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RADIANCE MEDICAL SYSTEMS MEETS
HUMAN CLINICAL STUDIES MILESTONES AND
REPORTS FOURTH QUARTER AND FISCAL 1999 RESULTS

Irvine, CA -- Monday, January 31, 2000 -- Radiance Medical Systems, Inc., (NASDAQ: RADX) today announced financial results for 1999 and the fourth quarter ended December 31, 1999. Revenues for 1999 declined to \$6,711,000, a 45% reduction from \$12,175,000 in 1998. For the 1999 fourth quarter, revenues were \$1,676,000 compared with \$3,539,000 in the 1998 fourth quarter. Revenues for the year and quarter ended December 31, 1999 included certain product licensing and distribution fees totaling \$2,855,000 and \$805,000 respectively. Revenues for 1998 included sales from the Company's focus technology product line and vascular access business unit. During 1998 the Company licensed its focus technology to Guidant Corporation and during the first quarter 1999 the Company sold substantially all of the assets of its vascular access business unit, thus reducing the Company's sales base.

Net loss for the year was \$12,526,000, or \$1.14 per share, compared with a loss of \$7,986,000 or \$0.90 per share, in 1998. Net loss for the fourth quarter was \$1,145,000 or \$0.10 per share compared with \$2,793,000 or \$0.31 per share, in the comparable period last year. Operating results for the year ended December 31, 1999 included a write-off of \$1,451,000 of goodwill associated with the Company's restructuring program and \$4,194,000 for the expensing of in-process research and development acquired with the acquisition by the Company of (the former) Radiance Medical Systems, Inc.

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During 1999, the Company sold an option to purchase an investment held by the Company and received a non-refundable option premium in the amount of \$1,232,000. The option premium is being recognized on a straight-line basis over the option term, resulting in a gain of \$346,000 recognized in other income for the year ended December 31, 1999, and the balance of \$886,000 to be recognized in 2000. Although the likelihood of exercise is uncertain, if the aforementioned option is exercised, the Company will receive an additional payment of approximately \$2,000,000 in 2000.

“Our financial results for the fourth quarter and the year are in line with our expectations,” said Jeff Thiel, President and Chief Operating Officer of Radiance Medical Systems. “With our restructuring complete and our focus on our vascular brachytherapy technology, the Radiance team is energized and ready to meet the important milestones ahead of us. The income from our investments, sale of our vascular access business unit, and licensing and distribution agreements have enabled us to preserve cash as we continue to expand our European human clinical studies and prepare for our U.S. IDE trial, which we anticipate starting soon.”

Radiance also announced that it will restate its operating results for the third quarter of 1999 as a result of audit adjustments relating to the recording of the January 1999 acquisition of the (former) Radiance Medical Systems, Inc. by the Company. As indicated by the accompanying table, the net effect of these adjustments was to increase the previously reported net loss for the third quarter of 1999 from \$767,000, or \$.07 per share, to \$1,277,000, or \$.12 per share, and increase the previously reported net loss for the nine months ended September 30, 1999 from \$10,871,000, or \$1.00 per share, to \$11,381,000, or \$1.05 per share. These

adjustments did not affect the Company's cash position. The Company anticipates filing an amended Form 10-Q for the third quarter of 1999 with the Securities Exchange Commission as soon as practical.

CLINICAL MILESTONES

During 1999 and continuing in 2000, the focus of the Company is on the development of the RDX Coronary Radiation Delivery System. This concentrated effort has resulted in the achievement of significant milestones:

- The Company began its European CE Mark Clinical Trial for the RDX System. The enrollment for this trial, called the BETTER (Beta Radiation Trial To Eliminate Restenosis) Study, is expected to be completed by mid-2000.
- An Investigational Device Exemption (IDE) was filed with the U.S. Food and Drug Administration to initiate U.S. human clinical trials for the Company's RDX™ System.
- The definitive animal trials for the RDX System were successfully completed in November 1999. The results of these controlled trials show that the RDX System shows a dramatic reduction of intimal hyperplasia (i.e., restenosis) compared to conventional PTCA or coronary stent implantation.
- Based on the early procedural success and follow-up in the European BETTER study, and with the advice of the Company's clinical advisory board, in December 1999 Radiance expanded this clinical trial to include additional European countries.

Commenting on these milestones, Radiance Chairman and CEO, Michael Henson said, “We are extremely pleased with the early results of our human clinical trials. While the long-term results are the ultimate proof of success, we have every reason to believe that the Radiance RDX System may provide equal or better long-term clinical outcomes compared to the first generation vascular brachytherapy devices. If these studies continue on their present course, these results combined with its simplicity, ease-of-use and significant cost benefits should make the RDX System the preferred vascular brachytherapy technology.”

Radiance Medical Systems, Inc. develops site-specific delivery catheters for the delivery of radiation to prevent restenosis following the interventional treatment of atherosclerosis. In addition, Radiance markets coronary stents, coronary stent delivery systems and balloon dilatation catheters for coronary applications.

Except for historical information contained herein, this news release contains forward-looking statements, the accuracy of which are necessarily subject to risks and uncertainties. Actual results may be affected by, among other things, risks and uncertainties related to new product development and introduction cycles, research and development activities, including failure to demonstrate clinical efficacy, delays by regulatory authorities, scientific and technical advances by third parties, introduction of competitive products, third party reimbursement and physician training, and other risk factors and matters set forth in the Company's Annual Report on Form 10-K as amended for the year ended December 31, 1998 and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.



RADIANCE MEDICAL SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(unaudited)

	Three Months Ended Dec. 31, 1999	1998	Year Ended Dec. 31, 1999	1998
Revenues:				
Sales	\$871	\$2,384	\$3,856	\$9,415
License and other revenue	805	1,155	2,855	2,760
Total revenues	1,676	3,539	6,711	12,175
Cost of sales	511	1,813	2,823	6,152
Gross profit	1,165	1,726	3,888	6,023
Operating expenses:				
Charge for acquired in-process research and development	--	234	4,194	234
Research, development and clinical	2,652	2,919	8,610	7,957
Marketing and sales	759	1,570	2,284	5,371
General and administrative	328	1,082	2,468	2,937
Goodwill impairment charge	--	--	1,451	--
Minority interest	(6)	(924)	(6)	(992)
Total operating expenses	3,733	4,881	19,001	15,507
Loss from operations	(2,568)	(3,155)	(15,113)	(9,484)
Other income (expense):				
Interest income	311	365	1,246	1,567
Gain (loss) on sale of assets	764	--	988	(47)
Other income (expense)	348	(3)	353	(22)
Total other income	1,423	362	2,587	1,498
Net loss	(\$1,145)	(\$2,793)	(\$12,526)	(\$7,986)
Basic and diluted net loss per share	(\$0.10)	(\$0.31)	(\$1.14)	(\$0.90)
Shares used in computing basic and diluted net loss per share	11,181	8,875	10,951	8,862



RADIANCE MEDICAL SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended Sept. 30, 1999,		Nine Months Ended Sept. 30, 1999,	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Revenues:				
Sales	\$648	\$648	\$2,985	\$2,985
License and other revenue	826	826	2,050	2,050
Total revenues	1,474	1,474	5,035	5,035
Cost of sales	412	412	2,312	2,312
Gross profit	1,062	1,062	2,723	2,723
Operating expenses:				
Charge for acquired in-process research and development	--	--	4,194	4,194
Research, development and clinical	1,561	1,801	5,718	5,958
Marketing and sales	297	297	1,525	1,525
General and administrative	426	696	1,870	2,140
Goodwill impairment charge	--	--	1,451	1,451
Minority interest	--	--	--	--
Total operating expenses	2,284	2,794	14,758	15,268
Loss from operations	(1,222)	(1,732)	(12,035)	(12,545)
Other income:				
Interest income	280	280	935	935
Gain on sale of assets	93	93	224	224
Other income	82	82	5	5
Total other income	455	455	1,164	1,164
Net loss	(\$767)	(\$1,277)	(\$10,871)	(\$11,381)
Basic and diluted net loss per share	(\$0.07)	(\$0.12)	(\$1.00)	(\$1.05)
Shares used in computing basic and diluted net loss per share	11,044	11,044	10,874	10,874

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