

Document Security Systems, Inc. (AMEX: DMC) is a recognized leader in the anti-counterfeiting and authentication industries, protecting personal identification, vital documents, and critical information from unauthorized or illegal scanning, copying, and digital imaging. As the provider of state-of-the-art security technologies, Document Security Systems is focused on opportunities to provide customized document protection solutions for organizations, companies, and governments around the world. The Company's technology suite can be delivered on paper, plastic or via the Internet, providing the most secure forms of protection against document theft, counterfeiting, and fraud.

Counterfeiting and brand fraud has become a world-wide epidemic, going far beyond checks and currency to include all sorts of printed materials including

pharmaceutical packaging, consumer products, financial documents, vital records management, supply chain systems, and government identification cards. Concerns like homeland security, tighter restrictions on immigration and identity theft are putting an increased emphasis on protecting original documents and validating the pedigree of government identification instruments.

Stock Data (as of November 30, 2007)

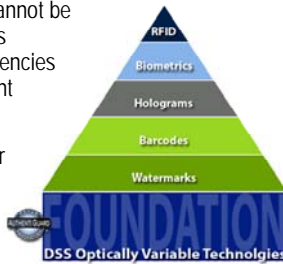
FY End: Dec. 31 Stock Price: \$7.06
Shares Out: 13.7M Float: 5.4M
Mkt. Cap: \$97.4M
Shareholder's Equity: \$9.5M

Document Security Systems:

Anti-Counterfeiting and Authentication Technologies

Document Security Systems, Inc. is a leader in optical deterrent technologies and products that protect against counterfeiting and fraud due to unauthorized copying, scanning and photo imaging. DMC has seven patents and 14 patents pending covering 30 technologies. This comprehensive AuthentiGuard® suite includes covert and overt technologies that are cost-effective and customizable, involving patented methods of printing in such a way that even high-quality scanners and photocopiers are unable to accurately reproduce the original document. Scanners and copiers are the basic tools of counterfeiters. By utilizing DMC's technology, customers can use traditional printing processes and regular ink on standard paper, but still create secure documents which cannot be altered, copied, scanned, or counterfeited. DMC's legacy technology is used on more than 100 currencies worldwide, and the Company has made significant technological advances since.

DMC's technology provides the "foundation" layer of security for documents and works cohesively with other tools, such as RFID, holograms and biometrics, providing enhanced security through simple methods of validation and authentication.



Unlike other methods, DMC's technologies do not require expensive hardware to validate authenticity, are inexpensive to produce and protect the base document.

Offerings include the AuthentiGuard Pantograph 4000™, which provides the most powerful, patented pantograph technology ever created. Hidden words, company logos or designs, even forensic information appears when the document is photocopied or scanned, preventing unauthorized duplications. AuthentiGuard Prism™ embeds hidden words, images, or logos using 2-color or 4-color processes that are only visible using The Authenticator - a proprietary lens that reveals hidden Prism messages. Delivered through customized software or a web-based application, AuthentiGuard On-Demand™ makes the verification feature of AuthentiGuard Prism™ and the anti-copy anti-scan feature of Pantograph 4000™ printable from desktop printers and digital presses.



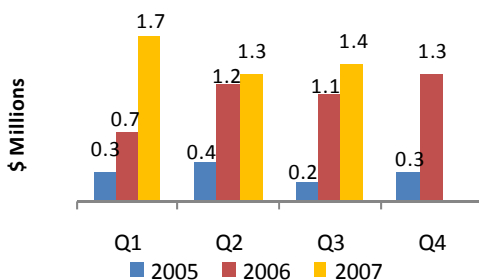
Investment Highlights

- Counterfeiting and brand theft represent significant global problems:
 - The International Chamber of Commerce estimates that 8-10% of the global GNP is counterfeit goods
 - The Department of Treasury estimates that ~\$500 billion is spent in the U.S. annually on security
 - The U.S. Chamber of Commerce projects that the pharmaceutical industry loses an estimated \$32 billion globally on black market drugs and fraud
 - Up to \$200 billion (US) of internationally traded products could have been counterfeit or pirated in 2005, according to a 2007 report by the Organization for Economic Co-Operation and Development

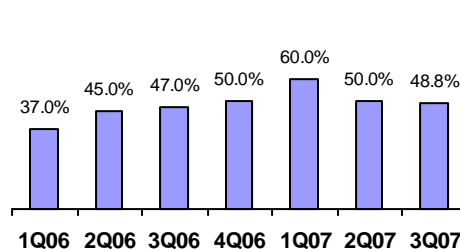
BUSINESS OPPORTUNITY

- Initial printing sales carry gross profit margins in the 30-40% range with royalty revenue generating 90% plus gross profit margins
- Document Security Systems has forged Premier Partnerships with a variety of organizations targeting significant market verticals, including:
 - Boise Cascade, selling DMC security paper ("Boise™ Beware®"). Provides an ideal solution to new Medicaid rule requiring secure paper for Rx pads
 - TransTech Systems in the credential market; Recent wins include the New York Islanders (NHL), World Poker Tour and MLB's World Series.
- The Company's AuthentiGuard® On-Demand™ product enables Internet delivery of state-of-the-art document protection solutions to the desktop
 - In a recent *Wall Street Journal* article, Hewlett Packard estimates the On-Demand™ market to be \$900M annually in India alone
 - DMC brings a superior On-Demand™ solution without a simple online system and without the purchase of additional hardware or equipment
- Company recently expanded its P3 (Plastic Printing Professionals) subsidiary, more than doubling capacity while ensuring security for government contracts sold by partners and licensees
- Break even revenue run rate stabilized at \$3.25 million per quarter
- Recent patent win in the German Federal Patent Court enables pursuit of infringement actions against ECB and security printers in Germany
 - Management believes approximately 28% of Euro banknotes are either printed or used in Germany, enabling DMC to seek injunctions and damages in excess of \$63 million

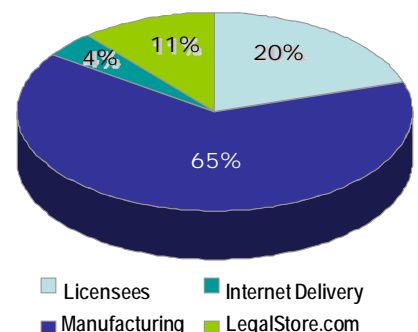
Revenue Growth



Profit Margin



Current Annual Revenue Distribution



Does not include revenue from discontinued operations

DSS Partners and Opportunities

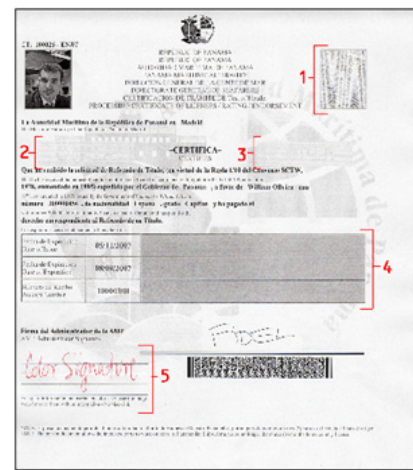
In the last year, the Company has emerged from its development stage and created a strategic go-to-market strategy centered around a vertical focus. The Company has signed up Premier Partners, Licensees, and Distributors with the goal of leveraging these company's existing sales channels and relationships to reach specific market verticals including government sectors (through large integrators), financial markets (through licensees like RR Donnelley) and healthcare/pharmaceutical (through distributors like Boise Cascade). A select group of partners and opportunities, representing a small portion of the Company's progress to date, is below:

- Licensee: RR Donnelley, one of the world's largest security printers, licenses DMC's technology for use in checks and other financial instruments and currently is the Company's largest customer.
- Premier Partner: Document Security Systems and Barcode Technology, Inc. (BTI) signed a licensing agreement in June, 2006 enabling BTI to market and produce DMC's technologies, both independently and in combination with BTI's technologies, in several countries including China and the Dominican Republic. BTI has a joint venture in China providing anti-counterfeiting technologies to the Chinese government and others. BTI is a leader in electronic forms automation, security and authentication, identification, and bar code solutions.
- Premier Partner: A two-year August 2006 agreement with The Ergonomic Group (EGI) granted EGI an exclusive, limited right to use and market DMC's extensive portfolio of security technologies in its channel markets. BTI is a technology solutions provider with an expanding client base in the financial, manufacturing and healthcare sectors. In September, 2007, the Company and The Ergonomic Group partnered to launch a revolutionary On-Demand product suite, including a new Web site -- www.Authenticate-360.com -- which demonstrates the growing number of everyday document security threats faced by business and governments on a worldwide basis and provides solutions for addressing these threats using DSS' AuthentiGuard® On-Demand security technology.
- Premier Partner (plastic): Identification and Data Imaging ("IDI") is a leading distributor of an entire range of visual and electronic identification products and solutions, which include paper and plastic documents such as identification badges, room keys and promotional cards for a range of clients including major insurance companies, casinos and hospital organizations. IDI ordered 350,000 foreign drivers license base cards in 2007 and management is optimistic regarding future opportunities with IDI.
- Distributor (plastic): DMC agreed in September, 2006 to an exclusive marketing agreement with Assa Abloy HID Global (HID) to market select DMC technologies to enhance the security of HID's contactless smartcards and proximity cards. HID is the world's leading manufacturer and supplier of locking and security access solutions.
- Distributor (paper): In January, 2005, DMC and Boise Paper Solutions signed a definitive contract to launch a new line of high-quality security papers based upon Document Security Systems' AuthentiGuard™ technology and marketed by Boise under the name "Boise® Beware™". Boise recently selected DMC to develop new secure, tamper-proof Medicaid prescription paper for prescription pads and related paperwork. exceeding Medicare standards regarding paper-based anti-copy/anti-scan security features beginning in October 2007.

Case Study: Panama Canal Maritime Authority

Indra Sistemas, S.A. needed to produce secure variable interim passport certificates to improve security at the canal and maintain identification, certification and documentation pedigree. The goal was to create a secure online delivery system that Panama Canal officials could produce individually without the need for expensive hardware. These secure interim passport certificates needed to be impossible to duplicate and easy for officials to authenticate quickly. Together with The Ergonomic Group, DMC distributed to 400 locations worldwide a highly secure online system that delivers overt and covert layered security to a desktop printer and allows the customer to produce interim passport certificates. Port officials, using a simple lens ("The Authenticator") manufactured by DMC could instantly validate the documents. Any attempt to copy the original document resulted in the words "void" appearing throughout the document, easily noticeable without any added technologies. Additional technologies embedded in the passport included bar codes and microtext.

1. 2nd photo with subject's name superimposed over image in Microtext
2. "VOID" Pantograph 4000™ appears if document is copied or scanned
3. "VOID" Pantograph 4000™ appears if document is copied or scanned
4. Three areas containing hidden Prism™ information that is only visible with authenticating lens on original document
 - Information in each area matches data located in the immediate left hand column
5. Signature area that contains special instructions to issuing officer to sign using colored ink only, forcing would-be counterfeiters to use a color copier/scanner, thus making the Prism™ feature unusable on duplicates



Management Team

Patrick White, Chairman and CEO

- Over 20 years in financial management - CFO at a \$2 billion division of a publicly traded thrift
- Owned and operated four printing companies
- 16 years experience in security technologies
- Chairman and CEO since August 2002

Peter Ettinger, President

- Over 25 years in management, sales, marketing and corporate development in both domestic and international markets
- Former Partner of Long Branch Group, LLC, a firm that develops and implements corporate sales and marketing strategies for start-up companies
- SVP of Marketing at CityNet Telecommunications, Inc.

The foregoing compilation relates to Document Security Systems, Inc. (DSS or DMC), and contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. When used in this document, the words "anticipate," "believe," "estimate," "expect" and similar expressions as they relate to DSS or its management, are intended to identify such forward-looking statements. DSS's actual results, performance or achievements could differ materially from the results expressed in, or implied by these forward-looking statements. For more detailed information the reader is referred to DSS's Form 10-K and other related documents filed with the Securities and Exchange Commission. This does not constitute an offer to buy or sell securities by the Company and is meant purely for informational purposes. Hayden Communications, Inc. (HC) its affiliates, officers, directors, subsidiaries and agents have been compensated by the Company for the creation of this document. DSS and HC have entered into a one-year term effective August 1, 2007. HC receives \$6,500 per month for 8/1/07 through 12/31/07 and \$8,500 per month from 1/1/08 through 7/31/08 as well as 25,000 warrants subject to board approval. HC has relied upon information received from the Company, which, although believed to be reliable, cannot be guaranteed. This information is not an endorsement of the Company by HC. HC is not responsible for any claims made by the Company. You should independently investigate and fully understand all risks before investing.