

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

October 6, 2016

Date of Report (Date of earliest event reported)

INVIVO THERAPEUTICS HOLDINGS CORP.

(Exact Name of Registrant as Specified in Charter)

Nevada

(State or Other

Jurisdiction of Incorporation)

001-37350

(Commission File Number)

36-4528166

(IRS Employer

Identification No.)

One Kendall Square, Suite B14402

Cambridge, Massachusetts 02139

(Address of Principal Executive Offices) (Zip Code)

(617) 863-5500

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 6, 2016 (the "Effective Date"), InVivo Therapeutics Holdings Corp. (the "Company") entered into a letter agreement (the "Agreement") with Lorianne K. Masuoka, M.D., the Company's Chief Medical Officer, in connection with Dr. Masuoka's retirement. Pursuant to the Agreement, Dr. Masuoka's employment with the Company will end effective as of January 2, 2017, unless earlier terminated pursuant to Dr. Masuoka's resignation or termination by the Company (the "Separation Date"). From the Effective Date until the Separation Date, Dr. Masuoka will continue to serve as the Company's Chief Medical Officer.

The Company also engaged Dr. Louis Vaickus to advise the Company on medical and regulatory issues as a consultant until a new permanent chief medical officer is named. Dr. Vaickus previously served as the Company's interim Chief Medical Officer from October 2013 until February 2015.

Pursuant to the Agreement, the Company will, (i) pay Dr. Masuoka severance in an amount equal to her bi-weekly base salary for twelve months, subject to customary payroll withholding and other deductions, (ii) if Dr. Masuoka elects continued health or dental insurance coverage under COBRA, pay for the monthly cost of such coverage for up to six months following the Separation Date, (iii) provide Dr. Masuoka with twelve months of outplacement counseling, (iv) pay Dr. Masuoka her 2016 annual cash bonus weighted 100% on the achievement of 2016 corporate objectives, as determined by the Company's Board of Directors for all Company employees (i.e. without any weighting to Dr. Masuoka's individual objectives) and (v) extend to January 2, 2018 the period during which Dr. Masuoka may exercise stock options that were vested as of the Separation Date. The bonus will be payable at the time that 2016 bonuses are paid to all Company employees receiving 2016 bonuses, which is expected to occur on or about March 1, 2017.

The Agreement also includes a general release of claims by Dr. Masuoka.

The foregoing description of the Agreement is only a summary and is qualified in its entirety by reference to the Agreement, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

9.01 Financial Statements and Exhibits

99.1 Letter Agreement dated October 6, 2016 by and between the Registrant and Dr. Lorianne Masuoka

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 hereunto duly authorized.

INVIVO THERAPEUTICS HOLDINGS CORP.

Date: October 11, 2016

By: /s/ Tamara Joseph
Name: Tamara Joseph
Title: SVP, General Counsel & Chief Compliance Officer



October 6, 2016

Lorianne Masuoka
142 Beverly Road
Chestnut Hill, MA 02467

Dear Lorianne:

The purpose of this letter agreement (the "Agreement") is to confirm the terms regarding your separation of employment with InVivo Therapeutics Corporation ("InVivo" or the "Company"). As more fully set forth below, InVivo desires to provide you ("Employee" or "you") with Severance Pay and Severance Benefits described below in exchange for certain agreements by you. This Agreement will become effective and enforceable on the eighth day after you sign it (the "Effective Date"), and the Reaffirmation attached at Exhibit A will become effective and enforceable on the eighth day after you sign it.

1. Separation of Employment. Your employment with InVivo shall end on January 2, 2017 (the "Separation Date"). You acknowledge that from and after the Separation Date, you have no authority to, and shall not, represent yourself as an employee or agent of the Company.
2. Transition Period — Division of roles and responsibilities and reporting. You agree that from the Effective Date until the Separation Date (the "Transition Period"), you will continue to serve as InVivo's Chief Medical Officer and fulfill all duties associated with that role, with the exception of certain duties that as of the Effective Date will be handled by a consultant whom InVivo will hire. You will continue to report to InVivo's Chief Executive Officer, who will determine the allocation of responsibilities between you and the consultant during the Transition Period. It is expected that you will continue to be responsible for all interactions with the principal investigators in the INSPIRE study, to serve as the principal contact regarding potential patients for InVivo's clinical trials, to work on abstracts and posters for medical conferences, and to complete mandatory safety training of principal investigators.
3. Severance Pay and Severance Benefits. In exchange for the mutual covenants set forth in this Agreement, including, without limitation, your timely execution, on but not before the Separation Date, and non-revocation of the Reaffirmation attached hereto as Exhibit A:

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- (i) InVivo will continue your bi-weekly base salary, less state and federal income and welfare taxes, and any other mandatory deductions under applicable laws, for twelve (12) months (the "Severance Period"), such salary continuation to commence on the first pay period that is at least eight (8) days after the Separation Date (the "Severance Pay");
 - (ii) Upon your making a timely election pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), InVivo will pay the standard employer portion of your medical and dental insurance premiums for six (6) months after the Separation Date, provided that you timely pay your regular employee contribution toward your medical and dental insurance premiums as required by InVivo or its COBRA administrator, and provided that InVivo will not be penalized by either federal or state authorities for making such payments. InVivo's obligations under this subsection are contingent on you making a timely COBRA election and remaining eligible for such coverage. Additionally, InVivo shall only be required to continue and contribute to your medical and dental insurance under this subsection to the same extent that such insurance is provided to persons employed by InVivo. After the Severance Period, you will have the right to continue your medical and dental insurance pursuant to the provisions of COBRA solely at your own cost. The "qualifying event" under COBRA shall be deemed to have commenced on the Separation Date.
 - (iii) InVivo will provide you with twelve (12) months of outplacement counseling through Essex Partners. The cost for such services will be paid directly to Essex Partners in accordance with the terms of the Company's agreement with Essex Partners.
 - (iv) InVivo will pay your 2016 cash bonus weighted 100% on the achievement of 2016 Corporate Objectives, as determined by InVivo's Board of Directors for all InVivo employees (i.e. without any weighting to your individual objectives). Your bonus will be paid at the same time as 2016 bonuses are paid to all InVivo employees, which is expected to occur on or before March 1, 2017.
 - (v) InVivo will extend to January 2, 2018 the exercise period for all stock options issued to you by the Company and vested as of the Separation Date;
 - (vi) The benefits outlined in Sections 3(ii), (iii), (iv) and (v) above are hereinafter referred to as the "Severance Benefits." The Severance Pay and Severance Benefits are not intended to be, and shall not be construed to constitute, a severance plan, and shall confer no benefit on anyone other than the parties hereto. You further acknowledge that except for (i) the specific financial consideration set forth in this Agreement, (ii) earned but unpaid regular wages earned through the Separation Date, and (iii) accrued but unused vacation earned through the Separation Date (which shall be paid to you in accordance with applicable law), you are not and shall not in the future be entitled to any other compensation from the Company including, without limitation, other wages, commissions, bonuses, incentives, vacation pay, holiday pay, or any other form of compensation or benefit. Notwithstanding the

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foregoing, nothing in this Agreement shall affect your rights to vested benefits under any Company benefits plan, including, without limitation, your rights to benefits that have been granted and have vested as of the Separation Date under the Company's 2010 and 2015 Equity Incentive Plans, 401(k) Profit Sharing Plan, or Employee Stock Purchase Plan.

4. Unemployment Benefits. You may seek unemployment benefits as a result of the termination of your employment from InVivo. Decisions regarding eligibility for and amounts of unemployment benefits are made by the applicable state unemployment agency, not by InVivo. InVivo agrees to provide any and all requested or necessary documents to enable you to seek unemployment benefits, and further agrees that it will not take a position that would interfere with your ability to obtain unemployment benefits as a result of the separation of your employment from InVivo. Nothing in this Section shall be construed to require InVivo to make untruthful statements to a state agency in connection with any claim for unemployment benefits.

5. Reference letter. If asked about your performance in your role at InVivo or the reasons for your departure, InVivo's CEO will provide a reference to the inquirer that is, at a minimum, consistent with the Form 8K announcing your retirement from InVivo.

6. Confidentiality and Other Obligations. You expressly acknowledge and agree to the following:

- (i) That on or before the Separation Date you will return to InVivo all InVivo property (including without limitation, keys, identification cards, computer equipment, computer discs and software, computer access codes, telephones, references guides, company files and documents, company credit cards, institutional manuals, etc.) and documents and any copies thereof (including, without limitation, laboratory notebooks, financial plans, management reports, and other similar documents and information), and that you will abide by any and all common law and/or statutory obligation relating to the protection and non-disclosure of InVivo's trade secrets and/or confidential and proprietary documents and information;
- (ii) That you remain obligated to and will comply with the covenants set forth in the Employee Non-Disclosure and Inventions Agreement previously executed between InVivo and you (a copy of such agreement being attached hereto as Exhibit B), which agreement also is incorporated herein by reference;
- (iii) That all information relating in any way to this Agreement, including the terms and amount of financial consideration provided for in this Agreement, shall be held confidential by you and shall not be publicized or disclosed to any person or entity (other than an immediate family member, legal counsel or financial advisor, provided that any such individual to whom disclosure is made agrees to be bound by these confidentiality obligations), except as mandated by law; and
- (iv) That you will not make any statements that are professionally or personally disparaging about, or adverse to, the interests of InVivo (including its officers,

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directors, and employees) including, but not limited to, any statements that disparage any person, product, service, finances, financial condition, capability or any other aspect of the business of InVivo, and that you will not engage in any conduct which is intended to harm professionally or personally the reputation of InVivo (including its officers, directors, and employees).

(v) Notwithstanding the foregoing, nothing in this Agreement or elsewhere (including in the Employee Non-Disclosure and Inventions Agreement attached hereto at Exhibit B) prohibits you from communicating with government agencies about possible violations of federal, state, or local laws or otherwise providing information to government agencies or participating in government agency investigations or proceedings. You are not required to notify the Company of any such communications; provided, however, that nothing herein authorizes the disclosure of information you obtained through a communication that was subject to the attorney-client privilege. Further, notwithstanding your confidentiality and nondisclosure obligations, you are hereby advised as follows pursuant to the Defend Trade Secrets Act: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

(vi) That your breach of any covenant in this Section 5 shall constitute a material breach of this Agreement and shall relieve InVivo of any further obligations hereunder and, in addition to any other legal or equitable remedy available to InVivo, shall entitle InVivo to stop providing and/or recover any Severance Pay and Severance Benefits payable or paid to you (or on your behalf) pursuant to Section 3 of this Agreement.

7. Cooperation. That during the Severance Period, you will make yourself available to InVivo, upon reasonable notice, either by telephone or, if InVivo believes necessary, in person to assist InVivo in any matter relating to the services performed by you during your employment with InVivo including, but not limited to, transitioning your duties to others at InVivo, and ensuring that all data are recorded fully and completely in any laboratory notebook, if applicable. You further agree that you will cooperate fully with InVivo in the defense or prosecution of any government investigations and any government or third-party claims or actions now in existence or which may be brought or threatened in the future against or on behalf of InVivo, including any claim or action against its directors, officers and employees. Your cooperation in connection with such claims or actions shall include your being available, within reason given the constraints of personal commitments, future employment or job search activities, to meet with InVivo to prepare for any

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proceeding, to provide truthful affidavits, to assist with any audit, inspection, proceeding or other inquiry, and to act as a witness in connection with any litigation or other legal proceeding affecting InVivo. You further agree that, should an attorney representing a party adverse to the business interests of

InVivo (including, without limitation, anyone threatening any form of legal action against InVivo) contact you (directly or indirectly), you will promptly (within 48 business hours) inform (in writing) Tamara Joseph, General Counsel of InVivo of that fact, unless prohibited from doing so under court order or otherwise as expressly permitted by Section 6(v) of this Agreement.

8. **Release of Claims.** You hereby acknowledge and agree that by signing this Agreement and the Reaffirmation attached hereto at Exhibit A, and accepting the Severance Pay and Severance Benefits provided for in this Agreement, you are waiving your right to assert any Claim (as defined below) against InVivo arising from acts or omissions that occurred on or before the Separation Date; provided, however, that any Claim that would have accrued between the Effective Date and the Separation Date will only be released upon your execution of the Reaffirmation. You also represent that you have not asserted or filed any Claim (as defined below) against InVivo.

Your waiver and release is intended to bar any form of legal claim, lawsuit, charge, complaint or any other form of action (collectively referred to as “Claims”) against InVivo seeking money or any other form of relief, including but not limited to equitable relief (whether declaratory, injunctive or otherwise), damages or any other form of monetary recovery (including but not limited to back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys’ fees and any other costs). You understand that there could be unknown or unanticipated Claims resulting from your employment with InVivo and the termination of your employment, and you agree that such Claims are included in this waiver and release.

Without limiting the generality of the previous paragraph, you specifically waive and release InVivo from any Claims arising from or related to your employment relationship with InVivo or the termination of your employment, without limitation:

- (i) Claims under any statute, ordinance, regulation, executive order, common law, constitution and/or other source of law of any state, country and/or locality (collectively and individually referred to as “Law”), including but not limited to the United States, the Commonwealth of Massachusetts and any other state or locality where you worked for InVivo;
- (ii) Claims under any Law concerning discrimination or fair employment practices, including but not limited to the Massachusetts Anti-Discrimination and Anti-Harassment Law (Massachusetts General Laws Chapter 151B), the Age Discrimination in Employment Act (29 U.S.C. § 621 *et seq.*), Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000e *et seq.*), and the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*), each as amended;
- (iii) Claims under any Law relating to wages, hours, whistleblowing, leaves of absences or any other terms and conditions of employment, including but not limited

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to the Family and Medical Leave Act of 1993 (29 U.S.C. § 2601 *et seq.*), the Worker Adjustment and Retraining Notification (WARN) Act (29 U.S.C. § 2601 *et seq.*), the Massachusetts Payment of Wages Law (Massachusetts General Laws Chapter 149, §§ 148, 150), Massachusetts General Laws Chapter 149 in its entirety, and Massachusetts General Laws Chapter 151 (including but not limited to the minimum wage and overtime provisions) each as amended. You specifically acknowledge that you are waiving any Claims for unpaid wages under these and other Laws;

- (iv) Claims under any state, federal or local common law theory;
- (v) Claims arising under the Company’s policies or benefit plans; and
- (vi) Claims arising under any other Law or constitution.

Notwithstanding the foregoing, this Section shall not release InVivo from any obligation expressly set forth in this Agreement, any indemnification rights you have or might have, and any rights you have to any vested benefit. You acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Severance Pay and Severance Benefits provided for in this Agreement. This Agreement also does not prevent you from reporting possible violations of applicable laws to government enforcement agencies without notice to the Company, or from receiving any applicable award provided by such government enforcement agencies in connection with such disclosure.

9. **OWBPA.** Because you are at least forty (40) years of age, you have specific rights under the federal Age Discrimination in Employment Act (“ADEA”) and Older Workers Benefits Protection Act (“OWBPA”), which prohibit discrimination on the basis of age. The release in Section 8 (including as reaffirmed in Exhibit A) is intended to release any Claim you may have against InVivo alleging discrimination on the basis of age under the ADEA, OWBPA and other Laws. Notwithstanding anything to the contrary in this Agreement, the release in Section 8 does not cover rights or Claims under the ADEA that arise from acts or omissions that occur after the date you sign this Agreement; provided, however, that upon your execution and non-revocation of the Reaffirmation, you understand and agree that you will have released any such rights or Claims under the ADEA that arise from any acts or omissions up to and through the Separation Date.

It is InVivo’s desire and intent to make certain that you fully understand the provisions and effects of this Agreement, including, without limitation, the Reaffirmation. To that end, InVivo hereby advises you in writing to consult with legal counsel for the purpose of reviewing the terms of this Agreement and the Reaffirmation. Consistent with the provisions of OWBPA, you have twenty-one (21) days (or until October 27, 2016) to consider and accept the provisions of this Agreement by signing below and returning it to InVivo, c/o Tamara Joseph, SVP, General Counsel, InVivo Therapeutics, One Kendall Square Bldg. 1400E, 4th Fl., Cambridge, MA 02139. You also acknowledge that you have at least twenty-one (21) days to consider and accept the provisions of the Reaffirmation by signing and returning Exhibit A (as set forth in the previous sentence) on the Separation Date.

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In addition, you may rescind your assent to this Agreement or the Reaffirmation, if, within seven (7) days after the date you sign the Agreement or the Reaffirmation, you deliver a written notice of rescission to the Company. To be effective, such notice of rescission must be hand delivered or postmarked within the seven (7) day period and sent by certified mail, return receipt requested, to Tamara Joseph at the above referenced address.

Also, consistent with the provisions of the OWBPA and other federal discrimination laws (the "Federal Discrimination Laws"), nothing in the general waiver and release set forth either in Section 8 above or in the Reaffirmation shall be deemed to prohibit you from challenging the validity of your release of Claims under the Federal Discrimination Laws or from filing a charge or complaint of age or other employment related discrimination with the Equal Employment Opportunity Commission ("EEOC"), or from participating in any investigation or proceeding conducted by the EEOC. However, your release of Claims under this Agreement, including Exhibit A, does prohibit you from seeking or receiving monetary damages or other individual-specific relief in connection with any such charge or complaint of age or other employment-related discrimination. Further, nothing in this Agreement or the Reaffirmation shall be deemed to limit the Company's right to seek immediate dismissal of such charge or complaint on the basis that your signing of this Agreement and/or the Reaffirmation constitutes a full release of any individual rights under the Federal Discrimination Laws, or the Company's right to seek restitution or other legal remedies to the extent permitted by law of the economic benefits provided to you under this Agreement in the event that you successfully challenge the validity of this release and prevail in any claim under the Federal Discrimination Laws.

10. Entire Agreement/Choice of Law/Enforceability/Jury Waiver/Successors and Assigns.

- (i) Except as otherwise expressly provided in this Agreement, this Agreement supersedes any and all other prior oral and/or written agreements, and sets forth the entire agreement between you and InVivo. No variations or modifications hereof shall be deemed valid unless reduced to writing and signed by the parties hereto.
- (ii) This Agreement shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal, and the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the internal law of the Commonwealth of Massachusetts, without giving effect to conflict of law principles. You agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to its breach, shall be commenced in Massachusetts in a court of competent jurisdiction, and that venue for such actions shall lie exclusively in Massachusetts. You also agree that a court in Massachusetts will have personal jurisdiction over you, and you waive any right to raise a defense of lack of personal jurisdiction by such a court.
- (iii) Both parties further agree that any action, demand, claim or counterclaim relating to this Agreement shall be resolved by a judge alone, and both parties hereby waive and forever renounce the right to a trial before a civil jury.

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(iv) If your release of Claims pursuant to Section 8 (as reaffirmed by Exhibit A) is determined to be unenforceable in whole or part (except for your release of federal age discrimination Claims, which shall not be subject to this sentence), the Company will have the option, in its sole discretion, to either (a) declare the entire Agreement null and void and require you to refund the Severance Pay and Severance Benefits provided for in this Agreement; or (b) enforce the portions of the Agreement found not to be unenforceable. In the event that any other provision of this Agreement is determined to be unenforceable in whole or in part (including your release of federal age discrimination Claims) the remainder of the Agreement, including the Reaffirmation, shall be enforced in full.

(v) This Agreement, including the Reaffirmation, shall inure to the benefit of InVivo and any of its successors and assigns.

By executing this Agreement and the Reaffirmation, you are acknowledging that you have been afforded sufficient time to understand the terms and effects of this Agreement and the Reaffirmation, respectively, that your agreements and obligations hereunder are made voluntarily, knowingly and without duress, and that neither InVivo nor its agents or representatives have made any representations inconsistent with the provisions of this Agreement.

To accept the terms of this Agreement, please (a) sign and return the enclosed copy of this Agreement by October 27, 2016, and (b) sign and return the enclosed Reaffirmation on, but not before, the Separation Date.

Very truly yours,

InVivo Therapeutics Corporation

ACCEPTED AND AGREED TO:

By: /s/ Mark Perrin
Mark Perrin
Chairman and CEO

/s/ Lorianne Masuoka
Lorianne Masuoka

Dated: October 6, 2016

Dated: 6 Oct 2016

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EXHIBIT A

Reaffirmation of Agreement

I hereby reaffirm as of the date below my agreement to the terms and conditions set forth above, including, without limitation the release of claims set forth in paragraph 8 above. I also agree that I have received payment for all wages due, all accrued but unused paid time off and any other amounts due and owing through the Separation Date (less applicable withholdings under state and federal law). I further confirm that I have complied with all of my obligations set forth in the Agreement. I understand that I have the right to revoke my agreement to this Reaffirmation within seven (7) days after signing it by delivering a revocation in writing to Tamara Joseph, SVP, General Counsel, InVivo Therapeutics, One Kendall Square Bldg. 1400E, 4th Fl., Cambridge, MA 02139.

EXHIBIT B**INVIVO EMPLOYEE NON-DISCLOSURE AND INVENTIONS AGREEMENT**

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INVENTION AND NON-DISCLOSURE AGREEMENT

This Agreement is made by and between InVivo Therapeutics Corporation, a Delaware corporation (hereinafter referred to collectively with its subsidiaries as the "Company"), and Lorianne Masuoka (the "Employee").

In consideration of the promotion of the Employee on or about the date hereof, the Company and the Employee agree as follows:

1. **Condition of Employment.**

The Employee acknowledges that his promotion is contingent upon his/her agreement to sign and adhere to the provisions of this Agreement. The Employee further acknowledges that the nature of the Company's business is such that protection of its proprietary and confidential information is critical to the business' survival and success.

2. **Proprietary and Confidential Information.**

(a) The Employee agrees that all information and know-how, whether or not in writing, of a private, secret or confidential nature concerning the Company's business or financial affairs (collectively, "Proprietary Information") is and shall be the exclusive property of the Company. By way of illustration, but not limitation, Proprietary Information may include discoveries, inventions, products, product improvements, product enhancements, processes, methods, techniques, formulas, compositions, compounds, negotiation strategies and positions, projects, developments, plans (including business and marketing plans), research data, clinical data, financial data (including sales costs, profits, pricing methods), personnel data, computer programs (including software used pursuant to a license agreement), customer, prospect and supplier lists, and contacts at or knowledge of customers or prospective customers of the Company. The Employee will not disclose any Proprietary Information to any person or entity other than employees of the Company or use the same for any purposes (other than in the performance of his/her duties as an employee of the Company) without written approval by an officer of the Company, either during or after his/her employment with the Company, unless and until such Proprietary Information has become public knowledge without fault by the Employee. While employed by the Company, the Employee will use the Employee's best efforts to prevent unauthorized publication or disclosure of any of the Company's Proprietary Information.

(b) The Employee agrees that all files, documents, letters, memoranda, reports, records, data, sketches, drawings, models, laboratory notebooks, program listings, computer equipment or devices, computer programs or other written, photographic, or other tangible or intangible material containing Proprietary Information, whether created by the Employee or others, which shall come into his/her custody or possession, shall be and are the exclusive property of the Company to be used by the Employee only in the performance of his/her duties for the Company and shall not be copied or removed from the Company premises except in the pursuit of the business of the Company. All such materials or copies thereof and all tangible property of the Company in the custody or possession of the Employee shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of

his/her employment. After such delivery, the Employee shall not retain any such materials or copies thereof or any such tangible property.

(c) The Employee agrees that his/her obligation not to disclose or to use information and materials of the types set forth in paragraphs 2(a) and 2(b) above, and his/her obligation to return materials and tangible property, set forth in paragraph 2(b) above, 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 who may have disclosed or entrusted the same to the Company or to the Employee in the course of the Company's business.

3. **Developments.**

(a) The Employee will make full and prompt disclosure to the Company of all discoveries, inventions, improvements, enhancements, processes, methods, techniques, developments, software, and works of authorship, whether patentable or not, (i) which have been created, made, conceived or reduced to practice by the Employee or under his/her direction or jointly with others prior to the date hereof and which relate directly or indirectly to the business of the Company or (ii) which are created, made, conceived or reduced to practice by him/her or under his/her direction or jointly with others during his/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 "Developments").

(b) The Employee agrees to assign and does hereby assign to the Company (or any person or entity designated by the Company) all his/her right, title and interest in and to all Developments and all related patents, patent applications, copyrights and copyright applications. However, this paragraph 3(b) shall not apply to Developments described in clause 3(a)(ii) above which do not relate to the business or research and development conducted or planned to be conducted by the Company at the time such Development is created, made, conceived or reduced to practice and which are made and conceived by the Employee not during normal working hours, not on the Company's premises and not using the Company's tools, devices, equipment or

Proprietary Information. The Employee understands that, to the extent this Agreement shall be construed in accordance with the laws of any state which precludes a requirement in an employee agreement to assign certain classes of inventions made by an employee, this paragraph 3(b) shall be interpreted not to apply to any invention which a court rules and/or the Company agrees falls within such classes. The Employee also hereby waives all claims to moral rights in any Developments.

(c) The Employee 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 copyrights, patents and other intellectual property rights (both in the United States and foreign countries) relating to Developments. The Employee 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 Development. The Employee further agrees that if the Company is unable, after reasonable effort, to secure the signature of the Employee on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the agent and the attorney-in-fact of the Employee, and the

Employee hereby irrevocably designates and appoints each executive officer of the Company as his/her agent and attorney-in-fact to execute any such papers on his/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 Development, under the conditions described in this sentence.

4. Other Agreements.

The Employee represents that, except as the Employee has disclosed in writing to the Company, the Employee is not bound by the terms of any agreement with any previous employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of his/her employment with the Company, to refrain from competing, directly or indirectly, with the business of such previous employer or any other party or to refrain from soliciting employees, customers or suppliers of such previous employer or other party. The Employee further represents that his/her performance of all the terms of this Agreement and the performance of his/her duties as an employee of the Company do not and will not conflict with or breach any agreement with any prior employer or other party to which the Employee is a party (including without limitation any nondisclosure or non-competition agreement), and that the Employee will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

5. United States Government Obligations.

The Employee acknowledges that the Company from time to time may have agreements with other persons or with the United States Government, or agreements thereof, which impose obligations or restrictions on the Company regarding inventions made during the course of work under such agreements or regarding the confidential nature of such work. The Employee agrees to be bound by all such obligations and restrictions which are made known to the Employee and to take all action necessary to discharge the obligations of the Company under such agreements.

6. Miscellaneous.

(a) Equitable Remedies. The restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and are considered by the Employee to be reasonable for such purpose. The Employee agrees that any breach of this Agreement 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 Employee 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 Agreement and the Employee hereby waives the adequacy of a remedy at law as a defense to such relief.

(b) Obligations to Third Parties. The Employee acknowledges and represents that this agreement and the Employee's employment with the Company will not violate any continuing obligation the Employee has to any former employer or other third party.

(c) Disclosure of this Agreement. The Employee hereby authorizes the Company to notify others, including but not limited to customers of the Company and any of the

Employee's future employers or prospective business associates, of the terms and existence of this Agreement and the Employee's continuing obligations to the Company hereunder.

(d) Not Employment Contract. The Employee acknowledges that this Agreement does not constitute a contract of employment, does not imply that the Company will continue his/her employment for any period of time and does not change the at-will nature of his/her employment.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business, provided, however, that the obligations of the Employee are personal and shall not be assigned by him or her. The Employee expressly consents to be bound by the provisions of this Agreement for the benefit of the Company or any subsidiary or affiliate thereof to whose employ the Employee may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

(f) Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

(g) Waivers. No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Massachusetts (or, if appropriate, a federal court located within Massachusetts), and the Company and the Employee each consents to the jurisdiction of such a court. The Company and the Employee each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

(i) Entire Agreement; Amendment. This Agreement supersedes all prior agreements, written or oral, between the Employee and the Company relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Employee and the Company. The Employee agrees that any change or changes in his/her duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

(j) Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

THE EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

INVIVO THERAPEUTICS CORPORATION:

Date (InVivo): 3/2/15

By: /s/ Mary Morris

Print Name: Mary Morris
Title: HR Director

EMPLOYEE:

Date (Employee): 3/2/15

By: /s/ Lorianne Masuoka

Print Name: Lorianne Masuoka
Title: Chief Medical Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, dated as of January 31, 2015 (the "Signing Date"), between InVivo Therapeutics Holdings Corp. (the "Company"), and Lorianne Masuoka, (the "Officer").

WITNESSETH THAT:

WHEREAS, the parties desire to enter into this Agreement pertaining to the employment of the Officer by the Company:

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

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

- (a) Subject to the terms of this Agreement, the Company hereby agrees to employ the Officer as its Chief Medical Officer, commencing January 31, 2015 or such other date as may be mutually agreed upon by the parties (the date of commencement of employment, the "Effective Date"). In addition, the Officer shall serve as Chief Medical Officer of InVivo Therapeutics Corporation, the Company's wholly owned subsidiary. The Officer shall be based at the Company's headquarters in Cambridge, MA.
- (b) While the Officer is employed by the Company, the Officer shall devote her full business time, energies and talents to serving as its Chief Medical Officer. The Officer may, however, serve on outside Boards, to the extent that such activities do not materially inhibit or prohibit the performance of the Officer's duties under this Agreement or conflict in any material way with the business of the Company or any subsidiary.
- (c) The Officer serves as a Section 16 officer of the company subject to the various regulatory filing responsibilities that must be met by directors, officers and principal stockholders as required by this section of the Securities and Exchange Act of 1934, as amended, and the related rules and regulations of the Securities and Exchange Commission.
- (d) The Officer 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 Officer shall not, without her consent, be assigned tasks that would be inconsistent with those of the Chief Medical Officer. The Officer 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.

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- (e) The Officer's employment with the Company shall be "at-will", which means that either the Officer or the Company may terminate the Officer'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 Officer 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 Officer as an employee. If the Officer's employment with the Company terminates for any reason, the Officer shall be deemed to have resigned, effective as of such termination, as an officer or director of any subsidiary of the Company, and the Officer hereby agrees to promptly execute resignation letters documenting such resignations upon the request of the Company.
- (f) The Officer agrees to abide by the reasonable and lawful 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 Officer is employed by the Company, the Company shall compensate her for her services as follows:

- (a) **Salary.** For services rendered under this Agreement, the Company shall pay the Officer a salary at the annual rate of \$310,000.00, paid in accordance with the Company's usual payroll practices. This salary will be reviewed annually and will be adjusted upward (but not downward without the Officer's consent) no less frequently than annually.
- (b) **Bonus.** The Officer shall be eligible to receive an annual target bonus of 25% of her annual salary, subject to her performance of specified objectives to be established by the CEO at latest by June 30th each year. Actual bonus payout may be below or above the annual target bonus subject to performance.
- (c) **Stock Option.** The Officer shall be eligible to receive a stock option to purchase 500,000 shares of common stock at an exercise price equal to the closing price of a share of common stock priced at market value on the first date of employment. InVivo Therapeutics Holdings Corp. options vest at 25% in year one and then monthly over a 4-year schedule thereafter. An example of the company's NQO Agreement included herein.
- (d) **Other Benefits.** The Officer shall be eligible for all medical, dental and other benefits and fringe benefits, including, without limitation, 20 days of paid time off each calendar year, 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 Executives. In addition, the Company shall pay for the Officer's parking at or near the Company's headquarters at One Kendall Square, Cambridge, MA.

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- (e) Expense Reimbursement. The Company will reimburse the Executive for all reasonable travel, entertainment and other expenses incurred or paid by the Officer 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 Officer shall be subject to applicable withholding taxes.
- (g) Indemnification and Insurance.
 - (i) The Company and the Officer, contemporaneously with the execution of this Agreement, shall execute the Company's standard Indemnification Agreement, which shall be dated the Effective Date.
 - (ii) The Company shall maintain directors and officers liability insurance in commercially reasonable amounts (as reasonably determined by the Board), and the Officer shall be covered under such insurance to the same extent as other senior management Executives of the Company and the Board.

3. Termination. The Officer'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 Officer, 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 Officer notifying her of such failure, (B) The Officer has engaged in dishonesty, gross negligence or misconduct, or (C) The conviction of the Officer of, 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 Officer, if such disability renders the Officer incapable of performing her duties, as reasonably determined by the Company and confirmed in writing by the Officer's treating physician;
 - (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 Officer, for Good Reason (as defined below), immediately upon written notice by the Officer to the Company, which notice shall identify the Good

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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 Officer'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 Officer to the Company notifying it of such breach.

4. Rights Upon Termination. Upon the Officer's Date of Termination, the Company shall provide to the Officer the following:
- (a) Accrued obligations. The Company will pay the Officer her Accrued Obligations promptly following such termination. For purposes of this Agreement, "Date of Termination" means the last day the Officer 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 Officer on behalf of the Company prior to any such termination and not yet reimbursed pursuant to Section 2(e) hereof.
 - (b) Severance. If the Officer's employment is terminated (i) by the Company without Cause within six months following a Change of Control (as defined in the Company's 2010 Equity Incentive Plan), (ii) under Section 3(c) (only if termination is elected by the Company, not if elected by the Officer) or (iii) under Section 3(d), the Company shall continue to pay the Officer 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 six (6) months following the Date of Termination. The payment to the Officer of the amounts payable under this Section 4(b) shall (i) be contingent upon the execution by the Officer of a release in a form reasonably acceptable to the Company and (ii) 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 Officer 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 Officer'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 Officer by the Company or a subsidiary pursuant to any Executive benefit plans or arrangements established or adopted by the Company or a subsidiary

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(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 Officer may become subject which arise out of, are based upon or relate to the Officer'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 Officer 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 Officer will not disclose any Proprietary Information to any person or entity other than Executives 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 Officer of the Company) without approval by an officer 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 Officer 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 Officer or others, which shall come into her custody or possession, shall be the exclusive property of the Company and will be used by the Officer 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 Officer shall be delivered to the Company, upon the earlier of (i) a request by the Company or (ii) termination of her employment. After such delivery, the Officer shall not retain any such materials or copies thereof or any such tangible property.
- (c) The Officer 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.

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6. Inventions.

- (a) The Officer 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 Officer 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 Officer 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 Officer 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 Officer 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 Officer 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 Officer further agrees that if the Company is unable to secure the signature of the Officer 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 Officer, and the Officer 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 Officer agrees and acknowledges that her breach of Section 5 or 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

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relief, without posting a bond.

8. Non-Compete and Non-Solicitation.

- (a) Restricted Activities. While the Officer is employed by the Company and for a period of one (1) year after the termination or cessation of such employment for any reason, the Officer 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 (i) solicit, or permit any organization directly or indirectly controlled by the Executive to solicit, any Executive of the Company to leave the employ of the Company, or (ii) solicit for employment, hire or engage as an independent contractor, or permit any organization directly or indirectly controlled by the Officer 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 Officer's employment with the Company.
- (b) Extension. If the Officer 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 (1) 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 Officer to be reasonable for such purpose. The Officer 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 Officer 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

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this Section 8 and the Officer 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 Officer that the benefits and rights to which the Officer 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 Officer 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 Officer's employment shall be made unless and until the Officer incurs a "separation from service" within the meaning of Section 409A.
- (c) 6 Month Delay for "Specified Employees".
- (i) If the Officer is a "specified employee", then no payment or benefit that is payable on account of the Officer'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 Officer's "separation from service" (or, if earlier, the date of the Officer'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 Officer'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 Officer shall be considered to be a "specified employee" if, at the time of her or her separation from service, the Officer 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

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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 Officer, 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 Officer 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 Officer of any eligible expenses under this Agreement that are not excludable from the Officer'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 Officer following the year in which the expense was incurred.
- (ii) The amount of any Taxable Reimbursements to be provided to the Officer during any taxable year of the Officer shall not affect the expenses eligible for reimbursement to be provided in any other taxable year of the Officer.
- (iii) The right to Taxable Reimbursements shall not be subject to liquidation or exchange for another benefit.
10. Survival. The Officer 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 Officer 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 Officer's rights to indemnification from the Company.
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.

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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 shall be enforceable by the Officer and her heirs, executors, administrators and legal representatives, and by 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 Officer 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 Signing Date.

Company

InVivo Therapeutics Holdings Corp.

By: /s/ Mark. D. Perrin

Name: Mark D. Perrin

Title: Chief Executive Officer

Executive

Lorianne K. Masuoka, MD

/s/ Lorianne K. Masuoka, MD

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July 21, 2015

Lorianne K. Masuoka, M.D.
142 Beverly Road
Chestnut Hill, MA 02467

Re: Amendments to Employment Agreement

Dear Ms. Masuoka:

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 January 31, 2015 (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 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 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/ Lorianne K. Masuoka, M.D.
Lorianne K. Masuoka, M.D.