Report: Medtronic to invest $70 million in Israeli heart firm

Mass Device

By Brandon Glenn *[1]*

Medtronic Inc. (NYSE:MDT) plans to invest $70 million in neurostimulation device maker BioControl Medical Ltd., according to a report from an Israeli media outlet.

The deal also gives Medtronic the option to acquire the Yehud, Israel-based firm for $550 million if BioControls heart-stimulation device receives U.S. regulatory approval, *Globes* [2] reported. If the device doesnt receive Food & Drug Administration approval , the price of the option drops to $350 million.

Medtronic declined comment on the report, issuing the following statement to the *Minneapolis-St. Paul Business Journal* [3]: "Medtronic routinely looks at medical technologies from smaller or early stage companies throughout the world and invests in those we believe will advance our mission of alleviating pain, restoring health and extending life."

BioControl is developing a treatment for heart failure it calls the CardioFit. The device works by stimulating the vagus nerve, a long nerve that runs from the midsection to the brain stem and helps regulate the heart beat. BioControl says [4] the CardioFit is "the first device that treats heart conditions via nerve stimulation."

The device won European regulatory approval in December 2008. Globes reported that the device will need three more years of clinical trials before undergoing the FDA's approval process, and Medtronics investment is intended to help finance those trials.

The companies signed the deal "a few days ago, after several months of negotiations," according to Globes.

In 2006, BioControl sold its line of urology products to American Medical Systems (NSDQ:AMMD) for $50 million plus royalties.

If the report is accurate, it wouldnt mark Medtronics first major foray into Isreals device market. In February 2009, the Minnesota device giant paid $325 million [5] for Netanya, Israel-based Ventor Technologies Ltd. Ventor develops technologies delivered through catheters to treat valve diseases of the aorta, the bodys largest artery.

SOURCE [6]

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