



SurModics Makes Strategic Investment in OctoPlus

January 20, 2005

EDEN PRAIRIE, Minn.--(BUSINESS WIRE)--Jan. 20, 2005--SurModics, Inc. (Nasdaq: SRDX), a leading provider of surface modification and drug delivery technologies to the medical device industry, announced today that it has made an equity investment of EUR 3.0 million (approximately \$3.9 million) in OctoPlus, a privately owned company based in the Netherlands active in the development of pharmaceutical formulations incorporating novel biodegradable polymers. SurModics' investment was part of a EUR 18.25 million private placement of OctoPlus' Preferred Stock.

"We are pleased to have the opportunity to deepen our existing relationship with OctoPlus," said Bruce Barclay, President and Chief Operating Officer of SurModics. "OctoPlus has an exceptional pipeline of potential new products under development, both internally and in collaboration with pharmaceutical customers. Further, since announcing our licensing agreement with OctoPlus in June, we have broadened both our working relationship with the company and our understanding of their business and continue to be highly impressed with OctoPlus' technology, as well as the quality of their scientific and management teams."

"The strategic rationale for this investment is compelling," continued Barclay. "OctoPlus' focus on systemic drug delivery complements our focus on site specific drug delivery. In addition, both companies have similar business models designed to optimize pharmaceutical therapies by leveraging technology platforms across multiple product opportunities, exploiting our respective expertise in polymeric materials and pharmaceuticals and partnering with companies capable of bringing products to market."

"This investment in OctoPlus demonstrates our commitment to leveraging the strength of our balance sheet to help grow the value of our business over the long term," said Phil Ankeny, Chief Financial Officer and VP of Business Development. "This investment gives us more visibility into systemic drug delivery and helps provide more significant funding for the development activities at OctoPlus."

"We are very pleased with the participation of SurModics as a corporate partner in this financing round," stated Dr. Joost Holthuis, Chief Executive Officer of OctoPlus. "SurModics brings complementary assets and expertise to OctoPlus and its participation serves to further validate the strength of our drug delivery platforms. This financing will allow us to fund both new product development and multiple clinical studies of systemic drug delivery products incorporating OctoPlus' technology."

In June 2004, SurModics announced that it was exclusively licensing two biodegradable polymer classes from OctoPlus, known as PolyActive(TM) and OctoDEX(TM) for medical device applications.

The investment was led by Life Sciences Partners II B.V. (LSP) and S.R. One, Ltd. In addition to SurModics, other investors participating in this round of financing include Innoven and Fortis Bank private equity. LSP is a leading European venture capital fund with offices in Amsterdam and Munich providing equity capital to companies in the life sciences area. S.R. One is a wholly owned subsidiary of pharmaceutical company GlaxoSmithKline, also focusing on investments in healthcare related companies.

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.

About OctoPlus

OctoPlus is a product-oriented drug delivery company that focuses on the development of innovative drug delivery systems to build a pipeline of product candidates. OctoPlus is also an internationally established provider of pharmaceutical development services and GMP manufacturing for pharmaceutical and biotechnology companies. The company is located in Leiden, The Netherlands. For further information: www.octoplus.nl.

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.
Phil Ankeny, 952-829-2700

SOURCE: SurModics, Inc.