



SurModics Reorganizes to Create Business Units, Emphasize New Technologies

March 31, 2004

EDEN PRAIRIE, Minn.--(BUSINESS WIRE)--March 31, 2004--SurModics, Inc. (Nasdaq:SRDX), a leading provider of surface modification and drug delivery solutions to the medical device industry, today announced a corporate reorganization intended to sharpen its focus on its customers' needs and accelerate its technology leadership.

SurModics will be organized into five technology-centered business units with critical dedicated resources, each with a general manager who will direct research and development, drive customer-related projects within the unit and coordinate activities between the unit and the rest of the company's operating and financial resources. Sales will remain a centralized function, coordinating all customer activity in concert with the business units.

The company has also announced the creation of a new Business Development function to support the company's increasing activity in identifying, evaluating and gaining access to new technologies created outside the company. In addition to his current role as Vice President and Chief Financial Officer, Phil Ankeny will serve as Vice President, Business Development. In this position, Ankeny will focus on accessing and acquiring new technologies from outside the company for the benefit of both the business units and SurModics' customers.

"This reorganization enables SurModics to more aggressively execute our updated long-range strategic plan whose core principles are to focus the company on the significant opportunities we have identified in our chosen markets, and to provide our customers with the technologies they need," said Dale Olseth, chairman and chief executive officer. "We believe this new organizational structure will make it easier for our customers to do business with us, and will maximize the opportunity to create internally and acquire externally new value-added technology for the benefit our customers. These changes, combined with the extraordinary people at SurModics, give me great confidence that the organization is well positioned to build long-term shareholder value. Our board of directors fully supports the changes announced today."

The business units and their respective leaders are as follows:

- Drug Delivery: This unit will be responsible for the company's technologies dedicated to site-specific drug delivery which are being used by our customers in drug-eluting stents, ophthalmic implants and other drug coated products. SurModics has initiated a national search to find the best qualified manager to lead this effort.
- Regenerative Technologies: This unit will encompass the company's hemocompatibility, tissue engineering and cell encapsulation technologies. The company named Lise Duran, Ph.D., as vice president and general manager of its Regenerative Technologies business unit. Duran came to SurModics in 1990 as the Director of Microbiology, and was promoted to Vice President of Product Development in 1998. Prior to joining SurModics, she had 14 years of R&D experience in cellular and molecular immunology.
- Hydrophilic Technologies: This unit will have responsibility for all areas of the business focusing on enhancing medical devices with advanced lubricious coatings that facilitate their placement and maneuverability in the body. Charlie Olson has been named general manager of the company's Hydrophilic Technologies business unit. Olson joined SurModics in July 2001 as a Market Development Manager and was promoted in December 2002 to Director, Sales. Before that, he was employed at Minnesota Extrusion and Lake Region Manufacturing.
- Diagnostics, Detection and Discovery: This unit will combine the company's biosciences group, which includes its genomics and slide technologies (licensed to Amersham Biosciences), its stabilization business (including the distribution relationships with SeraCare and Diarect) and its diagnostic format intellectual property (used in strep and pregnancy test kits) licensed to Abbott Laboratories. Doug Astry has been named general manager of this business unit. Astry joined SurModics as Manager, Array Business, in June, 2003.

Immediately prior to that, he was Vice President of Marketing and Business Development at HTS Biosystems, and from 1980 through 2001, Astry held various research and business management positions at 3M.

- SurModics New Ventures: This newly established business unit is dedicated to the identification, research and development of new technologies outside the research being conducted in the other business units. This group will also be responsible for the creation of a technical advisory board for the company. In addition to serving as vice president and chief intellectual property counsel, Steve Keough will be the company's general manager of this business unit. Before joining SurModics, Keough practiced law at Minneapolis-based Fredrikson & Byron, P.A., where he was a senior member and past chairman of the intellectual property department, specializing in patent law. He has extensive U.S. and international business, technology and venture experience.

"It is critical for SurModics to maintain technology leadership - both through internal development and the acquisition of outside technologies," said President and Chief Operating Officer Bruce Barclay, who joined SurModics December 1, 2003. "Important goals in this reorganization are to improve the company's resource allocation and step up its technology licensing and acquisition activities, leveraging where needed the considerable strength of our balance sheet."

In keeping with its strategic plan emphasizing high value-added businesses and technology development and acquisition, SurModics is de-emphasizing its strategic thrust on contract manufacturing, which at present generates minimal revenue. Accordingly, the company is evaluating its options with respect to its manufacturing facility in Bloomington, MN. It is expected that most of the company's 22 employees at the facility will be re-deployed to the SurModics headquarters in Eden Prairie. The company is exploring sale and leasing options; evaluation of the financial impact of this decision is ongoing.

"We believe we have adequate capacity in our Eden Prairie headquarters to support our business as defined by this reorganization," said CFO Ankeny. "We will maintain SurModics' development and clinical trial coating capability at our Eden Prairie facility for selected high-value opportunities to help our customers gain faster access to the market and to help them transition to full-scale commercial manufacturing."

About SurModics, Inc.

SurModics, Inc., a leading provider of surface modification and drug delivery solutions, licenses its patented coating processes to medical device manufacturers around the world. A significant portion of SurModics' revenue is generated through royalties on the sale of coated products. SurModics' Internet address is www.surmodics.com.

Forward Looking Statements

Certain statements contained in this press release may be deemed to be forward-looking statements under federal securities laws, and SurModics intends that such forward looking statements be subject to the safe harbor created thereby. Factors that may cause actual results to differ from the forward-looking statements include those described in the "Risk Factors" and other sections of SurModics' filings with the Securities and Exchange Commission. SurModics does not undertake an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTACT: SurModics, Inc., Eden Prairie
Philip D. Ankeny, 952-829-2700

SOURCE: SurModics, Inc.