

# UTAH MEDICAL PRODUCTS, INC.



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## PRESS RELEASE

### Utah Medical Products, Inc. Acquires Columbia Medical, Inc.

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Salt Lake City, Utah - Utah Medical Products, Inc. (NYSE: UM) announces it has purchased all of the common shares of Columbia Medical, Inc (CMI) of Redmond, Oregon, the leading manufacturer and marketer of vacuum-assisted obstetrical delivery systems in the U.S. UM is the leading manufacturer and marketer of intrauterine pressure monitoring catheters used by obstetricians during higher risk childbirths. The obstetrical product lines of CMI and UM are complementary by providing important critical mass for UM's direct sales resources. In addition, the CMI products will expand UM's ability to bundle product offerings in a consolidating hospital group purchasing environment.

Operative vaginal deliveries provide knowledgeable physicians with an alternative to C-section intervention. Although there are risks associated with vaginal operative deliveries which commonly represent about 15% of all U.S. hospital births, the procedures are generally regarded as safer for the mother, and at least as safe for the fetus, as abdominal (cesarean) delivery in comparable clinical situations. In operative vaginal deliveries, either forceps or a vacuum-assisted extraction system are used to deliver a baby. UM estimates that vacuum-assisted extraction, now the preferred approach, is presently used for about 8-10% of all U.S. births, and has the potential to continue to improve on its share versus forceps. Columbia Medical estimates it has achieved a 50% share of the market for vacuum-assisted products, a large component of which are disposable extraction cups. Although vacuum extraction historically has enjoyed even greater acceptance overseas than in the U.S., Columbia Medical does not have significant sales outside the U.S. UM believes its established foreign distribution channels can spur additional growth.

Over a sixteen year period, CMI and its owners, Larry Smith and Emily Smith, developed a profitable and stable business which has resulted in predictable demand for its recognized quality niche products. In addition to the vacuum-assist obstetrics products, CMI has a line of urology devices, and maintains a specialized subcontract injection molding operation for other companies in the region. CMI's sales for calendar 1996 were approximately \$4 million, and have exceeded that rate so far in 1997.

According to Kevin Cornwell, UM's CEO, "This is the kind of acquisition that makes sense for UM: a very profitable business with well-accepted products, in a specialized market niche with growth potential, with proven management resources and where distribution to customers can be leveraged with UM's established sales relationships. Although the purchase is not a pooling of interests and therefore will not allow restatement of UM's past financial performance, the result will be immediately accretive to UM's earnings per share performance looking forward."

Investors are cautioned that actual results may differ from those projected in any of the Company's forward-looking statements. Risk factors that could cause results to differ materially from those projected in any forward-looking statements have been outlined in UM's public disclosure filings with the SEC. Additional risk factors associated with the acquisition of Columbia Medical, Inc. will be outlined in the 10-Q for the second quarter which will be filed with the SEC by August 15.

Utah Medical Products, Inc. develops, manufactures, assembles and markets a broad range of medical devices for the invasive monitoring of hospital patient vital signs in critical care and in labor and delivery, as well as specialty products used by Ob/Gyns.