

RITA Medical Systems, Inc. Adopts Stockholder Rights Plan

MOUNTAIN VIEW, Calif., July 31 /PRNewswire/ -- RITA Medical Systems, Inc. (Nasdaq: RITA) today announced that its Board of Directors has adopted a stockholder rights plan. The rights are designed to maximize the value of stockholders' interest in RITA. The rights plan is intended to protect RITA stockholders from some of the more coercive tactics that are often prevalent in attempted takeovers while not preventing a fair acquisition of the company. Adoption of the plan was not made in response to any specific attempt to acquire RITA or its shares, and the company is not aware of any current efforts to do so.

The company indicated that the rights will initially trade with shares of the company's Common Stock and have no impact on the way in which its shares are traded. The distribution of the rights will be payable to stockholders of record on August 15, 2001. The rights will expire on July 31, 2011.

The rights are not exercisable until ten days after a person or group announces acquisition of 15% or more of RITA's outstanding Common Stock or the commencement of a tender offer which would result in ownership by the person or group of 15% or more of the outstanding Common Stock. Each right will entitle stockholders to buy one one-thousandth of a share of the company's Series A Participating Preferred Stock at an exercise price of \$25.00. The company will be entitled to redeem the rights at \$0.01 per right at any time on or before the tenth day following acquisition by a person or group of 15% or more of the company's Common Stock.

If a person or group acquires 15% or more of RITA's Common Stock prior to redemption of the rights, the rights will entitle stockholders other than the potential acquirer to purchase, at the then current exercise price, that number of shares of the company's Common Stock (or, in certain circumstances as determined by the Board, cash, other property or other securities) having a market value at that time of twice the exercise price. If, after the tenth day following acquisition by a person or group of 15% or more of the company's Common Stock, the company sells more than 50% of its assets or earning power or is acquired in a merger or other business combination transaction, the acquirer must assume the obligations under the rights, and the rights will become exercisable to acquire common stock of the acquirer at the discounted price. Under certain circumstances, the company's Board of Directors may also exchange the rights (other than those owned by the acquirer or its affiliates) for its Common Stock at an exchange ratio of one share of Common Stock per right. The company indicated that further details of the rights are contained in a letter that will be mailed to all stockholders shortly.

RITA Medical Systems develops, manufactures and markets innovative products for patients with solid cancerous or benign tumors. The proprietary RITA system uses radiofrequency energy to heat tissue to a high enough temperature to ablate it or cause cell death. The company has sold over 20,000 of its disposable devices throughout the world. While the company's current focus is on the liver, the company believes that its minimally invasive technology may in the future be applied to other types of tumors, including tumors of the lung, bone, breast, prostate and kidney. The company has received regulatory clearance in major markets worldwide, including the United States. In March 2000, RITA became the first radiofrequency ablation company to receive specific FDA clearance for unresectable liver lesions in addition to its previous general FDA clearance for the ablation of soft tissue.

The statements in this news release related to the company's plans to extend its technology to applications beyond the liver are forward-looking statements involving risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. Further information regarding these and other risks is included in the company's periodic filings with the Securities and Exchange Commission, including the company's Report on Form 10-K for the year ended December 31, 2000 and the company's Report on Form 10-Q for the quarter ended March 31, 2001.

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