to be traded on the NASDAQ Capital Market without interruption under the same symbol (DSCI) as at present. Derma Delaware will succeed to all the assets and liabilities of the Company. The stated purposes of Derma Delaware, as set forth in its certificate of incorporation, will permit the Company in the future to enter into any lawful business activity, with such power and authority as is permitted currently by the Company. The Reincorporation will not change the financial condition of the Company and will involve only the Company and a wholly owned subsidiary of the Company formed for the sole purpose of the Reincorporation. If shareholders approve the Reincorporation Proposal, the Reincorporation will be completed at a time that the boards of directors of the Company and Derma Delaware determine is advisable and after receipt of all required government approvals and filings. The Merger will take effect on the date upon which the Merger Agreement is filed with the offices of the Secretaries of State of the Commonwealth of Pennsylvania and the State of Delaware, which filing is anticipated to be as soon as practicable after approval of the Merger Agreement by the Company's shareholders and all other conditions have been satisfied.

Approval of the Board of Directors; Required Shareholder Vote

The Reincorporation was approved by the Board. Approval of the Reincorporation Proposal requires the affirmative vote of a majority of the outstanding shares of Common Stock and Preferred Stock.

Effect of Not Obtaining the Required Vote for Approval

If the Reincorporation Proposal fails to obtain the requisite vote for approval, the Reincorporation will not be consummated and the Company will continue to be incorporated in the Commonwealth of Pennsylvania.

Comparison of Pennsylvania and Delaware Corporation Laws

The Company is a Pennsylvania corporation and is governed by the Pennsylvania Business Corporation Law (the "PBCL"). As a Delaware corporation, Derma Delaware is, and the Company will be if the Reincorporation Proposal is approved, governed by the Delaware General Corporation Law (the "DGCL"). Because of differences in the corporation laws of Pennsylvania and Delaware, the rights of the Company's shareholders will change in various respects as a result of the proposed Reincorporation. The following discussion is a summary of principal differences in the rights of shareholders following the Reincorporation.

Special Meetings of Shareholders

The PBCL generally permits holders of 20% or more of the outstanding shares to call a special meeting of shareholders unless restricted in the articles of incorporation. However, as long as a Pennsylvania corporation is subject to the periodic reporting obligations of the Securities Exchange Act of 1934, as amended (a "Registered Corporation"), as is the Company, shareholders are not entitled to call special meetings. In addition, under the PBCL, shareholders of record entitled to vote must receive notice of shareholder meetings not less than five days before the date of the shareholder meeting with no maximum time period provided.

Under the DGCL, special meetings of shareholders may be called only by the board of directors or by any other person authorized in the corporation's certificate of incorporation or the bylaws. Derma Delaware's certificate of incorporation and bylaws do not authorize any other person to call special meetings of shareholders. Generally, all shareholders of record entitled to vote must receive notice of stockholder meetings not less than 10 or more than 60 days before the date of the stockholder meeting.

Shareholders' Action Without a Meeting

Under the PBCL, shareholders are permitted to take action by unanimous written consent in lieu of a meeting unless the corporation's articles or bylaws provide otherwise. Further, under the PBCL, a corporation's bylaws may permit action by partial written consent in lieu of a meeting, however, any action taken pursuant to such a provision is not effective unless and until at least 10 days' notice of the action is provided to each shareholder entitled to vote thereon, who did not. The Company's bylaws do not permit the shareholders to take action by written consent in lieu of a meeting. In contrast, the DGCL permits such an action to be taken by written consent, if the written consent is signed by the holders of shares that would have been required to effect the action at a meeting of the shareholders. Shareholders who do not sign the written consent must be notified promptly following the effectiveness of a written consent. Generally, holders of a majority of the Company's outstanding shares may take action by written consent in lieu of a shareholder meeting. Under both the PBCL and the DGCL, a corporation's articles or certificate of incorporation may restrict or prohibit shareholders' action without a meeting. Derma Delaware's certificate of incorporation does not restrict or prohibit shareholders' action without a meeting. Further, Derma Delaware's bylaws provide that action may be taken by written consent, if the written consent is signed by the holders of shares that would have been required to effect the action at a meeting of the shareholders.

Advance Notice Requirements

Under both the PBCL and the DGCL, a corporation may require shareholders wishing to nominate persons for election to the board of directors to give notice of the nomination by a date prior to the annual meeting. The Company's bylaws and Derma Delaware's bylaws each provide that nominations for election to the Board must be submitted no later than 60 days prior to the anniversary of the prior year's annual meeting. Neither the Company's articles of incorporation or bylaws nor Derma Delaware's certificate of incorporation or bylaws specify a deadline for submission of proposals for new business to be voted on by shareholders.

Preemptive Rights

Under both the PBCL and the DGCL, unless otherwise provided in the articles or certificate of incorporation, a corporation may issue shares, option rights or securities having conversion or option rights, without first offering them to shareholders of a class. Both the Company's articles of incorporation and Derma Delaware's certificate of incorporation are silent on preemptive rights.

Classified Board of Directors

Both the PBCL and the DGCL permit corporations to have classified boards of directors. The PBCL permits the board to be divided into four classes, while the DGCL permits three classes. Neither the Company's nor Derma Delaware's boards of directors are currently classified.

Cumulative Voting

Under the PBCL, shareholders have cumulative voting rights for the election of directors. Pennsylvania corporations may opt out of cumulative voting, however, the Company has not done so. Under cumulative voting, a shareholder may cast as many votes as shall equal the number of votes that such holder would be entitled to cast for the election of directors multiplied by the number of directors to be elected. The holder may cast all such votes for a single director or distribute the votes among two or more directors.

Under the DGCL, where the certificate of incorporation is silent on the matter, there is no cumulative voting. Derma Delaware's certificate of incorporation does not provide for cumulative voting.

Removal of Directors

Under the PBCL, subject to certain limitations, a Pennsylvania corporation may provide that directors may only be removed for cause and may require the approval of 100% of the outstanding shares entitled to vote. Pennsylvania corporations are not permitted to restrict a shareholder's ability to go to court and seek the court to remove a director in the case of fraudulent or dishonest acts or gross abuse of authority. The Company's bylaws currently provide that directors may be removed with or without cause by approval of 100% of the outstanding shares entitled to vote. Under the DGCL, unless the board of directors is divided into classes, shareholders may remove directors, with or without cause, by a vote of shareholders owning a majority of the outstanding shares entitled to vote or by such greater vote requirement as may be set forth in the certificate of incorporation. Derma Delaware's certificate of incorporation does not set forth a greater vote requirement.

Limitation of Director Liability

Under the PBCL, a corporation is permitted to include a provision in its corporate documents limiting liability of directors for any actions taken, unless the director has breached or failed to perform his or her fiduciary duty and the breach or failure consists of self-dealing, willful misconduct, or recklessness. A director's liability may not be limited under the PBCL, however, in the instance of a violation of any criminal statute or for the payment of taxes to federal, state or local authorities. The Company's bylaws include a provision limiting directors' liability consistent with the foregoing. The DGCL permits a company to include a provision in its certificate of incorporation that eliminates or limits the personal liability of a director for monetary damages resulting from a breach of fiduciary duty as a director, except under the following circumstances: (i) for a breach of loyalty, (ii) for acts or omission not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payment of dividend or unlawful stock purchase or redemption and (iv) from any transaction in which the director derived an improper personal benefit. Derma Delaware's certificate of incorporation and bylaws each include a provision limiting director liability to the fullest extent permitted by the DGCL.

Amendments to the Articles or Certificate of Incorporation

Under the PBCL, unless otherwise prohibited in the articles of incorporation, amendments to a company's articles may be proposed by the board of directors or the holders of at least 10% of the voting shares. However, shareholders of Registered Corporations, like the Company, are prohibited under the PBCL from proposing amendments to the articles of incorporation. Generally, the required vote to approve amendments to the articles is a majority of the shares outstanding. A corporation is permitted to include a greater approval percentage if desired, however, the Company's articles of incorporation are silent on amendments to the articles of incorporation.

Under the DGCL, amendments to the certificate of incorporation are generally proposed by the board of directors but there is no restriction against shareholder action provided it otherwise complies with the advance notice provisions. The board is required to approve and adopt any such amendments prior to submitting such amendments to shareholders for approval. Approval of an amendment generally requires the affirmative vote of a majority of the shares outstanding, but a supermajority vote requirement is permitted. Derma Delaware's certificate of incorporation requires the affirmative vote of a majority of the shares outstanding to amend the certificate of incorporation.

Amendments to the Bylaws

The PBCL permits a corporation to provide that bylaws may only be amended by directors, provided shareholders have the right to change such a provision. In addition, the board of directors may not adopt or change a bylaw on any subject that is committed expressly to shareholders under Pennsylvania law. The Company's bylaws include the right of the majority of directors in office to amend the bylaws, subject to these exceptions. The DGCL provides that the power to adopt, amend, or repeal bylaws remains with the corporation's shareholders entitled to vote, but permits the corporation, in its certificate of incorporation, to confer the power upon the board of directors. Under the DGCL, the fact that such power has been placed in the board of directors neither divests nor limits the shareholders' power to adopt, amend, or repeal bylaws. Where bylaws conflict, shareholder adopted bylaws control. Derma Delaware's certificate of incorporation and bylaws provide that any bylaw may be adopted, amended or repealed by the board of directors and the shareholders, by the affirmative vote of at least two-thirds (2/3) of the shares outstanding.

Fiduciary Duties of Director

Both the DGCL and PBCL provide that the board of directors has the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors owe fiduciary duties of care and loyalty to the corporation and to its shareholders. The PBCL and the DGCL similarly require that directors perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the corporation, and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. The PBCL, however, contains a provision specifically permitting (not requiring) directors, in discharging their duties, to consider the effects of any action taken by them upon any or all affected groups (including, e.g. shareholders, employees, customers, creditors and certain communities) as well as all other pertinent factors. Unlike the DGCL, the PBCL expressly makes clear that a director has no greater obligation to justify, or higher burden of proof with respect to, any act relating to an actual or potential take-over of the corporation than he or she has with respect to any other act as a director.

Delaware courts have held that the duty of care requires the directors to exercise an informed business judgment. An informed business judgment means that the directors have informed themselves of all material information reasonably available to them. Delaware courts have also imposed a heightened standard of conduct upon directors in matters involving a contest for control of the corporation.

Mergers and Major Transactions

Under the PBCL, fundamental corporate transactions (such as mergers, sales of all or substantially all of the corporation's assets, dissolutions, etc.) require the approval of a majority of the votes actually cast by the shareholders at the meeting. The DGCL requires the approval of the holders of a majority of the outstanding shares of common stock. Both the PBCL and the DGCL permit a corporation to increase the minimum percentage vote required by the statutory minimums described above. Neither the Company's bylaws nor Derma Delaware's bylaws have any special voting requirements for such fundamental transactions.

Anti-takeover Provisions

Both the PBCL and the DGCL allow corporations to impose a supermajority voting requirement on a variety of corporate actions. The PBCL contains a number of statutory anti-takeover provisions applicable to Registered Corporations unless the entity opts out from one or more of the provisions. The Company, in its articles of incorporation, has opted out of the following statutory anti-takeover provisions:

- Subchapter 25E, which, with certain exceptions, entitles shareholders to be paid the fair value of their shares by anyone who acquires 20% or more of the outstanding voting power of the corporation;
- Subchapter 25F, which imposes certain financial requirements and restrictions on business combinations with interested shareholders of the corporation;
- Subchapter 25G, which, with certain exceptions, limits the voting rights of persons who have acquired 20% or more of the outstanding voting power of the corporation; and
- Subchapter 25H, which requires disgorgement of certain profits made by controlling shareholders following their attempts to gain control of the corporation.

Section 203 of the DGCL also contains a statutory anti-takeover provision requiring that in order to engage in certain business combinations with Delaware corporations, an "interested shareholder," i.e., a shareholder owning 15% or more of the corporation's stock for a period of less than three years, must obtain the approval of at least two-thirds of the corporation's outstanding stock not owned by such shareholder. Section 203 only applies to Delaware corporations that have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 shareholders. However, a corporation may elect not to be governed by Section 203 by a provision in its certificate of incorporation or its bylaws. Derma Delaware is governed by Section 203 of the DGCL.

Franchise and Income Taxes and Fees

The Company's liability for state corporate franchise and income taxes and fees as a Delaware corporation may be greater than its liability for state corporate franchise and income taxes and fees as a Pennsylvania corporation.

Federal Income Tax Consequences

The following is a discussion of the material federal income tax consequences of the Merger that are generally applicable to holders of shares of the Common Stock and Preferred Stock. The discussion does not address all federal income tax consequences that may be important to particular holders of shares of the Company's Common Stock and Preferred Stock in light of their individual circumstances, or who are subject to special treatment under federal income tax laws (such as shareholders that are dealers in securities, banks, insurance companies, regulated investment companies, tax-exempt entities, foreign persons and shareholders that acquired their shares in connection with a stock option plan or other compensatory transaction). This discussion is based on the provisions of United States federal income tax law as of the date hereof, which are subject to change, potentially with retroactive effect.

This discussion does not address any foreign, state or local tax consequences of the Merger. **Shareholders are urged to consult their own tax advisors as to the specific federal, foreign, state, local and other tax consequences to them of the Merger.**

The Company intends that the Merger and resulting reincorporation of the Company from Pennsylvania to Delaware will qualify as a tax-free "reorganization" described in Section 368(a)(1)(F) of the Internal Revenue Code. Assuming the Merger qualifies as a reorganization, then, generally, (i) no gain or loss will be recognized by the Company as a result of the Merger, (ii) no gain or loss will be recognized by the holders of shares of the Common Stock or Preferred Stock upon the exchange of such shares for shares of common stock or preferred stock of Derma Delaware, (iii) the basis of the shares of common stock or preferred stock of Derma Delaware received by a shareholder of the Company will be the same as the shareholder's basis of the Common Stock or Preferred Stock surrendered by the shareholder in exchange therefor and (iv) a shareholder's holding period for the shares of common stock or preferred stock of Derma Delaware received by a shareholder of the Company will include the holding period of the shares of the Common Stock or Preferred Stock surrendered in exchange therefor, provided that the shares of common stock or preferred stock of Derma Delaware are held as a capital asset on the date of the Merger.

The Company has not requested a ruling from the Internal Revenue Service or an opinion of counsel with respect to the federal income tax consequences of the Merger. The Company's view regarding the federal income tax consequences of the Merger is not binding on the Internal Revenue Service or the courts. Accordingly, shareholders should consult their own tax advisors with respect to all of the potential tax consequences of the Merger.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" CHANGE OF THE COMPANY'S STATE OF INCORPORATION FROM PENNSYLVANIA TO DELAWARE.