
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number: 001-37350

InVivo Therapeutics Holdings Corp.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

36-4528166
(I.R.S. Employer
Identification Number)

**One Kendall Square
Suite B14402
Cambridge, MA**
(Address of principal executive offices)

02139
(Zip code)

(617) 863-5500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **x** No **o**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes **x** No **o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer **o**

Accelerated filer **x**

Non-accelerated filer **o**
(Do not check if a smaller reporting company)

Smaller reporting company **o**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes **o** No **x**

As of October 29, 2015, 27,357,631 shares of the registrant's common stock, \$0.00001 par value, were issued and outstanding.

INVIVO THERAPEUTICS HOLDINGS CORP.
Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2015

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PART I — FINANCIAL INFORMATION

SPECIAL NOTE

All share number and share prices presented in this Quarterly Report on Form 10-Q have been adjusted to reflect the 1-for-4 reverse stock split of InVivo Therapeutics Holdings Corp.'s common stock effected on April 8, 2015.

Item 1. Financial Statements.

InVivo Therapeutics Holdings Corp.
Consolidated Balance Sheets
(In thousands, except share and per-share data)
(Unaudited)

	As of	
	September 30, 2015	December 31, 2014
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 22,146	\$ 13,459
Restricted cash	361	422
Prepaid expenses and other current assets	268	1,072
Total current assets	22,775	14,953
Property, equipment and leasehold improvements, net	1,093	1,605
Other assets	119	135
Total assets	\$ 23,987	\$ 16,693
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 797	\$ 569
Loan payable-current portion	389	320
Note payable	—	18
Derivative warrant liability	2,451	7,224
Accrued expenses	1,908	1,044
Total current liabilities	5,545	9,175

Loan payable, net of current portion	1,376	1,600
Total liabilities	<u>6,921</u>	<u>10,775</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.00001 par value, authorized 50,000,000 shares; issued and outstanding 27,042,740 and 23,453,000 shares at September 30, 2015 and December 31, 2014, respectively.	1	1
Additional paid-in capital	145,901	106,172
Accumulated deficit	(128,836)	(100,255)
Total stockholders' equity	<u>17,066</u>	<u>5,918</u>
Total liabilities and stockholders' equity	<u>\$ 23,987</u>	<u>\$ 16,693</u>

See notes to the unaudited consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
Consolidated Statements of Operations
(In thousands, except share and per-share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating expenses:				
Research and development	\$ 2,432	\$ 2,385	\$ 7,280	\$ 8,678
General and administrative	3,437	1,800	9,861	5,317
Total operating expenses	<u>5,869</u>	<u>4,185</u>	<u>17,141</u>	<u>13,995</u>
Operating loss	<u>(5,869)</u>	<u>(4,185)</u>	<u>(17,141)</u>	<u>(13,995)</u>
Other income (expense):				
Interest income	2	2	6	4
Interest expense	(32)	(35)	(97)	(102)
Derivatives gain (loss)	3,591	3,005	(11,349)	4,132
Other income (expense), net	<u>3,561</u>	<u>2,972</u>	<u>(11,440)</u>	<u>4,034</u>
Net loss	<u>\$ (2,308)</u>	<u>\$ (1,213)</u>	<u>\$ (28,581)</u>	<u>\$ (9,961)</u>
Net loss per share, basic and diluted	<u>\$ (0.09)</u>	<u>\$ (0.05)</u>	<u>\$ (1.09)</u>	<u>\$ (0.46)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>27,010,444</u>	<u>23,364,731</u>	<u>26,150,525</u>	<u>21,635,774</u>

See notes to the unaudited consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net loss	\$ (28,581)	\$ (9,961)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	527	568
Non-cash derivatives (gain) loss	11,349	(4,132)
Common stock issued to 401(k) plan	157	118
Common stock issued for services	—	282
Share-based compensation expense	3,614	2,278
Changes in operating assets and liabilities:		
Restricted cash	61	230

Prepaid expenses	804	(322)
Other assets	3	3
Accounts payable	228	(188)
Accrued expenses	865	59
Net cash used in operating activities	(10,973)	(11,065)
Cash flows from investing activities:		
Purchases of property and equipment	(2)	(14)
Net cash used in investing activities	(2)	(14)
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,009	—
Repayment of loan payable	(155)	(55)
Proceeds from exercise of warrants	7,788	—
Repayment of note payable	(18)	—
Principal payments on capital lease obligation	—	(3)
Proceeds from issuance of common stock and warrants	11,038	14,791
Net cash provided by financing activities	19,662	14,733
Increase (decrease) in cash and cash equivalents	8,687	3,654
Cash and cash equivalents at beginning of period	13,459	13,980
Cash and cash equivalents at end of period	\$ 22,146	\$ 17,634

See notes to the unaudited consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
Consolidated Statements of Cash Flows (Concluded)
(In thousands)
(Unaudited)

	Nine Months Ended, September 30,	
	2015	2014
Supplemental disclosure of cash flow information and non-cash investing and financing transactions:		
Cash paid for interest	\$ 97	\$ 77
Fair value of warrants issued in connection with underwriting agreement	\$ —	\$ 6,848
Reclassification of derivative warrant liability to additional paid-in capital in connection with exercises	\$ 16,122	\$ —

See notes to the unaudited consolidated financial statements.

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InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS

Business

InVivo Therapeutics Holdings Corp. was incorporated on April 2, 2003, and on October 26, 2010, acquired the business of InVivo Therapeutics Corporation, which was incorporated on November 28, 2005, and continued the existing business operations of InVivo Therapeutics Corporation as a wholly-owned subsidiary of InVivo Therapeutics Holdings Corp. Unless otherwise noted herein, the “Company” or “InVivo” refers to InVivo Therapeutics Holdings Corp. and its wholly-owned subsidiary on a consolidated basis. The Company is a research and clinical-stage biomaterials and biotechnology company with a focus on the treatment of spinal cord injuries. Its proprietary technologies incorporate intellectual property licensed under the Company’s exclusive, world-wide license from the Boston Children’s Hospital and the Massachusetts Institute of Technology, as well as intellectual property that has been developed internally in collaboration with its advisors and partners.

Since its inception, InVivo has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) consistent with those applied in, and should be read in conjunction with, the Company’s audited financial statements and related footnotes for the year ended December 31, 2014 included in the Company’s Annual Report on Form 10-K as filed with the United States Securities and Exchange Commission (“SEC”) on March 11, 2015. The unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the Company’s financial position as of September 30, 2015 and its results of operations and cash flows for the interim period presented and are not necessarily indicative of results for subsequent interim periods or for the full year. The interim financial statements do not include all of the information and footnotes required by GAAP for complete financial statements as allowed by the relevant SEC rules and regulations; however, the Company believes that its disclosures are adequate to ensure that the information presented is not misleading.

Reverse Stock Split

On April 8, 2015, the Company effected a reverse stock split of its common stock, par value \$0.00001 per share, at a ratio of 1-for-4. As a result of the reverse stock split, (i) every four shares of the issued and outstanding common stock were automatically converted into one newly issued and outstanding share of common stock, without any change in the par value per share; (ii) the number of shares of common stock into which each outstanding warrant or option to purchase common stock is exercisable was proportionally decreased, and (iii) the number of shares of authorized shares of common stock outstanding was proportionally decreased. Shares of common stock underlying outstanding stock options and other equity instruments convertible into common stock were proportionately reduced and the respective exercise prices, if applicable, were proportionately increased in accordance with the terms of the agreements governing such securities.

Unless otherwise indicated, all of the Company’s historical share and per share information related to issued and outstanding common stock and outstanding options and warrants exercisable for common stock in these financial statements have been adjusted, on a retroactive basis, to reflect this 1-for-4 reverse stock split.

Recently Issued Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, on disclosure of uncertainties about an entity’s ability to continue as a going concern. This guidance addresses management’s responsibility in evaluating whether there is substantial doubt about a company’s ability to continue as a going concern and to provide related footnote disclosures. The guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company does not expect the adoption of this guidance to have

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InVivo Therapeutics Holdings Corp. Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited) (In thousands, except share and per-share data)

material impact on our consolidated financial statements.

In April 2015, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2015-03, “Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs”. ASU 2015-03 is intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. This new guidance is effective for fiscal years beginning after December 15, 2015 and interim periods within those fiscal years. Early adoption is permitted. The Company is currently in the process of evaluating the impact of the adoption of this ASU on the financial statements.

2. CASH AND CASH EQUIVALENTS

As of September 30, 2015, the Company held \$22,146 in cash and cash equivalents. From time to time, the Company may have cash balances in financial institutions in excess of insurance limits. The Company has never experienced any losses related to these balances. The Company’s cash equivalents are held in money market funds. Cash and cash equivalents consisted of the following:

	September 30, 2015	December 31, 2014
Cash	\$ (27)	\$ 269
Money market fund	22,173	13,190
Total cash and cash equivalents	<u>\$ 22,146</u>	<u>\$ 13,459</u>

3. RESTRICTED CASH

Restricted cash as of September 30, 2015 was \$361 and represented \$50 of security deposits related to the Company’s credit card account and a \$311 cash account securing a standby letter of credit in favor of a landlord (see Note 5).

4. FAIR VALUE OF ASSETS AND LIABILITIES

The Company groups its assets and liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 — Valuation is based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions

involving identical assets or liabilities.

Level 2 — Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The Company uses valuation methods and assumptions that consider, among other factors, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments.

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InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	At September 30, 2015			Fair Value
	Level 1	Level 2	Level 3	
Description:				
Cash equivalents	\$ 11,002	\$ —	\$ —	\$ 11,002
Derivative warrant liability	\$ —	\$ 2,451	\$ —	\$ 2,451

	At December 31, 2014			Fair Value
	Level 1	Level 2	Level 3	
Description:				
Cash equivalents	\$ 11,000	\$ —	\$ —	\$ 11,000
Derivative warrant liability	\$ —	\$ 7,224	\$ —	\$ 7,224

See footnote 12, derivative instruments, for further information related to the derivative warrant liability.

5. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitment

On November 29, 2011 and as amended on September 17, 2012, the Company entered into a commercial lease for office, laboratory and manufacturing space in Cambridge, Massachusetts (as subsequently amended, the “Cambridge Lease”). The term of the Cambridge Lease is for six years and three months, with one five-year extension option. The Cambridge Lease also requires a standby letter of credit in the amount of \$311 (see Note 3).

The Cambridge Lease contains certain rent escalation clauses. The Company recognizes rent expense on a straight-line basis over the term of the Cambridge Lease and records the difference between the amount charged to expense and the rent paid as a deferred rent liability. As of September 30, 2015, the amount of deferred rent liability is \$417 and is included in accrued expenses.

Pursuant to the terms of the Company’s non-cancelable lease agreements in effect at September 30, 2015, the future minimum rent commitments are as follows:

Year Ended December 31,	
2015	312
2016	1,263
2017	1,289
2018	1,092
Total	\$ 3,956

Total rent expense for the nine months ended September 30, 2015 and 2014, including month-to-month leases, was \$891 and \$861, respectively. Total rent expense for each of the three month periods ended September 30, 2015 and 2014, including month-to-month leases, was \$297 and \$287, respectively.

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InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

On September 4, 2013, the Company entered into a settlement agreement with the landlord of the Cambridge Lease, which resulted in the receipt of approximately \$286 in prepaid rent as consideration for the settlement of litigation. The settlement has been included in deferred rent payable, and

the benefit will be amortized through rent expense over the term of the Cambridge Lease.

Litigation

Lawsuit with Former Employee

In November 2013, the Company filed a lawsuit against Francis Reynolds, its former Chairman, Chief Executive Officer and Chief Financial Officer, in Middlesex Superior Court, Middlesex County, Massachusetts (*InVivo Therapeutics Holdings Corp. v. Reynolds, Civil Action No. 13-5004*). The complaint alleges breaches of fiduciary duties, breach of contract, conversion, misappropriation of corporate assets, unjust enrichment, corporate waste, and seeks monetary damages and an accounting. The lawsuit involves approximately \$500,000 worth of personal and/or exorbitant expenses that the Company alleges Mr. Reynolds inappropriately caused it to pay while he was serving as the Company's Chief Executive Officer, Chief Financial Officer, President and Chairman of the Board of Directors. On December 6, 2013, Mr. Reynolds answered the complaint, and filed counterclaims against the Company and the Board of Directors. The counterclaims allege two counts of breach of contract, two counts of breach of the covenant of good faith and fair-dealing, and tortious interference with a contract, and seek monetary damages and a declaratory judgment. The counterclaims involve Mr. Reynolds's allegations that the Company and the Board interfered with the performance of his duties under the terms of his employment agreement, and that Mr. Reynolds was entitled to additional shares upon the exercise of certain stock options. On January 9, 2014, the Company, along with the directors named in the counterclaims, filed its answer. The parties are currently conducting pre-trial discovery. No judgments or rulings are pending at this stage.

Shareholder Matters and Investigations

On July 31, 2014, a putative securities class action lawsuit was filed in the United States District Court for the District of Massachusetts, naming the Company and Mr. Reynolds, as defendants (the "Securities Class Action"). The lawsuit alleges violations of the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements related to the timing and completion of the clinical study of the Company's Neuro-Spinal Scaffold™. The plaintiff seeks class certification for purchasers of the Company's common stock during the period from April 5, 2013 through August 26, 2013 and unspecified damages. On April 3, 2015, the United States District Court for the District of Massachusetts dismissed the plaintiff's claim with prejudice. Plaintiff filed a notice of appeal of this decision on May 4, 2015. A mandatory mediation conference was held on September 10, 2015. Following that conference, on October 5, 2015, plaintiff filed its opening brief with the United States Court of Appeals for the First Circuit. The defendants are scheduled to file their answering brief on November 5, 2015, with any reply brief of the plaintiff due thirty days thereafter.

On January 23, 2015, Shawn Luger, a purported shareholder of the Company, sent the Company a letter demanding that the Board take action to remedy purported breaches of fiduciary duties allegedly related to the claimed false and misleading statements that were the subject of the Securities Class Action (the "Shareholder Demand"). The Board has completed its investigation of the matters raised in the Shareholder Demand and voted unanimously not to pursue any litigation against any current or former director, officer or employee of the Company with respect to the matters set forth in the Shareholder Demand.

On August 14, 2015, Shawn Luger filed a shareholder derivative law suit on behalf of InVivo Therapeutics against certain present and former board members and company executives related to purported breaches of fiduciary duties allegedly related to the claimed false and misleading statements that were the subject of the Securities Class Action. Per the parties' stipulated schedule, the Company and the other defendants are to file their motion to dismiss this action by November 23, 2015.

In addition to the derivative law suit, the Company has received investigation subpoenas from the Boston Regional Office of the Securities and Exchange Commission (the "SEC") and the Massachusetts Securities Division of the Secretary of the Commonwealth of Massachusetts (the "MSD") requesting corporate documents also concerning, among other topics, the allegations raised in the Securities Class Action and the Shareholder Demand. On October 21, 2015, the Company received a letter from the SEC notifying the Company that it has concluded its investigation of the Company and that it does not intend to recommend an enforcement action against the Company. The Company is cooperating with the MSD investigation.

6. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	September 30, 2015	December 31, 2014
Accrued bonus	\$ 847	\$ —
Accrued legal	133	360
Accrued payroll	148	49
Deferred rent payable	417	505
Accrued vacation	232	72
Other accrued expenses	131	58
Total accrued expenses	<u>\$ 1,908</u>	<u>\$ 1,044</u>

7. NOTE PAYABLE

In May 2013, the Company entered into a contract for the purchase of an Enterprise Resource Planning ("ERP") system for \$150. The total cost for the ERP system, including interest, was \$159, with an implicit interest rate of approximately 6%.

Pursuant to the terms of the non-cancelable purchase agreement the total cost of the ERP system was paid in full during the three months ended March 31, 2015. In the third quarter of 2013, the Company abandoned the implementation of the ERP system. As such, the ERP system cost of \$150 was fully expensed in 2013. The Company reserves the right to implement the ERP system at a future date.

8. LOAN PAYABLE

In October 2012, the Company entered into a loan agreement with the Massachusetts Development Finance Agency ("MassDev"). The loan agreement provided the Company with a \$2,000 line of credit from the Massachusetts Emerging Technology Fund, with \$200 designated to be used for working capital purposes and the remainder to be used for the purchase of capital equipment. The annual interest rate is fixed at 6.5% with interest-only payments for the first thirty months, commencing on November 1, 2012, and then equal interest and principal payments over the next fifty-four months, with the final maturity on October 5, 2019. Equal monthly principal payments of approximately \$41 became due commencing on May 1, 2015. Therefore, for the years ending December 31, 2015, 2016, 2017, 2018 and 2019, principal payments of \$250, \$396, \$423, \$451 and \$400, respectively, will be due. In October 2012, the Company issued MassDev a warrant for the purchase of 9,037 shares of its common stock. The warrant has a seven-year term and is exercisable at \$6.64 per share. The fair value of the warrant was determined to be \$32 and was recorded as a deferred financing cost and is being amortized to interest expense over a seven-year period commencing in October 2012. Amortization of the deferred financing cost for the nine months ended September 30, 2015 was \$3 and is included in interest expense in the Company's consolidated statements of operations. The equipment line of credit is secured by substantially all the assets of the Company, excluding intellectual property. Interest expense related to this loan for the nine months ended September 30, 2015 and 2014 was \$97 and \$95, respectively. Interest expense related to this loan for each of the three month periods ended September 30, 2015 and 2014 was \$32 and \$32, respectively.

9. COMMON STOCK

The Company has authorized 50,000,000 shares of common stock, \$0.00001 par value per share, of which 27,042,740 shares were issued and outstanding as of September 30, 2015 and 23,453,000 shares were issued and outstanding as of December 31, 2014.

During the nine months ended September 30, 2015, the Company issued an aggregate of 198,051 shares of common stock upon the exercise of stock options, including stock options to purchase 44,921 shares of common stock exercised through cashless exercise provisions resulting in the issuance of 13,695 shares of common stock and stock options to purchase 184,355 shares of common stock exercised for cash, providing cash proceeds of \$1,009.

During the nine months ended September 30, 2015, the Company issued an aggregate of 1,378,329 shares of common stock upon the exercise of warrants, including warrants to purchase 36,937 shares of common stock exercised through cashless exercise provisions resulting in the issuance of 23,886 shares of common stock and warrants to purchase 1,354,443 shares of common stock exercised for cash, providing net cash proceeds of \$7,788.

During the nine months ended September 30, 2015, the Company issued an aggregate of 11,847 shares of common stock with a fair value of \$157 to the Company's 401(k) plan as matching contributions.

In January 2015, the Company closed a registered direct offering of an aggregate of 2,000,000 shares of common stock, resulting in net proceeds of \$11,038.

As part of the adjustment to reflect the 1-for-4 reverse stock split on April 8, 2015, 1,514 shares were issued to account for the fractional roundup of shareholders.

In July 2015, the Company entered into a Sales Agreement (the "Sales Agreement") with Cowen and Company, LLC ("Cowen") pursuant to which the Company may issue and sell from time to time shares of Common Stock having aggregate sales proceeds of up to \$50 million through an "at the market" equity offering program under which Cowen acts as the Company's sales agent. The Company is required to pay Cowen a commission of 3% of the gross proceeds from the sale of shares of Common Stock under the Sales Agreement.

The Company issued no shares of common stock under the Sales Agreement during the three months ended September 30, 2015. Following the end of the third quarter and through the date of the filing, we have raised approximately \$2,355, net, through this facility (See note 13).

10. STOCK OPTIONS

In 2007, the Company adopted the 2007 Employee, Director and Consultant Stock Plan (the "2007 Plan"). Pursuant to the 2007 Plan, the Company's Board of Directors (or committees and/or executive officers delegated by the Board of Directors) may grant incentive and nonqualified stock options to the Company's employees, officers, directors, consultants and advisors. As of September 30, 2015, there were options to purchase an aggregate of 368,159 shares of common stock outstanding under the 2007 Plan and no shares available for future grants under the 2007 Plan.

InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

On October 26, 2010, the Company's Board of Directors adopted the 2010 Equity Incentive Plan, which was subsequently approved by the Company's shareholders (the "2010 Plan"). The 2010 Plan provided for grants of incentive stock options to employees and nonqualified stock options and restricted common stock to employees, consultants and non-employee directors of the Company. The Company's shareholders approved subsequent amendments in 2012 and 2013 to increase the number of shares available for issuance under the 2010 Plan.

In 2015, the Company's Board of Directors adopted the 2015 Equity Incentive Plan, which was subsequently approved by the Company's shareholders on June 16, 2015 (the "2015 Plan," and together with the 2007 Plan and 2010 Plan, the "Plans"). The 2015 Plan replaced the 2010 Plan, and no further grants will be made under the 2010 Plan. The 2015 Plan provides for grants of incentive stock options to employees and nonqualified stock options and restricted common stock to employees, consultants and non-employee directors of the Company. The total number of shares authorized for issuance under the 2015 Plan is 4,322,355 shares, consisting of 4,000,000 shares plus 322,355 shares that remained available for grant under the 2010 Plan.

As of September 30, 2015, there were outstanding options to purchase an aggregate of 97,650 and 2,080,383 shares of common stock under the 2015 Plan and 2010 Plan, respectively. Options issued under the Plans are exercisable for up to 10 years from the date of issuance.

The Company's Employee Stock Purchase Plan (ESPP) was adopted by the board of directors and approved by the Company's shareholders on June 16, 2015. The plan allows employees to buy company stock twice a year through after-tax payroll deductions at a discount from market. The board of

directors initially authorized 187,500 shares issuance under the ESPP. Commencing on the first day of fiscal 2016 and on the first day of each fiscal year thereafter during the term of the ESPP, the number of shares of common stock reserved for issuance shall be increased by the lesser of (i) 1% of our outstanding shares of common stock on such date, (ii) 50,000 shares or (iii) a lesser amount determined by the Board. In no event shall the aggregate number of shares reserved for issuance during the term of the ESPP exceed 1,250,000 shares.

Share-based compensation

For stock options issued and outstanding for the three months ended September 30, 2015 and 2014, the Company recorded non-cash, stock-based compensation expense of approximately \$1,372 and \$682, respectively, net of forfeitures. For the nine months ended September 30, 2015 and 2014, the Company recorded non-cash, stock-based compensation expense of approximately \$3,614 and \$2,278, respectively, net of forfeitures.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. The Company uses historical data, as well as subsequent events occurring prior to the issuance of the financial statements, to estimate option exercises and employee terminations within the valuation model. The expected term of options granted under the Plans, all of which qualify as “plain vanilla,” is based on the average of the contractual term (10 years) and the vesting period (generally, 48 months). For non-employee options, the expected term is the contractual term. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option. The assumptions used principally in determining the fair value of options granted were as follows:

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InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

	September 30, 2015
Risk-free interest rate	1.70%
Expected dividend yield	0.00%
Expected term (in years)	5.91
Expected volatility	118.87%

A summary of option activity as of September 30, 2015 and changes for the period then ended are presented below (in thousands, except per share data):

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at December 31, 2014	2,606,737	\$ 6.58		
Granted	243,899	\$ 13.38		
Forfeited	(75,168)	\$ 9.13		
Exercised	(229,276)	\$ 6.19		
Outstanding at September 30, 2015	2,546,192	\$ 7.17	7.426	\$ 6,032
Vested at September 30, 2015	1,298,027	\$ 6.33	6.247	\$ 3,935

The weighted average grant-date fair value of options granted during the nine months ended September 30, 2015 was \$11.29 per share. The total fair value of options that vested for the nine months ended September 30, 2015 was approximately \$4,151. As of September 30, 2015, there was \$5,365 of total unrecognized compensation expense related to non-vested share-based option compensation arrangements. The unrecognized compensation expense is estimated to be recognized over a period of 2.48 years at September 30, 2015.

11. WARRANTS

The following table presents information about warrants to purchase common stock issued and outstanding at September 30, 2015:

Year Issued	Classification	Number of Warrants	Exercise Price	Date of Expiration
2010	Equity	364,752	\$ 5.60	10/26/2017 — 12/3/2017
2010	Equity	322,543	\$ 4.00	8/30/2017 — 12/3/2017
2011	Equity	4,017	\$ 5.60	6/17/2018
2011	Equity	85,785	\$ 12.24	12/21/2016
2012	Equity	6,054	\$ 6.64	10/5/2019
2014	Liability	395,716	\$ 5.75	5/9/2019
Total		1,178,867		
Weighted average exercise price			\$ 5.70	
Weighted average life in years				2.54

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InVivo Therapeutics Holdings Corp.
Notes to Consolidated Financial Statements for the Quarter Ended September 30, 2015 (Unaudited)
(In thousands, except share and per-share data)

12. DERIVATIVE INSTRUMENTS

The warrants issued in connection with the Company's May 2014 public offering have anti-dilution protection provisions that allow for the reduction in the exercise price of the warrants if the Company subsequently issues equity securities, including common stock or any security convertible or exchangeable for shares of common stock, for no consideration or for consideration less than the exercise price of the warrants. Accordingly, these warrants are accounted for as derivative liabilities. The Company used the Binomial Lattice option pricing model and assumptions that consider, among other factors, the fair value of the underlying stock, risk-free interest rate, volatility, expected life and dividend rates in estimating fair value for the warrants considered to be derivative instruments. Changes in fair value of the derivative financial instruments are recognized in the Company's consolidated statement of operations as a derivative gain or loss. The warrant derivative gains (losses) are non-cash income (expenses); and for the nine months ended September 30, 2015 and 2014 a gain (loss) of \$(11,349) and \$4,132, respectively, were included in other income (expense) in the Company's consolidated statement of operations.

	September 30, 2015
Risk-free interest rate	0.33%
Expected dividend yield	0.00%
Expected term (in years)	3.61
Expected volatility	95.05%

The primary underlying risk exposure pertaining to the warrants is the change in fair value of the underlying Common Stock for each reporting period.

Changes in the derivative warrant liability for the nine months ended September 30 are as follows (in thousands):

	Nine Months Ended September 30,	
	2015	2014
Balance at December 31,	\$ 7,224	\$ —
Fair value of warrants issued	—	6,848
Reduction in derivative liability due to exercise of warrants	(16,122)	—
Increase (decrease) in the fair value of warrants	11,349	(4,132)
Balance at September 30,	\$ 2,451	\$ 2,716

13. SUBSEQUENT EVENTS

In July 2015, the Company entered into a Sales Agreement (the "Sales Agreement") with Cowen and Company, LLC ("Cowen") pursuant to which the Company may issue and sell from time to time shares of Common Stock having aggregate sales proceeds of up to \$50 million through an "at the market" equity offering program under which Cowen acts as the Company's sales agent. The Company is required to pay Cowen a commission of 3% of the gross proceeds from the sale of shares of Common Stock under the Sales Agreement. Following the end of the third quarter and through the date of the filing, the Company has raised approximately \$2,355 net, pursuant to the Sales Agreement.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following management's discussion and analysis should be read in conjunction with the unaudited consolidated financial statements included elsewhere in this Quarterly Report and with our historical consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Annual Report"). The management's discussion and analysis contains forward-looking statements within the meaning of the safe harbor provisions under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include statements made regarding our clinical plans, commercialization strategy, future operations, capital requirements and other statements on our business plans and strategy, financial position, and market trends. In some cases, you can identify forward-looking statements by terms such as "believe," "plan," "intend," "anticipate," "target," "estimate," "expect" and other similar expressions. These forward-looking statements are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements in this Quarterly Report, including factors such as our ability to execute our strategy and business plan; the progress and timing of our development programs and regulatory approval for our products; the risk our research and development efforts do not lead to new products; the timing of

commercializing our products; market acceptance of our products; our ability to retain management and other key personnel; and other factors detailed under "Risk Factors" in Item 1A of our 2014 Annual Report. These forward-looking statements speak only as of the date hereof. We do not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report, except as required by law.

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Overview

We are a research and clinical-stage biomaterials and biotechnology company with a focus on the treatment of spinal cord injuries. Our proprietary technologies incorporate intellectual property licensed under an exclusive, world-wide license from Boston Children's Hospital and the Massachusetts Institute of Technology, and intellectual property that has been developed internally, including in collaboration with our advisors and partners. We intend to leverage our platform technology to develop our novel Neuro-Spinal Scaffold™, an investigational bioresorbable polymer scaffold that is designed for implantation at the site of injury within a spinal cord contusion and is intended to treat acute spinal cord injury, or SCI. We believe our Neuro-Spinal Scaffold™ will be the foundation of effective therapy for both acute and chronic SCI, and we are continually evaluating other technologies and therapeutics that may be complementary and that offer the potential to bring us closer to our goal of redefining the life of the SCI patient.

Overall, we expect our research and development (R&D) expenses to be substantial and to increase for the foreseeable future as we continue the development and clinical investigation of our current and future products. However, expenditures on R&D programs are subject to many uncertainties, including whether we develop our products with a partner or independently or whether we develop or acquire products and product candidates. At this time, due to the uncertainties and inherent risks involved in our business, we cannot estimate in a meaningful way the duration of, or the costs to complete, our R&D programs or whether, when or to what extent we will generate revenues or cash inflows from the commercialization and sale of any of our products. While we are currently focused on advancing the development of our Neuro-Spinal Scaffold™, our future R&D expenses will depend on the determinations we make as to the scientific and clinical prospects of each product candidate, as well as our ongoing assessment of the regulatory requirements and each product's commercial potential. In addition, we may make acquisitions of businesses, technologies or intellectual property rights that we believe would be necessary, useful or complementary to our current business. Any investment made in a potential acquisition could affect our results of operations and reduce our limited capital resources, and any issuance of equity securities in connection with a potential acquisition could be substantially dilutive to our stockholders.

There can be no assurance that we will be able to successfully develop or acquire any product, or that we will be able to recover our development or acquisition costs, whether upon commercialization of a developed product or otherwise. We cannot provide assurance that any of our programs under development or any acquired technologies or products will result in products that can be marketed or marketed profitably. If our development-stage programs or any acquired products or technologies do not result in commercially viable products, our results of operations could be materially adversely affected.

We were incorporated on April 2, 2003, under the name of Design Source, Inc. On October 26, 2010, we acquired the business of InVivo Therapeutics Corporation, which was founded in 2005, and continued the existing business operations of InVivo Therapeutics Corporation as our wholly-owned subsidiary. As a result of the merger and related transactions, InVivo Therapeutics Corporation was considered the accounting acquirer and therefore the historical financial results of InVivo Therapeutics Corporation are considered the financial results of the Company on a historical and going-forward basis.

Recent Events

Pilot Study Update

Our investigational degradable polymer Neuro-Spinal Scaffold™ is currently being studied in an early feasibility pilot study under our approved Investigational Device Exemption application (IDE) for the treatment of complete traumatic acute spinal cord injury. The U.S. Food and Drug Administration (FDA) approved the study, which is intended to capture the safety and feasibility of the Neuro-Spinal Scaffold™ for the treatment of complete functional spinal cord injury, as well as to gather preliminary evidence of the clinical effectiveness of the Neuro-Spinal Scaffold™.

The pilot study was initially approved for five subjects in up to six clinical sites across the United States, and as of October 2014, the number of allowable clinical sites was expanded to up to 20. We currently have 14 clinical sites open. In October 2015, the FDA approved an expansion of the study to permit enrollment of up to 10 subjects.

In October 2014, we announced that the first subject was enrolled in the pilot study at the Barrow Neurological Institute in Phoenix, Arizona. Under the conditions of the FDA's approval of our IDE application, our pilot study was initially staggered such that each patient that met the eligibility criteria would be followed for three months prior to enrolling the next patient in the study. In December 2014, barring significant safety issues, the FDA approved an expedited enrollment plan. In January 2015, about three months after the first subject was enrolled, we opened enrollment and our second subject was subsequently enrolled at the Carolinas Medical Center in Charlotte, North Carolina. In March 2015, we announced the reopening of subject enrollment for the study and in June 2015, we enrolled a third subject, who was also treated at the Carolinas Medical Center. In August 2015, we enrolled a fourth subject at the UC-Davis Medical Center in Sacramento, California, and in September 2015, the fifth subject in the pilot study was enrolled at the Keck Hospital at the University of Southern California in Los Angeles, California.

We are currently discussing plans with the FDA for the pivotal probable benefit study which may include data from the patients enrolled in the pilot study. We have fostered a collaborative relationship with the FDA, and we are optimistic that we will finalize the pivotal probable benefit study design in the coming months. Assuming that we receive FDA approval, we currently expect the pivotal study will begin in 2016, with estimated completion in 2017, which depending upon the results of the study could enable us to obtain FDA approval to commence commercialization under a HDE. However, even if we are able to obtain FDA approval of our Neuro-Spinal Scaffold™, because the Neuro-Spinal Scaffold™ is new, unproven technology, we will have to demonstrate the clinical utility of the product and gain acceptance from physicians and obtain third-party reimbursement for our product, and there can be no assurance that we will be able to do so. For major markets outside the United States, we would be required to seek regulatory approvals in those markets after the clinical studies or trials are conducted in the United States.

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Reverse Stock Split and Uplisting to Nasdaq

On April 8, 2015, we effected a reverse stock split of our common stock at a ratio of 1-for-4. As a result of the reverse stock split, every four shares of our issued and outstanding common stock were automatically converted into one newly issued and outstanding share of common stock, without any change in the par value per share. Unless otherwise indicated, all of information in this report related to our issued and outstanding common stock and outstanding options and warrants exercisable for common stock have been adjusted, on a retroactive basis, to reflect this 1-for-4 reverse stock split.

Our common stock began trading on The Nasdaq Capital Market under the symbol “NVIV” on April 17, 2015. On August 24, 2015, the listing of our common stock was transferred to the Nasdaq Global Market under the same symbol.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, we evaluate our estimates and judgments for all assets and liabilities, stock-based compensation expense and the fair value determined for stock purchase warrants classified as derivative liabilities. We base our estimates and judgments on historical experience, current economic and industry conditions and on various other factors that we believe to be reasonable under the circumstances. Such factors form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no changes in our critical accounting policies and estimates from the disclosure provided in our 2014 Annual Report.

We believe that full consideration has been given to all relevant circumstances that we may be subject to, and the consolidated financial statements accurately reflect our best estimate of the results of operations, financial position and cash flows for the periods presented.

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Results of Operations (In Thousands)

Comparison of the Three Months Ended September 30, 2015 and 2014

Research and Development Expenses

Research and development expenses consisted primarily of payments to contract research organizations and payroll. Research and development expenses for the three months ended September 30, 2015 were \$2,432, a increase of \$47 when compared to the three months ended September 30, 2014. The increase in research and development expenses for the three months ended September 30, 2015 is primarily attributed to higher clinical trial costs of \$220 and other spending of \$79. Partly offsetting these increases are lower consulting costs of \$126, lower testing and supplies costs of \$76, lower legal costs related to patents and trademarks of \$50 .

General and Administrative Expenses

General and administrative expenses consisted primarily of payroll, rent and professional services. General and administrative expenses for the three months ended September 30, 2015 were \$3,437, which reflected an increase of \$1,637 when compared to the three months ended September 30, 2014. The increase in general and administrative expenses for the three months ended September 30, 2015 was attributed to higher legal expenses of \$441, higher share-based compensation expense of \$708, higher consulting fees of \$107, an increase in investor relations expenditures of \$61, an increase in Board fees related to two additional directors of \$30, higher salary and bonus expense of \$106 and increased other expenses of \$184.

Other Income and Expense

Other expense for the three months ended September 30, 2015 was \$3,561, which was comprised of interest expense of \$32, interest income of \$2 and a derivative gain of \$3,591. The three months ended September 30, 2015 reflected an increase in expense of \$589 when compared to the three months ended September 30, 2014. The increase in other expense for the three months ended September 30, 2015 was primarily related to the change in deferred warrant liability of \$586.

Comparison of the Nine Months Ended September 30, 2015 and 2014

Research and Development Expenses

Research and development expenses consisted primarily of payments to contract research organizations and payroll. Research and development expenses for the nine months ended September 30, 2015 were \$7,280, a decrease of \$1,398 when compared to the nine months ended September 30, 2014. The decline in research and development expenses for the nine months ended September 30, 2015 is primarily attributed to lower salaries and associated benefits costs of \$624 related to the reduction in force during the second quarter of 2014, lower testing and supplies costs of \$694, a reduction in consulting fees of \$618 and lower share-based compensation expenses of \$151. These reductions were partly offset by an increase in clinical trial costs of \$432, recruiting costs of \$69 and other various expenses of \$188.

General and Administrative Expenses

General and administrative expenses consisted primarily of payroll, rent and professional services. General and administrative expenses for the nine months ended September 30, 2015 were \$9,861, which reflected an increase of \$4,544 when compared to the nine months ended September 30, 2014. The increase in general and administrative expenses for the nine months ended September 30, 2015 was attributed to higher legal expenses of \$1,867, higher share-based compensation expense of \$1,486, NASDAQ related fees of \$106, an increase in investor relations expenditures of \$311, higher consulting fees of \$280, an increase in board fees of \$74 and other expenses of \$420.

Other Income and Expense

Other expense for the nine months ended September 30, 2015 was \$11,440, which was comprised of interest expense of \$97, interest income of \$6 and a derivative loss of \$11,349. The nine months ended September 30, 2015 reflected a decrease in expense of \$15,474 when compared to the nine months ended

September 30, 2014. The decrease in other expense for the nine months ended September 30, 2015 was primarily related to the change in derivative warrant liability of \$15,481.

Liquidity and Capital Resources

Since inception, we have devoted substantially all of our efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. At September 30, 2015, we had total assets of \$23,987 and total liabilities of \$6,921, resulting in stockholders' equity of \$17,066 and a net loss of \$28,582.

We have historically financed our operations primarily through the sale of equity-related securities. In January 2015, we closed a registered direct offering of an aggregate of 2,000,000 shares of our common stock, resulting in net proceeds of approximately \$11,038. We believe our current cash and cash equivalents are adequate to fund our operations into the fourth quarter of 2016. At September 30, 2015, we had cash of approximately \$22,146.

Net cash used in operating activities for the nine months ended September 30, 2015 was approximately \$10,973, as compared to net cash used in operating activities of approximately \$11,065 for the nine months ended September 30, 2014. The change in net cash used in operating activities for the nine months ended September 30, 2015 as compared to the same period in the prior year was primarily due to lower operating costs incurred related to prepaid expenses and accounts payable balances. We also have significant commitments that will require the use of cash in operating activities in future periods, including our obligations under current operating leases. Our committed lease obligations amount to approximately \$3,956. Total commitments due for the remainder of fiscal 2015 under operating leases are approximately \$312.

Net cash used in investing activities for the nine months ended September 30, 2015 was \$2 for purchases of capital equipment. This compares favorable to the investing activity for the nine months ended September 30, 2014 of \$14.

Net cash provided by financing activities was approximately \$19,662 for the nine months ended September 30, 2015 consisting of the proceeds from our January 2015 offering and the exercise of warrants and stock options as compared to net cash provided by financing activities of approximately \$14,733 for the nine months ended September 30, 2014, which was primarily related to proceeds from the May 2014 offering.

In July 2015, the Company entered into a Sales Agreement (the "Sales Agreement") with Cowen and Company, LLC ("Cowen") pursuant to which the Company may issue and sell from time to time shares of Common Stock having aggregate sales proceeds of up to \$50 million through an "at the market" equity offering program under which Cowen acts as the Company's sales agent. The Company is required to pay Cowen a commission of 3% of the gross proceeds from the sale of shares of Common Stock under the Sales Agreement. Following the end of the third quarter and through the date of the filing, we have raised approximately \$2,355, net, through this facility.

The source, timing and availability of any future financing will depend principally upon market conditions, interest rates and, more specifically, on our progress in our exploratory, preclinical and future clinical development programs. Funding may not be available when needed, at all, or on terms acceptable to us. Lack of necessary funds may require us, among other things, to delay, scale back or eliminate some or all of our research and product development programs, planned clinical studies or trials, and our capital expenditures or to license our potential products or technologies to third parties.

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We intend to pursue opportunities to obtain additional financing in the future through equity and/or debt financings. We have filed with the SEC, and the SEC declared effective, a universal shelf registration statement which permits us to issue up to \$100 million worth of registered equity securities, of which we utilized \$12 million in our January 2015 offering and may use up to \$50 million under the Sales Agreement. Under this effective shelf registration, we have the flexibility to issue registered securities, from time to time, in one or more separate offerings or other transactions with the size, price and terms to be determined at the time of issuance. Registered securities issued using this shelf may be used to raise additional capital to fund our working capital and other corporate needs, for future acquisitions of assets, programs or businesses, and for other corporate purposes.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk related to change in interest rates which could affect our operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities. We do not use derivative financial instruments for speculative or trading purposes. For discussion of our market risk exposure, refer to Item 7A., "Quantitative and Qualitative Disclosures About Market Risk," in our 2014 Annual Report. There are no material changes in market risk from the disclosure provided in our 2014 Annual Report.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Lawsuit with Former Employee

In November 2013, the Company filed a lawsuit against Francis Reynolds, its former Chairman, Chief Executive Officer and Chief Financial Officer, in Middlesex Superior Court, Middlesex County, Massachusetts (*InVivo Therapeutics Holdings Corp. v. Reynolds, Civil Action No. 13-5004*). The complaint alleges breaches of fiduciary duties, breach of contract, conversion, misappropriation of corporate assets, unjust enrichment, corporate waste, and seeks monetary damages and an accounting. The lawsuit involves approximately \$500,000 worth of personal and/or exorbitant expenses that the Company alleges Mr. Reynolds inappropriately caused it to pay while he was serving as the Company’s Chief Executive Officer, Chief Financial Officer, President and Chairman of the Board of Directors. On December 6, 2013, Mr. Reynolds answered the complaint, and filed counterclaims against the Company and the Board of Directors. The counterclaims allege two counts of breach of contract, two counts of breach of the covenant of good faith and fair-dealing, and tortious interference with a contract, and seek monetary damages and a declaratory judgment. The counterclaims involve Mr. Reynolds’s allegations that the Company and the Board interfered with the performance of his duties under the terms of his employment agreement, and that Mr. Reynolds was entitled to additional shares upon the exercise of certain stock options. On January 9, 2014, the Company, along with the directors named in the counterclaims, filed its answer. The parties are currently conducting pre-trial discovery. No judgments or rulings are pending at this stage.

Shareholder Matters and Investigations

On July 31, 2014, a putative securities class action lawsuit was filed in the United States District Court for the District of Massachusetts, naming the Company and Mr. Reynolds, as defendants (the “Securities Class Action”). The lawsuit alleges violations of the Securities Exchange Act of 1934 in connection with allegedly false and misleading statements related to the timing and completion of the clinical study of the Company’s Neuro-Spinal Scaffold™. The plaintiff seeks class certification for purchasers of the Company’s common stock during the period from April 5, 2013 through August 26, 2013 and unspecified damages. On April 3, 2015, the United States District Court for the District of Massachusetts dismissed the plaintiff’s claim with prejudice. Plaintiff filed a notice of appeal of this decision on May 4, 2015. A mandatory mediation conference was held on September 10, 2015. Following that conference, on October 5, 2015, plaintiff filed its opening brief with the United States Court of Appeals for the First Circuit. The defendants are scheduled to file their answering brief on November 5, 2015, with any reply brief of the plaintiff due thirty days thereafter.

On January 23, 2015, Shawn Luger, a purported shareholder of the Company, sent the Company a letter demanding that the Board take action to remedy purported breaches of fiduciary duties allegedly related to the claimed false and misleading statements that were the subject of the Securities Class Action (the “Shareholder Demand”). The Board has completed its investigation of the matters raised in the Shareholder Demand and voted unanimously not to pursue any litigation against any current or former director, officer or employee of the Company with respect to the matters set forth in the Shareholder Demand.

On August 14, 2015, Shawn Luger filed a shareholder derivative law suit on behalf of InVivo Therapeutics against certain present and former board members and company executives related to purported breaches of fiduciary duties allegedly related to the claimed false and misleading statements that were the subject of the Securities Class Action. Per the parties’ stipulated schedule, the Company and the other defendants are to file their motion to dismiss this action by November 23, 2015.

In addition to the derivative law suit, the Company has received investigation subpoenas from the Boston Regional Office of the Securities and Exchange Commission (the “SEC”) and the Massachusetts Securities Division of the Secretary of the Commonwealth of Massachusetts (the “MSD”) requesting corporate documents also concerning, among other topics, the allegations raised Securities Class Action and the Shareholder Demand. On October 21, 2015, the Company received a letter from the SEC notifying the Company that it has concluded its investigation of the Company and that it does not intend to recommend an enforcement action against the Company. The Company is cooperating with the MSD investigation.

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Item 1A. Risk Factors.

There have been no material changes in the risk factors previously disclosed in Part I, Item 1A. “Risk Factors” of our 2014 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed with or incorporated by reference in this Quarterly Report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INVIVO THERAPEUTICS HOLDINGS CORP.

Date: November 5, 2015

By: /s/ Steven F. McAllister
 Name: Steven F. McAllister
 Title: Chief Financial Officer
 (Principal Financial Officer)

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EXHIBIT INDEX

Exhibit Number	Description
1.1	Sales Agreement, dated as of July 29, 2015, between InVivo Therapeutics Holdings Corp. and Cowen and Company, LLC (incorporated by reference from Exhibit 1.1 to the Registrants Current Report on Form 8-K as filed with the SEC on July 29, 2015)
10.1	Letter Agreement regarding Amendments to Employment Agreement, dated as of July 21, 2015, by and between Mark D. Perrin and InVivo Therapeutics Holding Corp.
10.2	Letter Agreement regarding Amendments to Employment Agreement, dated as of July 21, 2015, by and between Steven F. McAllister and InVivo Therapeutics Holdings Corp.
10.3	Employment Agreement, dated July 21, 2015, by and between Thomas R. Ulich, M.D and InVivo Therapeutics Holdings Corp.
10.4	Employment Agreement, dated August 3, 2015, by and between Tamara L. Joseph and InVivo Therapeutics Holdings Corp.
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

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July 21, 2015

Mark D. Perrin
110 Beverly Street #1024
Boston, MA 02114

Re: Amendments to Employment Agreement

Dear Mark,

This letter agreement serves to confirm our agreement and understanding with respect to amendments to the Employment Agreement between you and InVivo Therapeutics Holdings Corp. (the "Company") dated December 23, 2014 (the "Agreement"). Defined terms used in this agreement and not otherwise defined have the meanings given to such terms in the Agreement.

We hereby agree that the Agreement is amended as follows:

1. Section 4(b) of the Agreement is deleted in its entirety and replaced by the following new Section 4(b):

“(b) *Severance.*

- (i) If the Executive’s employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) in the absence of a Change in Control (as defined in the Company’s 2015 Equity Incentive Plan, the Company shall (A) continue to pay the Executive his base salary as in effect on the Date of Termination, paid in accordance with the Company’s usual payroll practices, for a period of 18 months following the Date of Termination, (B) accelerate the vesting of the unvested portion of any equity awards held by the Executive to the extent of 12 additional months upon the Date of Termination and (C) if the Executive is participating in the Company’s employee group health insurance plans on the Date of Termination, continue such benefits for a period of 6 months following the Date of Termination.
- (ii) If the Executive’s employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) within the twelve month period following a Change in Control, the Company shall (A) pay the Executive an amount equal to 2.0 times his base salary as in effect on the Date of Termination plus 100% of his target annual bonus, (B) accelerate in full the vesting on all outstanding, unvested equity awards held by the Executive and (C) if the Executive is participating in the Company’s employee group health insurance plans on the Date of Termination, continue such benefits for a period of 12 months following the Date of Termination.
- (iii) The payment to the Executive of the amounts payable under this Section 4(b) shall (A) be contingent upon the execution by the Executive of a release in a form reasonably acceptable to the Company and (B) constitute the sole remedy of the Executive in the event of a termination of the Executive’s employment in the circumstances set forth in this Section 4(b).”

Except as otherwise expressly modified by this letter agreement, the Agreement shall remain in full force and effect and is hereby confirmed and ratified in all respects, and as so amended by this letter agreement, shall be read, taken and construed as one instrument. Except as expressly provided for in this letter agreement, nothing in this letter agreement shall be construed as a waiver of any rights or obligations of the Executive or the Company under the Agreement.

If the foregoing correctly sets forth the entire understanding and agreement between you and the Company with respect to the subject matter of this letter agreement and the Agreement, please indicate your approval by signing in the space provided for that purpose below and return an executed copy to us.

Best Regards,

/s/ Steven F. McAllister

Steven McAllister
Chief Financial Officer

Acknowledged and Agreed:

/s/ Mark D. Perrin
Mark D. Perrin



July 21, 2015

Steven F. McAllister
27 Harvestwood Lane
Mansfield, MA 02048

Re: Amendments to Employment Agreement

Dear Mr. McAllister:

This letter agreement serves to confirm our agreement and understanding with respect to amendments to the Amended and Restated Employment Agreement between you and InVivo Therapeutics Holdings Corp. (the "Company") dated May 30, 2014, as amended by the Second Amended and Restated Employment Agreement dated June 19, 2014 (together with the Amended and Restated Employment Agreement, the "Agreement"). Defined terms used in this agreement and not otherwise defined have the meanings given to such terms in the Agreement.

We hereby agree that the Agreement is amended as follows:

1. Section 2(b) of the Agreement is amended by deleting "25%" and replacing it with "35%."
2. Section 4(b) of the Agreement is deleted in its entirety and replaced by the following new Section 4(b):

"(b) Severance.

- (i) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) in the absence of a Change in Control (as defined in the Company's 2015 Equity Incentive Plan, the Company shall (A) continue to pay the Executive his base salary as in effect on the Date of Termination, paid in accordance with the Company's usual payroll practices, for a period of 12 months following the Date of Termination and (B) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 6 months following the Date of Termination.
- (ii) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) within the twelve month period following a

Change in Control, the Company shall (A) pay the Executive an amount equal to 1.5 times his base salary as in effect on the Date of Termination plus 100% of his target annual bonus, (B) accelerate in full the vesting on all outstanding, unvested equity awards held by the Executive and (C) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 12 months following the Date of Termination.

- (iii) The payment to the Executive of the amounts payable under this Section 4(b) shall (A) be contingent upon the execution by the Executive of a release in a form reasonably acceptable to the Company and (B) constitute the sole remedy of the Executive in the event of a termination of the Executive's employment in the circumstances set forth in this Section 4(b)."

Except as otherwise expressly modified by this letter agreement, the Agreement shall remain in full force and effect and is hereby confirmed and ratified in all respects, and as so amended by this letter agreement, shall be read, taken and construed as one instrument. Except as expressly provided for in this letter agreement, nothing in this letter agreement shall be construed as a waiver of any rights or obligations of the Executive or the Company under the Agreement.

If the foregoing correctly sets forth the entire understanding and agreement between you and the Company with respect to the subject matter of this letter agreement and the Agreement, please indicate your approval by signing in the space provided for that purpose below and return an executed copy to us.

Best Regards,

/s/ Mark D. Perrin

Mark D. Perrin
Chief Executive Officer

Acknowledged and Agreed:

/s/ Steven F. McAllister
Steven F. McAllister

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, dated as of July 21, 2015 (the "Effective Date"), is made between InVivo Therapeutics Holdings Corp. (the "Company") and Thomas R. Ulich, M.D. (the "Executive").

WITNESSETH THAT:

WHEREAS, the parties desire to enter into this Employment Agreement (this "Agreement") pertaining to the employment of the Executive by the Company:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Performance of Services. The Executive's employment with the Company shall be subject to the following:

- (a) Subject to the terms of this Agreement, the Company hereby agrees to continue to employ the Executive as its Chief Scientific Officer. The Executive shall continue serve to as Chief Scientific Officer of InVivo Therapeutics Corporation, the Company's wholly owned subsidiary. The Executive shall continue to be based at the Company's headquarters in Cambridge, MA.
- (b) While the Executive is employed by the Company, the Executive shall devote his full business time, energies and talents to serving as its Chief Scientific Officer. The Executive may, however, serve on outside boards of directors, to the extent that such activities do not materially inhibit or prohibit the performance of the Executive's duties under this Agreement or conflict in any material way with the business of the Company or any subsidiary.
- (c) The Executive agrees that he shall perform his duties faithfully and efficiently subject to the directions of the Chief Executive Officer ("CEO") and the Board of Directors of the Company (the "Board"). The Executive shall not, without his consent, be assigned tasks that would be inconsistent with those of the Chief Scientific Officer. The Executive shall report to the CEO and shall have such authority, power, responsibilities and duties as are inherent in his position (and the undertakings applicable to his position) and necessary to carry out his responsibilities and the duties required of him hereunder.
- (d) The Executive's employment with the Company is "at-will," which means that either the Executive or the Company may terminate the Executive's employment at any time, for any reason, or for no reason, by providing notice thereof to the other party, subject to the terms of this Agreement. The Executive acknowledges that the Agreement does not constitute a contract of employment for any particular period of time or impose on the Company any obligation to retain the Executive as an employee. If the Executive's employment with the Company terminates for any reason, the Executive shall be deemed to have resigned, effective as of such termination, as an officer or director of any

subsidiary of the Company, and the Executive hereby agrees to promptly execute resignation letters documenting such resignations upon the request of the Company.

- (e) The Executive agrees to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein which may be adopted from time to time by the Company.

2. Compensation. Subject to the terms of this Agreement, while the Executive is employed by the Company, the Company shall compensate him for his services as follows:

- (a) Salary. The Company shall pay to the Executive a salary at the annual rate of \$325,000, effective June 29, 2015, paid in accordance with the Company's usual payroll practices. This salary will be reviewed annually by the Board (or a designated committee thereof) and may be adjusted upward (but not downward without the Executive's consent) in the sole discretion of the Board (or a designated committee thereof).
- (b) Bonus. The Executive shall be eligible to receive an annual target bonus of 35% of his annual salary, subject to his performance of specified objectives to be established by the CEO in collaboration with the Executive each year. Actual bonus payout may be below or above the annual target bonus subject to performance.
- (c) Equity Awards. The Executive shall be eligible to receive equity awards through participation in the Company's equity incentive programs, as determined in the sole discretion of the Board (or a designated committee thereof).
- (d) Other Benefits. The Executive shall be eligible for all medical, dental and other benefits and fringe benefits to the same extent and on the same terms as those benefits are provided by the Company from time to time to the Company's other senior management members, including paid vacation. In addition, the Company shall pay for the Executive's parking at or near the Company's headquarters at One Kendall Square, Cambridge, MA. The Company will reimburse the Executive for all reasonable commuting expenses from his residence in New York to the Company's headquarters and will reimburse the Executive for the costs associated with lodging while he is in Massachusetts for the performance of his duties. The Executive is approved for first class/business class air travel during the course of his employment for his regular commute or other travel required in the performance of his duties.
- (e) Expense Reimbursement. The Company will reimburse the Executive for all reasonable travel, entertainment and other expenses incurred or paid by the Executive in connection with, or related to, the performance of his duties, responsibilities or services under this Agreement, provided that such expenses are incurred and accounted for in accordance with the reasonable policies and procedures established by the Company.

- (f) Withholding. All salary, bonus and other compensation payable to the Executive shall be subject to applicable withholding taxes.
 - (g) Indemnification and Insurance.
 - (i) The Company and the Executive have entered into the Company's standard Indemnification Agreement, and such agreement remains in full force and effect.
 - (ii) The Company shall maintain directors and officers liability insurance in commercially reasonable amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as other senior management members.
3. Termination. The Executive's employment with the Company pursuant to this Agreement shall terminate upon the occurrence of any of the following:
- (a) At the election of the Company, for Cause (as defined below), immediately upon written notice by the Company to the Executive, which notice shall identify the Cause upon which the termination is based. For the purposes of this Section 3(a), "Cause" shall mean (i) a good faith finding by the Company that (A) the Executive has failed to perform his reasonably assigned duties for the Company and has failed to remedy such failure within 10 days following written notice from the Company to the Executive notifying him of such failure, (B) the Executive has engaged in dishonesty, gross negligence or misconduct, or (C) the Executive's conviction, or the entry of a pleading of guilty or nolo contendere by the Executive to, any crime involving moral turpitude or any felony;
 - (b) Upon the death or permanent disability of the Executive, if such disability renders the Executive incapable of performing his duties, as reasonably determined by the Company, and the Executive is considered disabled within the meaning of the relevant U.S. Treasury regulations;
 - (c) At the election of either party, upon not less than 10 days' prior written notice of termination; or
 - (d) At the election of the Executive, for Good Reason (as defined below), immediately upon written notice by the Executive to the Company, which notice shall identify the Good Reason upon which the termination is based. For the purposes of this Section 3(d), "Good Reason" for termination shall mean (i) a material adverse change in the Executive's authority, duties or compensation without the prior consent of the Executive, or (ii) a material breach by the Company of the terms of this Agreement, which breach is not remedied by the Company within 10 days following written notice from the Executive to the Company notifying it of such breach.
4. Rights Upon Termination. Upon the Date of Termination (as defined below), the Company shall provide to the Executive the following:
- (a) Accrued Obligations. The Company will pay the Executive his Accrued Obligations promptly following the Date of Termination. For purposes of this Agreement, "Date of Termination" means the last day the Executive is employed by the Company pursuant to

this Agreement, and "Accrued Obligations" means (i) the portion of the Executive's salary as has accrued prior to any termination of his employment with the Company and has not yet been paid, (ii) an amount equal to the value of any accrued unused vacation days or paid time off, (iii) the amount of any annual bonus declared but not yet paid and (iv) the amount of any expenses properly incurred by the Executive on behalf of the Company prior to any such termination and not yet reimbursed pursuant to Section 2(e) hereof.

- (b) Severance.
 - (i) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) in the absence of a Change in Control (as defined in the Company's 2015 Equity Incentive Plan, the Company shall (A) continue to pay the Executive his base salary as in effect on the Date of Termination, paid in accordance with the Company's usual payroll practices, for a period of 12 months following the Date of Termination and (B) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 6 months following the Date of Termination.
 - (ii) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) within the twelve month period following a Change in Control, the Company shall (A) pay the Executive an amount equal to 1.5 times his base salary as in effect on the Date of Termination plus 100% of his target annual bonus, (B) accelerate in fully the vesting on all outstanding, unvested equity awards held by the Executive and (C) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 12 months following the Date of Termination.
 - (iii) The payment to the Executive of the amounts payable under this Section 4(b) shall (A) be contingent upon the execution by the Executive of a release in a form reasonably acceptable to the Company and (B) constitute the sole remedy of the Executive in the event of a termination of the Executive's employment in the circumstances set forth in this Section 4(b).
- (c) COBRA. The Executive and any of his dependents shall be eligible for COBRA continuation coverage (as described in section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")) at the Executive's own cost to the extent permitted by applicable law.
- (d) Other Benefits. The Company shall provide any other payments or benefits to be provided to the Executive by the Company or a subsidiary pursuant to any Executive benefit plans or arrangements established or adopted by the Company or a subsidiary (including, without limitation, any rights to indemnification from the Company (or from a third-party insurer for directors and officers liability coverage) under Section 2(g) or otherwise with respect to any costs, losses, claims, suits, proceedings, damages or liabilities to which the Executive may

5. Proprietary Information.

- (a) The Executive agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning the Company's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of the Company. Without limitation, Proprietary Information shall include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, development plans, research data, clinical data, confidential communications with regulatory bodies and other third parties, financial data, personnel data, computer programs, customer and supplier lists, and contacts with or knowledge of customers or prospective customers of the Company. The Executive will not disclose any Proprietary Information to any person or entity other than employees of the Company with authorization to access the information or use the same for any purposes (other than in the performance of his duties as an Executive of the Company) without approval by an Executive of the Company, during or after his employment with the Company, unless and until such Proprietary Information has become public knowledge without fault of the Executive or such disclosure is required by law.
- (b) The Executive agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, electronic, or other tangible material containing Proprietary Information, in any form, whether created by the Executive or others, which shall come into [his/her] custody or possession, shall be the exclusive property of the Company and will be used by the Executive only in the performance of his duties for the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of the Executive shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) the Date of Termination of his employment. After such delivery, the Executive shall not retain any such materials or copies thereof or any such tangible property.
- (c) The Executive agrees that his obligation not to disclose or to use information and materials of the types set forth in Sections 5(a) and 5(b), and his obligation to return materials and tangible property, set forth in Section 5(b), also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties, including licensors and licensees, who may have disclosed or entrusted the same to the Company or to the Executive.

6. Inventions.

- (a) The Executive will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which are created, made, conceived or reduced to practice by him, or under his direction, or jointly with others, during his employment by the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Inventions").
- (b) The Executive agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all of [his/her] right, title and interest in and to all Inventions and related patents, patent applications, trade secrets, copyrights and copyright applications. However, this Section 6(b) shall not apply to Inventions which are

unrelated to the present or planned business or research and development of the Company and which are made and conceived by the Executive outside of normal working hours, outside the Company's premises and do not involve use of the Company's tools, devices, equipment or Proprietary Information. The Executive understands that, to the extent this Agreement is to be construed in accordance with the laws of any state which precludes a requirement in an Executive agreement to assign certain classes of inventions made by an Executive, this Section 6(b) shall be interpreted to not apply to any invention which a court rules and/or the Company agrees to fall within such classes.

- (c) The Executive agrees to cooperate fully with the Company, both during and after [his/her] employment with the Company, with respect to the procurement, maintenance and enforcement of patents, trademarks, copyrights and other intellectual property rights (both in the United States and foreign countries) relating to Inventions. The Executive shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Invention. The Executive further agrees that if the Company is unable to secure the signature of the Executive on any such papers with reasonable effort, an executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Executive, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as his agent and attorney-in-fact to execute any such papers on his behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Invention, under the conditions described herein.

7. Remedies. The Executive agrees and acknowledges that his breach of Section 5 or Section 6 cannot be reasonably or adequately compensated for in money damages alone and would cause irreparable injury to the Company. Accordingly, the Executive agrees that, with respect to a breach of such Sections, the Company is entitled to, in addition to all other rights and remedies available to the Company at law or in equity, specific performance and immediate injunctive relief, without posting a bond.

8. Non-Compete and Non-Solicitation.

- (a) Restricted Activities. While the Executive is employed by the Company and for a period of one year after the termination or cessation of such employment for any reason, the Executive will not directly or indirectly:

- (i) engage in any business or enterprise (whether as owner, partner, officer, director, employee, consultant, investor, lender or otherwise, except as the holder of not more than 1% of the outstanding stock of a publicly-held company) that develops, manufactures, markets, licenses, sells or provides any product or service that competes with any product or service developed, manufactured, marketed, licensed, sold or provided, or planned to be developed, manufactured, marketed, licensed, sold or provided by the Company while the Executive was employed by the Company; or
- (ii) either alone or in association with others (A) solicit, or permit any organization directly or indirectly controlled by the Executive to solicit, any employee of the Company to leave the employ of the Company, or (B) solicit for employment, hire or engage as an independent contractor, or permit any organization directly

or indirectly controlled by the Executive to solicit for employment, hire or engage as an independent contractor, any person who was employed by the Company at any time during the last six months term of the Executive's employment with the Company.

- (b) Extension. If the Executive violates the provisions of Section 8(a), the Executive shall continue to be bound by the restrictions set forth in Section 8(a) until a period of one year has expired without any violation of such provisions.
- (c) Interpretation. If any restriction set forth in Section 8(a) is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.
- (d) Equitable Remedies. The restrictions contained in this Section 8 are necessary for the protection of the business and goodwill of the Company and are considered by the Executive to be reasonable for such purpose. The Executive agrees that any breach of this Section 8 is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, the Executive agrees that the Company, in addition to such other remedies which may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach and the right to specific performance of the provisions of this Section 8 and the Executive hereby waives the adequacy of a remedy at law as a defense to such relief.

9. Compliance with Section 409A.

- (a) General. It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the timing of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive).
- (b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.
- (c) 6 Month Delay for "Specified Employees".
 - (i) If the Executive is a "specified employee," then no payment or benefit that is payable on account of the Executive's "separation from service," as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of

the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of such required delay period in order to catch up to the original payment schedule. There shall be added to any payments that are delayed pursuant to this provision interest at the prime rate as reported in the Wall Street Journal for the date of the Executive's separation from service. Such interest shall be calculated from the date on which the payment otherwise would have been made until the date on which the payment is made.

- (ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of his separation from service, the Executive is a "key employee" (within the meaning of Section 416(i) of the Code) of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.
- (d) No Acceleration of Payments. Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.
- (e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Taxable Reimbursements.

- (i) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the earlier of the date on which they would be paid under the Company's normal policies and the last day of the taxable year of the Executive following the year in which the expense was incurred.
- (ii) The amount of any Taxable Reimbursements to be provided to the Executive during any taxable year of the Executive shall not affect the expenses eligible for reimbursement to be provided in any other taxable year of the Executive.
- (iii) The right to Taxable Reimbursements shall not be subject to liquidation or exchange for another benefit.

10. Survival. The Executive agrees that his obligations under Sections 5, 6, 8 and 9 of this Agreement shall survive the termination of his employment or the Agreement Term, regardless of the reason for such termination.

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11. Acknowledgement. The Executive neither acknowledges and agrees that the Company does not desire [him/her] to use any confidential information of any prior employer during his employment hereunder and that the Company will not ask for nor accepts any such confidential information. This acknowledgement shall not reduce or otherwise affect the Executive's rights to indemnification from the Company. The Executive acknowledges that he may be deemed to be a Section 16 officer of the Company and therefore subject to the various regulatory filing responsibilities that must be met by directors, officers and principal stockholders as required by Section 16 of the Securities and Exchange Act of 1934, as amended, and the related rules and regulations of the Securities and Exchange Commission.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Massachusetts. Both parties agree to exclusive venue in the state (Middlesex County) or federal courts located in the Commonwealth of Massachusetts.

14. Successors and Assigns. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

15. Entire Agreement. This Agreement, with the Indemnification Agreement, contains the entire agreement of the parties and supersedes any prior understandings or agreements between the Executive and the Company. This Agreement may be changed only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

[Remainder of the page intentionally left blank]

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the Effective Date.

Company

InVivo Therapeutics Holdings Corp.

By: /s/ Mark D. Perrin
Name: Mark D. Perrin
Title: Chief Executive Officer

Executive

Thomas R. Ulich, M.D.

/s/ Thomas R. Ulich MD

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EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, dated as of August 3, 2015 (the "Effective Date"), is made between InVivo Therapeutics Holdings Corp. (the "Company") and Tamara L. Joseph (the "Executive").

WITNESSETH THAT:

WHEREAS, the parties desire to enter into this Employment Agreement (this "Agreement") pertaining to the employment of the Executive by the Company:

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Performance of Services. The Executive's employment with the Company shall be subject to the following:

- (a) Subject to the terms of this Agreement, the Company hereby agrees to continue to employ the Executive as its Senior Vice President, Chief Compliance Officer & General Counsel. The Executive shall continue to serve as Senior Vice President, Chief Compliance Officer & General Counsel of InVivo Therapeutics Corporation, the Company's wholly owned subsidiary. The Executive shall continue to be based at the Company's headquarters in Cambridge, MA.
- (b) While the Executive is employed by the Company, the Executive shall devote her business time, energies and talents to serving as its Senior Vice President, Chief Compliance Officer & General Counsel. The Executive may, however, serve on outside boards of directors, to the extent that such activities do not materially inhibit or prohibit the performance of the Executive's duties under this Agreement or conflict in any material way with the business of the Company or any subsidiary.
- (c) The Executive agrees that she shall perform her duties faithfully and efficiently subject to the directions of the Chief Executive Officer ("CEO") and the Board of Directors of the Company (the "Board"). The Executive shall not, without her consent, be assigned tasks that would be inconsistent with those of the Senior Vice President, Chief Compliance Officer & General Counsel. The Executive shall report to the CEO and shall have such authority, power, responsibilities and duties as are inherent in her position (and the undertakings applicable to her position) and necessary to carry out her responsibilities and the duties required of her hereunder.
- (d) The Executive's employment with the Company is "at-will," which means that either the Executive or the Company may terminate the Executive's employment at any time, for any reason, or for no reason, by providing notice thereof to the other party, subject to the terms of this Agreement. The Executive acknowledges that the Agreement does not constitute a contract of employment for any particular period of time or impose on the Company any obligation to retain the Executive as an employee. If the Executive's employment with the Company terminates for any reason, the Executive shall be deemed

to have resigned, effective as of such termination, as an officer or director of any subsidiary of the Company, and the Executive hereby agrees to promptly execute resignation letters documenting such resignations upon the request of the Company.

- (e) The Executive agrees to abide by the rules, regulations, instructions, personnel practices and policies of the Company and any changes therein which may be adopted from time to time by the Company.

2. Compensation. Subject to the terms of this Agreement, while the Executive is employed by the Company, the Company shall compensate her for her services as follows:

- (a) Salary. The Company shall pay to the Executive a salary at the annual rate of \$248,000 effective June 29, 2015, paid in accordance with the Company's usual payroll practices. This salary will be reviewed annually by the Board (or a designated committee thereof) and may be adjusted upward (but not downward without the Executive's consent) in the sole discretion of the Board (or a designated committee thereof).
- (b) Bonus. The Executive shall be eligible to receive an annual target bonus of 35% of her annual salary, subject to her performance of specified objectives to be established by the CEO in collaboration with the Executive each year. Actual bonus payout may be below or above the annual target bonus subject to performance.
- (c) Equity Awards. The Executive shall be eligible to receive equity awards through participation in the Company's equity incentive programs, as determined in the sole discretion of the Board (or a designated committee thereof).
- (d) Other Benefits. The Executive shall be eligible for all medical, dental and other benefits and fringe benefits to the same extent and on the same terms as those benefits are provided by the Company from time to time to the Company's other senior management members, including paid vacation. In addition, the Company shall pay for the Executive's parking at or near the Company's headquarters at One Kendall Square, Cambridge, MA.
- (e) Expense Reimbursement. The Company will reimburse the Executive for all reasonable travel, entertainment and other expenses incurred or paid by the Executive in connection with, or related to, the performance of her duties, responsibilities or services under this Agreement, provided that such expenses are incurred and accounted for in accordance with the reasonable policies and procedures established by the Company.
- (f) Withholding. All salary, bonus and other compensation payable to the Executive shall be subject to applicable withholding taxes.
- (g) Indemnification and Insurance.

- (i) The Company and the Executive have entered into the Company's standard Indemnification Agreement, and such agreement remains in full force and effect.
- (ii) The Company shall maintain directors and officers liability insurance in commercially reasonable amounts (as reasonably determined by the Board), and the Executive shall be covered under such insurance to the same extent as other senior management members.

3. Termination. The Executive's employment with the Company pursuant to this Agreement shall terminate upon the occurrence of any of the following:

- (a) At the election of the Company, for Cause (as defined below), immediately upon written notice by the Company to the Executive, which notice shall identify the Cause upon which the termination is based. For the purposes of this Section 3(a), "Cause" shall mean (i) a good faith finding by the Company that (A) the Executive has failed to perform her reasonably assigned duties for the Company and has failed to remedy such failure within 10 days following written notice from the Company to the Executive notifying her of such failure, (B) the Executive has engaged in dishonesty, gross negligence or misconduct, or (C) the Executive's conviction, or the entry of a pleading of guilty or nolo contendere by the Executive to, any crime involving moral turpitude or any felony;
- (b) Upon the death or permanent disability of the Executive, if such disability renders the Executive incapable of performing her duties, as reasonably determined by the Company, and the Executive is considered disabled within the meaning of the relevant U.S. Treasury regulations;
- (c) At the election of either party, upon not less than 10 days' prior written notice of termination; or
- (d) At the election of the Executive, for Good Reason (as defined below), immediately upon written notice by the Executive to the Company, which notice shall identify the Good Reason upon which the termination is based. For the purposes of this Section 3(d), "Good Reason" for termination shall mean (i) a material adverse change in the Executive's authority, duties or compensation without the prior consent of the Executive, or (ii) a material breach by the Company of the terms of this Agreement, which breach is not remedied by the Company within 10 days following written notice from the Executive to the Company notifying it of such breach.

4. Rights Upon Termination. Upon the Date of Termination (as defined below), the Company shall provide to the Executive the following:

- (a) Accrued Obligations. The Company will pay the Executive her Accrued Obligations promptly following the Date of Termination. For purposes of this Agreement, "Date of Termination" means the last day the Executive is employed by the Company pursuant to this Agreement, and "Accrued Obligations" means (i) the portion of the Executive's salary as has accrued prior to any termination of her employment with the Company and has not yet been paid, (ii) an amount equal to the value of any accrued unused vacation days or paid time off, (iii) the amount of any annual bonus declared but not yet paid and (iv) the amount of any expenses properly incurred by the Executive on behalf of the Company prior to any such termination and not yet reimbursed pursuant to Section 2(e)

hereof.

- (b) Severance.
 - (i) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) in the absence of a Change in Control (as defined in the Company's 2015 Equity Incentive Plan, the Company shall (A) continue to pay the Executive her base salary as in effect on the Date of Termination, paid in accordance with the Company's usual payroll practices, for a period of 12 months following the Date of Termination and (B) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 6 months following the Date of Termination.
 - (ii) If the Executive's employment is terminated without Cause by the Company under Section 3(c) or by the Executive for Good Reason under Section 3(d) within the twelve month period following a Change in Control, the Company shall (A) pay the Executive an amount equal to 1.5 times her base salary as in effect on the Date of Termination plus 100% of her target annual bonus, (B) accelerate in fully the vesting on all outstanding, unvested equity awards held by the Executive and (C) if the Executive is participating in the Company's employee group health insurance plans on the Date of Termination, continue such benefits for a period of 12 months following the Date of Termination.
 - (iii) The payment to the Executive of the amounts payable under this Section 4(b) shall (A) be contingent upon the execution by the Executive of a release in a form reasonably acceptable to the Company and (B) constitute the sole remedy of the Executive in the event of a termination of the Executive's employment in the circumstances set forth in this Section 4(b).
- (c) COBRA. The Executive and any of her dependents shall be eligible for COBRA continuation coverage (as described in section 4980B of the Internal Revenue Code of 1986, as amended (the "Code")) at the Executive's own cost to the extent permitted by applicable law.
- (d) Other Benefits. The Company shall provide any other payments or benefits to be provided to the Executive by the Company or a subsidiary pursuant to any Executive benefit plans or arrangements established or adopted by the Company or a subsidiary (including, without limitation, any rights to indemnification from the Company (or from a third-party insurer for directors and officers liability coverage) under Section 2(g) or otherwise with respect to any costs, losses, claims, suits, proceedings, damages or liabilities to which the Executive may

become subject which arise out of, are based upon or relate to the Executive's employment by the Company), to the extent such amounts are due from the Company in accordance with the terms of this Agreement or such plans or arrangements.

5. Proprietary Information.

- (a) The Executive agrees that all information, whether or not in writing, of a private, secret or confidential nature concerning the Company's business, business relationships or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive

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property of the Company. Without limitation, Proprietary Information shall include inventions, products, processes, methods, techniques, formulas, compositions, compounds, projects, development plans, research data, clinical data, confidential communications with regulatory bodies and other third parties, financial data, personnel data, computer programs, customer and supplier lists, and contacts with or knowledge of customers or prospective customers of the Company. The Executive will not disclose any Proprietary Information to any person or entity other than employees of the Company with authorization to access the information or use the same for any purposes (other than in the performance of her duties as an Executive of the Company) without approval by an Executive of the Company, during or after her employment with the Company, unless and until such Proprietary Information has become public knowledge without fault of the Executive or such disclosure is required by law.

- (b) The Executive agrees that all files, letters, memoranda, reports, records, data, sketches, drawings, laboratory notebooks, program listings, or other written, photographic, electronic, or other tangible material containing Proprietary Information, in any form, whether created by the Executive or others, which shall come into her custody or possession, shall be the exclusive property of the Company and will be used by the Executive only in the performance of her duties for the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of the Executive shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) the Date of Termination of her employment. After such delivery, the Executive shall not retain any such materials or copies thereof or any such tangible property.
- (c) The Executive agrees that her obligation not to disclose or to use information and materials of the types set forth in Sections 5(a) and 5(b), and her obligation to return materials and tangible property, set forth in Section 5(b), also extends to such types of information, materials and tangible property of customers of the Company or suppliers to the Company or other third parties, including licensors and licensees, who may have disclosed or entrusted the same to the Company or to the Executive.

6. Inventions.

- (a) The Executive will make full and prompt disclosure to the Company of all inventions, improvements, discoveries, methods, developments, software, and works of authorship, whether patentable or not, which are created, made, conceived or reduced to practice by her, or under her direction, or jointly with others, during her employment by the Company, whether or not during normal working hours or on the premises of the Company (all of which are collectively referred to in this Agreement as "Inventions").
- (b) The Executive agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all of her right, title and interest in and to all Inventions and related patents, patent applications, trade secrets, copyrights and copyright applications. However, this Section 6(b) shall not apply to Inventions which are unrelated to the present or planned business or research and development of the Company and which are made and conceived by the Executive outside of normal working hours, outside the Company's premises and do not involve use of the Company's tools, devices, equipment or Proprietary Information. The Executive understands that, to the extent this Agreement is to be construed in accordance with the laws of any state which precludes a requirement in an Executive agreement to assign certain classes of inventions made by an

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Executive, this Section 6(b) shall be interpreted to not apply to any invention which a court rules and/or the Company agrees to fall within such classes.

- (c) The Executive agrees to cooperate fully with the Company, both during and after her employment with the Company, with respect to the procurement, maintenance and enforcement of patents, trademarks, copyrights and other intellectual property rights (both in the United States and foreign countries) relating to Inventions. The Executive shall sign all papers, including, without limitation, copyright applications, patent applications, declarations, oaths, formal assignments, assignments of priority rights, and powers of attorney, which the Company may deem necessary or desirable in order to protect its rights and interests in any Invention. The Executive further agrees that if the Company is unable to secure the signature of the Executive on any such papers with reasonable effort, an executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Executive, and the Executive hereby irrevocably designates and appoints each executive officer of the Company as her agent and attorney-in-fact to execute any such papers on her behalf, and to take any and all actions as the Company may deem necessary or desirable in order to protect its rights and interests in any Invention, under the conditions described herein.

7. Remedies. The Executive agrees and acknowledges that her breach of Section 5 or Section 6 cannot be reasonably or adequately compensated for in money damages alone and would cause irreparable injury to the Company. Accordingly, the Executive agrees that, with respect to a breach of such Sections, the Company is entitled to, in addition to all other rights and remedies available to the Company at law or in equity, specific performance and immediate injunctive relief, without posting a bond.

8. Non-Compete and Non-Solicitation.

- (a) Restricted Activities. While the Executive is employed by the Company and for a period of one year after the termination or cessation of such employment for any reason, the Executive will not directly or indirectly:

- (i) engage in any business or enterprise (whether as owner, partner, officer, director, employee, consultant, investor, lender or otherwise, except as the holder of not more than 1% of the outstanding stock of a publicly-held company) that develops, manufactures, markets, licenses, sells or provides any product or service that competes with any product or service developed, manufactured, marketed, licensed, sold or provided, or planned to be developed, manufactured, marketed, licensed, sold or provided by the Company while the Executive was employed by the Company; or
- (ii) either alone or in association with others (A) solicit, or permit any organization directly or indirectly controlled by the Executive to solicit, any employee of the Company to leave the employ of the Company, or (B) solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by the Executive to solicit for employment, hire or engage as an independent contractor, any person who was employed by the Company at any time during the last six months term of the Executive's employment with the Company.

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- (b) Extension. If the Executive violates the provisions of Section 8(a), the Executive shall continue to be bound by the restrictions set forth in Section 8(a) until a period of one year has expired without any violation of such provisions.
- (c) Interpretation. If any restriction set forth in Section 8(a) is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.
- (d) Equitable Remedies. The restrictions contained in this Section 8 are necessary for the protection of the business and goodwill of the Company and are considered by the Executive to be reasonable for such purpose. The Executive agrees that any breach of this Section 8 is likely to cause the Company substantial and irrevocable damage which is difficult to measure. Therefore, in the event of any such breach or threatened breach, the Executive agrees that the Company, in addition to such other remedies which may be available, shall have the right to obtain an injunction from a court restraining such a breach or threatened breach and the right to specific performance of the provisions of this Section 8 and the Executive hereby waives the adequacy of a remedy at law as a defense to such relief.

9. Compliance with Section 409A.

- (a) General. It is the intention of both the Company and the Executive that the benefits and rights to which the Executive could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention. If the Executive or the Company believes, at any time, that any such benefit or right that is subject to Section 409A does not so comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the timing of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive).
- (b) Distributions on Account of Separation from Service. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of the Executive's employment shall be made unless and until the Executive incurs a "separation from service" within the meaning of Section 409A.
- (c) 6 Month Delay for "Specified Employees".
 - (i) If the Executive is a "specified employee," then no payment or benefit that is payable on account of the Executive's "separation from service," as that term is defined for purposes of Section 409A, shall be made before the date that is six months after the Executive's "separation from service" (or, if earlier, the date of the Executive's death) if and to the extent that such payment or benefit constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A. Any payment or benefit delayed by reason of the prior sentence shall be paid out or provided in a single lump sum at the end of

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such required delay period in order to catch up to the original payment schedule. There shall be added to any payments that are delayed pursuant to this provision interest at the prime rate as reported in the Wall Street Journal for the date of the Executive's separation from service. Such interest shall be calculated from the date on which the payment otherwise would have been made until the date on which the payment is made.

- (ii) For purposes of this provision, the Executive shall be considered to be a "specified employee" if, at the time of her separation from service, the Executive is a "key employee" (within the meaning of Section 416(i) of the Code) of the Company (or any person or entity with whom the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code) any stock in which is publicly traded on an established securities market or otherwise.
- (d) No Acceleration of Payments. Neither the Company nor the Executive, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.
- (e) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Executive is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(f) Taxable Reimbursements.

- (i) Any reimbursements by the Company to the Executive of any eligible expenses under this Agreement that are not excludable from the Executive's income for Federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the earlier of the date on which they would be paid under the Company's normal policies and the last day of the taxable year of the Executive following the year in which the expense was incurred.
- (ii) The amount of any Taxable Reimbursements to be provided to the Executive during any taxable year of the Executive shall not affect the expenses eligible for reimbursement to be provided in any other taxable year of the Executive.
- (iii) The right to Taxable Reimbursements shall not be subject to liquidation or exchange for another benefit.

10. Survival. The Executive agrees that her obligations under Sections 5, 6, 8 and 9 of this Agreement shall survive the termination of her employment or the Agreement Term, regardless of the reason for such termination.
11. Acknowledgement. The Executive neither acknowledges and agrees that the Company does not desire her to use any confidential information of any prior employer during her employment hereunder and that the Company will not ask for nor accepts any such confidential information. This acknowledgement shall not reduce or otherwise affect the Executive's rights to

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indemnification from the Company. The Executive acknowledges that she may be deemed to be a Section 16 officer of the Company and therefore subject to the various regulatory filing responsibilities that must be met by directors, officers and principal stockholders as required by Section 16 of the Securities and Exchange Act of 1934, as amended, and the related rules and regulations of the Securities and Exchange Commission.

12. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the Commonwealth of Massachusetts. Both parties agree to exclusive venue in the state (Middlesex County) or federal courts located in the Commonwealth of Massachusetts.
14. Successors and Assigns. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.
15. Entire Agreement. This Agreement, with the Indemnification Agreement, contains the entire agreement of the parties and supersedes any prior understandings or agreements between the Executive and the Company. This Agreement may be changed only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

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IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the Effective Date.

Company

InVivo Therapeutics Holdings Corp.

By: /s/ Mark D. Perrin
Name: Mark D. Perrin
Title: Chief Executive Officer

Executive

Tamara L. Joseph
/s/ Tamara L. Joseph

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SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Mark D. Perrin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InVivo Therapeutics Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2015

/s/ Mark D. Perrin

Mark D. Perrin

Chief Executive Officer

(Principal Executive Officer)

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Steven F. McAllister, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of InVivo Therapeutics Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2015

/s/ Steven F. McAllister

Steven F. McAllister
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of InVivo Therapeutics Holdings Corp. (the “Company”) for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark D. Perrin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 5, 2015

/s/ Mark D. Perrin

Mark D. Perrin

Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of InVivo Therapeutics Holdings Corp. (the “Company”) for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven F. McAllister, and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: November 5, 2015

/s/ Steven F. McAllister

Steven F. McAllister

Chief Financial Officer
