

## **The proposed acquisition of the stock of Guidant Corporation by Boston Scientific Corporation**

May 1, 2006

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter "JFTC") received a request for prior consultation regarding the proposed acquisition of the stock of Guidant Corporation (based in the United States; hereinafter "Guidant") by Boston Scientific Corporation (based in the United States; hereinafter "Boston"), and had been reviewing the competitive impact on Japanese medical devices market. The JFTC has responded to the parties that based on the information and explanation given by the parties, the proposed business combinations would be no violation of the Antimonopoly Act.

### **I. Outline of the proposed business combinations**

1 Boston, which manufactures and distributes medical devices, plans to acquire all of the stock of Guidant, which also manufactures and distributes medical devices.

Both Boston and Guidant distribute medical devices all over the world, and they also distribute their products in Japan through their Japanese affiliates or distributors of medical devices.

2 The main businesses of Guidant cover the following 4 fields and Guidant is competing with Boston in the fields of (3) and (4).

(1) medical devices which are used for cardiac surgery (hereinafter "CS")

(2) medical devices which are used for cardiac rhythm management (hereinafter "CRM")

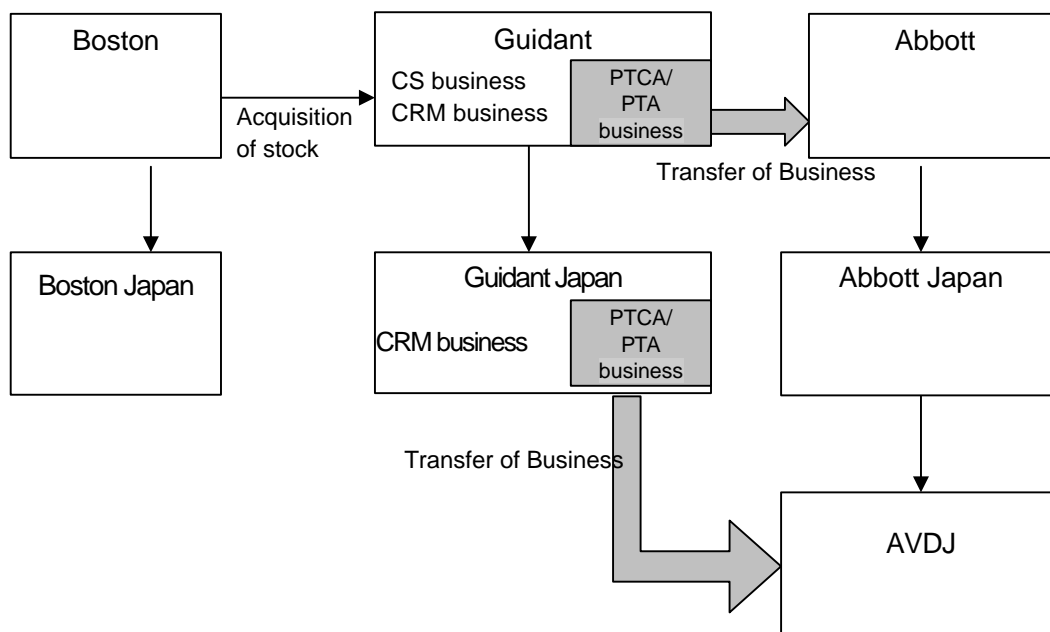
(3) medical devices which are used for percutaneous transluminal coronary angioplasty (hereinafter "PTCA")

(4) medical devices which are used for percutaneous transluminal angioplasty (hereinafter "PTA")

3 Boston plans to sell to Abbott Laboratories (based in the United States; hereinafter "Abbott"), which is a medical devices manufacturer, Guidant's worldwide businesses of (3) and (4) above. Abbott is competing with Guidant in only a small part of the businesses of (3) and (4).

4 In Japan, distribution business of PTCA devices operated by Guidant Japan K.K.

(hereinafter “Guidant Japan”) which is a Japanese affiliate of Guidant, will be transferred to Abbott Vascular Devices Japan K.K. (hereinafter “AVDJ”), which is a subsidiary of a Japanese affiliate of Abbott, named Abbott Japan K.K. (hereinafter “Abbott Japan”).



5 As for PTCA Drug Eluting Stent (hereinafter “DES”) in the Guidant’s PTCA business which Guidant is now developing, even after the business is transferred to Abbott, Boston will reserve a right to be provided with a license by Abbott concerning technology for manufacturing which Guidant has developed before the transfer of business and to request Abbott to supply the products, on a interim basis, which are made by using the technology.

**II. Views under the Antimonopoly Act**

**1. Relevant markets**

In this case, the JFTC examined competitive effects of the proposed stock acquisition of Guidant by Boston as well as the proposed transfer of Guidant’s business to Abbott.

Boston, Guidant and Abbott are actually or potentially competing with each other in the following 5 products fields in Japan; PTCA Balloon Catheters, PTA Balloon Catheters, PTA Stents, Biliary Stents and DES. Each product is considered to constitute a relevant market respectively from the viewpoint of functions and efficacy.

**2. Assessment under the Antimonopoly Act**

The effects of the proposed business combinations on competition in each relevant

market above are as follows;

**(1) PTCA Balloon Catheters**

Both Guidant's and Abbott's products are distributed in Japan. However, the increment of the combined share of these two companies is so little and the existence of the competitors with 10% and more market share is so substantial that the transfer of Guidant's business to Abbott may not substantially restrain competition in the Japanese market.

**(2) PTA Balloon Catheters, PTA Stents and Biliary Stents**

Abbott's products are distributed in Japan. However, Guidant's products are not distributed in Japan. Therefore, the transfer of Guidant's businesses to Abbott may not substantially restrain competition in the Japanese market.

**(3) DES**

- i) In Japan, there is only one company distributing DES with the approval of the Ministry of Health, Labor and Welfare and the company is only supplier of DES in Japan.  
Boston, Guidant and Abbott are now applying approval or conducting trials in order to enter the Japanese DES market and they are potentially competing with each other.
- ii) As for the transfer of Guidant's PTCA devices business (including DES) to Abbott, Abbott will acquire the product which Guidant is now developing as well as one which Abbott itself is now developing.
- iii) As for the Boston's right to be provided with a license from Abbott concerning DES technology which Guidant possesses and to request Abbott to supply the products which are made by using the technology, Boston can utilize technology of Guidant besides having its own products and therefore potential business capabilities of Boston concerning DES will be enhanced.
- iv) However, considering that the products of the only supplier of DES in Japan are still highly estimated by physicians and the company is likely to maintain high market share, and that other manufacturers are expected to enter the Japanese DES market one after another, it is likely that each manufacturer will compete vigorously. Therefore the proposed business combinations may not substantially restrain competition in the Japanese DES market.

**III. Conclusion**

In view of the above circumstances, the JFTC has considered that the proposed

business combinations may not substantially restrain competition in any relevant market of medical devices.

Contact Point: M&A Division, Economic Affairs Bureau +81-3-3581-3719