

Morgenthaler Seed Stake In Ardian Pays Off With \$800M Sale To Medtronic

By Timothy Hay

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Ardian Inc., a medical device company whose catheter offers a new treatment to people with drug-resistant hypertension, has been acquired by Medtronic Inc. for at least \$800 million after successful human trials in Europe.

Morgenthaler Ventures -- which seeded Ardian alongside incubator program The Foundry in 2003 -- has seen its largest-ever exit from a medical-device investment with the Medtronic deal, General Partner Robert Bellas said.

Bellas said he believed it was also the largest M&A deal involving a device-maker that has yet to be approved by the U.S. Food and Drug Administration.

Medtronic was another investor in the company, and already held an 11% stake at the time of the acquisition, a statement from Medtronic said. The deal involves a cash payment up front, with possible milestone-based payments equal to annual revenue growth over the next four and a half years, the statement said.

Ardian, based in Palo Alto, Calif., has come out with a device that aims to challenge the many pharmaceutical companies with treatments for hypertension.

"This device is attacking a billion-dollar market," Bellas said.

The company -- which raised more than \$66 million altogether -- also received backing from Advanced Technology Ventures, Emergent Medical Partners and Split Rock Partners, VentureWire records show.

Hypertension, which boosts the risk of coronary heart disease and stroke, affects about a third of U.S. adults, according to the American Heart Association. But drugs are only effective with about half of all patients, according to Bellas.

Ardian contends that a major source of the problem is over-activation of the sympathetic nervous system. The company has developed a catheter-based system to disrupt the renal sympathetic nerves to reduce sympathetic activation. This may enable patients with drug-resistant hypertension to lower their blood pressure.

The company completed human clinical trials in Europe, and is gearing up for similar trials in the U.S., Bellas said. Medical journal The Lancet recently ran an article saying Ardian's catheter system led to a significant drop in blood pressure.

The company has also said it aims to launch exploratory studies in heart-failure and chronic-kidney disease to see if its catheter system can help reverse the course of these conditions.

Medtronic earlier this year acquired Osteotech Inc., a provider of human bone and bone connective tissues used in transplants, for \$123 million, the company said.

<http://www.medtronic.com>

<http://ardian.com>