

Sharps Compliance Corp.

NASDAQ: SMED



www.sharpsinc.com

Investor Fact Sheet – Q2 Fiscal Year 2010

Company Profile

Headquartered in Houston, Texas, Sharps Compliance is a leading provider of cost-effective disposal solutions for medical and pharmaceutical waste generated outside the hospital setting. The Company's flagship product, the Sharps Disposal by Mail System®, is a cost-effective and easy-to-use solution to dispose of medical waste such as hypodermic needles, lancets and any other medical device or objects used to puncture or lacerate the skin (referred to as "sharps").

The Sharps@MWMS™, a Medical Waste Management System, is 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 setting. The System, which is designed for rapid deployment, features the Sharps Disposal By Mail 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.

The Company's newest offering, RxTakeAway™, is designed for retail or mail-order pharmacies, alternate care facilities and community programs, and facilitates the proper disposal of unused patient medications. Sharps Compliance focuses on targeted growth markets such as federal, state and local governments, the pharmaceutical industry, as well as home health care, retail and professional markets.

Sharps is a leading proponent and participant in the development of public awareness of and solutions for the safe disposal of needles, syringes and other sharps as well as unused pharmaceuticals in the community setting.

Solid Business Model

- Recurring revenue with high customer retention
- Estimated \$2 billion emerging market
- Less than 1% market penetration to date
- Strong gross margin business in the 60% range
- Powerful operating leverage and stable SG & A

Success Factors

- Government regulations driving changes and creating new markets
- Experienced management team focused on strategy development and execution
- Rapidly gaining traction from sales and marketing efforts
- Lack of significant competition in the non-hospital alternative site market

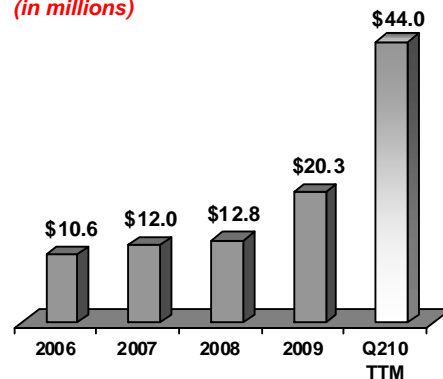
Investment Considerations

- Leading provider of cost-effective medical waste management solutions
- Vertically integrated full-service operations
- Strong, nationwide customer base
- Environmentally-conscious solution provider

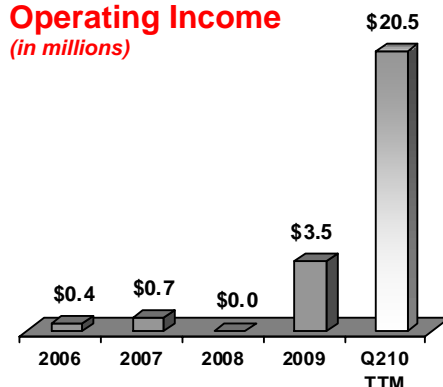
Market Data (as of Feb 8, 2010) & Financial Highlights

Shares Outstanding (millions)	14.6	Price to Earnings	6.8 x
Market Cap (millions)	\$92.4	Price to Book	3.3 x
Institutional Ownership (estimated)	30%	Gross Margin (Q210)	66.7%
Avg. Daily Volume (3 mos)	128,626	Operating Margin (Q210)	52.8%
Recent Price	\$6.34	Net Margin (Q210)	35.1%
52-Week Range	\$2.45 – 13.00	EPS (Q210)	\$0.38

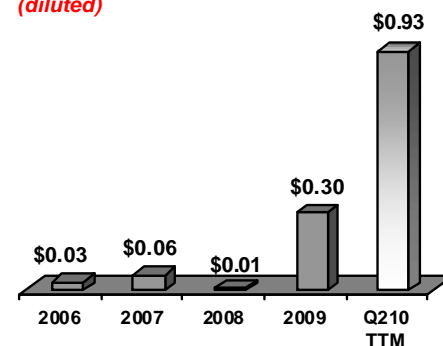
Revenue (in millions)



Operating Income (in millions)



Earnings per Share (diluted)



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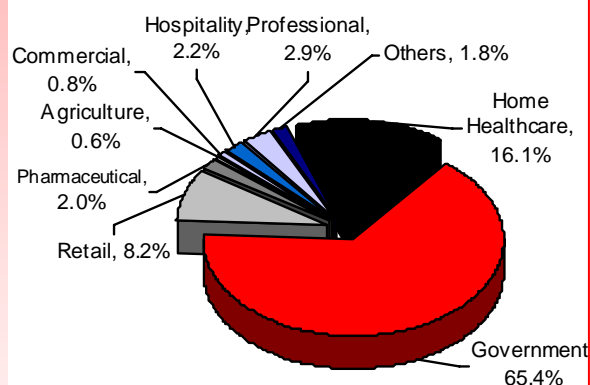
Financial Highlights

(in thousands, except per share data)

	Second Quarter FY 2010 Ended		Fiscal Year Ended		
	Dec 31, 2009	Dec 31, 2008	2009	2008	2007
Revenue	\$ 15,985	\$ 3,370	\$ 20,297	\$ 12,841	\$ 11,956
Cost of goods sold	5,327	2,081	9,841	7,726	6,943
Selling, general and administrative	2,106	1,438	6,092	4,783	3,946
Depreciation and amortization	114	83	388	266	203
Net Income	5,617	1,585	4,197	82	785
Earnings per share – diluted	\$ 0.38	\$ 0.11	\$ 0.30	\$ 0.01	\$ 0.06
Weighted average shares – diluted	14,883	13,840	13,996	13,540	12,338
Operating margin	52.8%	(6.9%)	17.1%	0.0%	6.1%
Net margin	35.1%	47.0%	20.7%	0.6%	6.6%

(\$, in thousands)	Dec 31, 2009	June 30, 2009	June 30, 2008	June 30, 2007
Current assets	\$ 27,199	\$ 9,474	\$ 4,170	\$ 4,025
Non-current assets	4,821	5,714	1,506	666
Total assets	32,020	15,188	5,676	4,691
Current liabilities	3,294	4,908	2,274	2,057
Long-term deferred revenue	583	625	516	393
Other liabilities	241	85	-	72
Stockholders' equity	27,902	9,570	2,886	2,169
Total liabilities and stockholders' equity	32,020	15,188	5,676	4,691
Return on average assets (TTM)	64.5%	40.0%	1.6%	19.6%
Return on average equity (TTM)	77.5%	67.0%	3.2%	42.4%

Billings by Markets Segment



**Q2 2010 TTM Billings =
\$44.0 million**

SHARPS
Defining Change Through Innovation...
Sharps Disposal By Mail™

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Second Quarter Fiscal Year 2010 Highlights

- Second quarter revenue expanded 374% to record \$16.0 million while gross and operating margin remained strong at 66.7% and 52.8%, respectively.
- The increase in revenue was driven by \$11.5 million in sales related to the Company's \$40 million, 5-year contract with an agency of the U.S. Government and quarterly sales of \$1.4 million to retail clinics and pharmacies to address the flu shot season and additional inoculations for the H1N1 virus.
- Net income was \$5.6 million in the second quarter of fiscal 2010, up 254% compared with \$1.6 million in the second quarter of fiscal 2009. On a per diluted share basis, earnings in the fiscal 2010 second quarter were \$0.38, a 245% increase over \$0.11 in the prior year period.
- Cash and cash equivalents were \$21.5 million at December 31, 2009 compared with \$4.8 million at June 30, 2009.
- At December 31, 2009, stockholders' equity and total assets were \$27.9 million and \$32.0 million, respectively, up from \$9.6 million and \$15.2 million, respectively, at June 30, 2009.
- The Company expects SG&A expense for fiscal 2010 will be approximately \$8.0 million to \$8.2 million, although it may flex higher for targeted sales and marketing activities.
- The Company successfully completed a public offering of 577,146 shares, of which 77,146 were sold to cover the over-allotment option, at a price of \$9.165 per share (net of underwriting commission). The net proceeds of \$4.8 million from the shares sold by the Company (net of offering expenses) will be used for general corporate purposes, including expansion of our product offerings, facilities and infrastructure to meet the continued expected growth of the Company.

This fact sheet may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. One can identify these forward-looking statements by the use of the words such as "expect," "anticipate," "plan," "may," "will," "estimate" or other similar expressions. Because such statements apply to future events, they are subject to risks and uncertainties that could cause the actual results to differ materially. Important factors, which could cause actual results to differ materially, are described in Sharps' reports on Form 10-K and 10-Q on file with the Securities and Exchange Commission.