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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Genetic Laboratories Wound Care, Inc.

- Individual(s)
- General Partnership
- Corporation-State of Minnesota
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: August 16, 1999

2. Name and address of receiving party(ies)

Name: Galen Partners III, L. P.

Internal Address:

Street Address: 610 Fifth Avenue

City: New York State: NY ZIP: 10020

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership Delaware
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s) 75-404015

B. Trademark Registration No.(s)

2217346	2077308	2055256	2055255
2055254	1697316	1370707	1035561

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Thelen Reid & Priest LLP

Internal Address: Paul J. Sutton, Esq.

Street Address: 40 West 57th Street

City: New York State: NY ZIP: 10019

Telephone No. 212-603-2578

6. Total number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41).....\$ 240.00

Enclosed

Authorized to be charged to deposit account

If there are any additional charges, please charge

8. Deposit account number:

18-0805 Thelen Reid & Priest LLP

(Attach duplicate copy of this page if paying by deposit account)

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02 FC:482 200.00 OP

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Paul J. Sutton

Name of Person Signing

Signature

September 13, 1999

Date

Total number of pages including cover sheet, attachments, and document: 6

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231

TRADEMARK

REEL: 001961 FRAME: 0109

**RE: 8 Trademark Registrations**

**1 Trademark Application**

2. Name and Address of receiving parties:

Galen Partners International III, L. P.  
610 Fifth Avenue  
New York, New York 10020

Galen Employee Fund III, L. P.  
610 Fifth Avenue  
New York, New York 10020

Hambrecht & Quist California, LLC  
One Bush Street  
San Francisco, California 94104

Med-Tec Investors, LLC  
777 Alexander Road  
Princeton, New Jersey 08540

**CONDITIONAL ASSIGNMENT OF AND  
SECURITY INTEREST IN INTELLECTUAL PROPERTY RIGHTS  
(TRADEMARK)**

**THIS CONDITIONAL ASSIGNMENT OF AND SECURITY INTEREST IN INTELLECTUAL PROPERTY RIGHTS (TRADEMARK)** ("Conditional Assignment"), dated August 16, 1999, is made by Genetic Laboratories Wound Care, Inc., a Minnesota corporation with offices at 2726 Patton Road, St. Paul Minnesota 55113 ("Grantor"), in favor of Galen Partners III, L.P., a Delaware limited partnership with offices at 610 Fifth Avenue, New York, New York 10020, Galen Partners International III, L.P., a Delaware limited partnership with offices at 610 Fifth Avenue, New York, New York 10020, Galen Employee Fund III, L.P., a Delaware limited partnership with offices at 610 Fifth Avenue, New York, New York 10020, Hambrecht & Quist California, LLC, a California limited liability company with offices at One Bush Street, San Francisco, California 94104, and Med-Tec Investors, LLC, a New Jersey limited liability company with offices at 777 Alexander Road, Princeton, New Jersey 08540 (collectively, the "Secured Parties").

WHEREAS, the Secured Parties have agreed to purchase from Derma Sciences, Inc., corporate parent of the Grantor, those certain convertible bonds due July 30, 2001 in the aggregate principal amount of \$800,000 ("Convertible Bonds"); and

WHEREAS, in order to secure payment of interest and principal on the Convertible Bonds the Grantor, its corporate affiliates and the Secured Parties have entered into that certain security agreement of even date herewith ("Security Agreement");

NOW, THEREFORE, in consideration of the purchase of the Convertible Bonds by the Secured Parties and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the Grantor hereby makes this Conditional Assignment upon the terms hereinafter set forth:

1. **Definitions.** Unless otherwise defined herein or the context otherwise requires, terms used in this Conditional Assignment, including its preamble and recitals, have the meanings provided in the Convertible Bonds and the Security Agreement.


2. **Conditional Assignment and Grant of Security Interest.** The Grantor hereby: pledges, grants a continuing security interest in and a right of setoff against, and assigns, transfers and conveys to the Secured Parties, effective upon demand made upon the occurrence and during the continuance of an Event of Default, the trademarks (including, without limitation, those items listed on Schedule A hereto), together with all goodwill pertaining thereto.

3. **Purpose.** This Conditional Assignment has been executed and delivered by the Grantor for the purpose of registering the conditional assignment and grant of security interest with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Secured Parties under the Security Agreement. The Security Agreement (and all rights and remedies of the Secured Parties thereunder) shall remain in full force and effect in accordance with their terms.

4. **Acknowledgement.** The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Secured Parties with respect to the security interest in the trademarks granted hereby are more fully set forth in the Security Agreement the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Conditional Assignment to be duly executed and delivered by its Vice President and Chief Financial Officer thereunto duly authorized as of the day and year first above written.

GENETIC LABORATORIES WOUND CARE, INC.

By:   
Stephen T. Wills, CPA, MST  
Vice President and Chief Financial Officer

**SCHEDULE A**

**CONDITIONAL ASSIGNMENT OF AND SECURITY INTEREST  
IN INTELLECTUAL PROPERTY RIGHTS  
(TRADEMARK)**

Dated as of August 16, 1999

<b>Mark</b>	<b>Registration Number (Serial Number)</b>	<b>Registration Date (Filing Date)</b>
ACCU-CLEANSE (and all goodwill pertaining thereto)	2217346	January 12, 1999
UC STRIP (and all goodwill pertaining thereto)	2077308	July 8, 1997
NG STRIP (and all goodwill pertaining thereto)	2055256	April 22, 1997
PERCU-STAY (and all goodwill pertaining thereto)	2055255	April 22, 1997
LC STRIP (and all goodwill pertaining thereto)	2055254	April 22, 1997
SUTURE STRIP (and all goodwill pertaining thereto)	1697316	June 30, 1992
SUTURE STRIP (and all goodwill pertaining thereto)	1370707	November 12, 1985
FLEXINET (and all goodwill pertaining thereto)	1035561	March 9, 1976
PLEURA-STAY (and all goodwill pertaining thereto)	(75-404015)	(December 11, 1997)

**CORPORATE ACKNOWLEDGMENT**

STATE OF NEW JERSEY:

: ss

COUNTY OF MERCER:

On the 16<sup>th</sup> day of August, 1999, before me Stephen T. Wills, the undersigned officer, personally appeared Stephen T. Wills, to me personally known to be the Vice President and Chief Financial Officer of Genetic Laboratories Wound Care, Inc., a Minnesota corporation, who, being duly sworn, did depose and say that he executed and delivered the foregoing instrument, having previously been thereunto duly authorized, and that said instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Janet R. Schneider  
Notary Public

[NOTARIAL SEAL]

Janet R. Schneider  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES JULY 31, 2000