

# ESCALON®

## LATEST NEWS

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## Escalon® Medical Corp. Divest of its Vascular Access Product Line

WAYNE, Pa., May 3, 2010 -- Escalon Medical Corp. (NASDAQ: ESMC) today announced the divestiture of its SMARTNEEDLE and pd ACCESS Doppler guided needle product lines to Vascular Solutions, Inc. (NASDAQ: VASC).

The sales price was \$5,750,000, cash of \$5,000,000 at closing and \$750,000 payable in cash upon the successful completion of the transfer of the manufacturing to Vascular Solutions, plus a one time earn-out payment in an amount equal to 25% of the net sales of the VascuView TAP products sold between July 1, 2010 and June 30, 2011. The manufacturing transfer is expected to be complete within four months. During this four month transition, Escalon will continue to manufacture product in its Wisconsin facility under a supply agreement concurrently entered into with Vascular Solutions.

As a business, Escalon Vascular Access has matured over the eleven years under Escalon ownership. Management's goals to develop a strong presence in the catheter laboratory market, achieve proof of concepts for several other applications and to add visual ultrasound to the product portfolio, were realized up to and during fiscal 2010.

"The divestiture of the Vascular Access product line was based on extensive strategic evaluation which concluded that the divestiture of these non core product lines would enable us to better focus our efforts and resources on our Ophthalmic and IVD businesses," said Richard J. DePiano, Jr., President of Escalon. "We expect to use the cash we receive in the transaction to strengthen our balance sheet, to provide additional working capital, enhance our ability to strategically expand our business and provide the means to selectively pursue opportunities for synergistic growth."

Escalon Vascular Access product line revenues from operations were \$3,868,000, \$4,119,000 and \$3,467,000 in fiscal 2009, 2008, 2007, respectively. Earnings from operations, net of taxes, were \$420,000, \$344,000 and \$(35,000) in 2009, 2008, and 2007, respectively. The sale of this product line will have a material effect on earnings in subsequent periods.

Since 1997, Escalon has acquired selective businesses or product lines with a mission to enhance or expand such for the sole purpose of creating shareholder value. During this time Escalon has acquired six separate businesses or product lines and has divested of four. Each divestiture provided Escalon with a stronger balance sheet and provided additional working capital, both of which enable it to grow its business.

Founded in 1987, the Company ([www.escalonmed.com](http://www.escalonmed.com)) develops, markets and distributes ophthalmic diagnostic, surgical and pharmaceutical products. Drew Scientific, which operates as a separate business unit, provides instrumentation and consumables for the diagnosis and monitoring of medical disorders in the areas of diabetes, cardiovascular diseases and hematology, as well as veterinary hematology and blood chemistry. The Company seeks to utilize strategic partnerships to help finance its development programs and is also seeking acquisitions to further diversify its product line to achieve critical mass in sales and take better advantage of the Company's distribution capabilities, although such partnerships or acquisitions may not occur. The Company has headquarters in Wayne, Pennsylvania and operations in Long Island, New York, New Berlin, Wisconsin, Lawrence, Massachusetts, Dallas, Texas, Waterbury, Connecticut, Miami Lakes, Florida, Barrow-in-Furness, U.K. and Le Rheu, France.

### Forward-Looking Statements

Certain of the statements contained herein may be, within the meaning of the federal securities laws, "forward-looking statements," which are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements -- which uncertainties or risks includes the Company's ability to generate sufficient cash from operations or future financings of which there can be no assurance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See the Company's Form 10-K for the fiscal year ended June 30, 2010 for a discussion of such risks, uncertainties and other factors. These forward-looking statements are based on management's expectations as of the date hereof, and the Company does not undertake any responsibility to update any of these statements in the future.