

A photograph of several sailboats racing on a blue ocean. The boats have white hulls and various colored sails (black, blue, white). Two people are visible on the deck of the boat in the foreground, leaning over the side. The background shows a coastline with green hills under a cloudy sky.

Investor Presentation

December 2007



COLLAGENEX
PHARMACEUTICALS

Forward-Looking Statements



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This presentation contains forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended. Investors are cautioned that forward-looking statements involve risks and uncertainties, which may affect the Company's business and prospects. The Company's business of selling, marketing and developing pharmaceutical products is subject to a number of significant risks, including risks relating to the implementation of the Company's sales and marketing plans for products that the Company markets, risks inherent in research and development activities, risks associated with conducting business in a highly regulated environment and uncertainty relating to clinical trials of products under development, all as discussed in the Company's periodic filings with the U.S. Securities and Exchange Commission.

Why Invest in CollaGenex?

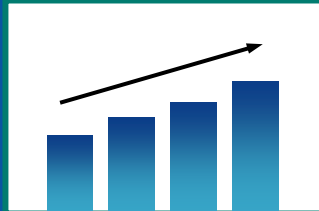
1

Focus on
Dermatology



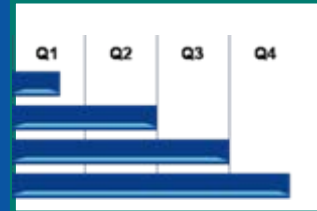
2

Solid commercial
execution record



3

Robust
pipeline



4

Long runway
for growth



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CollaGenex today

Growing our flagship product

Advancing our pipeline

The future

Our Business Model



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1. Focus on dermatology



2. Commercial infrastructure



3. Strong patent protection

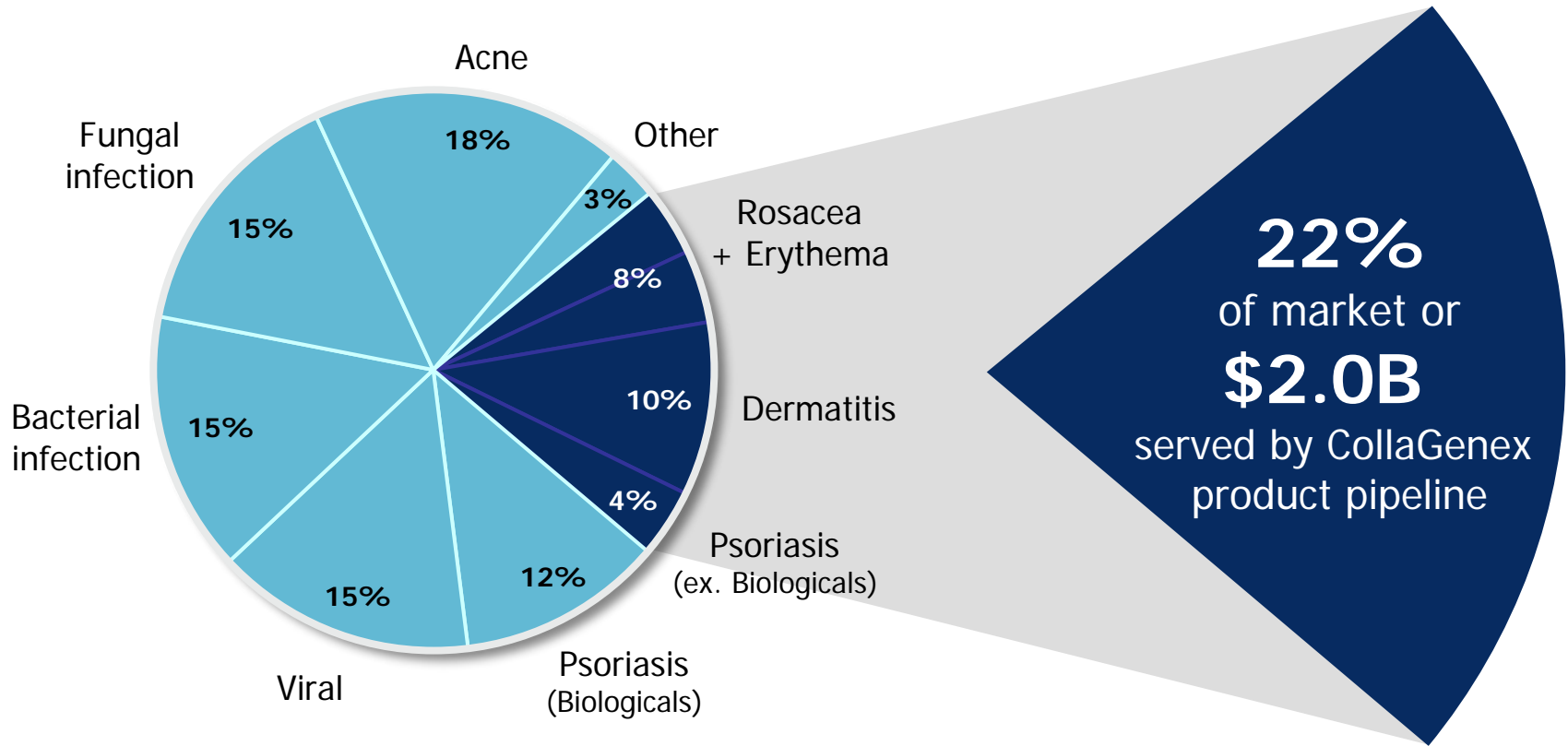


4. Innovative products

Charting a new course in therapeutic dermatology

Targeting Large Segment of Dermatology Market

An \$8.9B Market Opportunity





Retaining Value with Own Sales Force

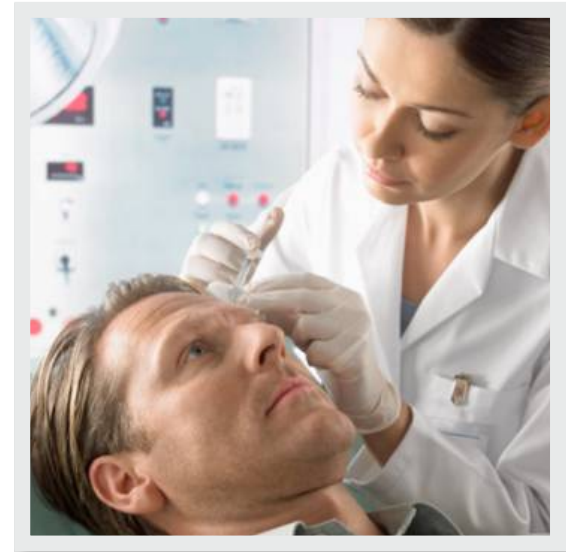
80-Person Sales Force



- Highly experienced
- Supported by
 - Clinical Liaisons
 - Managed Care team
 - Marketing team



Targeting 5,600 Dermatologists



- Generate 85% of rosacea prescriptions
- Strong relationships from selling Pandel[®], Novacort[™], and Alcortin[™]

Strong IP – Building a Fence Around Products

Example: Oracea™ IP

Number of Patents

Method of use

2

Mechanism of action

2

Formulation and PK profile (pending)

2

Total

6



- Additional issued and pending patents for:
 - Col-118
 - Becocalcidiol
 - Restoraderm



An Innovator in Therapeutic Dermatology

- **FIRST** and only FDA-approved systemic treatment for rosacea – Oracea
- **FIRST** potential treatment for erythema – Col-118
- **NOVEL** Vitamin D analogue for potential treatment of mild to moderate psoriasis – Becocalcidiol



Agenda



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Significant Market Opportunity



**Adults in the U.S. with Rosacea
14M**



1.4M

**Number
seeking
treatment**



Current Value of Rosacea Rx's > \$500M

Oracea Combines the Best of Existing Treatments

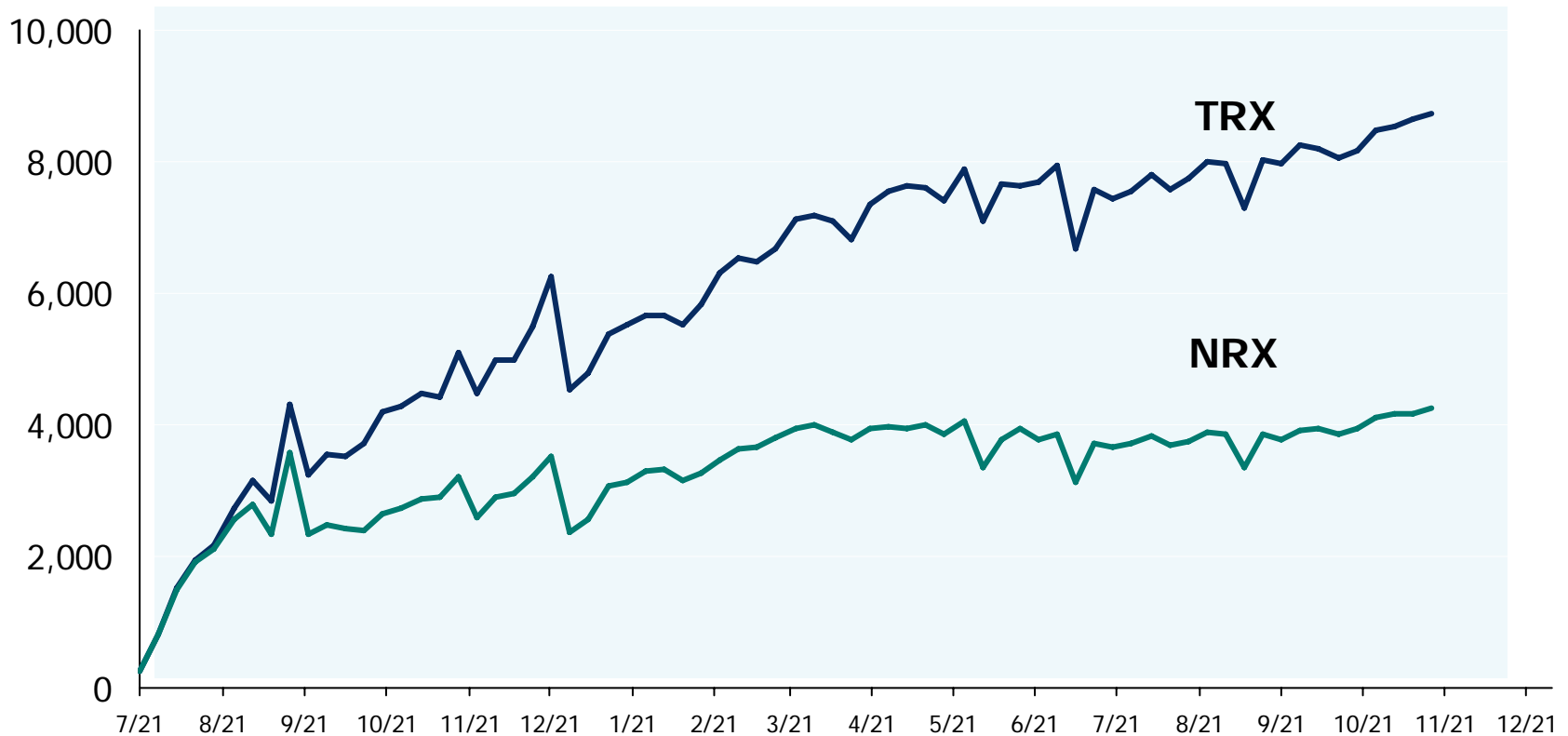


Desired product attribute	Existing topicals	Existing oral antibiotics	Oracea
1. High efficacy	<ul style="list-style-type: none">• Low perceived efficacy	<ul style="list-style-type: none">• Yes	Yes
2. Favorable side effects similar to placebo	<ul style="list-style-type: none">• Can be irritating to skin	<ul style="list-style-type: none">• GI side effects• Phototoxicity• Resistance	Yes
3. Suitable for long-term usage	<ul style="list-style-type: none">• Yes	<ul style="list-style-type: none">• No – due to side effects	Yes
4. Single daily dose	<ul style="list-style-type: none">• Yes	<ul style="list-style-type: none">• Yes	Yes

Differentiation: Strong efficacy, long term safety

Successful Launch, Momentum Building

Oracea Weekly Prescriptions Since Launch

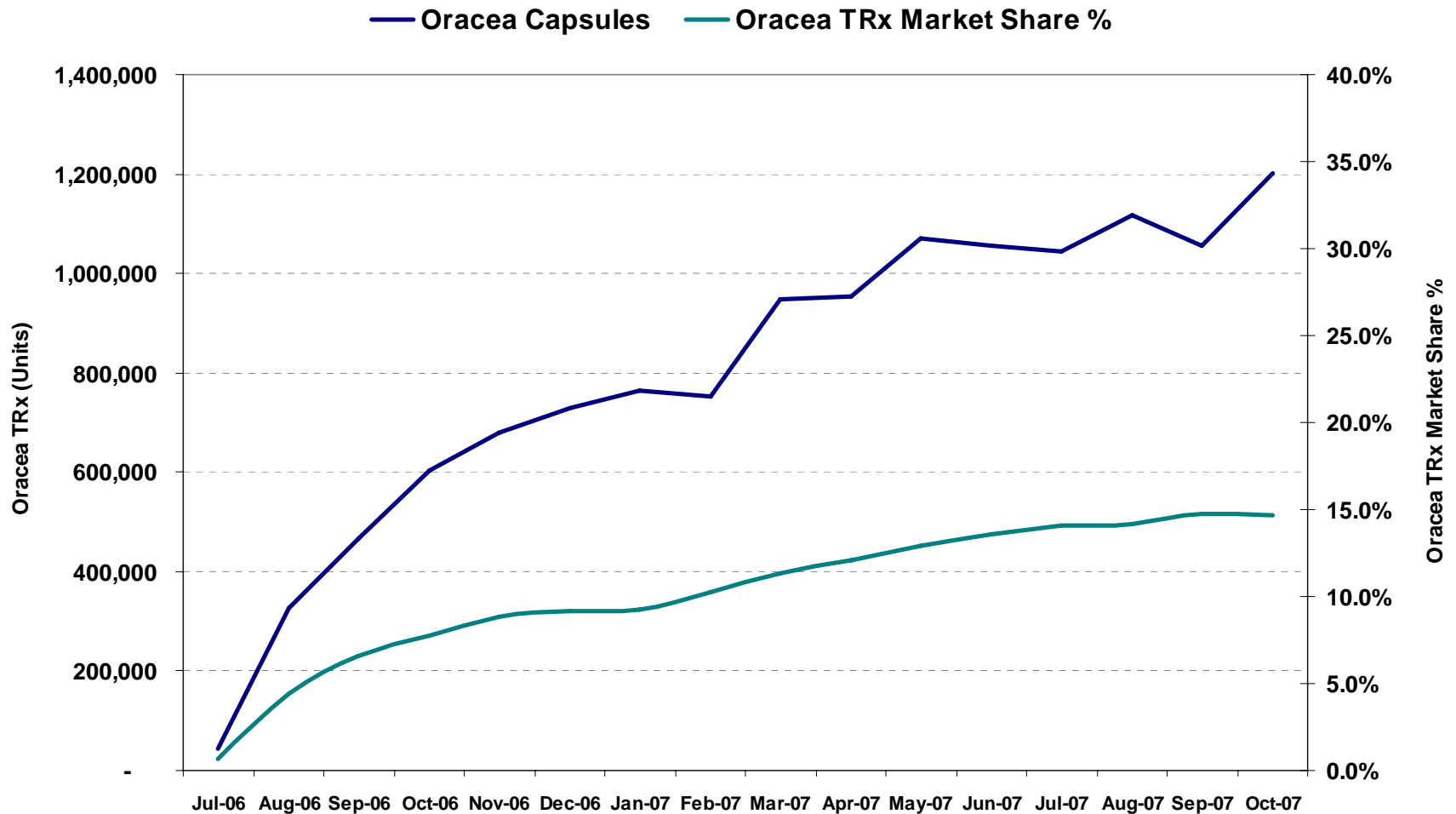


High refill rate = high patient satisfaction

Steady Gains in Market Share



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Oracea is the #1 oral therapy prescribed for rosacea

Factors Underlying Prescription Trends

High
patient satisfaction

Percent of
TRX's
that are refills

52%

Dermatologists confident
in safety, efficacy

Length of
average
prescription

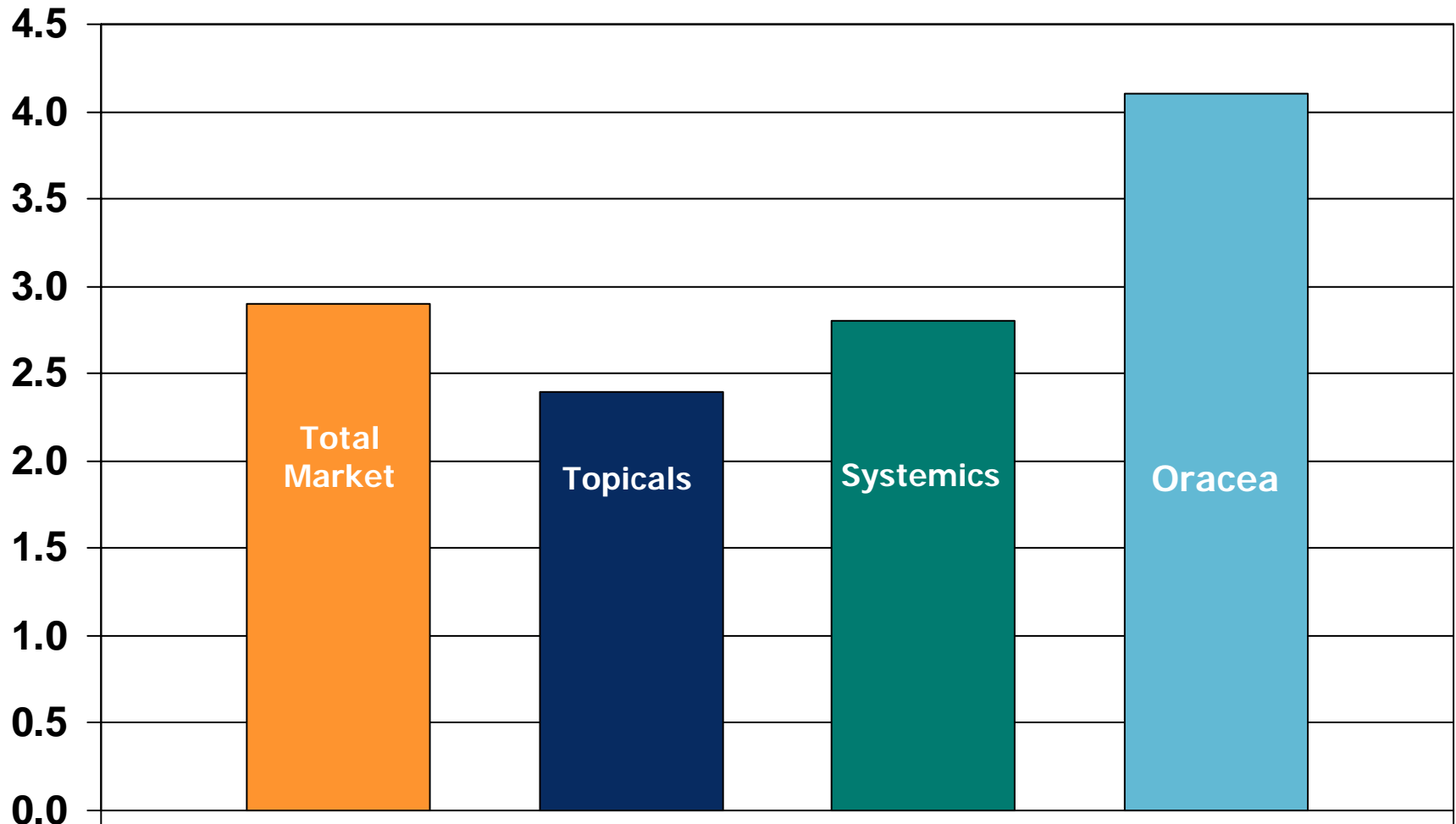
2.5
months



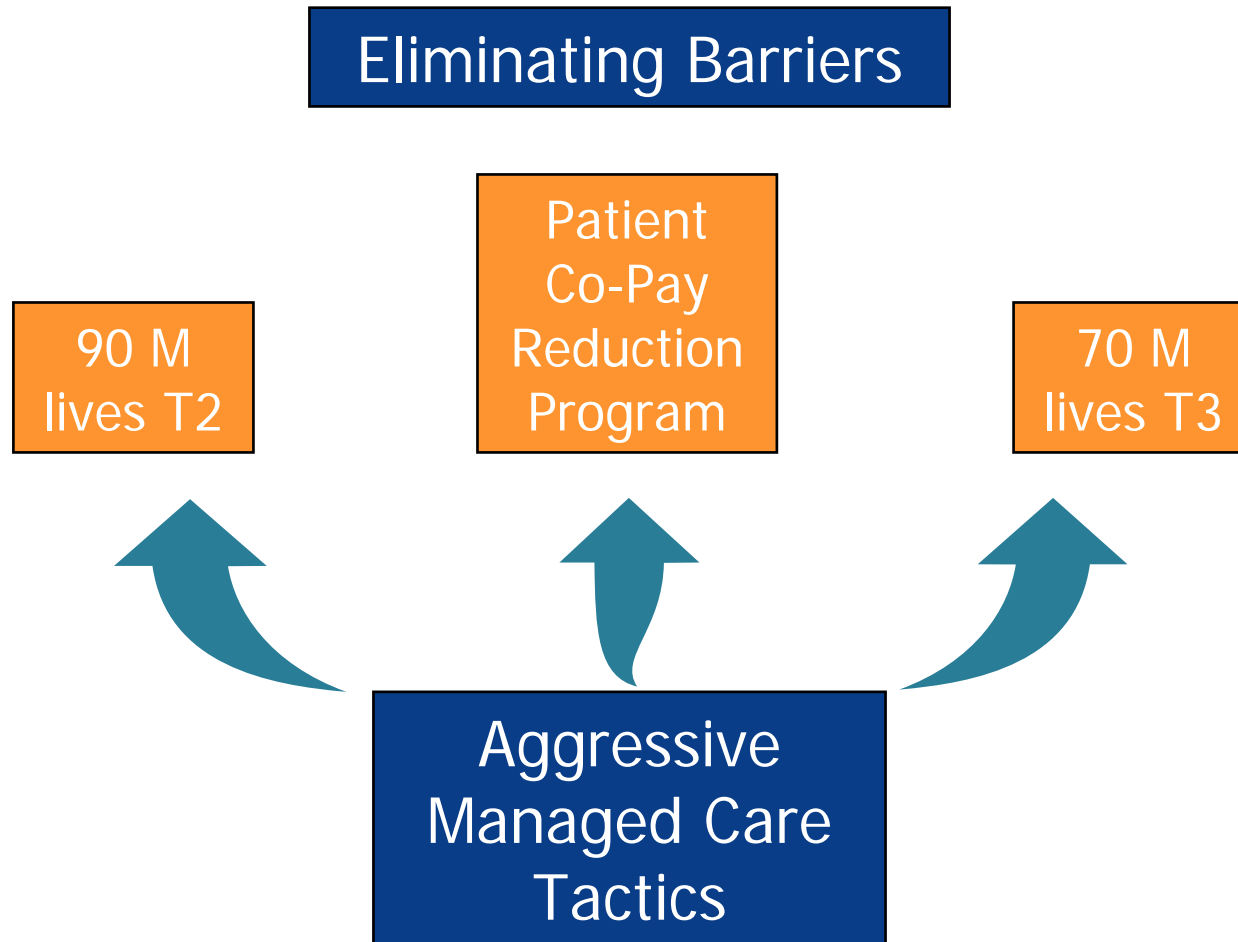


Average Duration of Rosacea Therapy

Months



Oracea is safe and effective for long term use



Initiatives Driving Future Oracea Growth

- Improved patient access
 - Broader Tier II coverage in managed care
 - Patient rebate program
- Robust phase IV clinical program
- Expanding prescriber base
- Extended maintenance therapy
- Move to first line therapy

Long Runway for Oracea Growth

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Pipeline Products: Market Potential

Product	Indication	Status	Market Size
Col-118	Erythema	Phase II	>\$330M
Becocalcidiol	Psoriasis	Phase II	>\$600M

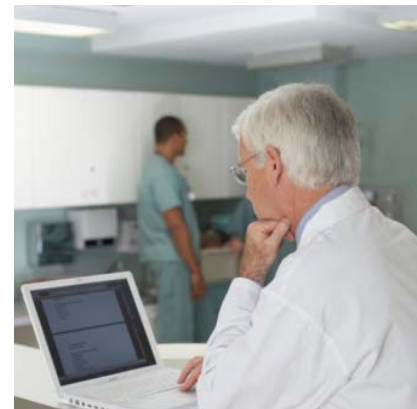


Col-118: High Potential Compound



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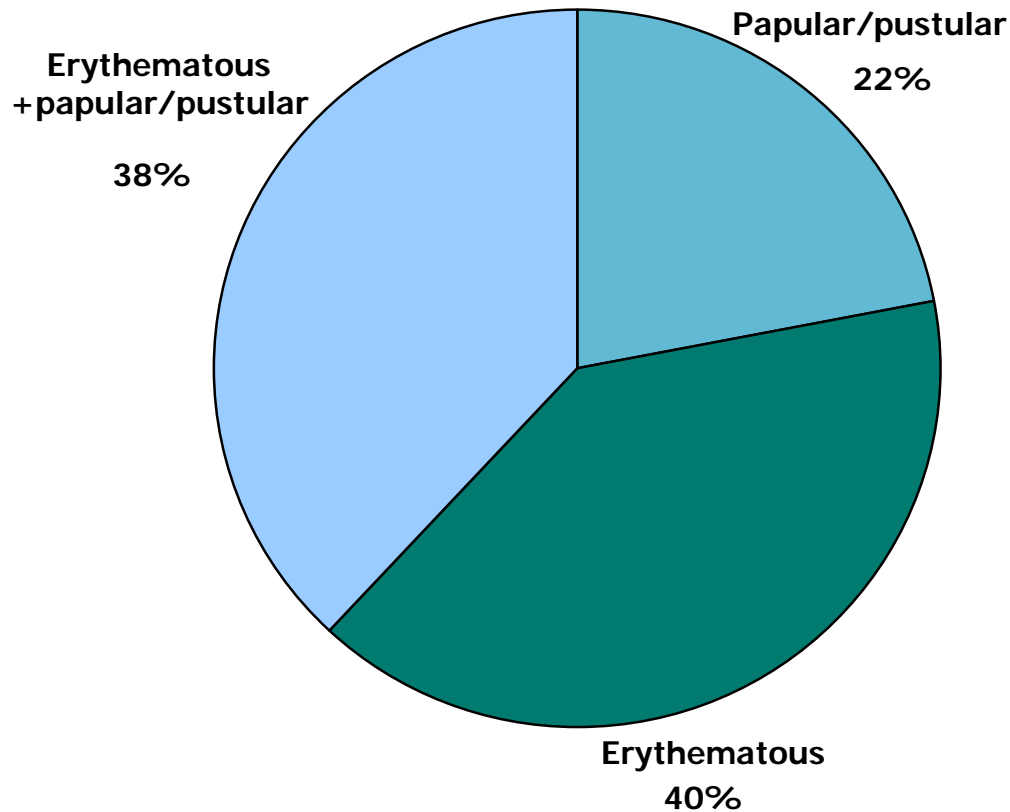
- Col-118 is a unique formulation and presentation of Brimonidine
- Brimonidine is a selective alpha-2 adrenergic receptor agonist with excellent record of safety and efficacy in Ophthalmic use
- Being developed as novel topical presentation for treatment of erythema – skin redness associated with rosacea
- Currently no effective treatments for a major unmet need in treatment of rosacea
- Potential market >\$330 million



Erythema - #1 Unmet Medical Need in Rosacea

•Reduction/Treatment Of Erythema	60%
•Efficacy	18%
•Remission	9%
•More topical treatments	7%
•Cost Effective Treatment	7%
•Less Irritation	5%
•Long Term Control	5%
•Low Frequency Of Use	3%
•Anti-inflammatory properties	3%
•Low Dosage	2%
•Ocular Rosacea Treatment	2%
•Onset Of Action	2%

Erythema Affects 78% of Rosacea Patients



Erythema market opportunity:

1.1 mm pts w/erythema seek treatment *

2 – 4 month therapy duration * \$150/mo

= \$330 - \$660 million

Erythema Patient Treated with Col-118



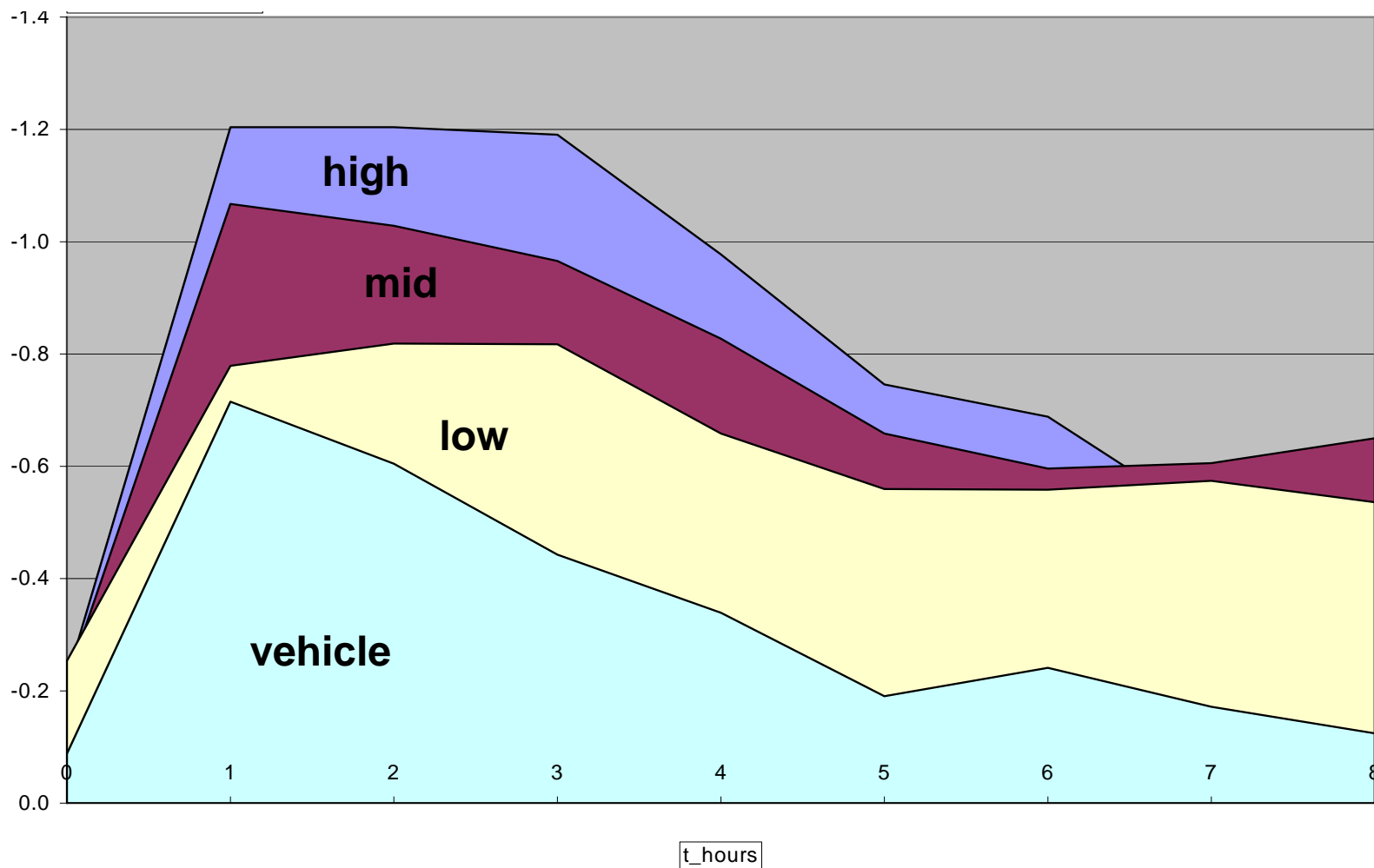
Visit 1 – 0 Minutes



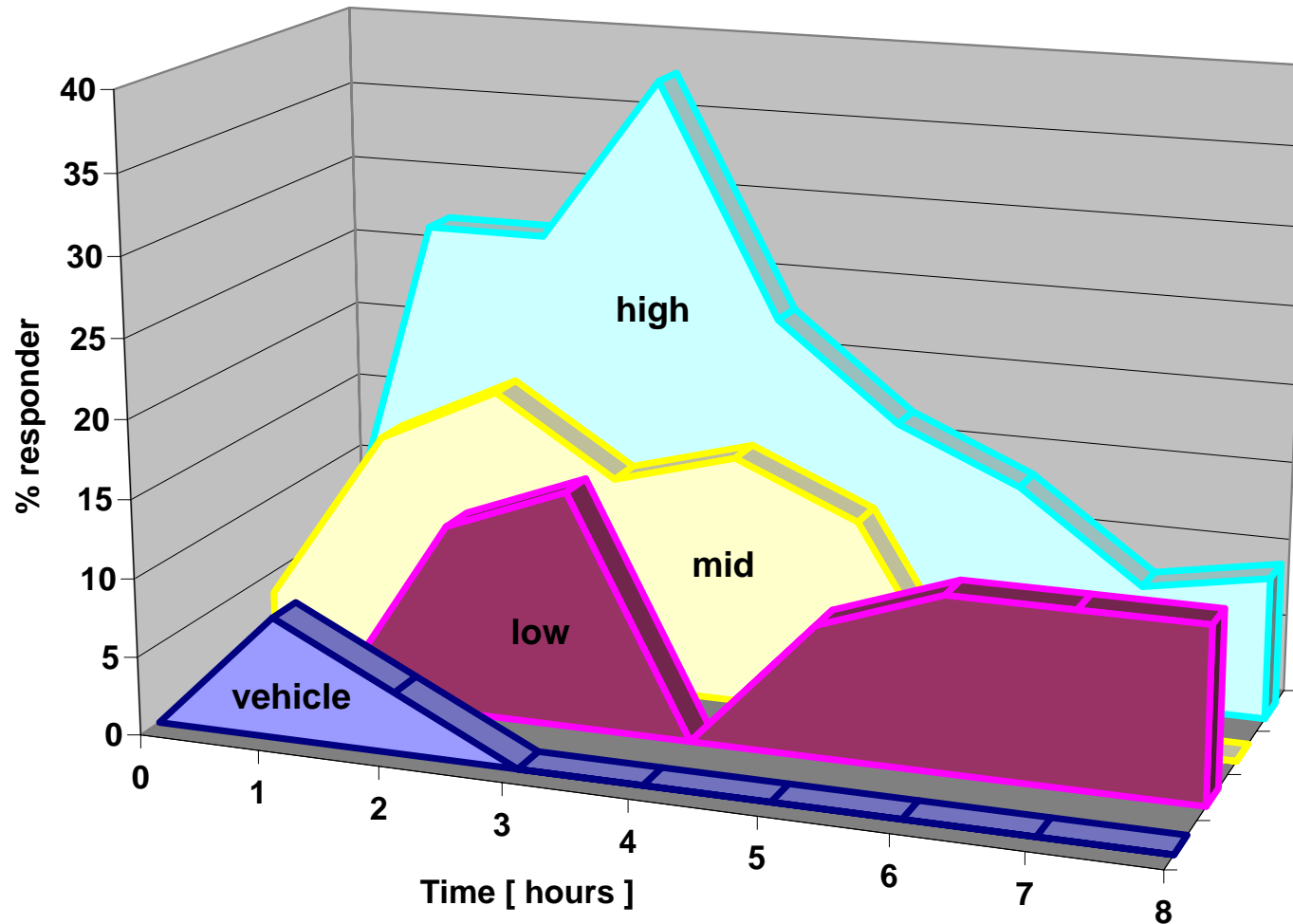
Visit 3 – 120 Minutes

- Study Design
 - Double-blinded, placebo-controlled study
 - Enrolled 110 patients at six centers with moderate-severe erythema
 - Four arms: low, mid and high doses of active plus vehicle control
 - 28-day treatment duration; administered daily, evaluated on Days 1, 14, 28
 - This study completed in August 2007
 - Achieved primary endpoint: reduction in average Clinician's Erythema Assessment Score ($p < 0.008$ in high dose group)
- Excellent side effect profile
- Phase III to begin by mid-2008

Reduction in Average CEA Scores over Time



COL-118: CEA Responder Analysis (% Clear/Near Clear)



1h + 2h $p < 0.05$
3h + 4h $p < 0.01$

- Novel vitamin D analogue licensed from QuatRx Pharmaceuticals
 - Vitamin D is used to treat symptoms of psoriasis, but can induce hypercalcemia, a dose-limiting side effect
 - Becocalcidiol phase 2a study showed improvement in psoriasis symptoms without hypercalcemia or skin irritation
- Addresses \$600 MM market (excludes biologicals)
 - \$200 mm of vitamin D-based treatments
- Next steps
 - Initiate large Phase II study in Q1/08

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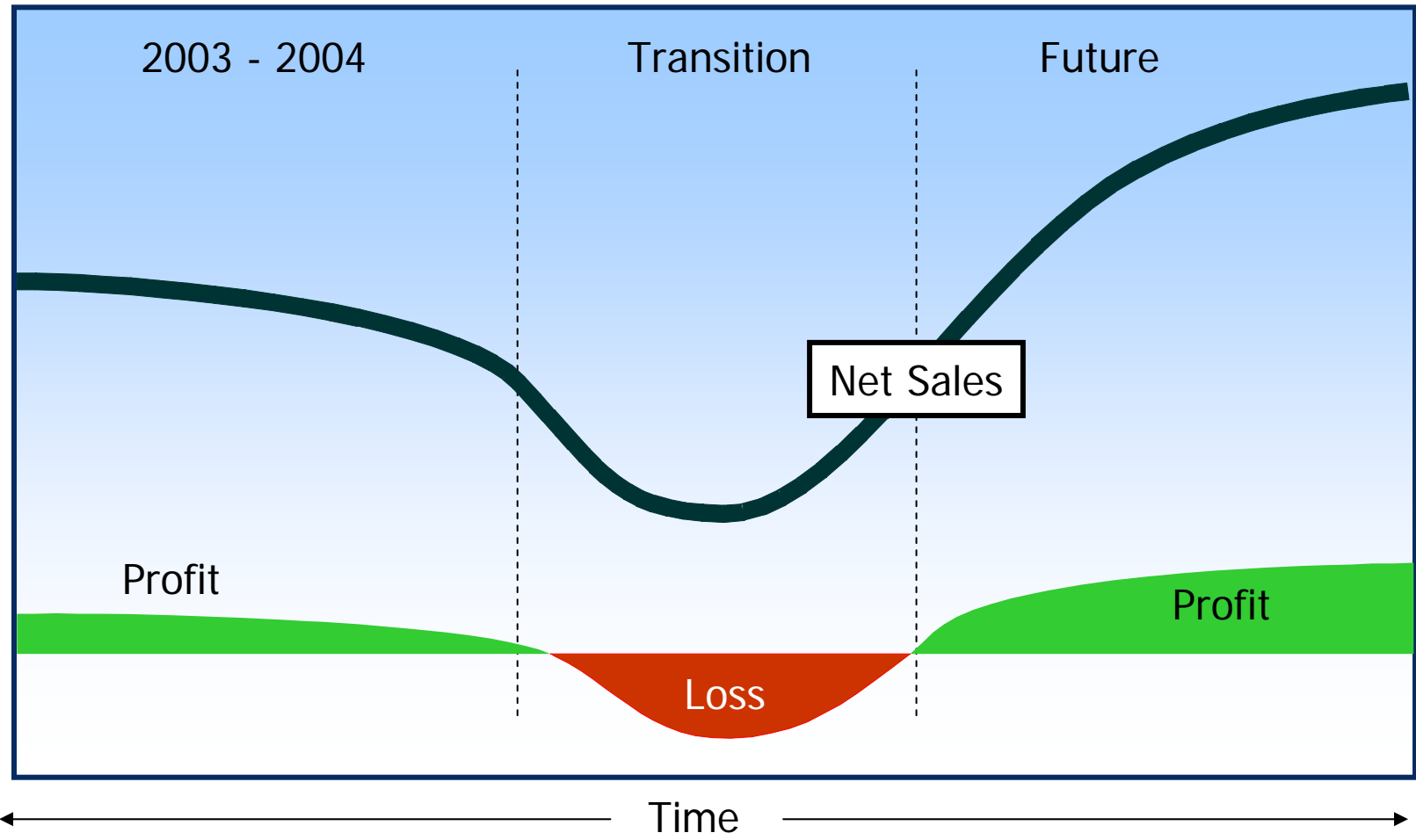
Advancing our pipeline

The future

Four Point Strategy



Investing for Future Profitability

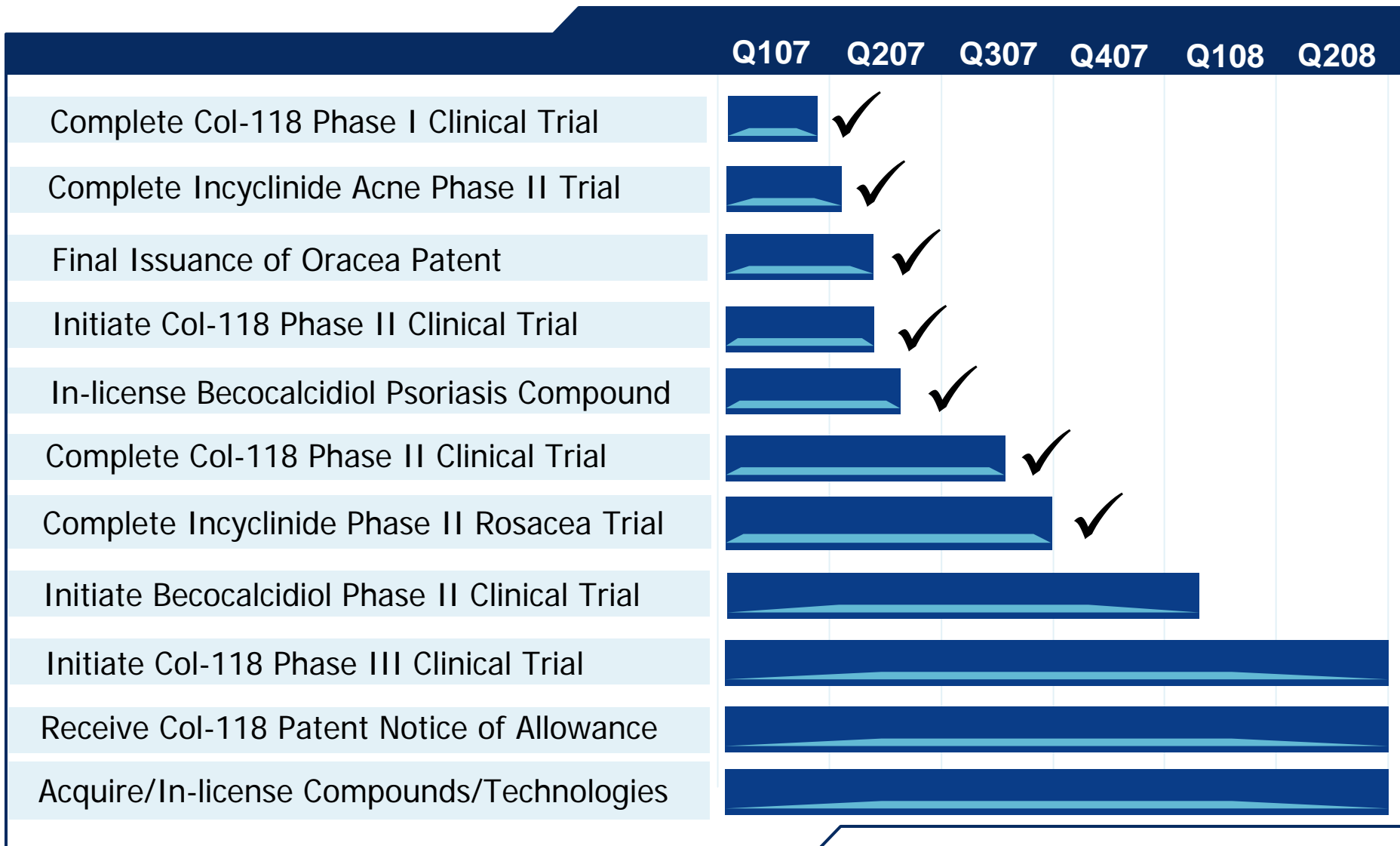


2007 Financial Guidance

	2006 Actual	2007 Guidance ⁽¹⁾⁽²⁾
Revenue	\$26M	\$61-62M
Percent Dermatology	70%	95%
R&D	\$15M	\$23M
SG&A	\$41M	\$48M
	<hr/>	<hr/>
Net loss	\$35M	\$15.5-\$16.5M
	<hr/> <hr/>	<hr/> <hr/>
Cash	\$66M	\$56M

(1) Includes non-cash stock option expense estimated around \$3.4m primarily in SG&A (2) Updated 11/6/07.

2007/2008 Key Milestones



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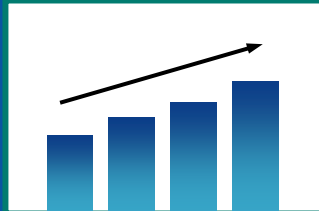
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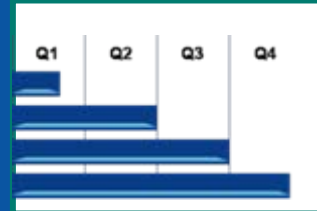
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