



SurModics Acquires BioFX Laboratories

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Complementary Products and Technologies Expand SurModics'

Breadth of Offerings for the In Vitro Diagnostics Industry

EDEN PRAIRIE, Minn.--(BUSINESS WIRE)--Aug. 13, 2007--SurModics, Inc. (Nasdaq: SRDX), a leading provider of surface modification and drug delivery technologies to the healthcare industry, announced today that it has acquired BioFX Laboratories, Inc., a provider of substrates to the in vitro diagnostics industry, for \$11.3 million in cash at closing and up to an additional \$11.4 million in cash upon the successful achievement of specified revenue targets.

BioFX Laboratories is a leading manufacturer of substrates, a critical component of diagnostic test kits used to detect and signal that a certain reaction has taken place. BioFX offers both colorimetric and chemiluminescent substrates, as well as other products for use in in vitro diagnostic tests. BioFX's product line and customer base complement SurModics' other product offerings for customers developing diagnostic test kits. The worldwide market for in vitro diagnostic tests is estimated to exceed \$20 billion.

"The acquisition of BioFX Laboratories allows us to broaden our product and technology offerings in the important and growing in vitro diagnostics market," said Bruce Barclay, President and CEO of SurModics. "We believe that the addition of BioFX's high quality product line and technical expertise will solidify our position as a leading supplier of components to this market. We have a large and expanding customer base in this market, and the addition in the past year of recombinant autoimmune antigens to our already successful line of stabilization products has been well received. We believe the addition of BioFX's products will be similarly well received. In addition, the opportunity to sell our existing products to BioFX's current customers offers significant growth potential. By combining the BioFX products with our own, we can offer more high value critical components to a broader customer base in the in vitro diagnostics market."

Anticipated Acquisition Benefits

- Drives multiple elements of SurModics' seven point strategic growth plan, including "climbing the value chain" and revenue diversification
- Broadens SurModics' product portfolio in the in vitro diagnostics market
- Creates cross selling opportunities for each company's products by way of complementary customer bases
- Acquisition expected to be accretive to SurModics fiscal 2008 earnings

"Our In Vitro Technologies business unit allows us to participate in the healthcare industry without some of the regulatory and other requirements present in our other business units. Currently constituting approximately 30% of SurModics' total revenue, our In Vitro Technologies business unit is performing exceptionally well, as evidenced by its 35% growth in year-to-date revenue," added Barclay. "The additional investment in our In Vitro business signifies both its importance to SurModics and our confidence in the potential benefits of this market to our future."

"BioFX has a well deserved reputation for providing high performance, high quality substrates to the in vitro diagnostics market," said Doug Astry, General Manager of SurModics' In Vitro Technologies business unit. "BioFX is particularly strong in colorimetric substrates, where it continues to displace competitive technologies. In addition, BioFX has a growing presence in chemiluminescent substrates, which is a larger segment of the market. We have been very impressed by the team at BioFX and look forward to working together to grow our combined business."

"We are very excited to join forces with SurModics," said Charles W. Hewitt, Ph.D., CEO of BioFX Laboratories. "We believe our product offerings and customers are highly complementary. The ability to offer customers a more complete solution to their product development needs presents a compelling opportunity for the combined organizations."

Based in Owings Mills, Maryland, BioFX will operate within the In Vitro Technologies business unit of SurModics. Dr. Hewitt will lead the team in Maryland. The In Vitro Technologies business unit will remain headquartered in Minnesota.

Financials

SurModics paid \$11.3 million in cash at closing and may pay up to an additional \$11.4 million in cash upon the successful achievement of specified revenue targets. BioFX generated sales of \$3.5 million in calendar year 2006, having achieved 16% growth compared with calendar year 2005 sales. The company is profitable and cash flow positive. The acquisition is expected to be accretive to SurModics' fiscal 2008 earnings and beyond.

About SurModics, Inc.

SurModics, Inc. is a leading provider of surface modification and drug delivery technologies to the healthcare industry. SurModics partners with the

world's foremost medical device, pharmaceutical and life science companies to develop and commercialize innovative products that result in better patient outcomes. Core offerings include: drug delivery technologies (coatings, microparticles, and implants); surface modification coating technologies that impart lubricity, prohealing, and biocompatibility capabilities; and components for in vitro diagnostic test kits and specialized surfaces for cell culture and microarrays. Collaborative efforts include a sustained drug delivery system in human trials for treatment of retinal disease and the drug delivery polymer matrix on the first-to-market drug-eluting coronary stent. SurModics is headquartered in Eden Prairie, Minnesota and its Brookwood Pharmaceuticals subsidiary is located in Birmingham, Alabama. For more information about the company, visit 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.

Safe Harbor for Forward Looking Statements

This announcement contains forward looking statements. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward looking statements. These forward looking statements cover, among other things, the future prospects of SurModics. Forward looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated, including the following: (1) costs or difficulties relating to the integration of the BioFX Laboratories and SurModics businesses may be greater than expected and may adversely affect our results of operations and financial condition, and whether the acquisition is accretive to fiscal 2008 earnings; (2) the expected benefits of the transaction, including revenue growth, increased profitability and shareholder returns, may take longer than anticipated to achieve or may not be achieved in their entirety or at all; (3) the expected benefit of having complementary product offerings and complementary customer bases will depend in part on customer acceptance of the product offerings of the combined In Vitro Technologies business unit; (4) developments in the regulatory environment, as well as market and economic conditions, may adversely affect the business and profitability of SurModics; and (5) other factors identified under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2006, and updated in our subsequent reports filed with the SEC. These reports are available in the Investors section of our web site at www.surmodics.com and at the SEC web site at www.sec.gov. Forward looking statements speak only as of the date they are made, and we undertake no obligation to update them in light of new information or future events.

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SOURCE: SurModics, Inc.