



## **SurModics Issues Update on Bloomington Contract Manufacturing Facility**

June 23, 2004

EDEN PRAIRIE, Minn., Jun 23, 2004 (BUSINESS WIRE) -- SurModics, Inc. (Nasdaq:SRDX), a leading provider of surface modification and drug delivery solutions to the medical device industry, today announced that it expects to record an asset impairment charge against its Bloomington, Minnesota contract manufacturing facility. The non-cash impairment charge is likely to be in the range of \$15 to \$19 million pre-tax and will be recorded in the company's fiscal third quarter ending June 30, 2004. In addition, the company believes there will be no material impact on future revenue or operating activities as a result of these actions.

As previously stated, the company is in discussions with multiple parties to explore a sale or leasing arrangement for the facility. The company has relied on input recently obtained from real estate professionals during its orderly process of seeking to sell or lease the facility and has determined that it should record an impairment charge at this time. The company will continue to pursue its strategic plan emphasizing high value-added businesses and technology development and acquisition and de-emphasizing contract manufacturing. The company will consolidate activities to its Eden Prairie, Minnesota headquarters.

After recording the impairment in the fiscal third quarter, the company expects its annual depreciation expense to be reduced by approximately \$1.1 million. In addition, the company believes other operating costs, such as utilities and maintenance, could be reduced going forward. A sale or lease of the facility, which the company believes could take at least 12 months to consummate, would yield total annual operating cost savings of approximately \$2.3 million.

About SurModics, Inc.

SurModics, Inc., a leading provider of surface modification and drug delivery solutions, licenses its patented technologies to medical device, diagnostics, and biotechnology companies 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](http://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.

SOURCE: SurModics, Inc.

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