

Replidyne dissolved in reverse merger

LOUISVILLE - A Minnesota-based medical-device company has acquired Replidyne Inc. in a reverse merger and will terminate Replidyne's operation in Louisville.

Cardiovascular Systems Inc., headquartered in St. Paul, Minn., acquired Replidyne Inc.'s place on the Nasdaq stock exchange (Nasdaq: RDYN) and will apply for a new Nasdaq trading symbol next year.

Replidyne, a biopharmaceutical company that develops anti-infective products, will cease operation, and its six employees were not offered jobs with Cardiovascular Systems, said Ken Collins, Replidyne's chief executive officer.

The all-stock transaction means Replidyne shareholders will own 17 percent of Cardiovascular Systems. The St. Paul company's shareholders will own the remaining 83 percent.

Cardiovascular Systems, a medical-device company that produces catheters used in the treatment of vascular disease, expects the deal to close during first quarter 2009.

Cardiovascular Systems filed for an initial public offering in January 2008 but withdrew it Nov. 4. The company's chief executive officer plans to expand Cardiovascular Systems' sales and marketing team with the \$35 million to \$40 million in cash and investments it accrues through Replidyne's assets.

Edward Brown and Augustine Lawlor, two of Replidyne's board of directors, will serve on the 10-person Cardiovascular Systems' board, but Replidyne's management team won't be involved after the merger.

"We'll move on, and we both intend to move on working here in Colorado," said Mark Smith, Replidyne's chief financial officer, regarding Collins and himself.

In the last three months, the Louisville company laid off about 50 employees and reported a net loss of \$18.7 million for the quarter ending June 30 - the most recent earnings report.

After the Food and Drug Administration didn't approve Replidyne's faropenem, an antibiotic, the company reviewed its business plan and returned the product to the Japanese licensor.

"That's the point that we decided to pursue strategic alternatives," Collins said.

Smith said the company plans to sell certain technologies it developed - which weren't included in the merger.

"We have been seeking to market those, but we can't comment any further," he said.