SurModics and Paragon Intellectual Properties to Collaborate on FINALE(TM) Coated Prohealing Stent to Combat Late Stent Thrombosis

July 10, 2007

SurModics Invests $3.5 Million in Paragon and Its Newly Formed Subsidiary

EDEN PRAIRIE, Minn. & CHARLESTON, W. Va., Jul 10, 2007 (BUSINESS WIRE) -- SurModics, Inc. (Nasdaq:SRDX) and Paragon Intellectual Properties, LLC announced today the signing of a license agreement under which the companies will collaborate on the development of a novel stent system for the treatment of coronary artery disease. The stent system, which incorporates SurModics' proprietary FINALE(TM) Prohealing coating technology and Paragon's unique low-profile coronary stent system, is designed to address late stent thrombosis, a serious complication occurring in a small percentage of coronary stent cases.

In addition, SurModics announced that it has made a $3.5 million equity investment in Paragon and its newly formed subsidiary, Apollo Therapeutics, LLC. SurModics has agreed to invest an additional $2.5 million upon successful completion of specified development milestones.

"Late stent thrombosis is a rare but potentially devastating complication associated with coronary stents," said Mark C. Bates, M.D., CEO of Paragon and Apollo and a leading interventional cardiologist and founder of the CAMC Vascular Center of Excellence in Charleston, West Virginia. "We firmly believe that SurModics' FINALE prohealing coating technology will speed recovery of the normal vessel architecture and inner cell lining, with the potential to not only eliminate late thrombosis but also reduce restenosis. By combining this innovative technology with Paragon's low-profile stent system, we move closer to the panacea of a highly deliverable coronary stent with a biologic coating that has the efficacy of a drug eluting stent without the long-term concern of late stent thrombosis."

"We are very pleased to team up with Paragon and Apollo on this exciting new development effort," said Bruce Barclay, President and CEO of SurModics. "We were extremely encouraged by the results our FINALE prohealing coating technology produced in preclinical studies. I have had the pleasure of working with Dr. Bates in the past, and his network of clinical contacts and strong record in product innovation will be significant assets in our joint development efforts. In addition, Apollo's novel stent design and strong engineering talent nicely complement our coating and development expertise. We believe Dr. Bates and his colleagues are the right team to rapidly carry this technology into the clinic. We are delighted to have signed the first stent license incorporating our FINALE prohealing coating technology, and look forward to collaborating with the Paragon and Apollo teams to accelerate the commercialization of this exciting new product."

"I am extremely pleased that SurModics has teamed with Paragon and Apollo to pursue the development and commercialization of this important technology," said Stuart Williams, Ph.D., Scientific Director at the Cardiovascular Innovation Institute in Louisville, Kentucky. "I have been working for over two decades to understand the mechanisms and specific cell types involved in biomaterial healing and applying that knowledge to improve medical devices. In all those years, I have never seen results in stent applications as impressive as those achieved in SurModics' preclinical studies incorporating the FINALE prohealing coating technology."

SurModics' FINALE prohealing coating technology incorporates extracellular matrix (ECM) proteins designed to improve and accelerate tissue healing of implantable medical devices through the body's own healing mechanisms. Thrombosis, or clotting, remains a significant issue for coronary stents, and is a challenge for which the medical community and the device industry are actively seeking solutions. Incomplete or delayed re-growth of healthy endothelial cells following the placement of stents may be a factor in late thrombosis events. SurModics has teamed with Dr. Williams, a leader in the development of novel cardiovascular implants using tissue engineering techniques, to develop coatings incorporating certain ECM proteins that accelerate the natural healing process following stenting. This approach fosters the re-establishment of a normal endothelial cell layer in the blood vessel. SurModics conducted preclinical studies of FINALE coated stents in collaboration with Dr. Williams and the University of Arizona and generated encouraging results.

Apollo's coronary stent utilizes Paragon's proprietary Inversion Point(TM) technology, resulting in a stent with a significantly lower profile (narrower diameter) when mounted on the balloon of a delivery catheter, improving deliverability and ease of use. Inversion Point resolves a common problem seen in stents made with advanced metals such as cobalt-based alloys; most stents tend to recoil (open slightly) after being mounted on a delivery catheter in the manufacturing process. Inversion Point harnesses the recoil characteristics of advanced metals, creating a stent that remains tightly closed when mounted on a delivery catheter prior to deployment. Using Inversion Point, Apollo has achieved roughly 25 percent lower crossing profile than competing stents without compromising other important stent characteristics such as strength, scaffolding or visibility.

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 Paragon Intellectual Properties, LLC

Paragon Intellectual Properties, LLC was founded in 2004 by Mark C. Bates, M.D., to develop innovative breakthrough solutions to complex medical

problems. Headquartered in Charleston, West Virginia, with research and development in Carlsbad, California, Paragon has assembled a team of like-minded clinicians, scientists, engineers and business leaders. Paragon's seven subsidiaries (Apollo Therapeutics, LLC, Biflex Hybrid Stent Systems, LLC, Global Stem Cell Solutions, LLC, Nanotech Catheter Solutions, LLC, Renal Protection Solutions, LLC, Spinal Cord Injury Solutions, LLC and Temporary Intravascular Drug Delivery Systems, LLC) hold fifty-nine issued and pending international or domestic patents. For more information about the company, please visit www.paragon-ip.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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