
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 17, 2006

SurModics, Inc.

(Exact name of Registrant as Specified in its Charter)

Minnesota

(State or Other Jurisdiction of Incorporation)

0-23837

(Commission File Number)

41-1356149

(IRS Employer
Identification No.)

9924 West 74th Street

Eden Prairie, Minnesota 55344

(Address of Principal Executive Offices and Zip Code)

(952) 829-2700

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On February 3, 2006 SurModics, Inc. (the "Company") reported on a Form 8-K that shareholders of the Company approved the amended and restated SurModics, Inc. 2003 Equity Incentive Plan (the "Amended 2003 Plan"). In connection with such amendment and restatement, the various forms of award agreements available under the Amended 2003 Plan were revised. The Organization and Compensation Committee approved these revised standard forms of award agreements on March 17, 2006. For further description of these forms, reference is made to copies of each form of agreement which are filed as Exhibits 99.1-99.8 to this report.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements: None.

(b) Pro forma financial information: None

(c) Exhibits:

- 99.1 Form of SurModics, Inc. 2003 Equity Incentive Plan Nonqualified Stock Option Agreement
 - 99.2 Form of SurModics, Inc. 2003 Equity Incentive Plan Incentive Stock Option Agreement
 - 99.3 Form of SurModics, Inc. 2003 Equity Incentive Plan Restricted Stock Agreement
 - 99.4 Form of SurModics, Inc. 2003 Equity Incentive Plan Performance Share Award Agreement
 - 99.5 Form of SurModics, Inc. 2003 Equity Incentive Plan Performance Unit Award (cash settled) Agreement
 - 99.6 Form of SurModics, Inc. 2003 Equity Incentive Plan Restricted Stock Unit Agreement
 - 99.7 Form of SurModics, Inc. 2003 Equity Incentive Plan Stock Appreciation Rights (cash settled) Agreement
 - 99.8 Form of SurModics, Inc. 2003 Equity Incentive Plan Stock Appreciation Rights (stock settled) Agreement
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SURMODICS, INC.

By: /s/ Philip D. Ankeny

Name: Philip D. Ankeny

Title: Chief Financial Officer

Date: March 20, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

EXHIBIT INDEX

to

FORM 8-K

SURMODICS, INC.

Date of Report:
March 17, 2006

Commission File No.:
0-23837

Exhibit No.	ITEM
99.1	Form of SurModics, Inc. 2003 Equity Incentive Plan Nonqualified Stock Option Agreement
99.2	Form of SurModics, Inc. 2003 Equity Incentive Plan Incentive Stock Option Agreement
99.3	Form of SurModics, Inc. 2003 Equity Incentive Plan Restricted Stock Agreement
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99.8	Form of SurModics, Inc. 2003 Equity Incentive Plan Stock Appreciation Rights (stock settled) Agreement

NONQUALIFIED STOCK OPTION AGREEMENT

**SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT, made effective as of this ___ day of ___, ___, by and between SurModics, Inc., a Minnesota corporation (the "Company"), and _____ ("Participant").

WITNESSETH:

WHEREAS, Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a nonqualified stock option to Participant to purchase shares of the Company's Common Stock pursuant to the Company's 2003 Equity Incentive Plan (the "Plan"); and

WHEREAS, the Administrator has authorized the grant of a nonqualified stock option to Participant and has determined that, as of the effective date of this Agreement, the fair market value of the Company's Common Stock is \$ _____; per share;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option.** The Company hereby grants to Participant on the date set forth above (the "Date of Grant"), the right and option (the "Option") to purchase all or portions of an aggregate of _____ (___) shares of Common Stock at a per share price of \$ _____ on the terms and conditions set forth herein, and subject to adjustment pursuant to Section 14 of the Plan. This Option is a nonqualified stock option and will not be treated as an incentive stock option, as defined under Section 422, or any successor provision, of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder.

2. **Duration and Exercisability.**

a. **General.** The term during which this Option may be exercised shall terminate on _____, ___, except as otherwise provided in Paragraphs 2(b) through 2(d) below. This Option shall become exercisable according to the following schedule:

Once the Option becomes fully exercisable, Participant may continue to exercise this Option under the terms and conditions of this Agreement until the termination of the Option as provided herein. If Participant does not purchase upon an exercise of this Option the full number of shares which Participant is then entitled to purchase, Participant may purchase upon any subsequent exercise prior to this Option's termination such previously unpurchased shares in addition to those Participant is otherwise entitled to purchase.

b. **Termination of Relationship (other than Disability or Death).** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason other than disability or death, this Option shall completely terminate on the earlier of (i) the close of business on the three-month anniversary of the date of termination of Participant's relationship, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following such termination of Participant's relationship, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding the date on which Participant's relationship with the Company or Subsidiary has terminated, but had not previously been exercised. To the extent this Option was not exercisable upon the termination of such relationship, or if Participant does not exercise the Option within the time specified in this Paragraph 2(b), all rights of Participant under this Option shall be forfeited.

c. **Disability.** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary because of disability (as defined in Code Section 22(e), or any successor provision), this Option shall completely terminate on the earlier of (i) the close of business on the twelve-month anniversary of the date of termination of Participant's relationship, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following such termination of Participant's relationship, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding the date on which Participant's relationship with the Company or Subsidiary has terminated, but had not previously been exercised. To the extent this Option was not exercisable upon the termination of such relationship, or if Participant does not exercise the Option within the time specified in this Paragraph 2(c), all rights of Participant under this Option shall be forfeited.

d. **Death.** In the event of Participant's death, this Option shall terminate on the earlier of (i) the close of business on the twelve-month anniversary of the date of Participant's death, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following Participant's death, this Option may be exercised by the person or persons to whom Participant's rights under this Option shall have passed by Participant's will or by the laws of descent and distribution only to the extent the Option was exercisable on the vesting date

immediately preceding the date of Participant's death, but had not previously been exercised. To the extent this Option was not exercisable upon the date of Participant's death, or if such person or persons fail to exercise this Option within the time specified in this Paragraph 2(d), all rights under this Option shall be forfeited.

3. **Manner of Exercise.**

a. **General.** The Option may be exercised only by Participant (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and subject to such other administrative rules as the Administrator may deem advisable, by delivering within the option period written notice of exercise to the Company at its principal office. The notice shall state the number of shares as to which the Option is being exercised and shall be accompanied by payment in full of the option price for all shares designated in the notice. The exercise of the Option shall be deemed effective upon receipt of such notice by the Company and upon payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be so exercised and, if partially exercised, may be so exercised as to the unexercised shares any number of times during the option period as provided herein.

b. **Form of Payment.** Subject to the approval of the Administrator, payment of the option price by Participant shall be in the form of cash, personal check, certified check or previously acquired shares of Common Stock of the Company, or any combination thereof. Any stock so tendered as part of such payment shall be valued at its Fair Market Value as provided in the Plan. For purposes of this Agreement, "previously acquired shares of Common Stock" shall include shares of Common Stock that are already owned by Participant at the time of exercise.

c. **Stock Transfer Records.** As soon as practicable after the effective exercise of all or any part of the Option, Participant shall be recorded on the stock transfer books of the Company as the owner of the shares purchased, and the Company shall deliver to Participant one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company.

4. **Miscellaneous.**

a. **Employment or Other Relationship; Rights as Shareholder.** This Agreement shall not confer on Participant any right with respect to the continuance of employment or any other relationship with the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. Participant shall have no rights as a shareholder with respect to shares subject to this Option until such shares have been issued to Participant upon exercise of this Option. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 14 of the Plan.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement

executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any unexercised portion of the Option (i.e., Participant shall have such "anti-dilution" rights under the Option with respect to such events, but shall not have "preemptive" rights).

c. **Shares Reserved.** The Company shall at all times during the option period reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes.** To permit the Company to comply with all applicable federal and state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part (i) by delivering shares of Common Stock, or (ii) by electing to have the Company withhold shares of Common Stock otherwise issuable to Participant, in either case having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares or to have shares withheld for purposes of such withholding tax obligations shall be made on or before the date that triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **Nontransferability.** During the lifetime of Participant, the accrued Option shall be exercisable only by Participant or by the Participant's guardian or other legal representative, and shall not be assignable or transferable by Participant, in whole or in part, other than by will or by the laws of descent and distribution.

f. **2003 Equity Incentive Plan.** The Option evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. **Lockup Period Limitation.** Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Option or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

h. **Stock Legend.** The Administrator may require that the certificates for any shares of Common Stock purchased by Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 4(g) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 4(g).

i. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by Paragraph 2 or Paragraph 4(e) above.

j. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____
Its: _____

Participant

INCENTIVE STOCK OPTION AGREEMENT

SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN

THIS AGREEMENT, made effective as of this ___day of _____, _____, by and between SurModics, Inc., a Minnesota corporation (the "Company"), and _____("Participant").

WITNESSETH:

WHEREAS, Participant on the date hereof is a key employee or officer of the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant an incentive stock option to Participant to purchase shares of the Company's Common Stock pursuant to the Company's 2003 Equity Incentive Plan (the "Plan"); and

WHEREAS, the Administrator of the Plan has authorized the grant of an incentive stock option to Participant and has determined that, as of the effective date of this Agreement, the fair market value of the Company's Common Stock is \$ ___ per share;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Option.** The Company hereby grants to Participant on the date set forth above (the "Date of Grant"), the right and option (the "Option") to purchase all or portions of an aggregate of _____ (_____) shares of Common Stock at a per share price of \$_____ on the terms and conditions set forth herein, and subject to adjustment pursuant to Section 14 of the Plan. This Option is intended to be an incentive stock option within the meaning of Section 422, or any successor provision, of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder, to the extent permitted under Code Section 422(d).

2. **Duration and Exercisability.**

a. **General.** The term during which this Option may be exercised shall terminate on _____, _____, except as otherwise provided in Paragraphs 2(b) through 2(d) below. This Option shall become exercisable according to the following schedule:

Vesting Date

Cumulative Percentage
of Shares

Once the Option becomes exercisable to the extent of one hundred percent (100%) of the aggregate number of shares specified in Paragraph 1, Participant may continue to exercise this Option under the terms and conditions of this Agreement until the termination of the Option as provided herein. If Participant does not purchase upon an exercise of this Option the full number of shares which Participant is then entitled to purchase, Participant may purchase upon any subsequent exercise prior to this Option's termination such previously unpurchased shares in addition to those Participant is otherwise entitled to purchase.

b. **Termination of Employment (other than Disability or Death).** If Participant's employment with the Company or any Subsidiary is terminated for any reason other than disability or death, this Option shall completely terminate on the earlier of (i) the close of business on the three-month anniversary date of such termination of employment, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this Option was not exercisable upon such termination of employment, or if Participant does not exercise the Option within the time specified in this Paragraph 2(b), all rights of Participant under this Option shall be forfeited.

c. **Disability.** If Participant's employment terminates because of disability (as defined in Code Section 22(e), or any successor provision), this Option shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of such termination of employment, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this Option shall be exercisable only to the extent the Option was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this Option was not exercisable upon such termination of employment, or if Participant does not exercise the Option within the time specified in this Paragraph 2(c), all rights of Participant under this Option shall be forfeited.

d. **Death.** In the event of Participant's death, this Option shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of the date of Participant's death, and (ii) the expiration date of this Option stated in Paragraph 2(a) above. In such period following Participant's death, this Option shall be exercisable by the person or persons to whom Participant's rights under this Option shall have passed by Participant's will or by the laws of descent and distribution only to the extent the Option was exercisable on the vesting date immediately preceding the date of Participant's death, but had not previously been exercised. To the extent this Option was not exercisable upon the date of Participant's death, or if such person or

persons do not exercise this Option within the time specified in this Paragraph 2(d), all rights under this Option shall be forfeited.

3. **Manner of Exercise.**

a. **General.** The Option may be exercised only by Participant (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and subject to such other administrative rules as the Administrator may deem advisable, by delivering within the Option Period written notice of exercise to the Company at its principal office. The notice shall state the number of shares as to which the Option is being exercised and shall be accompanied by payment in full of the Option price for all shares designated in the notice. The exercise of the Option shall be deemed effective upon receipt of such notice by the Company and upon payment that complies with the terms of the Plan and this Agreement. The Option may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares any number of times during the Option period as provided herein.

b. **Form of Payment.** Subject to approval by the Administrator, payment of the option price by Participant shall be in the form of cash, personal check, certified check or previously acquired shares of Common Stock of the Company, or any combination thereof. Any stock so tendered as part of such payment shall be valued at its Fair Market Value as provided in the Plan. For purposes of this Agreement, "previously acquired shares of Common Stock" shall include shares of Common Stock that are already owned by Participant at the time of exercise.

c. **Stock Transfer Records.** As soon as practicable after the effective exercise of all or any part of the Option, Participant shall be recorded on the stock transfer books of the Company as the owner of the shares purchased, and the Company shall deliver to Participant one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company.

4. **Miscellaneous.**

a. **Employment; Rights as Shareholder.** This Agreement shall not confer on Participant any right with respect to continuance of employment by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment. Participant shall have no rights as a shareholder with respect to shares subject to this Option until such shares have been issued to Participant upon exercise of this Option. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 14 of the Plan.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation,

recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any unexercised portion of the Option (i.e., Participant shall have such "anti-dilution" rights under the Option with respect to such events, but shall not have "preemptive" rights).

c. **Shares Reserved.** The Company shall at all times during the option period reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes on Disqualifying Disposition.** In the event of a disqualifying disposition of the shares acquired through the exercise of this Option, Participant hereby agrees to inform the Company of such disposition. Upon notice of a disqualifying disposition, the Company may take such action as it deems appropriate to ensure that, if necessary to comply with all applicable federal and state income tax laws or regulations, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of the Company's Common Stock having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares for purposes of such withholding tax obligations shall be made on or before the date that triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **Nontransferability.** During the lifetime of Participant, the accrued Option shall be exercisable only by Participant or by the Participant's guardian or other legal representative, and shall not be assignable or transferable by Participant, in whole or in part, other than by will or by the laws of descent and distribution.

f. **2003 Equity Incentive Plan.** The Option evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this Option and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. **Lockup Period Limitation.** Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose

restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Option or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

h. **Stock Legend.** The Administrator may require that the certificates for any shares of Common Stock purchased by Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 4(g) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 4(g).

i. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by Paragraph 2 or Paragraph 4(e) above.

j. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____

Its: _____

Participant

RESTRICTED STOCK AGREEMENT

**SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT is made effective as of this ___ day of _____, _____, by and between SurModics, Inc., a Minnesota corporation (the "Company"), and _____ (the "Participant").

WITNESSETH:

WHEREAS, the Participant is, on the date hereof, a key employee, officer, director of or a consultant or advisor to of the Company or of a subsidiary of the Company; and

WHEREAS, the Company wishes to grant a restricted stock award to the Participant for shares of the Company's Common Stock pursuant to the Company's 2003 Equity Incentive Plan (the "Plan"); and

WHEREAS, the Administrator of the Plan has authorized the grant of a restricted stock award to the Participant;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Restricted Stock Award.** The Company hereby grants to the Participant on the date set forth above a restricted stock award (the "Award") for _____ (_____) shares of Common Stock on the terms and conditions set forth herein, which shares are subject to adjustment pursuant to Section 14 of the Plan. The Company shall cause to be issued one or more stock certificates representing such shares of Common Stock in the Participant's name, and shall hold each such certificate until such time as the risk of forfeiture and other transfer restrictions set forth in this Agreement have lapsed with respect to the shares represented by the certificate. The Company may also place a legend on such certificates describing the risks of forfeiture and other transfer restrictions set forth in this Agreement providing for the cancellation of such certificates if the shares of Common Stock are forfeited as provided in Section 2 below. Until such risks of forfeiture have lapsed or the shares subject to this Award have been forfeited pursuant to Section 2 below, the Participant shall be entitled to vote the shares represented by such stock certificates and shall receive all dividends attributable to such shares, but the Participant shall not have any other rights as a shareholder with respect to such shares.

2. **Vesting of Restricted Stock.** The shares of Stock subject to this Award shall remain forfeitable until the risks of forfeiture lapse according to the following vesting schedule:

Vesting Date

Cumulative Percentage
of Shares

b. If the Participant's employment with the Company (or a subsidiary of the Company) ceases at any time prior to a Vesting Date for any reason, including the Participant's voluntary resignation or retirement, the Participant shall immediately forfeit all shares of Stock subject to this Award which have not yet vested and for which the risks of forfeiture have not lapsed; provided, however, that if the Administrator delays the vesting of any such shares of Stock pursuant to Paragraph 3(j), the Participant shall not forfeit any shares of Stock that otherwise would have vested pursuant to the schedule set forth above prior to the termination of Participant's employment had such vesting not been so delayed.

3. General Provisions.

a. **Employment or Other Relationship.** This Agreement shall not confer on the Participant any right with respect to continuance of employment or other relationship by the Company, nor will it interfere in any way with the right of the Company to terminate such employment or relationship.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the shares of Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend, or otherwise) shall result in an adjustment, reduction, or enlargement, as appropriate, in the number of shares subject to this Award. Any additional shares that are credited pursuant to such adjustment shall be subject to the same restrictions as are applicable to the shares with respect to which the adjustment relates.

c. **Shares Reserved.** The Company shall at all times during the term of this Award reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes.** To permit the Company to comply with all applicable federal and state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to the Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law prior to the transfer of any certificates for the shares of Stock subject to this Award. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of Common

Stock received pursuant to this Award having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares for purposes of such withholding tax obligations shall be made on or before the date that triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **2003 Equity Incentive Plan.** The Award evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to the Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this Award and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. **Lockup Period Limitation.** Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Award or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

g. **Stock Legend.** The Administrator may require that the certificates for any shares of Common Stock purchased by Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 3(f) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 3(f).

h. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and of the Participant and any successor or successors of the Participant.

i. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for

at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

j. **Delay of Payment for Section 162(m).** In the event the Administrator reasonably anticipates that the Company's income tax deduction with respect to the vesting of any shares of Stock subject to this Award would be limited or eliminated by Code Section 162(m), the Administrator may, subject to such terms and conditions as determined by the Administrator, delay the vesting of all or a portion of such shares of Stock until the earlier of (i) the date at which the Administrator reasonably anticipates that the corresponding income tax deduction will not be so limited or eliminated, and (ii) the calendar year of the Participant's separation from service, as such term is defined in Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder. In the event of such delay, this Award shall not terminate until the delayed vesting of such shares of Stock has occurred.

k **Delay in Payment for Specified Employee.** In the event this Award is subject to Code Section 409A and the Administrator determines that the Participant is a "specified employee" within the meaning of Code Section 409A, then the issuance of any shares of Stock due to the Participant's separation from service shall not be issued earlier than the date that is six months after such separation from service, but shall be issued during the calendar year following the year in which the Participant's separation from service occurs and within thirty (30) days after the earliest possible date permitted under Code Section 409A.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____

Its: _____

Participant

PERFORMANCE SHARE AWARD
SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN

THIS AGREEMENT, made effective as of this _____ day of ____, 20 ____, by and between SurModics, Inc., a Minnesota corporation (the "Company"), and _____ ("Participant").

WITNESSETH:

WHEREAS, the Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a performance share award to Participant pursuant to the Company's 2003 Equity Incentive Plan (the "Plan") to entitle the Participant to shares of the Company's Common Stock upon the achievement of certain specified performance criteria; and

WHEREAS, the Administrator has authorized the grant of such performance share award to Participant;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Performance Share Award.** The Company hereby grants to Participant on the date set forth above (the "Date of Grant") the right to receive up to _____ (____) Performance Shares on the terms and conditions set forth herein (the "Performance Award").

2. **Performance Period.** The Performance Period shall be the period beginning _____, 20 ____, and ending _____, 20 ____.

3. **Performance Objectives; Vesting.** Except as otherwise provided in Paragraph 6(l) herein, the Performance Shares subject to this Performance Award shall vest only upon the achievement of all or a portion of certain Performance Objectives, which much be achieved within the Performance Period. The Performance Objectives and the extent to which achievement of all or a portion of the Performance Objectives will result in the vesting of the Performance Shares are as follows:

Performance Objective(s)	Achievement	Percentage or Number of Shares Vested
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Notwithstanding the foregoing schedule, the Administrator may delay the vesting of all or any portion of the Performance Shares pursuant to Paragraph 6(l) herein; provided, however, that such delay shall not extend the Performance Period during which the above Performance Objectives must be achieved. Subject to such other terms and conditions set forth in this Agreement, the Participant shall not be entitled to the issuance of any portion of the Performance Shares subject to this Performance Award until the Administrator determines the number of Performance Shares, if any, which have vested.

4. Form, Time of Issuance. The Administrator shall, within ___(____) days after the end of the Performance Period or at such earlier times as described in Paragraph 3 above, determine the number of Performance Shares that have vested pursuant to Paragraph 3 above. Unless the Administrator delays the vesting and issuance of such Performance Shares pursuant to Paragraph 6(l), such Performance Shares shall be issued in **[the calendar year] [in which] [immediately following]** the date such Performance Shares become vested; provided, however, that the Participant shall receive cash equal to the Fair Market Value of any fractional shares.

5. Termination of Employment.

a. **Prior to Vesting.** If, prior to the vesting of any Performance Shares, Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason, the Participant shall forfeit all unvested Performance Shares, and this Performance Award shall terminate; provided, however, that if the Administrator delays the vesting and issuance of any Performance Shares pursuant to Paragraph 6(l), the Participant shall not forfeit any such Performance Shares that otherwise would have vested prior to the termination of Participant’s relationship had such vesting not been so delayed, and, upon the issuance of such delayed vested Performance Shares, this Performance Award shall terminate.

b. **After Vesting But Prior to Issuance.** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason after Performance Shares have vested but prior to the date such Shares are issued (as described in Section 4 hereof), then Participant (or Participant’s estate in the event of his death)



shall be entitled to receive such vested Performance Shares as if such termination of employment had not occurred. The number of such Performance Shares shall be determined by the Administrator pursuant to Paragraph 3 and shall be issued at the time set forth in Paragraph 4. Upon the issuance of the vested Performance Shares, this Performance Award shall terminate.

6. Miscellaneous.

a. **Employment or Other Relationship; Rights as Shareholder.** This Agreement shall not confer on Participant any right to continuance of employment or any other relationship by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. Participant shall have no rights as a shareholder with respect to shares subject to this Agreement until such shares, if any, have been issued to Participant. The grant of this Award shall not prevent Participant from receiving, in the sole discretion of the Administrator, additional performance share awards for subsequent performance periods, whether or not those performance periods overlap with the Performance Period specified herein to which this Award relates.

b. **Shares Reserved.** The Company shall at all times during the term of this Award reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

c. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, the Administrator may, at any time during the Performance Period specified herein, pursuant and subject to Section 14 of the Plan, suspend, modify or terminate this Agreement or any Performance Objectives set forth in Paragraph 3 upon the occurrence of any extraordinary event which substantially effects the Company or its Subsidiary, including, but not limited to, a merger, consolidation, exchange, divestiture (including a spin-off), reorganization or liquidation of the Company or Subsidiary or the sale by the Company or its Subsidiary or substantially all of its assets and the consequent discontinuance of its business.

d. **Withholding Taxes.** To permit the Company to comply with all applicable federal and state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes attributable to this Award are withheld from any amounts payable by the Company to the Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law prior to the issuance of any certificates for the shares of Stock subject to this Award. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of Common Stock received pursuant to this Award, such shares having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares for purposes of such withholding tax obligations shall be made on or before the date that

triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **Nontransferability.** The Performance Shares granted pursuant to this Agreement shall not be transferred, assigned or pledged in any manner by the Participant, in whole or in part, other than by will or by the laws of decent and distribution.

f. **2003 Equity Incentive Plan.** The Award evidenced by this Agreement is granted pursuant to the Plan, a copy of which has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this Award and the Participant and, in the event of any questions as to the construction of this Agreement or of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. **Lockup Period Limitation.** Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Award or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

h. **Stock Legend.** The Administrator may require that the certificates for any shares of Common Stock issued to Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 6(f) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 6(f).

i. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and any successor or successors of the Participant permitted by Paragraph 5(b) above.

j. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District

Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

k. **Right to Amend.** The Company hereby reserves the right to amend this Agreement without Participant's consent to the extent necessary or desirable to comply with the requirements of Code Section 409A and the regulations, notices and other guidance of general application issued thereunder.

l. **Delay of Payment for Section 162(m).** In the event the Administrator reasonably anticipates that the Company's income tax deduction with respect to the vesting and issuance of any shares of Stock required by this Agreement would be limited or eliminated by Code Section 162(m), the Administrator may, subject to such terms and conditions as determined by the Administrator, delay the vesting and issuance of all or a portion of such shares of Stock until the earlier of (i) the date at which the Administrator reasonably anticipates that the corresponding income tax deduction will not be so limited or eliminated, and (ii) the calendar year of the Participant's separation from service, as such term is defined in Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder. In the event of such delay, this Performance Award shall not terminate until the delayed vesting and issuance of such Performance Shares has occurred.

m. **Delay in Payment for Specified Employee.** In the event this Award is subject to Code Section 409A and the Administrator determines that the Participant is a "specified employee" within the meaning of Code Section 409A, then the issuance of any shares of Stock due to the Participant's separation from service shall not be issued earlier than the date that is six months after such separation from service, but shall be issued during the calendar year following the year in which the Participant's separation from service occurs and within thirty (30) days after the earliest possible date permitted under Code Section 409A.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____
Its: _____

Participant

**PERFORMANCE UNIT AWARD
(CASH SETTLED)
SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT, made effective as of this _____ day of _____, 20____, by and between SurModics, Inc., a Minnesota corporation (the "Company"), and _____ ("Participant").

WITNESSETH:

WHEREAS, the Participant on the date hereof is a key employee, officer, director or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a performance unit award to Participant pursuant to the Company's 2003 Equity Incentive Plan (the "Plan") to entitle the Participant to certain benefits upon the achievement of certain specified performance criteria; and

WHEREAS, the Administrator has authorized the grant of such performance unit award to Participant;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Grant of Performance Unit Award. The Company hereby grants to Participant on the date set forth above (the "Date of Grant") the right to receive up to _____ (_____) Performance Units having a value of \$_____ per Unit (the "Per Unit Value") payable in cash on the terms and conditions set forth herein (the "Performance Award").

2. Performance Period. The Performance Period shall be the period beginning _____, 20____, and ending _____, 20____.

3. Performance Objectives; Vesting. Except as otherwise provided in Paragraph 6(i) herein, the Performance Units subject to this Performance Award shall vest only upon the achievement of all or a portion of certain Performance Objectives, which must be achieved during the Performance Period. The Performance Objectives and the extent to which achievement of all or a portion of the Performance Objectives will result in the vesting of the Performance Units are as follows:

Performance Objective(s)

Achievement

**Percentage or Number of
Units Vested**

Notwithstanding the foregoing schedule, the Administrator may delay the vesting of all or any portion of the Performance Units pursuant to Paragraph 6(i) herein; provided, however, that such delay shall not extend the Performance Period during which the above Performance Objectives must be achieved. Subject to such other terms and conditions set forth in this Agreement, the Participant shall not be entitled to payment for any portion of the Performance Units subject to this Performance Award until the Administrator determines the number of Performance Units, if any, which have vested.

4. Form, Time of Issuance. The Administrator shall, within _____ (___) days after the end of the Performance Period or at such earlier times as described in Paragraph 3 above, determine the number of Performance Units that have vested pursuant to Paragraph 3 above, and shall calculate the amount of cash payable to the Participant by multiplying the Per Unit Value by such number of vested Performance Units. Unless the Administrator delays the vesting and payment of such Performance Units pursuant to Paragraph 6(i), such amount shall be paid in **[the calendar year] [in which] [immediately following]** the date such Performance Units become vested.

5. Termination of Employment.

a. **Prior to Vesting.** If, prior to the vesting of any Performance Units, Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason, the Participant shall forfeit all unvested Performance Units, and this Performance Award shall terminate; provided, however, that if the Administrator delays the vesting and payment of any Performance Units pursuant to Paragraph 6(i), the Participant shall not forfeit any such Performance Units that otherwise would have vested prior to the termination of Participant's relationship had such vesting not been so delayed, and, upon payment for such delayed vested Performance Units, this Performance Award shall terminate.

b. **After Vesting But Prior to Issuance.** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason after Performance Units have vested but prior to the date payment is made to the Participant (as described in Section 4 hereof), then Participant (or Participant's estate in the event of his death) shall be entitled to receive such payment as if such termination of employment had not occurred. The amount of such payment shall be determined by the Administrator and shall be made at the time set forth in Paragraph 4. Upon payment for the vested Performance Units, this Performance Award shall terminate.

6. Miscellaneous.

a. **Employment or Other Relationship.** This Agreement shall not confer on Participant any right to continuance of employment or any other relationship by the Company

or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. The grant of this Award shall not prevent Participant from receiving, in the sole discretion of the Administrator, additional performance unit awards for subsequent performance periods, whether or not those performance periods overlap with the Performance Period specified herein to which this Award relates.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, the Administrator may, at any time during the Performance Period specified herein, pursuant and subject to Section 14 of the Plan, suspend, modify or terminate this Agreement or any Performance Objectives set forth in Paragraph 3 upon the occurrence of any extraordinary event which substantially affects the Company or its Subsidiary, including, but not limited to, a merger, consolidation, exchange, divestiture (including a spin-off), reorganization or liquidation of the Company or Subsidiary or the sale by the Company or its Subsidiary of substantially all of its assets and the consequent discontinuance of its business.

c. **Withholding Taxes.** To permit the Company to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to the Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law.

d. **Nontransferability.** The Performance Units granted pursuant to this Agreement shall not be transferred, assigned or pledged in any manner by the Participant, in whole or in part, other than by will or by the laws of decent and distribution.

e. **2003 Equity Incentive Plan.** The Award evidenced by this Agreement is granted pursuant to the Plan, a copy of which has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this Award and the Participant and, in the event of any questions as to the construction of this Agreement or of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and any successor or successors of the Participant permitted by Paragraph 5(b) above.

g. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an

attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

h. **Right to Amend.** The Company hereby reserves the right to amend this Agreement without Participant's consent to the extent necessary or desirable to comply with the requirements of Code Section 409A and the regulations, notices and other guidance of general application issued thereunder.

i. **Delay of Payment for Section 162(m).** In the event the Administrator reasonably anticipates that the Company's income tax deduction with respect to the vesting and payment of any Performance Units subject to this Agreement would be limited or eliminated by Code Section 162(m), the Administrator may, subject to such terms and conditions as determined by the Administrator, delay the vesting and payment of all or a portion of such Performance Units until the earlier of (i) the date at which the Administrator reasonably anticipates that the corresponding income tax deduction will not be so limited or eliminated, and (ii) the calendar year of the Participant's separation from service, as such term is defined in Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder. In the event of such delay, this Performance Award shall not terminate until the delayed vesting and payment of such Performance Units has occurred.

j. **Delay in Payment for Specified Employee.** In the event this Award is subject to Code Section 409A and the Administrator determines that the Participant is a “specified employee” within the meaning of Code Section 409A, then any payment due to the Participant’s separation from service shall not be paid earlier than the date that is six months after such separation from service, but shall be paid during the calendar year following the year in which the Participant’s separation from service occurs and within thirty (30) days after the earliest possible date permitted under Code Section 409A.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____

Its: _____

Participant

RESTRICTED STOCK UNIT AGREEMENT

**SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT, made effective as of this _____ day of _____, 20____, by and between SurModics, Inc., a Minnesota corporation (the “Company”), and _____ (“Participant”).

WITNESSETH:

WHEREAS, Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a restricted stock unit award to Participant for shares of the Company’s Common Stock pursuant to the Company’s 2003 Equity Incentive Plan (the “Plan”); and

WHEREAS, the Administrator of the Plan has authorized the grant of a restricted stock unit award to Participant;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Restricted Stock Unit Award; Term.** The Company hereby grants to Participant on the date set forth above a restricted stock unit award (the “Award”) for ___ restricted stock units on the terms and conditions set forth herein. Each restricted stock unit shall entitle the Participant to receive one share of the Company’s Common Stock.

2. **Vesting of Restricted Stock Units.**

a. **General.** The restricted stock units subject to this Award shall remain forfeitable until the date the risks of forfeiture lapse with respect to a percentage of such units (*i.e.*, the date such units “vest”), according to the following schedule:

Vesting Date

Cumulative Percentage
of Units

Notwithstanding the foregoing schedule, the Administrator may delay the vesting of all or any portion of the restricted stock units pursuant to Paragraph 4(m) herein. Subject to such other terms and conditions set forth in this Agreement, the Participant shall not be entitled to the issuance of shares of Stock for any portion of the restricted stock units subject to this Award until the Administrator determines the number of restricted stock units, if any, which have vested.

b. **Termination of Relationship.** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary at any time during the term of the Award, for any reason, this Award shall also terminate and all restricted stock units subject to this Award for which the risks of forfeiture have not lapsed shall be forfeited by Participant; provided, however, that if the Administrator delays the vesting of any restricted stock units pursuant to Paragraph 4(m), the Participant shall not forfeit any such restricted stock units that otherwise would have vested pursuant to the schedule set forth in Paragraph 2(a) above prior to the termination of Participant's relationship had such vesting not been so delayed, and, upon the issuance of such delayed vested restricted stock units, this Award shall terminate.

3. **Issuance of Shares.** Subject to Paragraph 4(m) herein, on each vesting date, the Company shall cause to be issued a stock certificate representing that number of shares of Common Stock which is equivalent to the percentage of restricted stock units for which the risks of forfeiture have lapsed, less any shares withheld for payment of taxes as provided in Section 4(d) below, and shall deliver such certificate to Participant. Until the issuance of such shares, Participant shall not be entitled to vote the shares of Common Stock represented by such restricted stock units, shall not be entitled to receive dividends attributable to such shares of Common Stock, and shall not have any other rights as a shareholder with respect to such shares.

4. **General Provisions.**

a. **Employment or Other Relationship.** This Agreement shall not confer on Participant any right with respect to continuance of employment or any other relationship by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. Nothing in this Agreement shall be construed as

creating an employment contract for any specified term between Participant and the Company or any Subsidiary.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the Common Stock of the Company (through merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any restricted stock units subject to this Award which continue to be subject to risks of forfeiture (i.e., Participant shall have such "anti-dilution" rights under the Award with respect to such events, but shall not have "preemptive" rights).

c. **Shares Reserved.** The Company shall at all times during the term of this Agreement reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes.** To permit the Company to comply with all applicable federal and state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes attributable to this Award are withheld from any amounts payable by the Company to the Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law prior to the issuance of any certificates for the shares of Stock subject to this Award. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of Common Stock received pursuant to this Award on which the risks of forfeiture have lapsed, such shares having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares for purposes of such withholding tax obligations shall be made on or before the date that triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **2003 Equity Incentive Plan.** The Award evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Agreement and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. **Lockup Period Limitation**. Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Agreement or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

g. **Stock Legend**. The Administrator may require that the certificates for any shares of Common Stock purchased by Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 4(f) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 4(f).

j. **Scope of Agreement**. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by this Agreement. This Award is expressly subject to all terms and conditions contained in the Plan and in this Agreement, and Participant's failure to execute this Agreement shall not relieve Participant from complying with such terms and conditions.

k. **Arbitration**. Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court of Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

l. **Right to Amend**. The Company hereby reserves the right to amend this Agreement without Participant's consent to the extent necessary or desirable to comply with the requirements of Code Section 409A and the regulations, notices and other guidance of general application issued thereunder.

m. **Delay of Payment for Section 162(m).** In the event the Administrator reasonably anticipates that the Company's income tax deduction with respect to the vesting and issuance of any shares of Stock required by this Agreement would be limited or eliminated by Code Section 162(m), the Administrator may, subject to such terms and conditions as determined by the Administrator, delay the vesting and issuance of all or a portion of such shares of Stock until the earlier of (i) the date at which the Administrator reasonably anticipates that the corresponding income tax deduction will not be so limited or eliminated, and (ii) the calendar year of the Participant's separation from service, as such term is defined in Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder. In the event of such delay, this Award shall not terminate until the delayed vesting and issuance of such shares of Stock has occurred.

n. **Delay in Payment for Specified Employee.** In the event this Award is subject to Code Section 409A and the Administrator determines that the Participant is a "specified employee" within the meaning of Code Section 409A, then the issuance of any shares of Stock due to the Participant's separation from service shall not be issued earlier than the date that is six months after such separation from service, but shall be issued during the calendar year following the year in which the Participant's separation from service occurs and within thirty (30) days after the earliest possible date permitted under Code Section 409A.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____

Its: _____

Participant

**STOCK APPRECIATION RIGHTS AGREEMENT
(CASH SETTLED)**

**SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT, made effective as of this ____day of ____, 20____, by and between SurModics, Inc., a Minnesota corporation (the “Company”), and _____(“Participant”).

WITNESSETH:

WHEREAS, Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a stock appreciation right to Participant pursuant to the Company’s 2003 Equity Incentive Plan (the “Plan”); and

WHEREAS, the Administrator of the Plan has authorized the grant of a stock appreciation right to Participant and has determined that, as of the effective date of this Agreement, the fair market value of the Company’s Common Stock is \$_____ per share;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Grant of SAR. The Company hereby grants to Participant on the date set forth above (the “Date of Grant”), stock appreciation rights (the “SAR”) with respect to an aggregate of (_____) shares of Common Stock at an exercise price of \$_____per share on the terms and conditions set forth herein, and subject to adjustment pursuant to Article IV of the Plan. [This SAR is granted in tandem with the ___Option granted to Participant on ____, 20___(the “Tandem Option”).]

2. Duration and Exercisability. The term during which this SAR may be exercised shall terminate on _____, _____, except as otherwise provided in Paragraphs 2(b) through 2(d) below. This SAR shall vest and become exercisable according to the following schedule:

Vesting Date

Cumulative Percentage
of Shares

Once the SAR becomes exercisable to the extent of one hundred percent (100%) of the aggregate number of shares specified in Paragraph 1, Participant may continue to exercise this SAR under the terms and conditions of this Agreement until the termination of the SAR as provided herein. If Participant does not exercise this SAR with respect to the full number of shares for which Participant is then entitled to exercise this SAR, Participant may, upon any subsequent exercise prior to this SAR's termination, exercise this SAR for such previously unexercised portion.

b. **Termination of Relationship (Other than Disability or Death).** If Participant ceases to be [an employee] [a consultant] [a nonemployee director] of the Company or any Subsidiary for any reason other than disability or death, this SAR shall completely terminate on the earlier of (i) the close of business on the three-month anniversary date of such termination of employment, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this SAR shall be exercisable only to the extent the SAR was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this SAR was not exercisable upon such termination of employment, or if Participant does not exercise the SAR within the time specified in this Paragraph 2(b), all rights of Participant under this SAR shall be forfeited.

c. **Disability.** If Participant ceases to be [an employee] [a consultant] [a nonemployee director] of the Company or any Subsidiary because of disability (as defined in Code Section 22(e), or any successor provision), this SAR shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of such termination of employment, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this SAR shall be exercisable only to the extent the SAR was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this SAR was not exercisable upon such termination of employment, or if Participant does not exercise the SAR within the time specified in this Paragraph 2(c), all rights of Participant under this SAR shall be forfeited.

d. **Death.** In the event of Participant's death, this SAR shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of the date of Participant's

death, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following Participant's death, this SAR shall be exercisable by the person or persons to whom Participant's rights under this SAR shall have passed by Participant's will or by the laws of descent and distribution only to the extent the SAR was exercisable on the vesting date immediately preceding the date of Participant's death, but had not previously been exercised. To the extent this SAR was not exercisable upon the date of Participant's death, or if such person or persons do not exercise this SAR within the time specified in this Paragraph 2(d), all rights under this SAR shall be forfeited.

3. Manner of Exercise; Payment.

a. **General.** This SAR may be exercised only by Participant (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and subject to such other administrative rules as the Administrator may deem advisable, by delivering written notice of exercise to the Company at its principal office. The notice shall state the number of shares as to which this SAR is being exercised. The exercise of this SAR shall be deemed effective upon receipt of such notice by the Company, and the date of such receipt shall be the "date of exercise" for all purposes under this Agreement. This SAR may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares any number of times during the term of this SAR as provided herein.

b. **Form of Payment.** Upon the exercise of all or a portion of this SAR, Participant shall be entitled to a cash payment equal to (i) the excess of (A) the per share Fair Market Value of the Company's Common Stock as of the date of exercise over (B) the per share exercise price specified in Paragraph 1 above, multiplied by (ii) the number of shares specified in the Participant's notice of exercise.

[c. Cancellation of Tandem Option or SAR. Notwithstanding anything in this Agreement to the contrary, the exercise of all or a portion of this SAR shall result in the cancellation of the corresponding right to purchase a like number of shares under the Tandem Option, and the exercise of all or a portion of the Tandem Option shall result in the cancellation of the corresponding right to exercise this SAR for a like number of shares. The Participant may not simultaneously exercise this SAR for a corresponding number of shares purchased through the exercise of the Tandem Option.]

4. Miscellaneous.

a. **Employment or Other Relationship; Rights as Shareholder.** This Agreement shall not confer on Participant any right with respect to continuance of employment or any other relationship by the Company or any of its Subsidiaries, nor will it interfere in any way

with the right of the Company to terminate such employment or relationship. Participant shall have no rights as a shareholder with respect to shares subject to this SAR.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any unexercised portion of this SAR (i.e., Participant shall have such "anti-dilution" rights under this SAR with respect to such events, but shall not have "preemptive" rights).

c. **Withholding Taxes.** In order to permit the Company to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law.

d. **Nontransferability.** During the lifetime of Participant, this SAR shall be exercisable only by Participant or by the Participant's guardian or other legal representative, and shall not be assignable or transferable by Participant, in whole or in part, other than by will or by the laws of descent and distribution.

e. **2003 Equity Incentive Plan.** The SAR evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this SAR and the Participant and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

f. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by Paragraph 2 or Paragraph 4(d) above.

g. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District

Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

h. **Right to Amend.** The Company hereby reserves the right to amend this Agreement without Participant's consent to the extent necessary or desirable to comply with the requirements of Code Section 409A and the regulations, notices and other guidance of general application issued thereunder.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____
Its: _____

Participant

**STOCK APPRECIATION RIGHTS AGREEMENT
(STOCK SETTLED)**

**SURMODICS, INC.
2003 EQUITY INCENTIVE PLAN**

THIS AGREEMENT, made effective as of this ____ day of _____, 20____, by and between SurModics, Inc., a Minnesota corporation (the “Company”), and _____ (“Participant”).

WITNESSETH:

WHEREAS, Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a stock appreciation right to Participant pursuant to the Company’s 2003 Equity Incentive Plan (the “Plan”); and

WHEREAS, the Administrator of the Plan has authorized the grant of a stock appreciation right to Participant and has determined that, as of the effective date of this Agreement, the fair market value of the Company’s Common Stock is \$_____ per share;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. Grant of SAR. The Company hereby grants to Participant on the date set forth above (the “Date of Grant”), stock appreciation rights (the “SAR”) with respect to an aggregate of (_____) shares of Common Stock at an exercise price of \$ per share on the terms and conditions set forth herein, and subject to adjustment pursuant to Article IV of the Plan. **[This SAR is granted in tandem with the _____ Option granted to Participant on _____, 20____ (the “Tandem Option”).]**

2. Duration and Exercisability. The term during which this SAR may be exercised shall terminate on , , except as otherwise provided in Paragraphs 2(b) through 2(d) below. This SAR shall vest and become exercisable according to the following schedule:



Vesting Date

Cumulative Percentage
of Shares

Once the SAR becomes exercisable to the extent of one hundred percent (100%) of the aggregate number of shares specified in Paragraph 1, Participant may continue to exercise this SAR under the terms and conditions of this Agreement until the termination of the SAR as provided herein. If Participant does not exercise this SAR with respect to the full number of shares for which Participant is then entitled to exercise this SAR, Participant may, upon any subsequent exercise prior to this SAR's termination, exercise this SAR for such previously unexercised portion.

b. **Termination of Relationship (Other than Disability or Death).** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary for any reason other than disability or death, this SAR shall completely terminate on the earlier of (i) the close of business on the three-month anniversary date of such termination of employment, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this SAR shall be exercisable only to the extent the SAR was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this SAR was not exercisable upon such termination of employment, or if Participant does not exercise the SAR within the time specified in this Paragraph 2(b), all rights of Participant under this SAR shall be forfeited.

c. **Disability.** If Participant ceases to be **[an employee] [a consultant] [a nonemployee director]** of the Company or any Subsidiary because of disability (as defined in Code Section 22(e), or any successor provision), this SAR shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of such termination of employment, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following the termination of Participant's employment, this SAR shall be exercisable only to the extent the SAR was exercisable on the vesting date immediately preceding such termination of employment, but had not previously been exercised. To the extent this SAR was not exercisable upon such termination of employment, or if Participant does not exercise the SAR within the time specified in this Paragraph 2(c), all rights of Participant under this SAR shall be forfeited.

d. **Death.** In the event of Participant's death, this SAR shall terminate on the earlier of (i) the close of business on the twelve-month anniversary date of the date of Participant's

death, and (ii) the expiration date of this SAR stated in Paragraph 2(a) above. In such period following Participant's death, this SAR shall be exercisable by the person or persons to whom Participant's rights under this SAR shall have passed by Participant's will or by the laws of descent and distribution only to the extent the SAR was exercisable on the vesting date immediately preceding the date of Participant's death, but had not previously been exercised. To the extent this SAR was not exercisable upon the date of Participant's death, or if such person or persons do not exercise this SAR within the time specified in this Paragraph 2(d), all rights under this SAR shall be forfeited.

3. Manner of Exercise.

a. **General.** This SAR may be exercised only by Participant (or other proper party in the event of death or incapacity), subject to the conditions of the Plan and subject to such other administrative rules as the Administrator may deem advisable, by delivering written notice of exercise to the Company at its principal office. The notice shall state the number of shares as to which this SAR is being exercised. The exercise of this SAR shall be deemed effective upon receipt of such notice by the Company, and the date of such receipt shall be the "date of exercise" for all purposes under this Agreement. This SAR may be exercised with respect to any number or all of the shares as to which it can then be exercised and, if partially exercised, may be so exercised as to the unexercised shares any number of times during the term of this SAR as provided herein.

b. **Form of Payment.** Upon the exercise of all or a portion of this SAR, Participant shall be entitled to that number of shares of Stock calculated using such Stock's Fair Market Value as of the date of exercise and having an aggregate Fair Market Value equal to (i) the excess of (A) the per share Fair Market Value of the Company's Common Stock as of the date of exercise over (B) the per share exercise price specified in Paragraph 1 above, multiplied by (ii) the number of shares specified in the Participant's notice of exercise.

c. **Stock Transfer Records.** As soon as practicable after the effective exercise of all or any part of this SAR, Participant shall be recorded on the stock transfer books of the Company as the owner of the shares purchased, and the Company shall deliver to Participant one or more duly issued stock certificates evidencing such ownership. All requisite original issue or transfer documentary stamp taxes shall be paid by the Company.

[d. Cancellation of Tandem Option or SAR. Notwithstanding anything in this Agreement to the contrary, the exercise of all or a portion of this SAR shall result in the cancellation of the corresponding right to purchase a like number of shares under the Tandem Option, and the exercise of all or a portion of the Tandem Option shall result in the cancellation of the corresponding right to exercise this SAR for a like number of shares. The Participant may not simultaneously exercise this SAR for a corresponding number of shares purchased through the exercise of the Tandem Option.]

4. **Miscellaneous.**

a. **Employment or Other Relationship; Rights as Shareholder.** This Agreement shall not confer on Participant any right with respect to continuance of employment or any other relationship by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. Participant shall have no rights as a shareholder with respect to shares subject to this SAR until such shares, if any, have been issued to Participant. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 14 of the Plan.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 14 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction or enlargement, as appropriate, in Participant's rights with respect to any unexercised portion of this SAR (i.e., Participant shall have such "anti-dilution" rights under this SAR with respect to such events, but shall not have "preemptive" rights).

c. **Shares Reserved.** The Company shall at all times during the term of this SAR reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes.** In order to permit the Company to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to insure that, if necessary, all applicable federal and state payroll, income or other taxes are withheld from any amounts payable by the Company to Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part by delivering shares of Common Stock received pursuant to this SAR having a Fair Market Value, as of the date the amount of tax to be withheld is determined under applicable tax law, equal to the minimum amount required to be withheld for tax purposes. Participant's request to deliver shares for purposes of such withholding tax obligations shall be made on or before the date that triggers such obligations or, if later, the date that the amount of tax to be withheld is determined under applicable tax law. Participant's request shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3 or any successor provision, as then in effect, of the General Rules and Regulations under the Securities and Exchange Act of 1934, if applicable.

e. **Nontransferability.** During the lifetime of Participant, this SAR shall be exercisable only by Participant or by the Participant's guardian or other legal representative, and shall not be assignable or transferable by Participant, in whole or in part, other than by will or by the laws of descent and distribution.

f. **2003 Equity Incentive Plan.** The SAR evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. All defined terms of the Plan shall have the same meaning when used in this Agreement. The Plan governs this SAR and the Participant and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. **Lockup Period Limitation.** Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this SAR or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

h. **Stock Legend.** The Administrator may require that the certificates for any shares of Common Stock issued to Participant (or, in the case of death, Participant's successors) shall bear an appropriate legend to reflect the restrictions of Paragraph 4(g) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Paragraph 4(g).

i. **Scope of Agreement.** This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by Paragraph 2 or Paragraph 4(e) above.

l. **Arbitration.** Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who

may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

m. **Right to Amend.** The Company hereby reserves the right to amend this Agreement without Participant's consent to the extent necessary or desirable to comply with the requirements of Code Section 409A and the regulations, notices and other guidance of general application issued thereunder.

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

SURMODICS, INC.

By: _____
Its: _____

Participant