SurModics and X-Cell Medical Collaborate on Drug Eluting Stent Development; Bravo(TM) Polymer Matrix Licensed for Delivery of 17 beta-Estradiol

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EDEN PRAIRIE, Minn. & PRINCETON, N.J.--(BUSINESS WIRE)--Sept. 7, 2006--SurModics, Inc. (Nasdaq:SRDX) and X-Cell Medical, Inc. announced today that they have entered into a license agreement for the use of SurModics' Bravo(TM) Drug Delivery Polymer Matrix with X-Cell's ETHOS Drug Eluting Coronary Stent System. The ETHOS drug eluting stent incorporates the Bravo polymer matrix to deliver a second generation formulation of 17 beta-estradiol, an approved drug used in hormone replacement therapy and other indications. A principal design goal of the ETHOS stent is to enhance safety and reduce late stent thrombosis.

"We are pleased to be collaborating with the team at X-Cell Medical on the development of their novel drug eluting stent, which incorporates a drug compound with a different mode of action than other drugs used to date," said Bruce Barclay, President and CEO of SurModics. "The early patient safety and efficacy data from X-Cell's clinical trials are compelling, and we are encouraged by the prospects of a differentiated product following regulatory approval. We are impressed with not only the product design and the clinical data demonstrated to date, but also the team assembled, including X-Cell's prestigious Medical Advisory Board. With today's release, SurModics has announced the signing of license agreements with eight different companies to incorporate SurModics technologies on their drug eluting stent products."

"The medical community is increasingly concerned with the potential incidence of late stent thrombosis," remarked Dr. Alex Abizaid, Professor at Institute Dante Pazzanese of Cardiology and Principal Investigator. "We believe that the ETHOS stent will be a highly differentiated product not only by incorporating a new drug class, but also through its potentially superior safety characteristics, based on 17 beta-estradiol's positive effect on the endothelial cells that line coronary arteries, thus promoting faster healing and potentially thwarting late stent thrombosis."

"We chose to partner with SurModics following a close collaboration over the past two years. We believe that this relationship will enable us to bring our drug eluting stent to market as quickly as possible and increase our chances for commercial success," said X-Cell Medical President and CEO, Dr. Oded Ben-Joseph. "We believe the knowledge and expertise provided by SurModics' scientific and technical professionals, coupled with the proven success of their durable polymer matrix technology and their significant commercialization experience will be a tremendous benefit to us as we strive to meet our ambitious goals for product release."

X-Cell Medical has completed enrollment in its ETHOS I and II human clinical trials, which are evaluating the safety and efficacy of its ETHOS stent in over 120 patients. X-Cell believes that the early data support the growing evidence of safety associated with 17 beta-estradiol as suggested by zero incidence of thrombosis reported in the ETHOS trials thus far.

Suppression of neointimal hyperplasia, the underlying cause of in-stent restenosis, by 17 beta-estradiol released from the stent surface, represents a novel approach for drug eluting stents, and is the basis for the ETHOS I and ETHOS II clinical studies. Estrogens are known to inhibit smooth muscle cell proliferation and to accelerate endothelial regeneration, suggesting that estrogen coated stents may reduce restenosis in human coronary arteries. This was previously demonstrated in the 30 patient EASTER registry trial, using a non-optimized drug delivery system.

About SurModics, Inc.

SurModics, Inc. is a leading provider of surface modification technologies in the areas of biocompatibility, site specific drug delivery, biological cell encapsulation, and medical diagnostics. SurModics partners with the world's foremost medical device, pharmaceutical and life science companies to bring innovation together for better patient outcomes. Recent collaborative efforts include the implementation of SurModics' Bravo(TM) drug delivery polymer matrix as a key component of the first-to-market drug eluting coronary stent. SurModics is also active in the ophthalmology market with a sustained drug delivery system that is currently in human trials for treatment of retinal disease. A significant portion of SurModics' revenue is generated by royalties earned from the sale of our customers' commercial products. SurModics is headquartered in Eden Prairie, MN. More information about the company can be found at www.surmodics.com. The content of SurModics' web site is not part of this release or part of any filings the company makes with the SEC.

About X-Cell Medical, Inc.

X-Cell Medical is discovering and developing next generation drugs for the medical device industry. X-Cell is applying its multi-disciplinary expertise in drug discovery, formulation, delivery and clinical development to bring advances in biotechnology to the interventional cardiology marketplace. X-Cell is currently focusing on the local and targeted delivery of drugs with superior safety and efficacy profiles for cardiovascular indications including restenosis, myocardial infarction and vulnerable plaque. Located in Princeton, New Jersey, X-Cell Medical is backed by leading venture capital firms and the most influential cardiology device users in the industry. X-Cell's lead compound, 17 beta-estradiol, is presently being tested in the ETHOS I and ETHOS II clinical trials. More information is available at www.x-cellmedical.com.

Safe Harbor for 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. 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.

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