



Sharps Compliance Corp.

NASDAQ: SMED

Credit Suisse Industrial and Environmental Services Conference

May 24, 2011

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Vice President and Chief Financial Officer

Safe Harbor Statement

These slides contain (and the accompanying oral discussion will contain) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The words “believe”, “estimate”, “anticipate”, “project” and “expect” and similar expressions are intended to identify forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the effectiveness of the Company’s strategy and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. Consequently, such forward looking statements should be regarded as the Company’s current plans, estimates and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Sharps Compliance

Sharps Compliance is a fully integrated provider of cost-effective management solutions for medical waste and unused dispensed medications generated outside the hospital and large healthcare facility setting utilizing the USPS or UPS.

Our strategy is to capitalize on our leadership position and continue to penetrate the estimated \$2.8 billion market opportunity.

NASDAQ: SMED¹

Market capitalization² \$65.4 million

Recent price² \$4.37

52-week range² \$6.19 - \$3.65

Avg. daily trading volume (3 mos.) 81,131

Total shares outstanding 15.0 million

Ownership³:

• Institutional 20%

• Insider 22%

Fiscal Year-End June 30th

¹ Listed 5/6/09; formerly OTCBB: SCOM

² As of 5/18/11

³ Ownership as of March 31, 2011

Sharps Recovery System™

Medical Waste Disposal

\$1 Billion Unregulated Market Opportunity

- ◆ Estimated 3 billion used syringes annually disposed of outside of the hospital setting⁽¹⁾
- ◆ Would require 30 to 50 million mail-backs per year

\$800 Million Regulated Market Opportunity

- ◆ Includes professional market, retail pharmacy flu shot market and assisted living / long-term care

Sharps Recovery System™

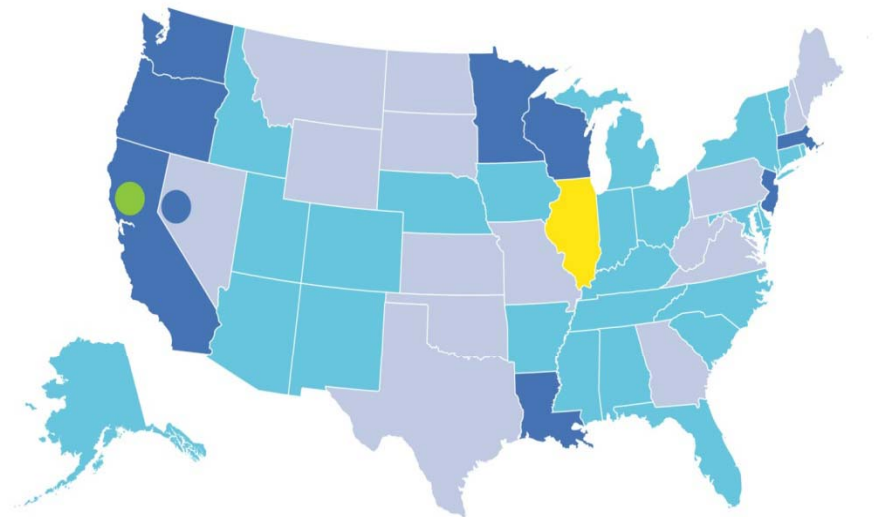


Medical Professional Sharps Recovery System™

Source: (1) Centers for Disease Control and Prevention

Sharps Disposal Legislation for Self-Injectors

- ◆ Proposed or enacted legislation that covers 30% of the U.S. population



- Sacramento, CA passes ordinance requiring all retail, medical offices, hospitals and other points of sale and distribution of sharps for home use provide disposal methods for consumers
- Washoe County: regulations were updated to prevent trash disposal of home-generated sharps as of January 2010
- States with sharps legislation or regulations in place
- States with no legislation but alternate disposal options
- States with pending legislation
- States with no legislation but encourage proper disposal

Sources: www.statescape.com; individual state websites

TakeAway Environmental Return System™

Unused Medication Disposal

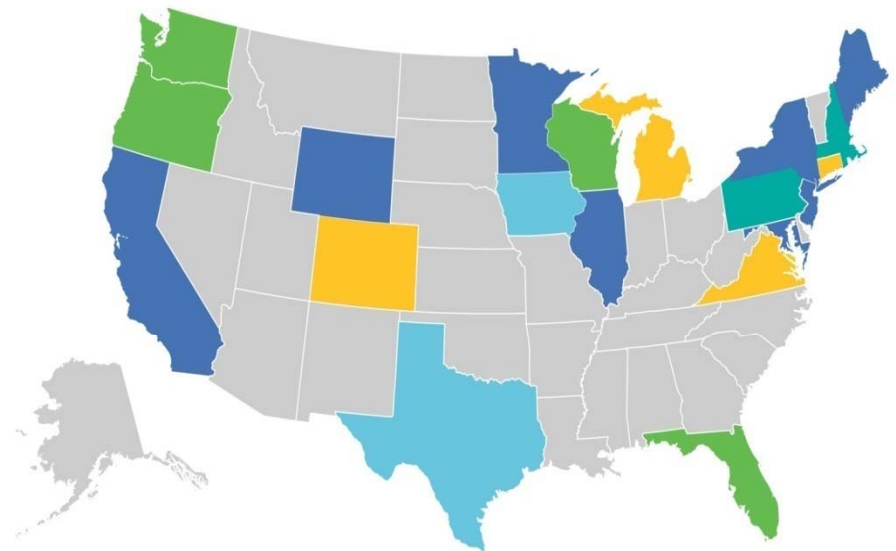
\$1 Billion Market Opportunity

- ◆ 40% of dispensed medications from 4 billion prescriptions go unused annually
- ◆ Estimated 200 million pounds of medications go unused each year⁽¹⁾



Unused Medication Disposal Legislation

- ◆ Proposed or enacted legislation that covers 65% of the U.S. population



- States with passed legislation
- States which introduced legislation in 2010
- States which introduced legislation in 2009
- States which introduced legislation in 2008

Sources: www.statescape.com; individual state websites

(1)Associated Press Investigative Report

Vertically Integrated Solutions Provider

Fully integrated including distribution, online tracking, treatment and customer reporting



Two distribution facilities:
Texas and Georgia



Regulatory compliant tracking and
documentation system: provides
proof of receipt and treatment



- ✓ Secured treatment facility with an incinerator and autoclave
- ✓ Licensed law enforcement official onsite for the witnessed destruction of unused and over-the-counter medications
- ✓ PELLA-DRX™

Key Markets: *Retail Pharmacies*

Walgreens



Sharps Recovery System™

&

TakeAway Environmental Return System™

- ✓ Support the proper disposal of syringes used to administer flu shots and other inoculations
- ✓ Growing percentage of flu shots administered in the retail setting
- ✓ Changing healthcare delivery system
- ✓ Flu Shot Market Opportunity: \$50 million
- ✓ Other market opportunities under development

- ✓ Unused medication envelope solution now has a shelf presence in some of the nation's largest drug chains
- ✓ Drives foot traffic and customer interaction
- ✓ Total Market Opportunity: \$40 million (TakeAway envelope only)

Key Markets: *Professional*

Sharps Recovery System™

- ✓ Support the proper disposal of medical waste generated in physician, dental, veterinarian and other service-related practices
- ✓ Regulated industry
- ✓ Estimated 800,000 professional offices across the U.S.
- ✓ Total Market Opportunity: \$600 million

Launched inside sales initiative in January 2010

Educating
the
Market

Driving
Awareness

Recurring
Revenue
Opportunities

Key Markets: *Core Government*

Sharps Recovery System™ & TakeAway Environmental Return System™

U.S. Department of Veterans Affairs

Innovative Pilot Program

- ◆ Launched February 2010 in four state region
- ◆ Provides medical waste and unused medication disposal solutions
- ◆ Program expanded to eight geographic regions due to positive response
- ◆ Opportunity for strong recurring revenue stream
- ◆ Estimated market opportunity: \$35 million

VA's pharmacy services division serves over 5.5 million veterans each year

Key Markets: *Government Contracts*

Sharps Recovery System™

Sharps Proprietary Medical Waste Management System

- ◆ Rapid-deployment solution in the event of an emergency
- ◆ Increasingly recognized part of emergency preparedness program
- ◆ Full service outsourced solution
- ◆ Initial \$40 million government program
 - Product build-out phase completed
 - Awarded first option year at \$1.6 million
 - Subsequent three years at \$3.0 million per year

**Opportunity to
expand to cover
more people and
to cover unused
medications**

Channels to Market

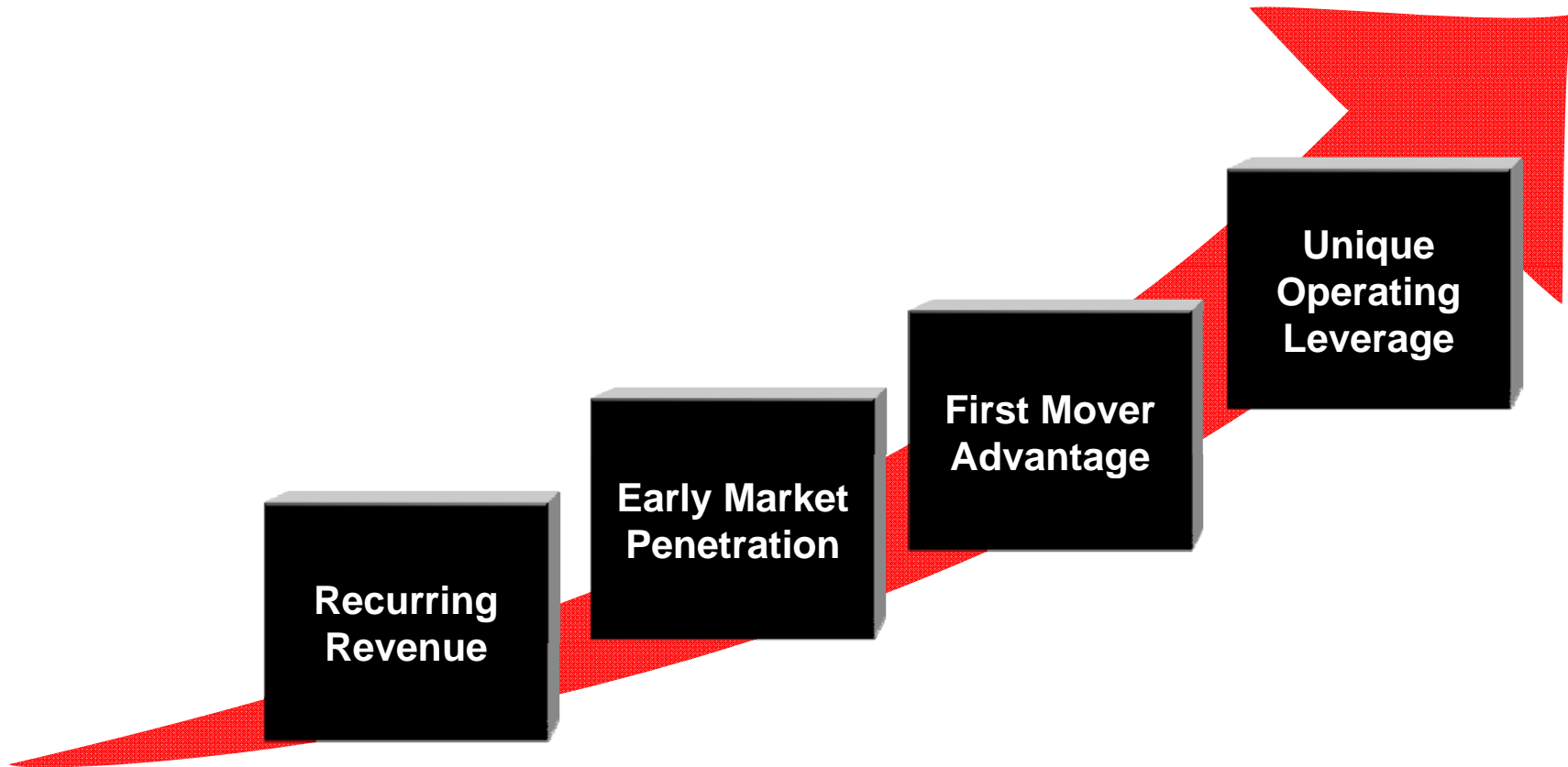
Increased Brand Awareness





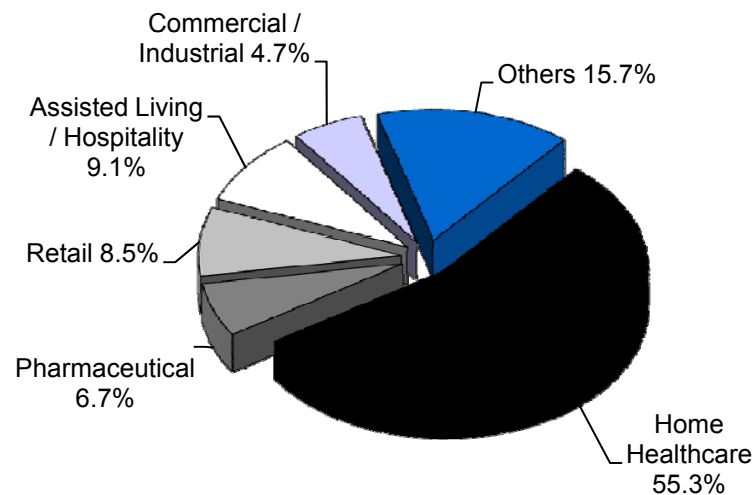
Financial Highlights

Solid Business Model

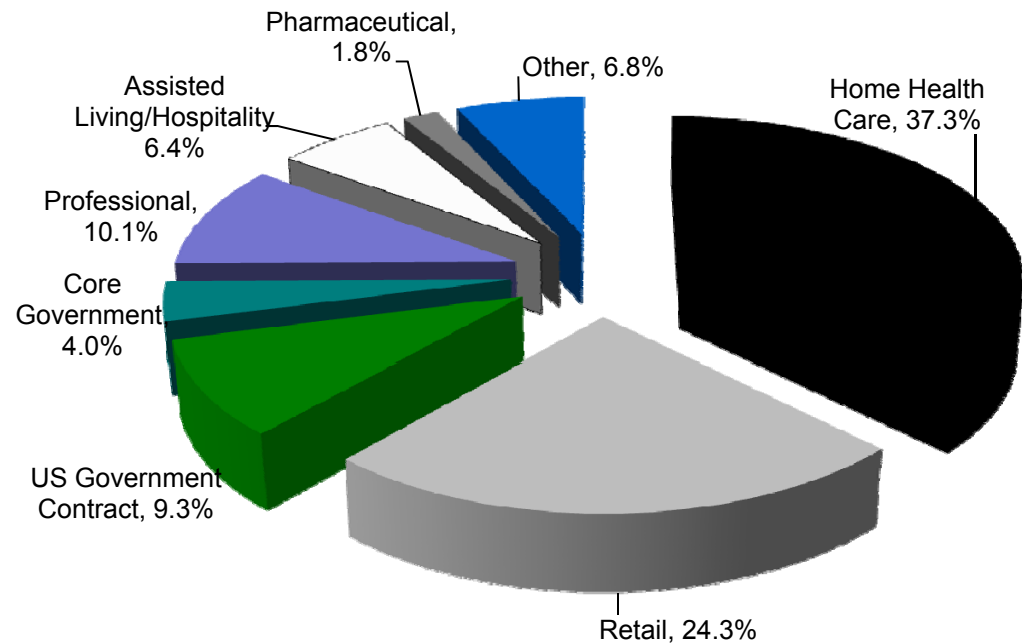


Billings by Markets Segment

FY 2008 Billings \$13.2 million



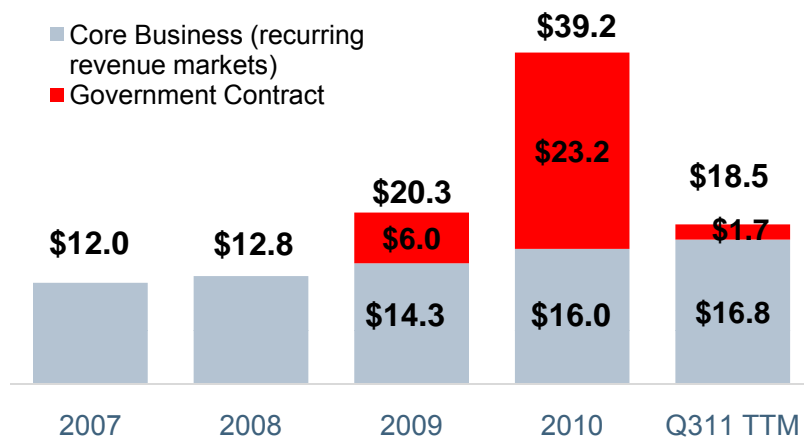
Q3 FY11 TTM Billings \$18.9 million



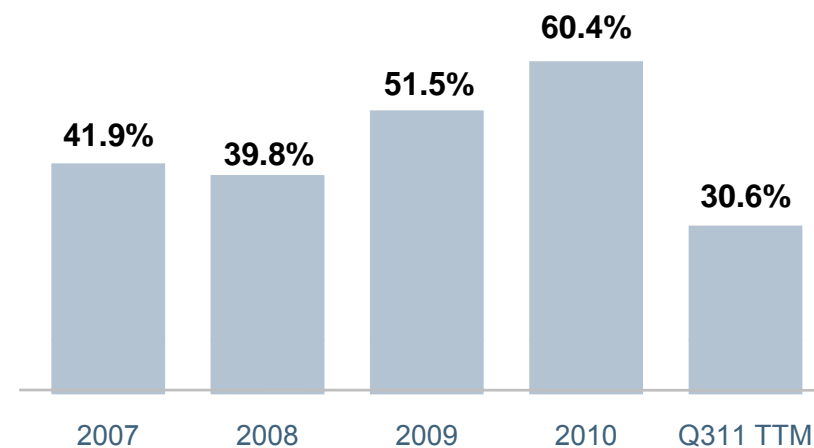
Full-year Results

(\$ in millions)

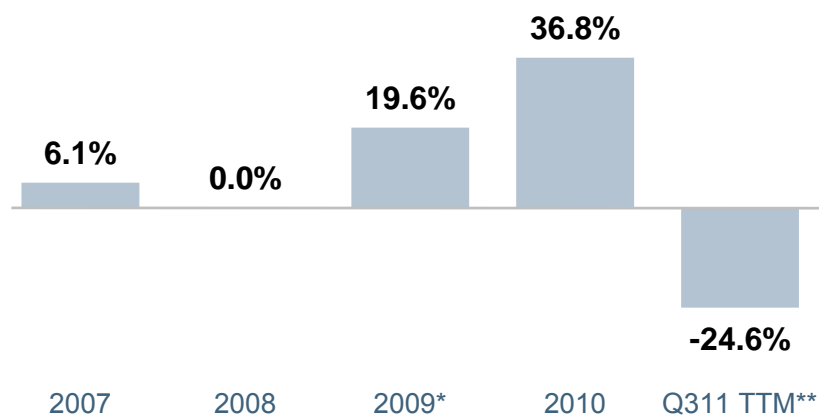
Core Revenue



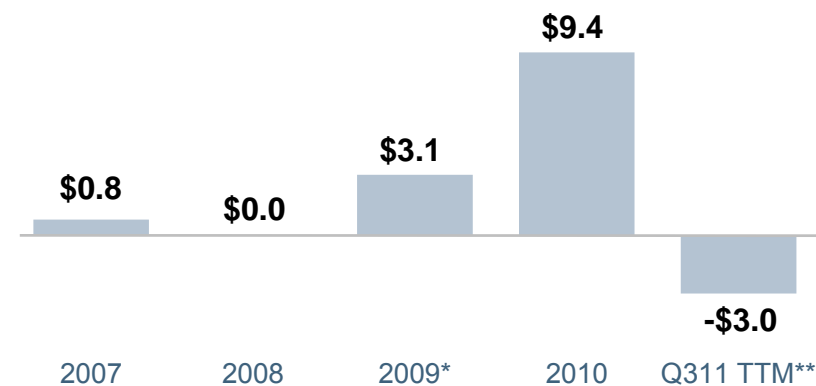
Gross Margin



Operating Margin



Net Income



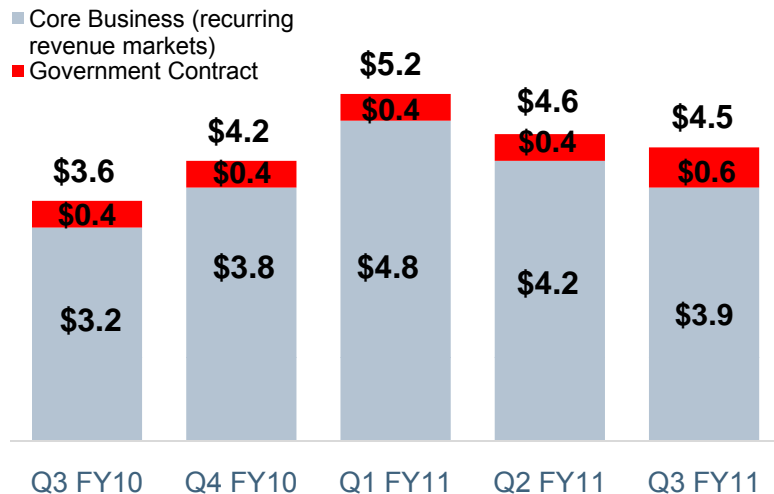
* Excludes special charge of \$512 thousand and, for net income, an unusual tax benefit of \$1.8 million.

** Excludes special charge of \$570 thousand.

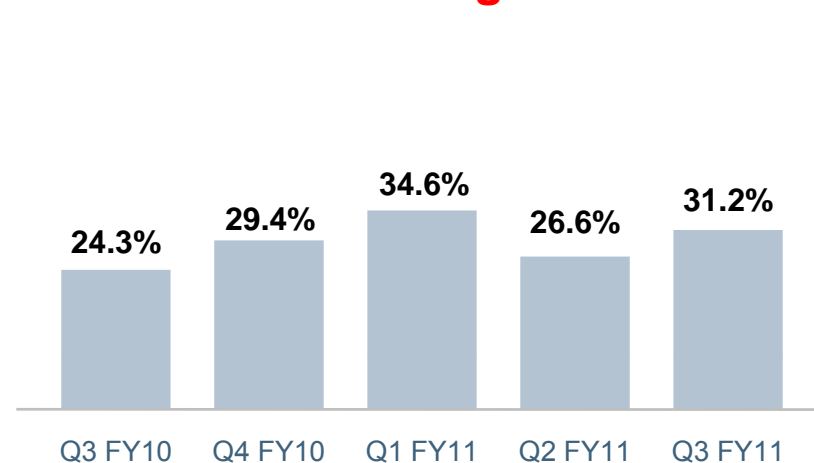
Quarterly Performance

(\$ in millions)

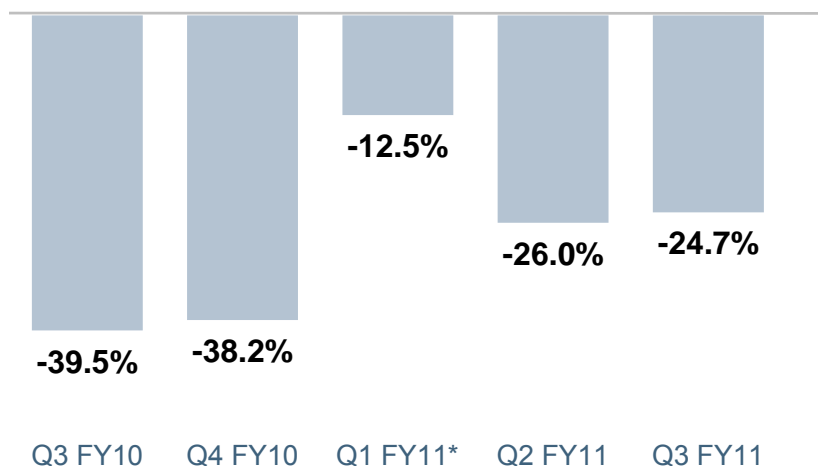
Core Revenue



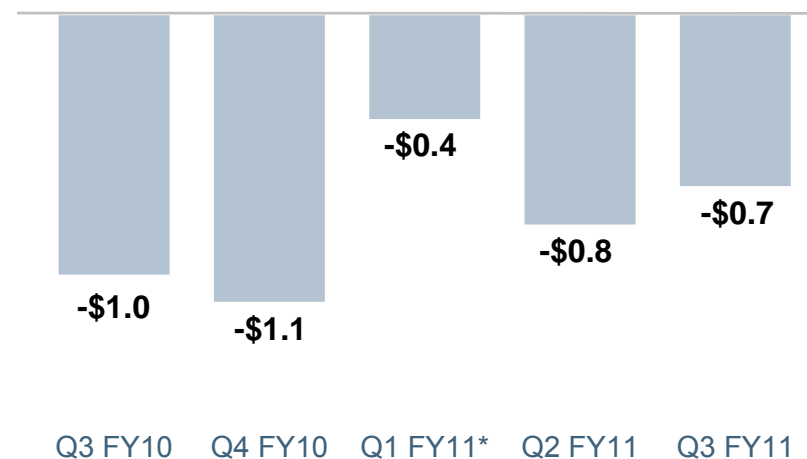
Gross Margin



Operating Margin



Net Income



* Excludes Q1 FY2011 special charge of \$570 thousand

Strong Balance Sheet

(As of and for the period ending March 31, 2011)

Cash and
Cash
Equivalents

\$16.8M

Shareholder
Equity
Growth
Q2 09 vs. Q3 11

289%

Line of
Credit

\$5.0M

**No debt
as of
3/31/11**

Waste Conversion Process™

Patent-pending process, transforms medical waste into a new, clean, raw material ideally suited for energy intensive industries like cement, lime, steel and power plants



- ✓ No landfills required
- ✓ Creates a useful raw material
- ✓ Safe – 99.999% sterilized, and completely safe to handle
- ✓ Environmentally responsible – reduces carbon footprint
- ✓ Facilitates corporate environmental initiatives
- ✓ Significant differentiator for the Company
- ✓ Potential additional revenue stream



Investment Highlights

- 
- Estimated \$2.8 billion market opportunity
 - First mover advantage
 - Increased state and federal regulatory drivers
 - Vertically integrated full-service operations
 - Highly scalable business model with operating leverage
 - Proven experienced management team



Supplemental Information

Definitions

- **Sharps Recovery System™ (formerly Sharps Disposal by Mail System®)**

A cost-effective and easy-to-use solution to dispose of medical waste such as hypodermic needles, lancets , and other small quantities of bio hazardous waste. The disposal solution is ideal for individuals who self-inject, or medical facilities generating small quantities of medical waste.

- **Sharps®MWMS™ - Sharps Medical Waste Management System**

A comprehensive medical waste solution which includes an array of services and products necessary to effectively collect, store and dispose of medical waste and dispensed unused medications outside of the hospital or large healthcare facility setting. The System, which is designed for rapid deployment, features the Sharps Recovery System™ products combined with warehousing, Inventory management, training, data and other services necessary to provide a comprehensive solution. The Sharps®MWMS™ is designed to be an integral part of governmental and commercial emergency preparedness programs.

- **TakeAway Environmental Return System™**

Designed for individual consumers, retail or mail-order pharmacies, communities and facilities including assisted living, long-term care and correction operations to facilitate the proper disposal of unused dispensed medications. This solution consists of a variety of sizes of containers (from a special-use envelope to 10- and 20-gallon products) and return packaging with pre-paid postage to the Company's treatment facility. The Company recently introduced its proprietary tracking system, DrugTracer™, to document unused patient medication products. The TakeAway Environmental Return System™ is also an additional component option for the Sharps® Medical Waste Management System™