

RE: 10 Trademark Registrations
12 Trademark Applications

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 Derma Sciences, Inc., a Pennsylvania corporation with offices located at 214 Carnegie Center, Suite 100, Princeton, New Jersey ("Derma Sciences" or "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 those certain convertible bonds due August 15, 2000 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.

DERMA SCIENCES, 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

| Mark | Registration Number (Serial Number) | Registration Date (Filing Date) |
|--|---|------------------------------------|
| NUTRA SHIELD (and all goodwill pertaining thereto) | 2256073 | June 22, 1999 |
| NUTRASTAT (and all goodwill pertaining thereto) | 2243778 | May 4, 1999 |
| NUTRAWASH (and all goodwill pertaining thereto) | 2243776 | May 4, 1999 |
| DERMA SITE (and all goodwill pertaining thereto) | 2235336 | March 23, 1999 |
| S.T.A.G.E.S. (and all goodwill pertaining thereto) | 2162527 | June 2, 1998 |
| TRI-ZINC (and all goodwill pertaining thereto) | 1991803 | August 8, 1996 |
| DERMAGRAN II (and all goodwill pertaining thereto) | 1857157 | October 4, 1994 |
| DERMAGRAN (and all goodwill pertaining thereto) | 1828019 | March 29, 1994 |
| DERMAGRAN (and all goodwill pertaining thereto) | 1763594 | April 6, 1993 |
| DERMAGRAN (and all goodwill pertaining thereto) | 1695738 | June 23, 1992 |
| NEA (and all goodwill pertaining thereto) | (75-630792) | (January 25, 1999) |
| NUTRAFILL (and all goodwill pertaining thereto) | (75-627575) | (January 25, 1999) |
| NUTRAFOAM (and all goodwill pertaining thereto) | (75-360455) | (September 22, 1997) |
| NUTRAFILL (and all goodwill pertaining thereto) | (75-360454) | (September 22, 1997) |
| NUTRAVUE (and all goodwill pertaining thereto) | (75-360453) | (September 22, 1997) |
| NUTRACOL (and all goodwill pertaining thereto) | (75-360452) | (September 22, 1997) |
| NUTRADRESS (and all goodwill pertaining thereto) | (75-360450) | (September 22, 1997) |
| NUTRASORB (and all goodwill pertaining thereto) | (75-360430) | (September 22, 1997) |
| NUTRACLEANSE (and all goodwill pertaining thereto) | (75-344533) | (August 21, 1997) |
| NUTRACREAM (and all goodwill pertaining thereto) | (75-344529) | (August 21, 1997) |
| DERMASOOTHE (and all goodwill pertaining thereto) | (75-344528) | (August 21, 1997) |
| DERMASTAT (and all goodwill pertaining thereto) | (75-342556) | (August 18, 1997) |

CORPORATE ACKNOWLEDGMENT

STATE OF NEW JERSEY:

: SS

COUNTY OF MERCER:

On the 16th 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 Derma Sciences, Inc., a Pennsylvania 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