

**TRIMEDYNE REPORTS SALES AND PROFIT FOR THE
QUARTER AND FISCAL YEAR ENDED SEPTEMBER 30, 2006**

FOR IMMEDIATE RELEASE

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December 26, 2006 – Lake Forest, CA: TRIMEDYNE, INC. (OTC.BB “TMED”), today reported a profit of \$97,000 or \$0.01 per share on revenues of \$6,237,000 for its fiscal year ended September 30, 2006, compared to a profit of \$186,000 or \$0.01 per share on revenues of \$6,482,000 for the prior year. The small decline in revenues in current year was due to decreased unit sales of lasers in our spinal business. The decline in profit in the current year was due to the decrease in unit sales of spinal lasers and a higher cost of goods, which was partially offset by an increase in other income, primarily royalties from Lumenis, Ltd.

Trimedyne reported a profit of \$27,000 or \$0.00 per share on revenues of \$1,281,000 for its quarter ended September 30, 2006, compared to a profit of \$190,000 or \$0.01 per share on revenues of \$1,699,000 for the prior year quarter. The decline in revenues and profit in the current quarter were due to lower unit sales of spinal lasers and a decrease in royalties from Lumenis, due to a temporary interruption in Lumenis' production of angled firing fibers and their sales by Boston Scientific Corporation (NYSE: “BSX”) and Lumenis, on which Lumenis pays Trimedyne royalties. Sales were resumed by Boston Scientific and Lumenis in November 2006.

Marvin P. Loeb, Sc.D., Chairman of Trimedyne, stated, “The growing demand for laser devices in the treatment of enlarged prostates will not be fully reflected in our financials until Boston Scientific and Lumenis begin marketing our new Side Firing Laser Fiber. While we are presently receiving royalties from Lumenis on sales of Lumenis' angled firing fibers by Boston Scientific and Lumenis, our manufacturing such devices is expected to generate significantly higher sales and profits.”

Dr. Loeb added, "We are devoting most of our time and attention to developing our new Side Firing Laser Fiber for Boston Scientific and Lumenis and have diverted our attention from growing the spinal segment of our business. The decline in unit sales of spinal lasers is expected to continue until we begin shipping our new Side Firing Fiber to Boston Scientific and Lumenis and are able to devote more time to expanding our spinal business.

As recently announced, Trimedyne completed a private placement of 2,650,000 shares of common stock ("Shares") at a price of \$1.25 per Share for gross proceeds of \$3,312,500. The estimated net proceeds of \$3,012,500 will be primarily used to finance the expected increase in sales when Boston Scientific and Lumenis begin marketing Trimedyne's new Side Firing Laser Fiber, which is presently expected to commence late in the second calendar quarter of 2007. The delay in the commencement of shipments to Boston Scientific and Lumenis is due to additional time needed in the development of the new Side Firing Fiber and Boston Scientific's adding additional testing requirements to their qualification process. Delays are common in the development of new medical devices.

On December 21, 2006, Trimedyne filed its 10-KSB Report for the current fiscal year and a Registration Statement covering the Shares sold in the recent private placement and certain other Shares. Please see the above filings for more information on the private placement, the new Side Firing Fiber to be marketed by Boston Scientific and Lumenis, Trimedyne's business and its financial statements.

Trimedyne manufactures proprietary Holmium lasers and patented fiber optic laser devices. For product, press releases, financial and other information, please visit Trimedyne's website, <http://www.trimedyne.com>.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act:

Statements in this news release may contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934, including words like "expect", "may", "could" and others. Such statements may involve various risks and uncertainties, some of which may be discussed in the Company's current 10-KSB Report and other SEC reports. There is no assurance such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

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TRIMEDYNE, INC.
CONSOLIDATED STATEMENTS OF INCOME
(AUDITED)

	Three Months Ended		Year ended Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Net revenues	\$ 1,281,000	\$ 1,699,000	\$ 6,237,000	\$ 6,482,000
Cost of revenues	719,000	957,000	3,749,000	3,492,000
Gross profit	562,000	742,000	2,488,000	2,990,000
Operating expenses:				
Selling, general and administrative	404,000	511,000	2,279,000	2,423,000
Research and development	192,000	166,000	633,000	623,000
Total operating expenses	596,000	677,000	2,912,000	3,046,000
Income (loss) from operations	(34,000)	65,000	(424,000)	(56,000)
Other income, net	61,000	124,000	522,000	249,000
Net income before income taxes	\$ 27,000	\$ 189,000	\$ 98,000	\$ 193,000
Provision for income taxes	--	(1,000)	1,000	7,000
Net income after provision for income taxes	\$ 27,000	\$ 190,000	\$ 97,000	\$ 186,000
Basic net income per share	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01
Basic weighted average common shares outstanding:	14,625,662	14,704,540	14,625,662	14,704,540

TRIMEDYNE, INC.
CONSOLIDATED BALANCE SHEET
(AUDITED)

ASSETS	
	September 30, 2006
Current assets:	
Cash and cash equivalents	\$ 802,000
Net A/R	742,000
Inventories	2,596,000
Other current assets	184,000
Total current assets	4,324,000
Property and equipment, net	925,000
Other assets	621,000
	\$ 5,870,000
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$ 323,000
Accrued expenses	399,000
Other current liabilities	146,000
Total current liabilities	868,000
Senior convertible secured note due to officer	200,000
Accrued interest due to officer	111,000
Other non-current liabilities	99,000
Total liabilities	1,278,000
Stockholders' equity:	
Common stock	149,000
Capital in excess of par value	47,979,000
Accumulated deficit	(42,823,000)
Treasury stock, at cost (101,609 shares)	5,305,000 (713,000)
Total stockholders' equity	4,592,000
	\$ 5,870,000