

American Medical CEO resigns; lawsuit costs it \$13M

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American Medical Systems Holdings Inc. said its CEO resigned Monday.

Minnetonka-based medical device company American Medical Systems (Nasdaq: AMMD) said its board accepted a mutually agreed-upon resignation of president and CEO Martin Emerson, which was effective Jan. 4. The company said that executive vice president and chief operating officer, Ross Longhini, will serve in the CEO post on an interim basis.

The company also said it began a search for a new CEO and retained Chicago-based executive search firm Heidrick & Struggles to assist.

In addition, American Medical Systems reported preliminary sales of \$130 million for the fourth quarter, marking a 12.7 percent increase when compared to sales of \$115.4 million in the year-earlier period.

The figure was at the upper end of its guidance of \$124 million to \$130 million. Analysts polled by Thomson Financial were expecting, on average, fourth-quarter revenue of \$124.9 million.

The company said sales were boosted by its men's health business, which grew 10.4 percent to \$88.2 million in the fourth quarter. The company said its AdVance sling system used to address incontinence led sales in that division.

It also said its preliminary sales for 2007 were up 29.5 percent, to \$463.9 million from \$358.3 million in 2006.

In addition, the company disclosed it was to pay \$13.8 million, after an arbitration decision regarding shareholders of CryoGen Inc. The dispute concerned an earnout payment related to its 2002 acquisition of CryoGen, which alleged that American Medical breached the merger agreement. The company said the award will be reflected in fourth-quarter results, and was not included in the fourth-quarter earnings per share guidance.