

DUSA PHARMACEUTICALS INC

Form DEF 14A

June 17, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant b

Filed by a Party other than the Registrant o

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

DUSA Pharmaceuticals, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: _____

(2) Aggregate number of securities to which transaction applies: _____

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth amount on which filing fee is calculated and state how it was determined): _____

(4) Proposed maximum aggregate value of transaction: _____

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Fee paid previously with preliminary materials: _____

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: _____

(2) Form, Schedule or Registration Statement No.: _____

(3) Filing Party: _____

(4) Date Filed: _____

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June 23, 2010

Dear Shareholder:

You are invited to attend the Annual Meeting of Shareholders of DUSA Pharmaceuticals, Inc. to be held at the Company's headquarters at 25 Upton Drive, Wilmington, Massachusetts on Thursday, July 29, 2010 at 11:00 a.m. Eastern Time.

The business of the meeting is described in the accompanying Notice of Meeting and proxy statement. We are also enclosing our 2009 Annual Report on Form 10-K and a proxy card.

There will be a management presentation at the meeting to those shareholders who attend the meeting.

Your participation in the meeting is important regardless of the number of shares you hold. If you cannot attend the meeting, please grant a proxy to vote your shares by marking, signing and dating the proxy card and returning it by no later than 5:00 p.m. Eastern Time on Wednesday, July 28, 2010 in the manner described in the proxy statement. Your proxy may be revoked at any time before it is exercised as explained in the proxy statement.

If you plan to attend, please bring photo identification. Also, if your shares are held in the name of a broker or other nominee, please bring with you a proxy or letter from the broker or nominee confirming your ownership as of the record date.

Sincerely,

Robert F. Doman
President and
Chief Executive Officer

CORPORATE HEADQUARTERS 25 Upton Drive, Wilmington, MA 01887 - Phone 978.657.7500,
Fax 978.657.9193

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**DUSA Pharmaceuticals, Inc.
25 Upton Drive
Wilmington, Massachusetts 01887**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING
TO BE HELD JULY 29, 2010**

**TO THE SHAREHOLDERS OF
DUSA PHARMACEUTICALS, INC.**

YOU ARE HEREBY NOTIFIED that the Annual Meeting of Shareholders of DUSA Pharmaceuticals, Inc. will be held on Thursday, July 29, 2010, at 11:00 a.m. at the Company's offices located at 25 Upton Drive, Wilmington, Massachusetts to consider and act upon the following matters:

- (1) Election of eight (8) directors;
- (2) Ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2010; and
- (3) Transaction of any other business that may properly come before the meeting or any adjournments thereof.

Only shareholders of record at the close of business on June 16, 2010 are entitled to notice of, and to vote at the meeting, or any adjournment or adjournments thereof.

The proxy statement for our 2010 Annual Meeting of Shareholders and our annual report to shareholders on Form 10-K for the year ended December 31, 2009 are available on our website at www.dusapharma.com under "For Investors".

Whether or not you plan to attend the meeting, please vote. If you hold shares in your own name, please fill in, date and sign the enclosed proxy and return it promptly in the enclosed envelope. If your broker or other nominee holds your shares, please follow their instructions to vote. The prompt return of your proxy will assist us in preparing for the Annual Meeting. The proxy does not require any postage if it is mailed in the United States or Canada.

By Order of the Board of Directors,

Nanette W. Mantell, Esq.
Secretary

Dated: June 23, 2010

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PROXY STATEMENT

QUESTIONS AND ANSWERS

Why I am receiving these proxy materials?

You are receiving these proxy materials because the Board of Directors of DUSA Pharmaceuticals, Inc. ("DUSA" or the Company), a New Jersey corporation, is soliciting your proxy to vote at the Company's 2010 Annual Meeting of Shareholders and at any adjournments or postponements thereof. The Annual Meeting will be held on Thursday, July 29, 2010, at 11:00 a.m., at the Company's principal executive offices at 25 Upton Drive, Wilmington, Massachusetts 01887. If properly signed and returned, and not revoked, your proxy will be voted in accordance with the instructions it contains. The persons named in the accompanying proxy will vote the proxy for the Board of Directors' slate of directors and for the other matters listed on the proxy as recommended by the Board of Directors unless contrary instructions are given.

This proxy statement and the accompanying form of proxy are being mailed to shareholders on or about June 23, 2010. DUSA's Annual Report on Form 10-K for 2009, including financial statements for the year ended December 31, 2009, but excluding certain exhibits, is being mailed to shareholders at the same time. A copy of the exhibits will be provided upon request and payment to DUSA of reasonable expenses.

Who can vote at the Annual Meeting?

Only shareholders of record of shares of DUSA common stock at the close of business on June 16, 2010 are entitled to notice of and to vote at the Annual Meeting and at any and all adjournments or postponements of the meeting. On the record date, there were 24,207,965 shares of common stock without par value ("Common Stock") outstanding and entitled to vote. These shares were the only shares outstanding of the Company.

What am I voting on?

There are two matters scheduled for a vote at the annual meeting:

the election of directors, and

the ratification of the selection by the Audit Committee of our Board of Directors of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.

How many votes do I have?

Each share owned on June 16, 2010, the record date for the meeting, entitles its owner to one vote on each matter to be voted upon. As of the record date, the Company's management owned approximately 0.54% of the Company's outstanding Common Stock.

What is the quorum requirement?

The holders of one-third of the shares that are outstanding and entitled to vote at the Annual Meeting must be present, in person or represented by proxy, to constitute a quorum for all matters to come before the meeting.

How do I vote?

Shareholder of Record: Shares Registered in your name.

If you are a shareholder of record (that is, a shareholder who holds shares in your own name with our transfer agent, American Stock Transfer and Trust Company), you can vote by attending the Annual Meeting in person, or at any adjournment thereof, or by signing, dating and returning your proxy card in the enclosed postage-paid envelope. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted FOR Proposals 1 and 2 and will be voted in the proxy holder's discretion as to other matters that may come before the Annual Meeting.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Nominee.

If your shares are held in street name (that is, in an account at a bank, brokerage firm or other holder of record), then you are the beneficial owner of the shares and these proxy materials, including instructions that you must follow in order for your shares to be voted are being forwarded to you by that organization. The organization holding your account is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

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How are votes counted?

Other than the vote for the election of directors, which requires a plurality of the votes cast, each matter to be submitted to the shareholders requires the affirmative vote of a majority of the votes cast at the meeting for such matter. For purposes of determining the number of votes cast with respect to a particular matter, only those votes cast FOR OR AGAINST are included. Abstentions and broker non-votes are counted only for purposes of determining whether a quorum is present at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. If you do not give instructions to your broker, bank, or other agent, it can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange on which your broker, bank or other agent may vote shares held in street name in the absence of your voting instructions, and include the ratification of the selection of our independent registered public accounting firm. On non-discretionary items for which you do not give instructions to your broker, bank or other agent, which include the election of directors, the shares will be treated as broker non-votes. With respect to the election of directors, a shareholder may vote FOR OR WITHHOLD AUTHORITY. Votes indicating WITHHOLD AUTHORITY will be counted as a vote against the nominee. For all other proposals, a shareholder may indicate FOR, AGAINST OR ABSTAIN. Management knows of no other matter to be voted upon other than with respect to the election of directors and ratification of the selection of Deloitte and Touche LLP. However, if any other matter is properly presented at the meeting, one of the individuals named on your proxy card as your proxy will vote your shares using his or her best judgment.

Can I change my vote after submitting my proxy?

Yes. If you are a shareholder of record, you may change your vote at any time before the proxy is exercised, by executing and delivering a timely and valid later-dated proxy, by voting by ballot at the Annual Meeting or by giving written notice to the Secretary of the Company. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give proper written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting.

If you are a beneficial owner of shares in street name, you may change your vote by submitting new voting instructions to your broker, bank or other agent, or, if you have obtained a valid proxy card from your broker, bank or other agent giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. In addition, we have retained our transfer agent, American Stock Transfer and Trust Company to assist in the distribution of proxy materials and solicitation of votes for a fee not to exceed \$10,000 plus reimbursement of out-of-pocket expenses.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in our Current Report on Form 8-K to be filed with the Securities and Exchange Commission within three business days after the conclusion of the Annual Meeting of Shareholders. If the final voting results are not available within three business days after the conclusion of the meeting, we will provide the preliminary results in the Form 8-K and the

final results in an amendment to the Form 8-K within four business days after the final voting results are known to us.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

There are eight (8) nominees for election as directors who will hold office until the next Annual Meeting of Shareholders and/or until their successors have been duly elected and qualified. The persons named on the accompanying proxy will vote all shares for which they have received proxies FOR the election of the nominees named below unless contrary instructions are given. In the event that any nominee should become unavailable, shares will be voted for a substitute nominee unless the number of directors constituting a full board is reduced. Directors are elected by plurality vote. All of the nominees were elected to the Board of Directors at the 2009 Annual Meeting of Shareholders and are currently serving, except for Alfred Altomari, Paul J. Hondros and David M. Wurzer.

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Name	Age	Position	Date First Elected
Jay M. Haft, Esq. ⁽¹⁾⁽²⁾⁽³⁾	74	Chairman of the Board	9/16/1996
Alfred Altomari	51	Director Candidate	
David M. Bartash ⁽¹⁾⁽²⁾⁽⁴⁾	67	Lead Director and Vice-Chairman of the Board	11/16/2001
Alexander W. Casdin ⁽¹⁾⁽⁴⁾	42	Director	1/29/2009
Robert F. Doman	60	Director, President and Chief Executive Officer	6/15/2006
Paul J. Hondros	61	Director Candidate	
Magnus Moliteus ⁽¹⁾⁽²⁾⁽⁴⁾	71	Director	7/25/2003
David M. Wurzer, CPA	51	Director Candidate	

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating and Corporate Governance Committee.

(4) Member of the Acquisition and Business Development Committee.

Jay M. Haft, Esq., 74, who serves as the Chairman of the Board and Chairman of our Compensation Committee is also a member of our Audit and Nominating and Corporate Governance Committees. He was first elected to the Board on September 16, 1996. He is a strategic and financial consultant for growth-stage companies. He has served as Chairman of the Board since December 1, 2008. Mr. Haft also served as Chairman of the Board from June 2003 to December 2004 and Vice Chairman and Lead Director from December 2004 to December 2008. Since 2005, Mr. Haft has been a partner and a member of the Investment Committee of Columbus Nova, a private investment arm of the Renova Group. He was a senior corporate partner of the law firm of Parker, Duryee, Rosoff & Haft from 1989 to 1994 and was of counsel to Parker, Duryee, Rosoff & Haft from 1994 until 2002. Mr. Haft was a director of Encore Medical prior to its acquisition by the Blackstone Group in 2006 and is a current member of the Board of Directors of Kingstone Companies Inc. He is also active in international corporate finance mergers and acquisitions, having extensive experience in the Russian market, where he has worked on growth strategies for companies looking to internationalize their business assets and enter international capital markets. Mr. Haft has served on approximately 30 corporate boards, including his tenure as Chairman of the Emerson Radio Corporation, and director at CompuComp Systems, Inc. He has served as a founder, consultant and/or director of Imatron Inc. (a CT scanner company whose technology is now owned by GE), Cardiac Resuscitator Corp. (technology now own by Medtronic, Inc.) and Encore Orthopedics Corp. (technology acquired by the Blackstone Group). Currently Mr. Haft is a director of Ballantyne Cashmere, SpA as well as an advisor to Montezemolo & Partners, an Italian family investment group. He also serves on the board of the U.S.-Russia Business Council, and The Link of Times Foundation, a private cultural historical foundation. Mr. Haft is also active in the non-profit sector as well, particularly in the areas of education and art. He has served as a director of the Florida International University (FIU) Foundation and a member of the Advisory Board of the Wolfsonian Museum and the FIU Law School. He was previously appointed by Governor Lawton Chiles to the Florida Commission for the Governmental Accountability to the People, and served as a National Trustee and Treasurer of the Miami City Ballet and on the board of the Concert Association of Florida. Mr. Haft earned his Bachelor's degree and graduated Phi Beta Kappa from Yale University and earned his law degree from Yale Law School. The Board believes that Mr. Haft is qualified to serve as a director due to his wealth of knowledge and insight into the challenges faced by emerging growth companies, including successful companies in the medical device field

as well as his expertise in counseling companies on strategic matters.

Alfred Altomari 51, who is a candidate for election to the Board of Directors, is not currently a member of the Board of Directors or any of the Committees of the Company. Most recently Mr. Altomari was Chief Executive Officer of Barrier Therapeutics, Inc., a specialty pharmaceutical company, since April of 2008 and a member of the company's Board of Directors since January 2008, until the sale of the company to GlaxoSmithKline plc in August 2008. Mr. Altomari joined Barrier as a Chief Commercial Officer in 2003 and became Chief Operating Officer in 2006. Prior to joining Barrier, he had served in numerous executive roles in general management, commercial operations, business development, product launch preparation and finance within Johnson & Johnson from 1982 to 2003. Prior to his tenure at Johnson & Johnson, Mr. Altomari was Vice President/Franchise Head of Ortho-McNeil Pharmaceuticals Women's Health Care Franchise. He completed his undergraduate studies at Drexel University earning a Bachelors of Science degree with a dual major in finance and accounting, and subsequently received a Masters in Business Administration from Rider University. Mr. Altomari currently serves as a member of the Board of Directors of Auxilium Pharmaceuticals Inc. and three privately held companies including Agile Therapeutics, Quinnova Pharmaceutical, and Signum Biosciences. Mr. Altomari is also currently serving as a member of the advisory board of Le Bow College, the Business School of Drexel

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University. The Board believes that Mr. Altomari is qualified to serve as a director due to his prior senior management experience in the pharmaceutical industry, as well as his breadth of experience in the development and marketing of specialty pharmaceuticals.

David M. Bartash, 67, retired, who serves as the Vice Chairman, Lead Director and Chairman of our Acquisition and Business Development Committee and is also a member of our Audit and Compensation Committees. He was first elected to the Board on November 16, 2001. He was the President and founder of Bartash and Company, a consulting company which, from 1990 to 2009, provided financial and scientific consulting services to the healthcare industry. He has personally advised pharmaceutical and biotechnology companies in the United States, Canada, and Australia; investment firms in the United States and Great Britain; and investment banking firms in the United States.

Mr. Bartash also serves on the Board of Directors of the Developmental Disabilities Institute, a not-for-profit organization providing educational, residential, and medical services to over 1500 individuals with autism spectrum disorders. He served as Chairman for the Board of DDI until 2009, and currently serves on the Executive, Finance, and Building Committees. Mr. Bartash also serves on the Board of Directors of the DDI Foundation. Prior to founding Bartash & Company, Mr. Bartash spent over 20 years as a research analyst, and primarily as a pharmaceutical analyst, at several major investment firms representing both the buy and the sell sides of Wall Street. His last two positions, prior to forming Bartash & Company, were as senior pharmaceutical analyst at Dean Witter and Citibank. Mr. Bartash earned his Bachelor's degree from the University of Pennsylvania and his Master's degree from Bryn Mawr College. The Board believes that Mr. Bartash is qualified to serve as a director as a result of his significant experience in the pharmaceutical industry, particularly stemming from his years of providing investment advice and financial analysis of business and product opportunities, as well as his diversity of view-points.

Alexander W. Casdin, 42, who is a member of our Audit, Compensation and Acquisition and Business Development Committees, was first elected to the Board on January 29, 2009. He is also Vice President, Finance of Amylin Pharmaceuticals, Inc., a position he has held since November, 2009. Prior to his position at Amylin, Mr. Casdin was founder of Casdin Advisors LLC, formed in 2007, where he served as a strategic advisor to companies in the life sciences industry. From October 2005 until he founded Casdin Advisors, Mr. Casdin was Chief Executive Officer and Portfolio Manager of Cooper Hill Partners, LLC, a healthcare investment fund, and from 2001 to October 2005, he was Co-Portfolio Manager at Cooper Hill Partners. From 1999 to 2001, Mr. Casdin was employed by Pequot Capital Management, LLC as an analyst and then portfolio manager where he oversaw the Pequot Capital Healthcare Fund. Prior to joining Pequot Capital Management, Mr. Casdin was a Senior Managing Analyst at Dreyfus Corporation focusing on the healthcare industry. In the non-profit sector, Mr. Casdin is a member of the Social Enterprise Program at Columbia Business School, a member of the Advisory Board of Hassenfeld Center for Cancer & Blood Disorders based at New York University's Langone Medical Center and a member of the Artists Council of the Whitney Museum of American Art. Mr. Casdin earned his Bachelor's degree from Brown University and earned his Master's in Business Administration, Beta Gamma Sigma, from Columbia Business School. The Board believes Mr. Casdin is qualified to serve as a director due to his extensive knowledge of the pharmaceutical industry and his business and financial expertise, particularly arising from his years analyzing investment opportunities in the healthcare field.

Robert F. Doman, 60, has served as our President and Chief Executive Officer since June 2007 and as our President and Chief Operating Officer from January 2005 to June 2007. He was first elected to the Board on June 15, 2006. From 2000 until 2004, Mr. Doman served as President of Leach Technology Group, the medical device division of Leach Holding Corporation which was sold to Easterline Technologies in 2004. From 1999 to 2000, he was President, Device Product Development of West Pharmaceutical Services, a manufacturer of systems and device components for parentally administered medicines and drugs. Prior to joining West Pharmaceutical Services, he worked for the Convatec division of Bristol-Myers Squibb from 1991 to 1999 in positions that included: Vice President, Worldwide Marketing and Business Development; Vice President and General Manager, U.S. Wound and Skin Care; and Vice President, U.S. Operations. From 1976 to 1990, he held sales, marketing and business development roles of increasing responsibilities at Critikon, Inc., a Johnson & Johnson company. Mr. Doman earned his Bachelor's degree from Saint

Joseph's University. The Board believes that Mr. Doman is qualified to serve as a director due to his prior extensive diverse international and domestic experience in senior management positions at pharmaceutical and medical device companies, including in the field of dermatology, with respect to general management, business development, building sales and marketing capabilities, new product development and strategic planning.

Paul J. Hondros, 61, who is a candidate for election to the Board of Directors, is not currently a member of the Board of Directors or any of the Committees of the Company. He is the current President and Chief Executive Officer of AlphaOne Capital Partners, LLC, and its affiliate companies. Prior to founding AlphaOne in December 2008, he was the founding President and Chief Executive Officer of Gartmore Global Investments and President and Chief Executive Officer of the Gartmore Group, a global asset management company. In 1998 he founded Villanova Capital, Inc., which operated until 2003, when it was

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merged into Gartmore Investment Management plc. Prior to founding Villanova Capital, Inc., he served briefly as President and Chief Operating Officer of Pilgrim Baxter & Associates, Ltd. From 1990 to 1997 he was President and Chief Executive Officer of Fidelity Investments Institutional Services Company and President and Chief Executive Officer of its Individual Investors groups. Early in his career, Mr. Hondros worked with SEI Investments, Inc., a global investment management, software, and mutual fund services company, where he was employed as a computer programmer, eventually rising to Executive Vice President of its Financial Services Division. Mr. Hondros also serves as the Chairman of the board of trustees of St. Joseph's University, from which he earned his bachelor's degree in history, and where he and his wife recently founded The Kinney Center for Autism Studies. The Board believes that Mr. Hondros is qualified to serve as a director due to his management experience and his investment expertise regarding the analysis of corporate performance.

Magnus Moliteus, 71, who is a member of our Audit, Compensation and Acquisition and Business Development Committees, was first elected to the Board on July 25, 2003. He also has been a consultant to the healthcare industry and Chairman of COM Consulting, a privately held firm, which enhances Swedish-American relations particularly between health care companies, since 2001. From 1995 to 2001, Mr. Moliteus served as Executive Director of Invest in Sweden Agency, U.S., a Swedish government agency. From 1973 to 1976 he was President of Pharmacia France S.A. From 1977 to 1990, he was the Chief Executive Officer of Pharmacia, Inc. (now owned by Pfizer, Inc.) and from 1990 to 1995 he was Chief Executive Officer of Procordia US Inc. Mr. Moliteus served as Chairman of the Swedish-American Chamber of Commerce, Inc. between 1988 and 1991 and remains an honorary director. Also, from 1989 to 1995, Mr. Moliteus was a member of the Board of the Health Industry Manufacturers Association (HIMA). Currently Mr. Moliteus is a member of the Advisory board of Eon Reality, Inc. and of e-pill, LLC. He is also senior advisor to Pharmadule Inc. and head of KAEL-Gemvax US and European operations. Mr. Moliteus earned his Master's degree from Uppsala University. The Board believes that Mr. Moliteus is qualified to serve as a director based on his extensive senior executive management positions with a global pharmaceutical company and his role as an advisor to numerous other companies in the industry.

David M. Wurzer, CPA, 51, who is a candidate for election to the Board of Directors, is not currently a member of the Board of Directors or any of the committees of the Company. He is currently the Managing Director of Investments at Connecticut Innovations, the State of Connecticut's venture capital arm, where he has been in such a position since November 2009. From September 1997 until December 2007, he served as the Executive Vice President, Treasurer and Chief Financial Officer of CuraGen Corporation, a publically traded bio-pharmaceutical company developing protein, antibody and small molecule therapeutics in oncology. Prior to his employment with CuraGen, from 1991 to 1997, he held management and executive level positions with Value Health, Inc., focusing on business synergy, cost savings, and mergers and acquisitions, including being named the Senior Vice President, Treasurer and Chief Financial Officer from February 1994 until September 1997. Additionally, from 1980 to 1991, Mr. Wurzer held managerial and accounting positions at Coopers & Lybrand, and its successor by merger PricewaterhouseCoopers. Mr. Wurzer graduated in 1980 from the University of Notre Dame, with a BBA in Accounting. He is currently a member of the board of directors of Strategic Diagnostics, Inc., a NASDAQ listed public company, three privately held life sciences companies, including Polybiotics, LLC, Axerion Therapeutics, Inc., and CyVek, Inc., and the not-for-profit theatre management company Playhouse Theatre Group. Since 2008 Mr. Wurzer has periodically provided consulting services relating to capital raising, expense reductions cost analysis and business productivity strategies. The Board believes that Mr. Wurzer is qualified to serve as a director due to his prior accounting experience, investment manager's perspective on the analysis of corporate performance and his senior management experience in the bio-pharmaceutical industry.

According to the terms of an agreement dated as of May 13, 2010 by and among DUSA and SRB Management, L.P., SRB Greenway Opportunity Fund, (QP), L.P., SRB Greenway Opportunity Fund, L.P., BC Advisors, LLC, Steven R. Becker and Matthew A. Drapkin, DUSA has agreed to nominate Mr. Wurzer, as well as Mr. Altomari and Mr. Hondros for election to the Board at the Company's 2010 and 2011 Annual Meetings of Shareholders.

Additionally, pursuant to the terms of the merger agreement dated as of December 30, 2005, as amended, by and among DUSA, Sirius Laboratories, Inc. and certain shareholders of Sirius, Sirius has the right to nominate one director to our Board. Sirius's initial representative on our Board, Dr. Neal Penneys, resigned on April 10, 2007 for personal reasons and has not been replaced by the Sirius shareholder representatives. DUSA's obligation to nominate a director candidate recommended by the Sirius shareholder representatives, continues through the expiration of the period of time that any milestone payment may be paid to former Sirius shareholders under the terms of the merger agreement.

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Directors Whose Term Will End As of the 2010 Annual Meeting

Set forth below are the names of each of our other current directors whose term will end as of the 2010 Annual Meeting.

John H. Abeles, MD, 64, who serves as the Chairman of our Nominating and Corporate Governance Committee and is also a member of our Audit, Compensation and Acquisition and Business Development Committees, was first elected to the Board on August 2, 1994. He is also the President and founder of MedVest, Inc. which, since 1980, has provided consulting services to health care and high technology companies. Dr. Abeles practiced medicine before joining the pharmaceutical industry as a senior medical executive with Sterling Drug, Pfizer Inc. and Revlon Health Care in the early 1970s. In 1975, he became the first, full-time healthcare analyst in Wall Street with medical degree qualifications, at Kidder Peabody, where he worked until 1980 when he formed MedVest Inc. MedVest is a privately owned healthcare consulting firm concentrating in medical product development, research and development strategy and venture financing. He is the General Partner of Northlea Partners, a family office fund with numerous venture and private equity investments in emerging medical companies. Since 2005, Dr. Abeles has been a Managing Member of ProMed Capital LLC, a New York investment group promulgating Israeli medical venture companies and investments. He also serves on several boards of private companies in the healthcare industry. Dr. Abeles serves as an Advisory Board Member of the College of Chemistry, University of California, Berkeley. He is a Fellow of the Royal Society of Medicine, London. He is a professor of Clinical Pharmacology and Therapeutics of the International University of the Health Sciences since 1998 and was Adjunct Instructor, Clinical Pharmacology, Mt. Sinai Medical School from 1978 to 1982. In the non-profit sector, Dr. Abeles is a Director of the International Opera Alliance in New York and a member of the Players Club in New York. He is also on the board of The New Group, a theater organization in New York. Dr. Abeles is also a member of the Boards of Directors of Oryx Technology, CytoCore, Inc. and CombiMatrix Corporation. He was a member of the Boards of Directors of I-Flow Corporation, a manufacturer of medical infusion devices, prior to its sale to Kimberly-Clark Corporation in 2009. He earned his medical degree as well as a degree in pharmacology from the University of Birmingham, England. He also has a diploma in music from the Royal Schools of Music in piano and violin. The Board believes that Dr. Abeles is qualified to serve as a director due to his extensive expertise in the medical field, in the development and commercialization of drugs and medical devices and his membership on public and private companies' boards of directors.

Marvin E. Lesser, 68, was first elected to the Board on June 9, 2009. He is a member of our Audit and Compensation Committees. Mr. Lesser has been Managing Partner of Sigma Partners, L.P., a private investment partnership, since 1993. Also, since 2000 he has been the President of Alpina Management, LLC, the investment adviser to St. Moritz 2000 Fund, Ltd., a private investment fund. Since 1992 he has periodically provided consulting services in finance, compensation and organizational matters. He is a director of USG Corporation, Golfsmith International Holdings, Inc. and St. Moritz 2000 Fund, Ltd, and from 2002 to 2007 was a director of Pioneer Companies, Inc. He has experience serving on audit, compensation, finance, governance and CEO search committees, and has been the chair of audit committees and a CEO search committee. Mr. Lesser's background and experience include both public accounting and law, but he is currently not practicing in either profession. Mr. Lesser holds a Bachelor of Science in Economics degree from the Wharton School at the University of Pennsylvania, a Bachelor of Laws degree from the University of Pennsylvania and Master of Laws degree from New York University. The Board believes that Mr. Lesser is qualified to serve as a director due to his prior and current experience on public company boards, his knowledge of public company accounting and financial matters and his investment manager's perspective on the analysis of corporate performance and the domestic and global economic environments.

Richard C. Lufkin, 63, who serves as the Chairman of our Audit Committee and is also a member of our Compensation, and Nominating and Corporate Governance Committees, was first elected to the Board on January 27, 1992. Since 2005 he has served as a co-founder, director, and the Chief Financial Officer of Anima Cell Metrology,

Inc., a development-stage, privately-held biotechnology firm focused on proteomics. From 1995 to 2004 Mr. Lufkin was co-founder and President of Linguagen Corp. (now Redpoint Bio Corp.), a publicly-traded biotechnology firm developing products deriving from its expertise in the molecular biology of taste signaling. From 1992 to 2003 he was co-founder and Chief Operating Officer of SynectiQ Corporation, a medical device contract research and development firm. From 1986 until it was acquired by IVAX Corporation in 1991, Mr. Lufkin was President and Chief Operating Officer of Medical Market Specialties, Inc., a specialty pharmaceutical firm concentrating on the latter stage development, regulatory approval, and marketing of orphan drugs. He is the principal of Enterprise Development Associates, a proprietorship formed in 1985 which provides consulting and venture support services, licensing, strategic planning, FDA regulatory affairs and marketing management to early stage technology-based companies, principally in the life sciences sector. From 1980 to 1985, he held management positions with Johnson & Johnson handling business development of professional and consumer wound and oral care products, orthopedics, athletic products, ostomy, and adult incontinence

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products, as well as establishing business terms for numerous product acquisition, distribution, license, option, and funded research agreements. Prior to this time, he was Assistant Vice President of the American Research and Development, Division of Textron, Inc. managing venture capital investments including seed capital, second and third round financings and leveraged buy-outs for portfolio companies, on many of which he served as a board member. Early in his career he worked at Corning, Inc. following his service as a Naval officer. Mr. Lufkin's other current activities include serving as a director for the New Jersey Chapter, National Association of Corporate Directors, member of the Technology Advisory Board of the New Jersey Economic Development Authority, and President of the MIT Club of Northern New Jersey. Mr. Lufkin earned his Bachelor of Science from the Massachusetts Institute of Technology and his Master in Business Administration from the Wharton School, University of Pennsylvania. The Board of Directors believes that Mr. Lufkin is qualified to serve as a director due to his strong entrepreneurial experience in developing and commercializing new products for the pharmaceutical and medical device markets.

DIRECTOR COMPENSATION

Directors who are members of management receive no cash compensation for service as a director or as member of any committee. Non-employee directors receive \$25,000 per year, as annual compensation, regardless of the number of Board or Committee meetings they attend. The Chairman of the Board receives an additional \$10,000 per year, and the Vice-Chairman of the Board receives \$1,000 per meeting in which he acts in the absence of the Chairman of the Board. Directors serving on the Audit Committee receive an additional \$5,000 per year. The Chairman of the Audit Committee receives an additional \$5,000 per year. Directors are also reimbursed for their out-of-pocket expenses related to their attendance at meetings of the Board and Committees. Under the Company's 2006 Equity Compensation Plan, as amended, all non-employee directors are awarded options to purchase up to 15,000 shares of Common Stock on June 30th of their first year of service or as of the close of business thirty (30) days following their election, whichever shall first occur, and options to purchase up to 10,000 shares of Common Stock on June 30th of each year following their re-election. All options granted to non-employee directors vest immediately. As further discussed under Compensation Discussion & Analysis below, in 2009 Messrs. Abeles, Bartash, Lufkin and Moliteus received a special, one-time grant of 7,500 restricted shares for their extraordinary service during the year. Mr. Haft received a special, one-time grant of 15,000 restricted shares for his extraordinary service during the year. These awards of restricted shares vest at a rate of 25% per year over four years.

The following table sets forth the annual compensation to non-employee directors for 2009:

Name	Fees		Option Awards (\$) ⁽¹⁾⁽²⁾	Change in Pension Value and Nonqualified Incentive Plan Compensation		All Other Compensation (\$)	Total (\$)
	Earned or Paid in Cash (\$)	Stock Awards (\$)		Non-Equity Compensation (\$)	Deferred Compensation (\$)		
John H. Abeles, MD	\$ 30,000	\$ 9,150	\$ 7,734				\$ 46,884
David M. Bartash	\$ 31,000	\$ 9,150	\$ 7,734				\$ 47,884
Alexander W. Casdin	\$ 30,000		\$ 20,267				\$ 50,267

Jay M. Haft, Esq.	\$ 40,000	\$ 18,300	\$ 7,734	\$ 66,034
Richard C. Lufkin	\$ 35,000	\$ 9,150	\$ 7,734	\$ 51,884
Marvin E. Lesser	\$ 16,808		\$ 11,601	\$ 28,409
Magnus Moliteus	\$ 30,000	\$ 9,150	\$ 7,734	\$ 46,884

(1) Option awards represent the grant-date fair value of the awards. The grant date fair value of each director's 2009 stock option grant was \$0.77 per share, except for Mr. Casdin whose weighted average grant date fair value was \$0.81 per share. Grant date fair value is based on the Black-Scholes option pricing model on the date of grant. For additional discussion on the valuation assumptions used in determining the compensation expense, see Note 8 to the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2009.

(2) The aggregate numbers of shares subject to option awards outstanding as of December 31, 2009 were as follows: 85,000 for Dr. Abeles, 95,000 for Mr. Bartash, 25,000 for Mr. Casdin, 105,000 for Mr. Haft, 15,000 for Mr. Lesser, 105,000 for Mr. Lufkin and 60,000 for Mr. Moliteus.

Independence of Directors

The Board has determined that all of the non-employee directors are independent, as independence is defined under the rules of The NASDAQ Stock Market.

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CORPORATE GOVERNANCE

Meetings and Committees of the Board of Directors

During the year ended December 31, 2009, there were fourteen (14) meetings of the Board of Directors. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board of Directors and of all of the committees on which he serves. The Board of Directors has established an Audit Committee, Nominating and Corporate Governance Committee, Compensation Committee and Acquisition and Business Development Committee. Mr. Haft, the Chairman of the Board, normally presides at Board meetings, and, in his absence, Mr. Bartash, the Vice-Chairman of the Board, presides.

All of the non-employee directors are members of the Audit Committee. Mr. Lufkin serves as its Chairman. All of the members are independent directors in accordance with the rules of The NASDAQ Stock Market and applicable federal securities laws and regulations. In addition, the Board of Directors has determined that Mr. Lufkin and Mr. Haft both qualify as audit committee financial experts and has designated Mr. Lufkin to fill that role. The Audit Committee provides oversight of the Company's accounting functions and acts as liaison between the Board of Directors and the Company's independent registered public accounting firm. The Committee reviews with the independent auditors the Company's unaudited quarterly financial statements, the planning and scope of the audits of the Company's financial statements, the results of those audits and the adequacy of internal accounting controls, and monitors other corporate and financial policies. In performing these functions, the Audit Committee meets periodically with the independent auditors (including in private sessions) and with management. In addition, the Audit Committee selects the independent registered public accounting firm. The Audit Committee operates under a written charter adopted and approved by the Board of Directors, a copy of which is attached to this proxy statement as Exhibit A and is also available on the Company's website at www.dusapharma.com. The Committee met five (5) times during 2009.

The members of the Nominating and Corporate Governance Committee currently are Dr. Abeles, who serves as its Chairman, and Messrs. Haft and Lufkin. All of the members of our Nominating and Corporate Governance Committee are independent directors in accordance with the rules of The NASDAQ Stock Market. The Nominating and Corporate Governance Committee's purpose is to identify and evaluate the qualifications of individuals to become members of the Board of Directors, to select the director nominees, to develop and recommend corporate governance principles to the Board of Directors and to provide oversight and guidance to the Board of Directors to assure compliance with its corporate governance policies and principles. There were six (6) meetings of this Committee in 2009. Shareholders who wish to suggest qualified candidates to the Nominating and Corporate Governance Committee for director should write to: Administrator, Nominating and Corporate Governance Committee, DUSA Pharmaceuticals, Inc., 25 Upton Drive, Wilmington, Massachusetts 01887 stating, in detail, the suggested nominee's biography and qualifications of such person for consideration by the Nominating and Corporate Governance Committee. You should also enclose a written statement from each proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a director. A copy of the Nominating and Corporate Governance Committee Charter is located on the Company's website at www.dusapharma.com.

Among the central purposes of the Nominating and Corporate Governance Committee are identifying individuals qualified to become members of the Board of Directors, reviewing the qualifications of candidates and selecting the director nominees to be voted on at each annual meeting of shareholders. When the need to recruit a director arises, the Nominating and Corporate Governance Committee will consult the other directors and the Chief Executive Officer and may retain fee-paid third party recruiting firms to identify potential candidates. Mr. Wurzer's nomination was proposed by Steven Becker, who, through investment funds controlled by him, owns 6.56% of DUSA's common stock and may be deemed to be the beneficial owner of approximately 7.33% of DUSA's common stock. Mr. Altomari was

recommended by a shareholder and Mr. Hondros was recommended by Mr. Doman. The candidate evaluation process may include inquiries as to the candidate's reputation and background, examination of the candidate's experiences and skills in relation to the Board of Director's requirements at the time, consideration of the candidate's independence as measured by the Board of Director's independence standards, and other considerations as the Nominating and Corporate Governance Committee deems appropriate at the time. In addition, the Committee considers the diversity of professional experience, education, skill sets and viewpoints of the Board of Directors, as a whole, when considering the individual qualities of a potential nominee, with the goal of promoting a balance of perspectives. Prior to formal consideration by the Nominating and Corporate Governance Committee, any candidate who passes such screening would be interviewed by the Nominating and Corporate Governance Committee or its Chairman and the Chief Executive Officer. In effectuating those purposes, the Nominating and Corporate Governance Committee is charged with ensuring that the nominees for membership on the Board of Directors are of the highest possible caliber and are able to provide insightful, intelligent and effective guidance to the management of the Company. The following criteria have been identified by the

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Nominating and Corporate Governance Committee, and adopted by the Board of Directors, to guide the Nominating and Corporate Governance Committee in selecting nominees:

1. Directors should be of the highest ethical character and share the values of DUSA;
2. Directors should have personal and professional reputations that compliment and enhance the image and standing of DUSA;
3. Directors should be leaders in their fields of endeavor, with exemplary qualifications;
4. The Committee should generally seek current and/or former officers and/or directors of companies and organizations, including scientific, government, educational and other non-profit institutions;
5. The Committee should seek directors so the Board is comprised of directors who collectively are knowledgeable in the fields of pharmaceuticals and device development, particularly those areas of research, development and commercialization undertaken by the Company;
6. Directors should have varied educational and professional experiences and backgrounds who, collectively, provide meaningful counsel to management;
7. Directors should generally not serve on more than six (6) boards;