



**FOR IMMEDIATE RELEASE**

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**SciDyn Revises Expectations for Agreement with Cascadent Communications, Inc.**

**Cherry Hill, NJ – (January 5, 2001) -- Science Dynamics Corporation “SciDyn” (NASDAQ:SIDY)**, a leading developer of Internet Protocol-based (IP) telephony solutions and services, announced today that effective immediately, it is revising expectations related to a previously announced contractual arrangement and strategic partnership with Cascadent Communications Inc., to supply its IP telephony series of Gateway products. Cascadent is currently in receivership and in the process of restructuring. Alan Bashforth, president of Cascadent, has indicated that efforts to reorganize the company are in progress, and if successful, Cascadent intends to move forward with its business plan.

In November of 1999 Cascadent Communications, then called @IPBell, announced plans to launch a fully converged communications network, and a strategic alliance with SciDyn. In February of 2000, SciDyn received a contract from Cascadent worth approximately \$13 million, to supply its IP telephony Gateway products for Cascadent’s new network. Under the terms of the agreement, Cascadent was to purchase the Company’s C-2308 IP Telephony Gateway systems for a minimum 50-site deployment during the subsequent twelve month period. To date, approximately \$4.3 million in revenue related to the original agreement has been fulfilled and paid to SciDyn.

According to Joy Hartman, President and CEO of Science Dynamics Corporation, “We are, of course disappointed that our strategic agreement with Cascadent has moved along so slowly, and the current condition of Cascadent will be reflected in our resultant loss in sales for the fourth quarter of 2000. At this point we cannot anticipate that we will book additional revenue related to Cascadent, until we learn of the outcome of the restructuring efforts. The gateway technology developed by SciDyn, which is being used in the Cascadent project, belongs to SciDyn, and was developed with the intent that it would be marketed to other communications companies. SciDyn has been involved in discussions with a large multinational company in this regard, and we have already begun to intensify our sales efforts with respect to the gateway technology.” Ms. Hartman continued, “Additionally, while SciDyn has sufficient cash on hand to fund operations, we are currently in the process of securing additional sources of financing to fund our long-term growth, and VoIP product development initiatives.”

“Our outlook for 2001 remains positive, though we expect the second half of the year to be stronger than the first half,” stated Joe Giegerich, Vice President of Sales and Marketing. He continued, “We are accelerating our previously stated goals of diversifying our product mix and sales channels, and we will continue to strive to achieve them. SciDyn has already made progress in this area through recent distribution agreements that expand the global nature of our sales channels.”

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Sheldon Hofferan, Chairman of SciDyn's Board of Directors added, "I would like to thank the shareholders and employees of SciDyn who have remained loyal during these times of extreme volatility, both in the larger financial markets and within the telecom space. It is no secret that the telecommunications industry has not met the high expectations many people had for it a year ago. Yet these markets are continuing to expand at a rapid rate, and although I too, am disappointed with our progress thus far, in my opinion our future is brighter than ever. I would reiterate that we believe we are well positioned to compete in this industry - both with our existing suite of products and services, and with our continuing efforts to develop and produce new VoIP advances and products in order to remain on the cutting edge of this dynamic market."

Headquartered in Cherry Hill, New Jersey, Science Dynamics Corporation (SciDyn) is a leading developer of telecommunications solutions. SciDyn's IP telephony products enable the seamless connection between traditional circuit-switch based networks and the next generation of packet-based networks. Products include the Intelligent Integrator Series of IP Telephony Gateways, the Commander II Inmate Control phone system (also based on the IntegratorC-2000® architecture), and the VFX-250 series of Video over Frame Relay Access Devices (FRADs). For more information, visit Science Dynamics' website at <http://www.SciDyn.com>.

***CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS:***

*Except for the historical information, the matters discussed in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements, including all of the projections and anticipated levels of future performance, involve risks and uncertainties which may cause actual results to differ materially from those discussed herein.*

*In addition to these prior cautionary statements, you are cautioned that future performance may be impacted by a number of additional matters referred to in this press release. Among these are the following:*

*The various statements concerning the outlook for 2001 being released today may not achieve the anticipated results for any number of reasons, including (1) failure to execute on our plans adequately, and (2) unforeseen difficulties in achieving the desired results due to circumstances beyond SciDyn's control.*

*The widely anticipated general economic slowdown in 2001 may negatively affect businesses generally and in particular the core business customers of SciDyn, thereby negatively impacting the anticipated performance results from our initiatives announced today.*

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