

## American Med Loses Dispute, CEO Resigns

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MINNETONKA, Minn. (AP) - Medical device products and services company American Medical Systems Holdings Inc. said Monday its chief executive has resigned, and announced it will pay \$13.8 million under an arbitration agreement settling a dispute with former CryoGen shareholders.

The arbitration award was much less than the \$110 million damages initially requested. The stock rose 98 cents, or 7.1 percent, to \$14.76 in morning trading.

Martin J. Emerson resigned by mutual agreement as president, CEO and a director, effective Friday. The company has begun a search for a new CEO, and retained Heidrick & Struggles to assist in its recruiting effort. Chief Operating Officer Ross A. Longhini will serve as chief executive on an interim basis.

Separately, the company said the dispute with Robert A. Knarr, who is representing former CryoGen shareholders, stems from allegations that the company breached its buyout agreement with CryoGen in 2002 when it failed to properly promote an excessive menstrual bleeding treatment, called Her Option. The move affected CryoGen shareholders' right to an earnout payment, the dispute alleged.

American Medical also said fourth-quarter sales rose nearly 13 percent to \$130 million, up from \$115.4 million in the year-ago period, and reported preliminary 2007 sales of \$463.9 million, up nearly 30 percent year-over-year.

The company previously forecast fourth-quarter profit between 15 cents and 20 cents per share on revenue between \$124 million and \$130 million. Analysts polled by Thomson Financial have estimated fourth-quarter profit at 16 cents per share on revenue of \$124.9 million.

American Medical said sales from its men's health business grew 10.4 percent to \$88.2 million in the fourth quarter, on a mix of laser therapy and male incontinence system sales. Women's health product sales rose 18 percent to \$41.9 million on female incontinence system sales.

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