



FOR FURTHER INFORMATION
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RADIANCE REPORTS THIRD QUARTER 2000 RESULTS

Irvine, CA -- Monday, October 23, 2000 -- Radiance Medical Systems, Inc., (NASDAQ: RADX) today announced that revenue for the third quarter ended September 30, 2000 increased by 27% to \$1,876,000, compared with \$1,474,000 in the third quarter of 1999. Revenues for the third quarter of 2000 and 1999 included product licensing and distribution fees totaling \$1,339,000 and \$826,000, respectively. Net loss for the third quarter of 2000 was \$1,926,000 or \$0.17 per share, compared with a net loss of \$1,277,000 or \$0.12 per share, in the comparable period in 1999. During the third quarter of 1999, the Company sold an option to purchase an investment held by the Company. Revenue from the sale of this option of \$231,000 and \$109,000 was recognized in other income in the third quarter of 2000 and 1999, respectively. In September 2000, Cosmotec Co. Ltd., the Company's Japanese distributor, exercised the conversion feature of a \$1,000,000 debenture at \$7.00 per share for 142,857 shares of the Company's common stock.

For the nine months ended September 30, 2000, revenues were \$6,780,000, compared with \$5,035,000 for the same period last year. Revenues for the first nine months of 2000 and 1999 included certain product licensing and distribution fees totaling \$5,050,000 and \$2,050,000, respectively. The Company reported a net loss for the nine-month period of \$4,544,000, or \$0.40 per share, compared with a net loss of \$9,635,000, or \$0.89 per share, for the comparable period of 1999. The net loss for the nine months ended September 30, 1999 included \$4,194,000 for the expensing of in-process research and development acquired through the acquisition by the Company of (the former) Radiance Medical Systems, Inc. Additionally, planned expansion of research, development and clinical programs resulted in increased expenditures for the nine-month period in 2000 to \$8,455,000, up from \$5,958,000 expended in the same period of 1999.

Commenting on the results for the quarter, Jeff Thiel, Radiance President and Chief Operating Officer said, "We are pleased with the ongoing royalties received from the sale of Guidant Corporation's TriStar™ and Tetra™ stent delivery systems which utilize our patented Focus technology. As expected, our rapid expansion of research and development programs for the use of our unique RDX™ Technology in small vessels, peripheral vascular and coronary artery bypass grafts (CABG) has lead to increased research and development costs. However, the receipt

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subsequent to the close of the third quarter of approximately \$13,000,000 from our recent public offering of 1,500,000 shares will assist us with our planned program expansion.”

“With the announcement of our very encouraging clinical trial results last week at the Transcatheter Cardiovascular Therapeutics (TCT) meeting in Washington DC,” said Michael R. Henson, Radiance Chief Executive Officer, “we are now looking forward to proving the versatility of the RDX Technology in broader clinical applications in patient populations not currently being treated by existing vascular brachytherapy technologies. We believe the RDX is particularly well suited for use in small vessels, peripheral vascular and coronary artery bypass grafts (CABG), areas that, because of the vessel size, do not respond well to treatments currently available, such as stenting.”

RADIANCE SCHEDULES CONFERENCE CALL

The Company will hold a conference call today, Monday, October 23 at 1:30 PM (Pacific Daylight Time). During the call, the Company will discuss the third quarter financial results and review the clinical data released at annual Transcatheter Cardiovascular Therapeutics (“TCT”) meeting held last week in Washington, D.C.

To participate in the conference call, please dial 800-288-9626 in the U.S. or +612-332-1020 internationally. You will need to identify the call as the Radiance Medical Systems Conference Call. An “instant replay” will be available until midnight Monday, October 30. If you would like to take advantage of this special service, you can access it by dialing 800-475-6701 in the U.S. or +320-365-3844 internationally, the access code is 545880.

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 for the year ended December 31, 1999, the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000, and the Company's Registration Statement on Form S-2 filed with the Securities and Exchange Commission on August 24, 2000, as amended.



RADIANCE MEDICAL SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	(Unaudited)			
	Three Months Ended September 30, 2000	1999	Nine Months Ended September 30, 2000	1999 (restated)
Revenue:				
Sales	\$537	\$648	\$1,730	\$2,985
License revenue	1,339	826	5,050	2,050
Total revenues	<u>1,876</u>	<u>1,474</u>	<u>6,780</u>	<u>5,035</u>
Cost of sales	518	412	1,377	2,312
Gross profit	<u>1,358</u>	<u>1,062</u>	<u>5,403</u>	<u>2,723</u>
Operating expenses:				
Charge for acquired in-process research and development	-	-	-	4,194
Research, development and clinical	2,896	1,801	8,455	5,958
Marketing and sales	222	297	864	1,230
General and administrative	727	696	2,204	2,140
Minority Interest	(8)	-	(17)	-
Total operating expenses	<u>3,837</u>	<u>2,794</u>	<u>11,506</u>	<u>13,522</u>
Loss from operations	<u>(2,479)</u>	<u>(1,732)</u>	<u>(6,103)</u>	<u>(10,799)</u>
Other income (expense):				
Interest income	300	280	887	935
Gain on disposal of assets	226	93	693	224
Other income (expense)	27	82	(21)	5
Total other income	<u>553</u>	<u>455</u>	<u>1,559</u>	<u>1,164</u>
Net loss	<u>(\$1,926)</u>	<u>(\$1,277)</u>	<u>(\$4,544)</u>	<u>(\$9,635)</u>
Basic and diluted net loss per share	<u>(\$0.17)</u>	<u>(\$0.12)</u>	<u>(\$0.40)</u>	<u>(\$0.89)</u>
Shares used in computing basic and diluted net loss per share	<u>11,406</u>	<u>11,044</u>	<u>11,346</u>	<u>10,874</u>

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