

St. Jude Medical Signs Equity Investment and Option to Purchase Agreement with Spinal Modulation

Business Wire

St. Jude Medical, Inc. (NYSE: STJ), a global medical device company, and privately-held Spinal Modulation, Inc., today announced that they have entered into a series of agreements under which St. Jude Medical made a \$40 million equity investment in Spinal Modulation, a company that has developed an innovative neuromodulation therapy that provides a new pain management option for patients with chronic, intractable pain. The agreement provides St. Jude Medical with an exclusive option to distribute the Axiom™ Neurostimulator System, developed and manufactured by Spinal Modulation, in international markets where it is approved for sale. Additionally, St. Jude Medical will have the exclusive option to acquire the company for up to \$300 million plus certain revenue-based milestones following U.S. commercialization.

The Axiom Neurostimulator System delivers a form of spinal cord stimulation (SCS) targeting the dorsal root ganglion (DRG). The DRG are small structures that contain nerve fibers, which carry signals to the brain. Stimulating the DRG addresses chronic pain conditions that are currently underserved by traditional SCS technologies and techniques, providing more targeted therapy to patients who have lower extremity pain or very specific areas of pain that are known to be difficult to treat with traditional neurostimulation systems.

“St. Jude Medical is excited to partner with Spinal Modulation and add the unique and complementary Axiom Neurostimulator System to our existing neuromodulation portfolio,” said Eric S. Fain, M.D., president of the St. Jude Medical Implantable Electronic Systems Division. “This investment in our neuromodulation business further demonstrates St. Jude Medical’s commitment to transforming the treatment of debilitating conditions, including chronic pain, which impacts about 10 to 13 percent of the adult population and carries an economic burden of billions of dollars annually.” Unlike traditional SCS technologies that work by placing leads along the dorsal column, the Axiom Neurostimulator System’s leads are placed at the DRG and provide targeted stimulation to areas that are typically hard to treat – including the lower leg, foot and groin – and uses approximately 95 percent less power than traditional SCS therapy. There is a growing body of clinical evidence, including numerous peer-reviewed publications, substantiating the scientific approach of this treatment.

David Wood, president and chief executive officer of Spinal Modulation said, “Spinal Modulation is very pleased to begin working with St. Jude Medical to expand the market for chronic pain management and further develop neuromodulation solutions that effectively cover the entire body – head to toe, limb to limb. We look forward to collaborating with St. Jude Medical which, through its global scale,

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expertise and resources, will help us expand the reach of our innovative therapy to more physicians and patients around the world." The Axiom Neurostimulator System received European CE Mark approval in November 2011 for the management of chronic, intractable pain. The system is not approved for use in the United States. The company has received an investigational device exemption (IDE) from the U.S. Food and Drug Administration (FDA) and anticipates beginning enrollment in the second half of this year.

In connection with this series of agreements, BofA Merrill Lynch served as financial advisor and Gibson, Dunn & Crutcher LLP as legal counsel to St. Jude Medical. Leerink Swann served as financial advisor and Wilson Sonsini Goodrich & Rosati served as legal counsel to Spinal Modulation.

About Spinal Modulation Spinal Modulation is dedicated to improving the lives of patients with chronic pain by providing the next generation of neuromodulation systems through stimulation of the dorsal root ganglion. Spinal Modulation is a global medical device company based in Menlo Park, CA. The company is funded by Johnson and Johnson Development Corporation, Medtronic, Kleiner Perkins Caufield and Byers, De Novo Ventures, MedVenture Associates, and DFJ_InCube Ventures. For more information, please visit www.spinalmodulation.com or contact Spinal Modulation at info@spinalmodulation.com.

About St. Jude Medical St. Jude Medical develops medical technology and services that focus on putting more control into the hands of those who treat cardiac, neurological and chronic pain patients worldwide. The company is dedicated to advancing the practice of medicine by reducing risk wherever possible and contributing to successful outcomes for every patient. St. Jude Medical is headquartered in St. Paul, Minn. and has four major focus areas that include: cardiac rhythm management, atrial fibrillation, cardiovascular and neuromodulation. For more information, please visit sjm.com.

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