



MARKET SNAPSHOT

Stock symbol	CFWH.OB
Stock price (5/12/09)	\$0.55
52-week range	\$0.05 - \$2.00
Market capitalization	\$12.9M
Shares outstanding/float	~23.76 M/ 9.6 M
Insider ownership	53%
Fiscal year-end	June 30

The Center for Wound Healing, Inc. (“CFWH” or the “Company”) develops and manages **comprehensive wound care centers** that provide traditional wound care and hyperbaric oxygen therapy modalities. The Company **contracts with hospitals** to provide these therapies on an outsourced basis via in-hospital facilities that are constructed and managed by the Company. CFWH plans to expand its services through organic growth and acquisition from its **35 existing facilities** to approximately 90 facilities within five years.

Hyperbaric Oxygen Treatment (HBO) is a medical treatment administered by delivering **100% oxygen at pressures greater than sea level atmospheric pressure** to a patient inside an enclosed chamber. The pressure is typically 2.5x greater than normal atmospheric pressure, **causing blood to carry larger amounts of oxygen**, and bringing this oxygen to organs and tissues in the body that are receiving insufficient blood flow that is critical for a wound to heal. The higher pressure combined with the increased oxygen dissolves oxygen in the blood and throughout all body tissues and fluids at up to 15x normal concentration. Doing so **accelerates wound healing**, particularly of infected and other hard-to-heal wounds.

INVESTMENT HIGHLIGHTS

- ◆ **Compelling Financial Proposition for Partner Hospitals:** Unlike its competitors, CFWH provides funding for the center build-out and working capital to open and support the centers. These and other terms mitigate the hospital's investment risk and are a source of cash flow to the facility and its physicians without a substantial investment on the hospital's part.
- ◆ **A Complete, Turnkey Operation for Hospitals with Proven Success:**
 - Provides furniture and equipment, including hyperbaric chambers
 - Develops advanced wound care practice guidelines, algorithms and access to proprietary software
 - Assists in selecting and training of technical and medical staff
 - Assists in developing and maintaining operating policies and procedures
 - Ongoing program management, including billing and collection assistance
 - Educational and marketing support for development of the program, including all printed materials.
- ◆ **Highly Scalable, Profitable Model:** New centers are typically operational within four months of department of health approvals and are able to generate gross margins of approximately 40% within the first four months of operation and approaching 50% within six months.
- ◆ **Leverages Hospital Outsourcing Preference:** Approximately 460 hospitals currently outsource their wound care programs to specialty service providers and this market is estimated to be growing at a rate of 80 to 100 hospitals per year. The industry is currently experiencing rapid consolidation, backed by large, private-equity players.
- ◆ **Established, Reimbursed Technology:** HBO has been approved for reimbursement by both Medicare and private insurance carriers for over 20 years.
- ◆ **Large and Growing Incidence of Diabetes Increases Need for Wound Care:** The number of Americans with Type 2 diabetes has tripled over the past 30 years, with over 1 million newly diagnosed each year. Diabetic foot ulcers, a complication of diabetes that is frequently treated by HBO, now affect over 800,000 people per year. Additionally, the diabetic population accounts for more than 60% of non-traumatic lower-limb amputations in the U.S. per year.

HYPERBARIC MEDICINE

HBO is a simple, non-invasive and painless treatment that enhances the body's natural healing and strengthens the immune system, resulting in more rapid and complete healing for patients. During HBO the patient rests in a transparent, airtight chamber at increased atmospheric pressure. HBO encompasses 100% oxygen under 2-3 times greater atmospheric pressure than at sea level, which causes a 10- to 15-fold increase in plasma oxygen concentration with a resultant increase in tissue oxygenation. The benefits of HBO cannot be duplicated with topical O₂ treatment. Furthermore, HBO is extremely safe and effective when administered by qualified professionals. Sessions typically last about two hours with patients typically undergoing 35-60 treatments, depending on the medical need.

- ◆ The clinical benefits of HBO are numerous, and include:
 - Reduction in hospital time
 - Decrease in amputation rates
 - Faster healing
 - Compelling economics for hospitals, physicians and insurers
- ◆ CMS views hyperbaric medicine as cost-effective in limb salvage and recently increased covered indications to include:
 - Osteomyelitis
 - Radiation injury/necrosis
 - Necrotizing infection
 - Compromised skin grafts and flaps
 - Diabetic wounds of the lower extremity



GROWTH STRATEGY

- ◆ Open six additional centers in 2009, 10 centers in 2010, and 15 centers per year from 2011 through 2012
- ◆ Bolster footprint within current markets of metro Boston, metro New York, New Jersey, and eastern Pennsylvania.
- ◆ Expand geographic base to regions that meet strict entry criteria – western Pennsylvania, West Virginia and Ohio
- ◆ Increase center volume by improving management oversight through the adoption of the “retail” store model for store management
- ◆ Further develop physician-focused education and marketing efforts
- ◆ Support efforts to have CMS approve the use of HBO to treat cerebral vascular stroke as a covered indication; notably, this is the most frequent indication of use for HBO in Europe

SELECT FINANCIALS

(\$ in mm)	3 Mos. Ended 3/31/09	3 Mos. Ended 3/31/08	9 Mos. Ended 3/31/09	9 Mos. Ended 3/31/08
Number of Centers at Period End	34	35	34	35
Total Revenues	\$6.9	\$6.5	\$21.5	\$18.9
% Growth	6%	11%	14%	22%
Operating Income	\$0.46	\$0.80	\$1.36	\$2.29
Gross Margins	47.1%	48.8%	48.6%	48.9%
EBITDA	\$1.8	\$2.2	\$6.3	\$6.5
Capital Expenditures	\$0.54	\$0.46	\$1.52	\$2.86

CENTER ECONOMICS

- ◆ New centers are assumed to have two hyperbaric chambers per center, are typically operational within four months of initial DOH approvals and are able to generate gross margins of approximately 40% within the first four months of operation and approaching 50% within six months.
- ◆ Revenue per dive is projected at \$490, and wound care services are approximately \$62 per treatment.
- ◆ Wound care treatments are labor intensive and generate a lower margin compared with HBO; however, wound care treatments are an important source of patients for HBO therapy; approximately 15% of wound care patients are candidates for HBO.
- ◆ Two-thirds of new centers are projected to offer both hyperbaric therapy and traditional wound care modalities with the remaining one-third of new centers offering only hyperbaric therapy.
- ◆ CFWH is the only provider of outsourced HBO and wound care that assumes a substantial portion of all initial costs, including architectural, engineering and construction and FF&E.

CHRONIC WOUND HEALING



- ◆ **Chronic wounds occur in more than two percent of the general population with direct and indirect medical treatment costs exceeding \$2 billion annually.**
- ◆ These numbers will increase over the next decade as the population ages and the number of people afflicted with diabetes increases. Diabetes patients account for 80% of CFWH's patient pool.
- ◆ The addressable market for CFWH's services is **driven predominantly by the incidence of diabetes among Americans** and the U.S. population age 65 and above; about 80% of wound care patients are diabetics.
- ◆ **An estimated 24 million people, or about 8% of the U.S. population, have diabetes** according to the Centers for Disease Control (CDC). Worldwide, diabetes will double to 366 million people by 2030 according to the World Health Organization (WHO), which calls the disease an epidemic.
- ◆ **Diabetic foot ulcers**, frequently treated by HBO, **affect more than 800,000 people per year.**
- ◆ HBO delivered across the CFWH portfolio has served as a life altering treatment modality, **reducing the need for amputation for 80% of those diabetic patients facing limb amputation as their only alternative.**

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