UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-37406

CORINDUS VASCULAR ROBOTICS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**30-0687898**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

309 Waverley Oaks Road, Suite 105, Waltham, MA 02452
(Address of principal executive offices)

(508) 653-3335
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.0001 par value per share	NYSE MKT

Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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 ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant, as of June 30, 2016 (the last business day of the registrant's second quarter of fiscal 2016), was approximately $79,340,461. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of March 8, 2017, the registrant had outstanding 119,025,221 shares of common stock, $0.0001 par value, which is its only class of common stock.

CORINDUS VASCULAR ROBOTICS, INC.
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FOR THE YEAR ENDED DECEMBER 31, 2016

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CorPath ® is a registered trademark of our company. This Annual Report may also contain trademarks and trade names of other companies.

This Annual Report includes market and industry data that we obtained from periodic industry publications, third-party studies and surveys, government agency sources, filings of public companies in our industry, and internal company surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the foregoing industry and market data to be reliable at the date of the report, this information could prove to be inaccurate as a result of a variety of matters.

PART I

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the information incorporated by reference in this Annual Report contain forward-looking statements that involve substantial risks and uncertainties. For example, statements regarding our operations, financial position, business strategy, product development, and other plans and objectives for future operations, and assumptions and predictions about future product development and demand, research and development, marketing, expenses and sales are all forward-looking statements. These statements may be found in the items of this Annual Report entitled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in this Annual Report generally. These statements are generally accompanied by words such as "intend," "anticipate," "believe," "estimate," "target," "project," "potential," "continue," "forecast," "predict," "plan," "may," "will," "could," "would," "should," "expect," or the negative of such terms or other comparable terminology.

We have based these forward-looking statements on our current expectations and projections about future events. We believe that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to us on the date hereof, but we cannot assure you that these assumptions and expectations will prove to have been correct or that we will take any action that we may presently be planning. These forward-looking statements are inherently subject to known and unknown risks and uncertainties. Actual results or experience may differ materially from those expected or anticipated in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, research and product development uncertainties, regulatory policies and approval requirements, competition from other similar businesses, market and general economic factors, and the other risks discussed in Item 1A of this Annual Report. This discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this Annual Report.

We have identified some of the important factors that could cause future events to differ from our current expectations and they are described in this Annual Report in the section entitled "Risk Factors" that you should review carefully. Please consider our forward-looking statements in light of those risks as you read this Annual Report. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we project. We do not undertake to update any forward-looking statements or to publicly announce the results of any revisions to any statements to reflect new information or future events or developments.

EXPLANATORY NOTE

Unless the context otherwise requires, the terms "Company," "we," "us," or "our" refer to Corindus Vascular Robotics, Inc., a Delaware corporation, together with our subsidiaries, Corindus, Inc., a Delaware corporation, and Corindus Security Corporation, a Delaware corporation. Where appropriate, content related only to Corindus, Inc. is referenced as Corindus, Inc.

MARKET, INDUSTRY AND OTHER DATA

Unless otherwise indicated, information contained in this Report concerning our industry and the markets in which we operate, including information regarding our general expectations and market position, market opportunity and market size, is based on information from various sources and on assumptions that we have made based on such information and other similar sources and on our knowledge of the markets for our products. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors and could differ materially from those expressed in the programs, assumptions and estimates made by third parties and by us.

ITEM 1. BUSINESS.

Overview

We design, manufacture and sell precision vascular robotic-assisted systems for use in interventional vascular procedures (the "CorPath ® System"). The CorPath System is the first medical device cleared by the U.S. Food and Drug Administration ("FDA") to bring robotic-assisted precision to radial, coronary and peripheral procedures. During these procedures, the interventional cardiologist sits at a radiation-shielded workstation to advance interventional devices with millimeter-by-millimeter precision. The workstation allows the physician greater control and the freedom from wearing heavy lead protective equipment that causes musculoskeletal injuries. The CorPath System brings robotic precision to radial and complex interventional procedures to help optimize clinical outcomes and minimize the costs associated with complications of improper stent placement with manual procedures. In October 2016, we announced that we had received 510(k) clearance from the FDA for our CorPath GRX System, the second generation of the CorPath System. CorPath GRX significantly builds upon the CorPath 200 platform, adding a significant number of key upgrades that increase precision, improve workflow, and extend the capabilities and range of the procedures that can be performed robotically. These features include active guide management which enables control of the guide catheter along with robotic control of the guidewire and balloon or stent catheter, with one-millimeter advancement, from the control console. This precise positioning will enable physicians to adjust guide catheter position during procedures, and may expand use of CorPath to more complex cases. We began commercial shipment of the CorPath GRX System in late January, 2017. While the CorPath GRX has been cleared for and we are targeting percutaneous coronary intervention procedures and, for the CorPath 200, an additional indication for peripheral vascular interventions, we believe our technology platform has the capability to be developed in the future for other segments of the vascular market, including neurointerventional and other more complex cardiac interventions such as structural heart. As of December 31, 2016, we have installed 45 CorPath 200 Systems, including three CorPath 200 Systems in hospitals outside of the U.S.

Corporate History

Our Company was incorporated under the laws of the State of Nevada on May 4, 2011 under the name "Your Internet Defender Inc." On August 12, 2014, we closed (the "Closing") a reverse acquisition transaction (the "Acquisition") in which we acquired Corindus, Inc. and Corindus Security Corporation as wholly owned subsidiaries. Immediately following the Closing, the business of Corindus, Inc. became our sole focus. We subsequently changed our name to Corindus Vascular Robotics, Inc. and increased our authorized capital stock to 260,000,000 shares (250,000,000 shares of common stock, $0.0001 par value per share, and 10,000,000 shares of preferred stock, $0.0001 par value per share). Effective June 28, 2016, our Company changed its state of incorporation from the State of Nevada to the State of Delaware.

On May 28, 2015, we completed a public offering by issuing 12,650,000 shares of our common stock at $3.80 per share in exchange for proceeds of $44,392,000 net of underwriting discounts, commissions and other offering costs. In connection with the public offering, our common stock was approved for listing on the NYSE MKT, where it commenced trading on May 29, 2015 under the symbol "CVRS". Our Company's common stock was previously traded on the OTCQB as provided by OTC Markets Group, Inc. under the symbol "CVRS."

Percutaneous Coronary Intervention History and Development

PCI, sometimes known as coronary angioplasty, is a non-surgical technique used to open stenotic (narrowed or blocked) coronary arteries found in coronary artery disease. Coronary arteries supply the heart muscle with blood. PCI requires the use of a cardiac catheterization suite (sometimes called a cath lab) with special equipment, x-ray capability and trained personnel. Usually, access to the patient's heart and major blood vessels is obtained percutaneously through the femoral artery in the groin area. The artery is punctured through the skin with a special needle. Under x-ray guidance, a guide catheter is introduced through the femoral artery up to the aorta (large artery from the heart) and then gently advanced into the blocked coronary artery. The catheter and its devices are passed through the inside of the artery into an area of coronary artery narrowing or blockage. At the leading tip of this catheter, several different devices (such as a balloon, stent or cutting device) can be deployed. A balloon is used to open the coronary artery and restore blood flow. Usually at that time, a stent (a mesh-like tube that holds open the artery) is placed to maintain good blood flow through the damaged area.

PCI is the single highest-volume vascular intervention, with more than 2.5 million procedures performed on a global basis annually according to J.P. Morgan's 2014 Interventional Cardiology Market Model. PCI can be used to relieve or reduce angina, prevent heart attacks and alleviate congestive heart failure and allows some patients to avoid open heart surgery, which often involves an extensive procedure and a long rehabilitation period.

The first PCI procedure, then known as percutaneous transluminal coronary angioplasty, was performed in Zurich in September 1977 by Andreas Gruentzig, a Swiss radiologist. The early procedures had limited success due to risks associated with the use of large guide catheters that could easily rupture the vessel, no availability of guidewires and large balloon catheters with low burst pressure points. From 1977 to 1986, guide catheters, guidewires and balloon catheter technology were improved, with slimmer profiles and increased tolerance to higher inflation pressure. Stents, first introduced in 1986, are now used in most coronary interventions. The utility of stents has substantially increased procedural safety and success, thus significantly reducing the need for emergency coronary artery bypass surgery.

Occupational Hazards of Catheterization Labs

While there has been significant innovation in the devices and diagnostic tools used in interventional cardiology procedures, the way the manual procedures are generally performed by physicians has remained virtually unchanged since the first procedure by Dr. Gruentzig over 40 years ago. In order to perform the procedure, a physician stands by the patient who is lying on the cath lab table. The physician wears cumbersome and heavy protective apparel containing lead to block exposure to the ionizing radiation of x-rays used in the procedure and thereby combat its adverse effects. Already under bodily strain, the physician must deliver constant x-ray exposures to view the different vessels, which provides visual guidance for manual manipulation of interventional devices inside the patient's heart. In addition to these physical demands, the current manual methods of performing PCI procedures make it difficult for physicians to visualize and estimate the length of the blocked lesion that requires the treatment, often leading to improper device selection and poor placement accuracy.

Interventional cardiologists who perform vascular interventional procedures face life-threatening risks from excessive radiation exposure, may suffer significant occupational hazards and must overcome procedural challenges when performing traditional coronary interventions. The chronic ionizing x-ray radiation exposure to the physician's eyes associated with traditional PCI can cause posterior lens opacities, early cataracts and cancer malignancies. Orthopedic injuries from standing for long periods of time while wearing heavy radiation protection are also common, as are chronic pain complaints and missed physician workdays. In light of these risks, several professional societies and governmental agencies worldwide have called for reductions in radiation to improve catheterization laboratory safety.

Research shows that interventional cardiologists experience among the highest levels of radiation exposure of any medical professional, which leads to increased risk for cancer and cataract formation in addition to increased levels of orthopedic strain from the use of heavy protective garments required to block such exposure. In a study of 36 physicians (of which 28 were interventional cardiologists) with brain tumors potentially linked to radiation exposure over their careers, 86% had left-sided tumors, indicating a correlation with the physician's position at the cath lab table. Additionally, in a survey of interventional cardiologists conducted by the Society for Cardiovascular Angiography and Interventions, 49.4% reported at least one orthopedic injury, 6.9% were required to limit their caseload due to radiation exposure, and 9.3% experienced health-related periods of absence. Many hospitals will not allow female interventional cardiologists to practice during pregnancy, while others require them to wear lead protective gear with twice the typical thickness to protect from radiation exposure.

We believe that the future of interventional procedures, where the physician sits inside the cath lab within a radiation-shielded interventional cockpit, will be greatly improved through the use of advanced robotic tools that provide (i) enhanced safety for the catheterization lab staff relative to radiation exposure, (ii) improved patient procedures through advanced precision, dexterity and visualization for the physician and (iii) an economically compelling solution for the hospital. We are pioneering the use of precision vascular robotics to achieve these goals and to improve the way that minimally invasive vascular interventions are performed.

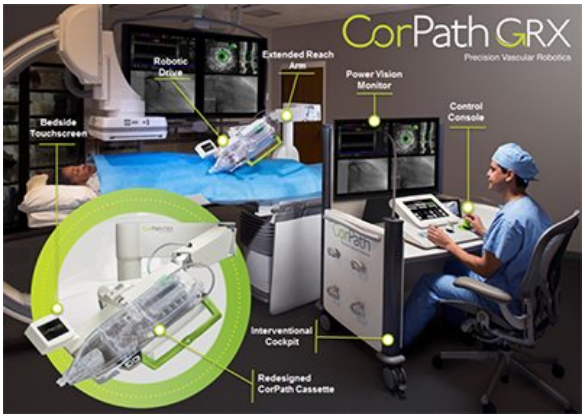
Our Precision Robotics System

We design, manufacture and sell our CorPath System for use in radial and complex interventional vascular procedures to bring the precision and accuracy of the only FDA-cleared robotic platform to facilitate stent positioning for PCI procedures by allowing a physician to measure, manipulate and advance devices with robotic precision. Additionally, our CorPath System allows the physician to perform PCI procedures with a control console located within an interventional cockpit. While we have been cleared for and are targeting PCI procedures and, as it relates to the CorPath 200 System, as well as peripheral vascular interventions, we believe our technology platform has the capability to be developed in the future for other segments of the vascular market, including neurointerventional and other more complex cardiac interventions such as structural heart.

The next generation CorPath GRX System enables the precise, robotic-assisted control of coronary guide catheters, guidewires and balloon/stent devices from the safety of a radiation-shielded interventional cockpit. The CorPath GRX System consists of two components: a Bedside Unit and an Interventional Cockpit. The radiation-shielded cockpit features a simple-to-use Control Console to precisely control the movement of guide catheters, guidewires, and balloon/stent catheters. Using joysticks and touch-screen controls, the physician is able to measure lengths of portions of anatomy to help in selecting the appropriate stent. At the bedside, the CorPath GRX System's Robotic Drive and sterile, single-use cassette ("CorPath Cassette") translate the physician's commands into precise movements and manipulations of the coronary guide catheters, guidewires, stents and catheters. The CorPath GRX Cassette provides a single-use sterile interface with standard PCI catheters, guidewires and devices. The CorPath GRX System empowers physicians with precise sub-millimeter measurement and 1mm advancement accuracy. By optimizing stent selection and positioning, the CorPath GRX System enables the deliberate advancement of devices, provides the ability to hold the guidewire and balloon/stent in place during device deployment and helps to ensure that there are no unintended wire/device movements during the procedure.

The CorPath GRX System allows the interventional cardiologist to perform the procedure while seated in an ergonomic and comfortable position in a radiation-shielded cockpit positioned as close as a few feet away from the patient. Our radiation-shielded cockpit provides a reduction in radiation exposure for the primary operator as compared to levels found at the traditional table position for manual procedures. The cockpit allows the physician to control the procedure while seated outside of the radiation field without the need for heavy protective wear. The Percutaneous Robotically-Enhanced Coronary Intervention Study (the "PRECISE Study") published in the Journal of American College of Cardiology Journal, which we sponsored using the CorPath 200 System, demonstrated a 95.2% reduction in radiation exposure to the primary operator. The CorPath GRX System also provides physicians with enhanced visualization of the procedure through a high resolution widescreen monitor positioned at eye level in the cockpit. These improvements have the potential to reduce physician fatigue and could potentially extend a physician's medical career. A photo of our CorPath GRX System appears below.

The CorPath GRX System



Overview of Industry and Market

Vascular Market

We developed vascular robotic technology to provide physicians with protection from the occupational hazards of the cath lab and to provide them with robotic precision while executing vascular procedures. Our initial indication for use of the CorPath System is for PCI procedures, radial and complex. We believe our technology can be applied to various vascular clinical applications and markets, including peripheral, vascular, neurointerventional and structural heart, and we may decide to pursue these markets in the future.

Coronary Market (PCI)

Our current target market is all cardiac cath labs in the U.S. The IMV 2013 Cardiac Cath Lab Market summary report estimates that there are more than 3,250 cath lab rooms in the U.S. performing PCI procedures, which represents approximately 40% of the global market of more than 8,000 PCI cath lab rooms. According to the J.P. Morgan 2014 Interventional Cardiology Market report, there are over 2.5 million PCI procedures performed worldwide each year and approximately 940,000 procedures performed each year in the U.S. The portion of the U.S. cath lab rooms qualifying as customers likely to purchase our product is difficult to ascertain because potential customers are determined by our sales team on a case-by-case basis and is somewhat subjective based on the priorities of each individual facility. Cath lab patient volume has decreased over the past several years, leading to increased competition for patients.

Peripheral Vascular Market

According to Millenium Research Group's 2013 report on U.S. Markets for Peripheral Devices, approximately 1.7 million peripheral vascular procedures are performed annually worldwide (approximately 40% of those in the U.S.) and the annual procedure volumes are expected to grow to over 2.3 million procedures worldwide by 2018. While some peripheral procedures are conducted in cath labs that also conduct PCI procedures, IMV's 2012 Interventional Angiography Lab Market summary report estimates that there are over 3,500 non-PCI peripheral vascular labs worldwide which represent incremental CorPath System placement opportunities beyond PCI.

Neurointerventional Market

Medtech Insight's 2011 report on U.S. Markets for Neurosurgical and Neurointerventional Surgical Products estimates that 395,000 neurointerventional procedures are performed each year, 160,000 in the U.S. and 235,000 internationally, and that the annual volume will grow to an estimated 720,000 worldwide procedures by 2018. The number of incremental, dedicated system worldwide sales opportunities exceeds 400 labs, with 40% in the U.S. and 60% outside the U.S. ("International").

Structural Heart Market

The number of structural heart procedures has been growing and is expected to continue to grow significantly, with an estimated 40,000 worldwide procedures currently performed annually (25% U.S., 75% International) expected to grow to an estimated 120,000 annual structural heart procedures by the year 2018, according to a 2013 clinical report in the Journal of the American College of Cardiology.

Our Business Model

Our business model involves the launching of coronary robotic-assisted intervention programs in hospitals which include the sale of a durable robotic system and a repeat consumable. After the program launch and the sale and installation of the CorPath System in a cath lab, we provide customer support through training and sales of our CorPath Cassette, which provides a sterile interface with standard PCI guide catheters, guidewires and devices. The CorPath Cassette is consumed and replaced for each new patient procedure. The use of the CorPath Cassettes represents opportunity for recurring revenue for each PCI procedure using the CorPath System. We also sell service contracts providing various levels of ongoing service. Over time, we expect to have follow-on sales related to the CorPath System to offer and install robotic system upgrades with more features and new applications.

Our current product line is marketed and sold by our direct sales team that calls on interventional cardiologists, catheterization lab departments and executive administrators in hospitals across the U.S. to launch coronary robotic-assisted intervention programs and drive sales of our CorPath System and our CorPath Cassette. We employ two different types of sales representatives in the field. Our Regional Sales Managers ("RSMs") focus on selling CorPath Systems and our Clinical Account Managers ("CAMs") focus on clinical training and selling the CorPath Cassettes as well as associated disposable accessories, which are designed to maintain a sterile environment when using our products in a cath lab.

The RSMs are responsible for identifying potential customers in the more than 3,250 cath lab rooms performing PCI procedures in the U.S. that desire to launch a coronary robotic-assisted intervention program and purchase a CorPath System. The RSMs may sell the CorPath System as a capital sale or through third-party financed leasing or rental programs. In limited circumstances, we will enter into strategic CorPath System utilization agreements, where we will sell CorPath Cassettes under a CorPath Utilization Program ("CUP"), which is a multi-year arrangement that involves the placement of a CorPath System at a customer's site free of charge and the customer agrees to purchase a minimum number of cassettes each month at a premium over the regular price. The RSMs are also responsible for selling service contracts for the CorPath System. The RSMs are supported by our marketing department, which provides them with leads and sales opportunities garnered through direct marketing activities at interventional cardiology conferences, online webinars, regional seminars and trade journal advertising. Our marketing department also provides the RSMs with the sales tools and marketing resources to help persuasively convey the value proposition of the CorPath System.

Our CAMs focus their efforts on selling our CorPath Cassettes and other associated disposable accessories designed to maintain a sterile environment when using our products in a cath lab. They are responsible for increasing their account sales through new orders and repeat consumable sales within their specific accounts. The CAMs build important relationships throughout the CorPath System installed base accounts, including with the interventional cardiologists, the cath lab technologists, nurses, cath lab directors, schedulers, purchasers and administrators. The CAMs are responsible for ongoing training and development of the CorPath System installed base accounts to build successful CorPath robotic programs and expand its usage across physicians. The CAMs are also responsible for ensuring purchase orders are obtained and that appropriate inventory levels are maintained on site.

Driving Utilization of the CorPath System

Following the launch of the coronary robotic-assisted intervention program and the initial sale of a CorPath System to a hospital, we provide enhanced training to the primary physicians and cath lab staff responsible for launching the program and then work to secure an increase in the number of cases performed over time. Subsequently, we expand training to the next group of physicians who use the system. We consistently focus our efforts to make sure that the system is well integrated into the customer's everyday workflow within the cath lab. Dedicated sales and marketing efforts support awareness and use of the CorPath System. Utilization support comes both from encouraging the use of the system within customer accounts and by providing materials to educate general cardiologists and patients on the availability of the CorPath System at the customer site and in their geographical area.

The CorPath System uses a proprietary single-use sterile cassette, which is the source of recurring revenue as use of the CorPath System continues and increases. After a CorPath System is installed and initial training is complete, we provide ongoing support in order to increase customers' familiarity with system features and benefits with the goal of increasing usage of the CorPath System.

Service Revenue

One year of customer support and warranty is included with the sale of each CorPath System. Thereafter, we sell service contracts under which we continue to provide support after the one-year period. We anticipate that service beyond the basic warranty will become an increasingly important additional source of revenue.

Our Growth Strategy

Our goal is to ensure that the coronary robotic-assisted intervention program and the use of the CorPath System becomes the standard of care for interventional procedures by providing unsurpassed protection for cath lab staff and being the leading precision robotic technology for patient procedures. We have identified key characteristics and criteria for customers that are imperative to implement a successful cardiovascular robotics program. We are meaningfully narrowing our target customers focus with the intent to be deeply integrated within our customer partnerships. We are working with selected customers around the country to establish CorPath System centers of excellence. These centers allow us to bring prospective customers to visit a hospital and cath lab that has previously installed a CorPath System. The robotic course visit will allow the prospective customer the opportunity to see the system installed and in use. It also provides the opportunity to discuss the benefits of the system with the hospital staff, including interventional cardiologists, technologists and administrators, and view the work flow of the system in a real life clinical setting. We have successfully conducted such courses at several sites around the country and we are continuing to establish these centers of excellence and collaborative relationships with key institutions.

We are also expanding our market opportunities by retaining industry-leading experts to help drive our growth. We have added key leadership personnel, including our Chief Medical Officer, Chief Commercial Officer, Vice President of Global Medical Affairs, and Clinical Consultant and Executive Advisor, among others. These individuals have many years of experience in the cardiovascular industry and will help us to drive key relationships, alliances, partnership and programs with prestigious institutions that have and will continue to accelerate our growth opportunities.

In August 2016, we entered into a collaborative arrangement with ACIST Medical Systems, Inc. (“ACIST”) a pioneer and global market leader of advanced imaging modalities for cardiology, to provide their leading edge technologies to customers that improve cath lab workflow. We will continue to seek out collaborative relationships with other innovative companies in the medical technology field to assist our customers in enhancing patient care.

We intend to establish our Company and technology as the brand that cares about and supports the physician and cath lab staff by leading the industry in providing solutions that address and remedy their occupational hazards. By promoting safety and providing awareness of occupational hazards in the cath lab and supporting education about solutions, we hope to become the preferred source for customers seeking to improve the safety of their operations.

A second prong of our growth strategy is to expand into new clinical segments. In addition to our objective to make the CorPath System the premier standard for PCI procedures, we may decide to pursue additional vascular interventional applications for our vascular robotic-assisted technology. Our closest adjacent opportunity is in peripheral vascular procedures performed by interventional cardiologists, vascular surgeons and interventional radiologists. The CorPath 200 System was cleared for use in peripheral vascular interventions in March 2016. These procedures treat vascular disease in non-coronary areas like the patient’s legs. These procedures are often quite lengthy and they expose physicians to x-ray radiation for extended periods of time. The peripheral vascular procedure market has been growing rapidly and is projected to grow at a compound annual growth rate, or CAGR, of 5.9% based on iData’s October 2013 Research Report: “US Markets for Peripheral Vascular Devices and Accessories.”

Further expansion into neuro-interventional procedures to treat stroke, brain aneurysms and other diseases of the head and neck could allow us to leverage precision robotic-assisted tools into these highly accurate procedures which are very well reimbursed.

Another area of future growth is the emerging market of structural heart procedures. This market segment is experiencing rapid growth due to the advent of new catheter-delivered medical devices that are replacing open surgical procedures. One of the most prominent new devices in this market is the transcatheter aortic valve. The transcatheter aortic valve replacement (“TAVR”) procedure requires very complex integration of a variety of imaging modalities and precise deployment of the device. Our interventional cockpit and robotic-assisted control could potentially provide significant benefits to the execution of TAVR procedures.

Any of these potential applications would require additional clinical trials and various levels of research, engineering, software development, product development, system modifications and regulatory approvals.

An integral part of our growth strategy is to expand commercialization beyond the U.S. marketplace. Opportunities outside of the U.S. represent over 60% of the global procedure volume and are growing at a rate faster than the U.S. market. We intend to expand into and penetrate these new geographical international markets over time by leveraging our product development, clinical research and regulatory approvals gained in the U.S. Our initial international target markets include the Middle East, Northern Europe and Japan. Our current CE Mark for the CorPath System should allow for an easier entry into European and Middle Eastern markets. In February 2017, we announced the signing of a strategic distribution agreement with Japan Medicalnext Co., Ltd., a wholly-owned entity of MC Healthcare, Inc., (subsidiary of Mitsubishi Corporation) and prominent supplier of medical devices in Japan. Pursuant to the agreement, Japan Medicalnext became the exclusive distributor of our products in Japan. Japan is the third largest market for PCI, with an approximate annual volume of 250,000 procedures. We are working together with our distributor to secure Pharmaceutical and Medical Device Agency (PMDA) approval as the first step in preparing for the commercial launch of CorPath GRX in Japan.

Research and Development

We have built a leading research and development ("R&D") team comprised of experienced medical device engineers and robotics engineers dedicated to the development of sophisticated robotics systems, including hardware, software, algorithms and radiation shielding and sterile devices to assist physicians in the performance of interventional procedures. We expect our R&D investment to continue to expand the capabilities of our technology to provide more robotic-assisted capabilities for interventional physicians. Additional programs may include the expansion into new clinical areas, such as peripheral vascular, neurointerventional and structural heart procedures, and the ability to manipulate a wider range of devices. Our research and development and technology roadmap includes future software upgrades for even further advanced device manipulation and moving forward with the development of our third-generation product.

In addition to expanding the capabilities of the CorPath System, we will continue to invest in the design of system manufacturability improvements which we expect to result in a lower cost system and cassette. The engineering function will use Design for Manufacturability and Assembly ("DFMA") processes in an effort to reduce costs. DFMA is the combination of two methodologies: Design for Manufacture, which means the design for ease of manufacture of the parts that will form a product, and Design for Assembly, which means the design of the product for ease of assembly. DFMA is used as the basis for concurrent engineering studies to provide guidance to the design team in simplifying the product structure to reduce manufacturing and assembly costs and to quantify improvements. DFMA is a component of lean manufacturing.

Research and development expense amounted to approximately $6.6 million, $10.0 million and $10.3 million for the years ended December 31, 2014, 2015 and 2016, respectively.

Clinical Studies

We are dedicated to continually advancing robotic-assisted PCI through the publication of clinical data supporting the CorPath System's value and applicability. We are working with several leading institutions to conduct clinical research activities to further collect evidence regarding the applicability and benefits of robotic-assisted procedures. We are committed to collaboration with prominent interventional cardiologists to build evidence for the benefits of robotic-assisted PCI. We intend to continue to pursue opportunities to develop further evidence for the benefits of the CorPath GRX System in practice. An important component to making the CorPath GRX System the standard of care in the cath lab will be to demonstrate the clinical benefits and applicability of the CorPath GRX System and the advancement of robotic-assisted procedures.

First in Man Trial

In April 2011, we sponsored the *First in Man Trial for the CorPath Robotic-assisted PCI System* , which was published in the Journal of the American College of Cardiologists. This clinical trial enrolled eight patients with coronary artery disease who required a PCI procedure at the Corbic Research Institute in Envigado, Colombia. All patients were treated for a single de novo coronary lesion up to 25mm in length located in a vessel 2.5-4.0 mm in diameter. The procedure was successfully completed in all eight patients utilizing the CorPath System to advance coronary guidewires and perform the intervention, and there were no reported device or procedure-related complications or major adverse events. Operator radiation exposure was 97% lower with the use of the CorPath System in comparison with levels found at the standard table position.

CorPath PRECISE Study

We sponsored the PRECISE Study aimed to evaluate the safety and effectiveness of the clinical and technical performance of the CorPath System in the delivery and manipulation of coronary guidewires and stent/balloon devices for use in PCI procedures. We sponsored the PRECISE Study under Investigational Device Exemption ("IDE") approval from the FDA to obtain 510(k) clearance. The PRECISE Study was a prospective, single-arm, multi-center, non-randomized trial of the CorPath System. We enrolled 164 patients who were evaluated at nine clinical sites (eight in the U.S.). The PRECISE Study was conducted under Principal Investigators Dr. Giora Weisz, MD Associate Professor of Medicine at Columbia University Medical Center and Chairman of Cardiology, Shaare Zedek Medical Center, Jerusalem, Israel, and Dr. Joseph Carrozza, Chief of Cardiovascular Medicine at St. Elizabeth's Medical Center in Boston. Physicians participating in the trial did not receive any direct financial compensation. Results of the PRECISE Study were published in the April 2013 issue of the Journal of the American College of Cardiology and reported a successful PCI completion with use of the CorPath System in 162 of the 164 cases. In each of the two cases in which the PCI procedure was not completed, the interventionalist left the CorPath cockpit to complete the procedure manually, resulting in an incomplete use of the CorPath System. The average radiation exposure to the cardiovascular interventionalist decreased by 95.2% in comparison with levels measured at the location where manual procedures are normally conducted during standard interventions. The overall rate of clinical procedure success was 97.6%, with 100% of patients achieving post-procedure stenosis of less than 30% (as evaluated by a Core Laboratory), and 97.6% of patients had an absence of Major Adverse Cardiac Events ("MACE"). The four MACE events that did arise in the PRECISE Study were cardiac enzyme elevations without symptoms. There were no device-related complications.

CorPath PRECISION Registry

In 2013, we initiated the PRECISION registry, a multicenter post-market registry for the evaluation of the CorPath System's effectiveness in PCI procedures. PRECISION aims to collect data on real-world use of the CorPath System. We are interested in learning about the patterns of the CorPath System's use, safety and effectiveness from an all-comer's perspective. There are currently 17 sites participating in the PRECISION registry, which is being conducted under the leadership of Dr. Giora Weisz. Each site achieves approval to participate in the PRECISION registry from its hospital Institutional Review Board as part of their regular clinical research approval process. Data for the registry is collected and monitored through industry-standard clinical research procedures. We plan to transition focus from the CorPath 200 to the CorPath GRX with the initiation of the PRECISION GRX Registry in 2017.

Robotically-Assisted Peripheral Intervention for peripheral arterial Disease Study (RAPID)

The Robotically-Assisted Peripheral Intervention for peripheral arterial Disease (RAPID) Study to evaluate the safety and performance of the CorPath 200 System for use in percutaneous vascular interventions was completed in 2015. The RAPID trial was a single-arm, single center study conducted at the Medical University of Graz in Graz, Austria. The RAPID trial was led by Prof. Dr. Marianne Brodmann, MD, a leading researcher within the university's Division of Angiology, in combination with Prof. Dr. Hannes Deutschmann, of the Medical University of Graz Department of Radiology, and study chairman, Dr. Ehtisham Mahmud, director, Sulpizio Cardiovascular Center-Medicine, UC San Diego. The trial was a prospective, single-arm, single-center study that enrolled 20 subjects to assess the safety and effectiveness of the CorPath System in recanalizing lower extremity arterial blockages during peripheral angioplasty procedures. Results of the RAPID Study were presented in a major cardiology conference. The PAD presentation (Rutherford Classification) was primarily severe (60%) or moderate (30%) claudication. A total of 29 lesions located in the superficial femoral (89.7%) or popliteal (10.3%) arteries were treated. Device technical success and clinical procedural success was 100%. Three minor procedure-related adverse events, all access site hematomas, were reported. There were no device-related complications. The RAPID trial data was used to support FDA 510(k) clearance for the CorPath 200, therefore all devices used had to be FDA approved. This requirement limited robotic-assisted PVI to rapid exchange PTA balloons. In a subsequent study, RAPID II, femoropopliteal lesions were treated with robotic-assisted drug-coated balloons, allowing for a completely robotic-assisted PCI procedure. The results of this study will be released at a later date.

Staff Exposure to X-ray during PCI: CorPath vs. Manual: An Observational Study

The Staff Exposure to X-ray during PCI: CorPath vs. Manual: An Observational Study to compare cardiac catheterization staff and physician radiation exposure in robotic-assisted PCI with the CorPath 200 System vs. that in manual PCI was completed in 2015. This observational study was led by Dr. Paul T. Campbell, MD, a leading interventional cardiologist at Carolinas Medical Center – NorthEast, Concord, NC. The trial was a prospective, randomized, dual-arm, single-center study that enrolled 30 patients. This observational study showed a significant reduction in physician radiation exposure, and reduction in staff radiation exposure in the robotic-assisted PCI arm compared to the manual PCI arm.

Our Current Product Line

Our first product, the CorPath 200 System, brings the precision and accuracy of robotic technology to PCI procedures performed in an interventional cath lab. The CorPath System is intended for use in the remote delivery and manipulation of coronary guidewires and rapid exchange balloon/stent catheters during PCI procedures. There is no contraindication for the use of the product in PCI procedures. The CorPath 200 System is also intended for use in the remote delivery and manipulation of guidewires and rapid exchange catheters during percutaneous vascular interventional procedures.

The CorPath System enables the precise, robotic-assisted control of coronary guidewires and balloon/stent devices from the safety of a radiation-shielded, ergonomic interventional cockpit. The CorPath System consists of two components: a bedside unit and an interventional cockpit. The radiation-shielded cockpit features a simple-to-use control console to precisely control the movement of guidewires and balloon/stent catheters. The bedside unit translates the physician's commands into precise movements and manipulations of the coronary stents and catheters contained in a single-use cassette.

The CorPath Cassette provides a sterile interface with standard PCI guidewires and devices and is replaced for each new patient procedure.

In July 2012, we received 510(k) clearance from the FDA for the CorPath 200 System and initiated a limited commercial launch in the U.S. While we are initially targeting PCI procedures, we believe our open platform technology is capable of addressing all segments of the vascular market, including peripheral, vascular, neurointerventional and other more complex cardiac interventions such as structural heart (subject to securing appropriate regulatory approvals).

In October 2015, we received 510(k) clearance from the FDA for our robotic-assisted CorPath 200 System to be used during PCI procedures performed via radial access. The 510(k) clearance was based on results of a clinical trial conducted at Spectrum Health, Grand Rapids, Michigan, and St. Joseph's Hospital Health Center, Syracuse, New York.

In March 2016, we received 510(k) clearance from the FDA for our robotic-assisted CorPath 200 System to be used during peripheral vascular interventions. The 510(k) clearance was based on results of a clinical trial conducted at Medical University of Graz in Graz, Austria.

In October 2016, we received 510(k) clearance from the FDA for our CorPath GRX, the second generation of our CorPath System. The CorPath GRX System is intended for use in the remote delivery and manipulation of guidewires and rapid exchange balloon stent catheters, and remote manipulation of guide catheters during PCI) procedures.

Products in Development

Our product is tailored to maximize penetration and adoption of our CorPath System technology while providing the best clinical outcomes to our customers and their patients. Our vision for the future is to provide physicians with a complete tool box to robotically perform any interventional procedure desired. We are seeking to expand our penetration within PCI to more complex cases. As we see robotics as the center of the lab, we will continue to integrate other technologies into our robotic system to enable a complete solution for physicians. In order to accomplish this goal, we may investigate proprietary devices, imaging integration and electronic medical record integration while continuing to optimize the workflow in the lab and the remote program we have launched.

Installed CorPath Systems and Backlog

As of December 31, 2016, there were 42 CorPath Systems installed in hospitals across the U.S. and three installed at international locations. Physicians and their teams in these locations have received training and procedures are currently being performed. Currently these sites have between one to three primary physicians using the CorPath System. CAM's visit installed sites regularly to support current users and also to expand usage to new targeted users. At December 31, 2016, we had orders for three additional CorPath Systems which we had not yet shipped or installed.

Intellectual Property

Our success depends, in part, on our ability to obtain patents, maintain trade secret protection and operate without infringing the proprietary rights of others. Our intellectual property ("IP") portfolio covers aspects of our CorPath System and Cassettes, as well as other technology that we have under development, and is one of the means by which we attempt to protect our competitive position. We rely primarily on a combination of know-how, trade secrets, patents, trademarks and contractual restrictions to protect our products and to maintain our competitive position. We are seeking other ways to protect our intellectual property through various legal mechanisms in relevant jurisdictions.

Our researchers and engineers work closely with our patent counsel to protect their inventions and intellectual property with patents issued around the world. We believe that we are building an extensive intellectual property portfolio to protect the fundamental scope of our technology, including our robotic technology, navigational methods, procedures, systems and consumable devices.

We currently own a total of 62 patents and have 56 pending patent applications. Of these, we had 26 issued U.S. patents and 33 pending U.S. patent applications and 36 granted foreign patents and 23 pending foreign applications. The granted foreign patents are in France, Germany, Japan Italy, Israel, the Netherlands and the United Kingdom. The pending applications are in China, Europe (through applications filed in the European Patent Office), India and Japan. Additionally, there are three Patent Cooperation Treaty applications pending. Our granted patents begin expiring in 2018, and continue to expire through 2030.

Our patents cover, among other things, technology related to robotic control of interventional devices, and the control of the CorPath System, including, but not limited to, the graphical and user interface, function and design of the CorPath Cassette, image-guided navigation for catheter-based interventions, measurement of the length of a structure, and radiation-protected work stations.

In addition to our existing patent coverage, we continue to invest in product development and new IP to further enhance the capabilities of the CorPath System for PCI and other vascular applications. Relative to our current and future portfolio, we believe it will be costly and technically difficult to reverse engineer our products.

We intend to actively protect our intellectual property with patents, trademarks, trade secrets or other legal avenues for the protection of intellectual property. We intend to aggressively prosecute, enforce and defend our patents, trademarks and proprietary technology. The loss, by expiration or otherwise, of any one patent may have a material effect on our business. Defense and enforcement of our IP rights can be expensive and time consuming, even if the outcome is favorable to us. It is possible that the patents issued or licensed to us will be successfully challenged. For example, a court may find that we are infringing on validly issued patents of third parties or that we may have to alter or discontinue the development of our products or pay licensing fees to take into account patent rights of third parties.

As we continue to develop proprietary intellectual property, we will expand our protection by applying for patents on future technologies. While we seek broad coverage under our patent applications, there is always a risk that an alteration to the process may provide sufficient basis for a competitor to avoid infringement claims. In addition, patents expire and we cannot provide any assurance that any patents will be issued from our pending application or that any potentially issued patents will adequately protect our intellectual property.

Sales and Marketing

We market, sell and support our products in the U.S. through our direct sales force of RSMs with support from our CAMs who provide training and clinical support to our customers. Our direct sales force is the primary distribution channel for CorPath System sales.

We have a direct sales force, clinical sales and support team and headquarters-based marketing team. Our sales and marketing program includes two important steps: selling CorPath Systems to the customer and then leveraging our installed base of systems to drive recurring sales of cassettes and service.

Sales targeting is based on segmentation to identify customers who are likely to purchase and utilize the CorPath System and customers who are likely to be influencers in their region which will help fuel further growth. All hospitals with cath lab rooms that perform PCI procedures are potential customers for a CorPath System. The portion of the approximately 3,250 cath lab rooms in the U.S. that will qualify as customers likely to purchase a CorPath System is difficult to ascertain because potential customers are determined by our sales team on a case-by-case basis and is somewhat subjective based on the priorities of each individual physician and hospital facility. We believe customers that are likely to purchase our product meet a critical criteria profile including (i) an awareness of the dangers faced by interventional cardiologists due to radiation and ergonomic issues in the cath lab, (ii) a practice volume large enough to economically support the CorPath System, (iii) hospital financial health that allows for the capital or operational expenditure for a CorPath System and (iv) regional competitiveness that demands the implementation of new technology.

Our sales effort begins with the interest of an influential physician; and, therefore, our marketing efforts are primarily directed toward interventional cardiologists. Our primary marketing objective is to raise awareness about the CorPath System and its features and benefits among our target customers.

Marketing awareness activities target two strategies:

1) General awareness – build knowledge and understanding of the value that the CorPath System brings to the cardiology community, focused initially on awareness from interventional cardiologists; and

2) Targeted awareness – using data analysis to identify a target segment of customers (hospitals and physicians) for additional marketing and sales focus.

We also market and sell our products through certain distributor relationships. We continue to sell products through our former exclusive worldwide distributor, Philips Medical Systems Nederland B.V., although our distribution agreement entered into in 2010 has expired. We also entered into a distributor relationship with Alliant Enterprises, LLC who assists us in working with U.S. Department of Veterans Affairs hospitals. On February 15, 2017, we announced the signing of a strategic distribution agreement with Japan Medicalnext Co., Ltd., a wholly-owned entity of MC Healthcare, Inc., (subsidiary of Mitsubishi Corporation) and prominent supplier of medical devices in Japan. Pursuant to the agreement, Japan Medicalnext became the exclusive distributor of our products in Japan.

Physician Benefits

The cath lab is a hazardous work environment where interventional cardiologists are exposed to radiation on a daily basis. Physicians face two significant risks in the cath lab: damaging radiation exposure despite the use of heavy lead protective aprons and orthopedic strain due to wearing such protective garments while working in ergonomically compromising positions. The International Agency for Research on Cancer (part of the World Health Organization) and the U.S. Environmental Protection Agency independently recognize that ionizing radiation, such as x–rays, can cause cancer and have classified such radiation as a “known carcinogen.” The primary method recommended to partially protect oneself from radiation exposure in the cath lab environment entails wearing more than 20 pounds of lead while leaning over a patient’s table, which leads to interventionalist disc disease of the spine as well as knee, hip and neck injuries. Our CorPath System can limit these risks as evidenced by the results from our PRECISE Study, which demonstrated a 95.2% reduction in exposure to radiation obviating the need to wear lead during the procedure.

Clinical Benefits for Patients

Although more than 940,000 PCI procedures are performed annually in the U.S., interventionalists continue to face challenges of poorly selected or misplaced stents. Currently, PCI procedures are performed by interventional cardiologists who approximate lesion length using techniques of subjective visual estimation and tactile feel to position the stent. Published data from the Impact of Stent Deployment Procedural Factors on Long-Term Effectiveness and Safety of Sirolimus-Eluting Stents ("STLLR") trial in 2008, a study designed to specifically examine PCI stent placement accuracy, showed that nearly 50% of coronary stent placements are not accurately positioned within the lesion using this technique. The clinical impact of longitudinal geographic miss includes complications such as re-occlusion that compels repeat intervention. The CorPath System presents a new option to interventional cardiologists with the potential to optimize clinical outcomes by providing enhanced visualization, precise anatomical measurement and improved control for optimal stent positioning. Using the CorPath System, physicians can (i) consistently measure the anatomy with sub-millimeter accuracy, helping them to choose the correct stent for each patient, (ii) move the guidewire straight into the vessel at the proper angle, potentially leading to a shortened procedure for the patient, (iii) view an enhanced, close-up view of the patient's vessels and arteries for the entire procedure and (iv) hold the guidewire and balloon/stent in place during device deployment, helping to ensure no unintended wire/device movements during the procedure which could adversely affect the patient.

Hospital Benefits

Hospitals face increasing pressure to maintain or grow cath lab procedure volumes. By offering a differentiated service, such as robotic-assisted PCI, we can help a facility grow its business. As demonstrated with robotic surgery, hospitals that adopt and promote the technology can benefit in the form of additional patients and procedures.

Target Customers

The Interventional Cardiologist

The physician is a key decision maker in the evaluation and adoption of new technologies in the interventional cath lab. There are approximately 5,200 active interventional cardiologists in the United States, according to a 2013 article in the Catheterization and Cardiovascular Interventions journal, who are estimated to perform in the aggregate more than 940,000 PCI procedures per year. Interventional cardiologists tend to incorporate technology into their practice and are very focused on products that improve patient care and clinical outcomes. Additionally, interventional cardiologists experience unique occupational risk from their work environment, with the largest exposure to radiation of any medical professionals. To offset this risk, interventionalists wear heavy lead protection exposing them to a higher risk of orthopedic injuries and resulting pain.

The CorPath System allows physicians to measure anatomy with sub-millimeter accuracy and manipulate the interventional device in 1mm increments and with precise 30-degree rotational movements. The capability to accurately control and deliver treatment, using a guidewire and stent of their choice, allows physicians to optimize their PCI procedures and potentially provide better clinical outcomes for their patients. Specifically, the robotic precision can potentially minimize longitudinal geographic miss which has been demonstrated in the STLLR trial to correlate to a 2.3 times greater chance of needing to revascularize the target vessel in the first post-procedure year.

In addition, because physician safety is a growing concern (e.g., studies have shown an increased presence of left-sided brain tumors due to occupational radiation exposure), the ability of the CorPath System to reduce the level of occupational radiation will continue to be a key marketing message. The safety aspect of the device may be a key selling feature as more physicians become employed by healthcare groups which will need to address these concerns to avoid potential workers' compensation claims and reduce insurance costs. Thus, messaging to physicians will focus on the ability of robotic-assisted PCI to improve procedures that can potentially lead to better clinical outcomes and the protection of physicians from radiation and orthopedic issues.

The Hospital Administrator

In this era of economic pressure, purchasing decisions by hospitals must be carefully evaluated to ensure an associated cost benefit. In the case of our products, hospital administrators must be convinced of both the clinical benefit and the economic benefit of having procedures performed using the CorPath System.

Cath lab patient volume has decreased over the past several years leading to increased competition for patients. Recent data has shown that sites that adopt robotic-assisted surgical procedures, such as prostatectomy, have been able to attract increased patient volumes. Similarly, by using the CorPath System to promote technological leadership in the field of advanced robotics, hospitals can more easily attract and retain physicians while also increasing patient volume.

Customers purchasing our elective Continuity Support program have access to our valuable CorPath Hospital Marketing Program. This broad-based program is a tool kit designed to assist our customer hospitals in launching their own CorPath Vascular Robotic Program using the CorPath System as a tool to market the hospital's quality and commitment to patient care and innovation. The tool kit contains both the programmatic and content elements designed to (i) plan, initiate, and execute public relations and outreach campaigns, (ii) influence and change referral patterns to improve market share in the hospital's catchment area, (iii) promote the benefits of our innovative robotic technology to hospital personnel and patients, and (iv) develop substantial community awareness of the technology and the physicians employing it.

Product Acquisition Models

Our typical hospital customer purchases the CorPath System through the hospital's capital equipment process and subsequently purchases CorPath Cassettes on an as-needed basis. We have introduced a program for our customers to finance their purchase and are able to seamlessly facilitate a lease or rental for our customers with a third-party financing company. We have also provided a limited number of strategic CUPs, which allow customers to use the CorPath System free of charge in exchange for paying a premium price for the consumables. As of December 31, 2016, we have ten CUPs, which expire at various dates through December 2018. Our revenues recognized under the CUPs were 36.8% and 21.9% for the years ended December 31, 2015 and 2016, respectively, of total revenues from the sale of consumables and 9.1% and 4.9% of our total revenues for the years ended December 31, 2015 and 2016, respectively.

Competition

We currently do not face any direct competition for robotic-assisted PCI as the CorPath System is the only FDA-cleared device for this indication. We have some indirect competition in regard to other interventional procedures. There are three companies that make vascular robotic systems for electrophysiology procedures; Hansen Medical, Catheter Precision and Stereotaxis. Hansen Medical, which was acquired by Auris Surgical Robotics i 2016, also has a system used for peripheral vascular procedures. If the indications for use of the CorPath System expand in the future, they may become a direct competitor for those procedures. Our primary focus today is on converting customers from the traditional manual PCI procedure to the CorPath System PCI procedure.

The medical device industry, however, is very competitive and subject to significant technological changes. Our potential competitors may develop products, treatments or procedures that are similar, more advanced, safer or more effective than ours. We expect to face competition from many different sources with respect to our existing products and products that we may seek to develop or commercialize in the future.

Seasonality

Our CorPath System sales and purchase order cycle may typically take from 6 to 15 months due to the capital budgeting cycle and approval process at each hospital. Because it is a capital item, such a purchase generally requires the approval of senior management of hospitals, and sometimes their parent organizations, purchasing groups, and/or government bodies, as applicable. In addition, hospitals may delay or accelerate purchases of the CorPath System in conjunction with timing of their capital budget timelines. As a result, while it is difficult for us to precisely predict the exact timing of CorPath purchases, we believe that our sales may tend to be heaviest during the third month of each fiscal quarter and heavier in the fourth fiscal quarter than in the other quarters.

Timing of PCI procedures and changes in the PCI procedure market could directly affect the timing of the purchase of our products by hospitals. It is likely that adoption of our products will be more challenging in the third quarter of each year when new interventional fellows join the staff at several of our hospital customer sites. As they are untrained with respect to cath lab skills and patients' cases, they may be devoted to their manual training techniques rather than use of the CorPath System. In the longer term, this risk should be mediated by the limited number of fellows programs relative to hospitals performing PCI procedures.

Customer Service

Our goal is 100% customer satisfaction by consistently delivering superior customer experiences before, during, and after the sale. To achieve this goal, we maintain a headquarters-based customer support service team supplemented by our field-based CAMs. Our customer support service team primarily handles all order processing for consumables to ensure that new orders arrive before inventories are depleted. We are committed to providing prompt service for repairs to equipment in order to keep customer uptime at maximum levels. Our CAMs are field-based and are at customer sites on a regular basis to support their needs including on-going training in and outside of the lab. All of our customer service representatives receive regular training so that they can effectively and efficiently field questions from current and prospective customers.

Our Return Policy; Guarantee

Neither our equipment, once purchased and installed, nor our single-use cassettes, are returnable or refundable. We stand behind the quality of our products. We value frequent communication with and feedback from our customers in order to continue to improve our offerings and services.

By minimizing stent utilization, the use of the CorPath System has the potential to bring significant clinical, safety and financial benefits to a hospital. To demonstrate our commitment to the benefits of our robotic CorPath System, we offer our hospitals a unique, stent utilization efficiency program called the CorPath One Stent Program. For each eligible CorPath System procedure in which a second unplanned stent is used, we currently provide a credit to the hospital of $1,000 to be used toward the purchase of additional cassettes. These credits have not been significant to date.

Raw Materials for Our Products

We acquire all raw materials for our products from a group of third-party suppliers. These suppliers may be manufacturers of custom components or distributors of commodity, off-the-shelf, components. Whenever possible, secondary sources for the materials are identified and maintained on our Approved Supplier List. To be included on our Approved Supplier List, suppliers must pass the requirements of our documented Supplier Approval Process.

Availability of and Dependence upon Suppliers

We own all of the designs of all of the custom components used in our product. This allows us to source components which minimize risk of patent infringement or risk of sale to any other manufacturer. We are able to source components at any supplier that has the technical capability to manufacture them. Some of the items we use are off-the-shelf components which can be sourced on the open market and have very little risk in terms of supply and design change. We continually review our supply base for cost and delivery capacity and make adjustments as necessary.

Manufacturing of Our Products

The CorPath System and CorPath Cassettes are manufactured in accordance with the FDA's Current Good Manufacturing Practices ("CGMPs") for medical devices. Our product was initially cleared by the FDA in 2012 for commercial sale using the 510(k) process while our second generation CorPath GRX was cleared in 2016, and our Waltham, Massachusetts facility is registered with the FDA as the place of manufacture for both of these systems.

With the exception of our cockpit, which is manufactured by an outside source, all of our manufacturing is categorized as light assembly and is performed by trained personnel in our facility. The single-use cassette is manufactured in an International Organization for Standardization ("ISO") Class 8 clean room. This room is monitored, controlled, and operated according to ISO Class 8 and associated FDA guidelines. Finished products are stored in our facility and shipped directly to the customer. No special environmental controls are required for the storage of our product.

Quality Control for Our Products

A quality assurance team establishes procedures for process control and tests products at various stages of the manufacturing process to ensure we meet product specifications and that our finished products are manufactured in compliance with FDA Quality System Regulations ("QSR"). We inspect incoming components and finished goods per established procedures. Prior to shipment of the product to customers, the quality assurance team reviews our manufacturing record, to ensure it meets established process control requirements and product specifications.

Our quality procedures are designed to meet current FDA regulations and ISO 13485 for compliance with CE Mark requirements. Our production requirements are established to meet product specifications cleared by the FDA and ensure safety of the patients and performance expected by the end users. Our quality system is routinely audited by an internal auditor team and annually assessed by BSI Group for Quality Management System ("QMS") and CE certification. BSI Group is an independent entity, which assesses the compliance of the QMS to ISO 13485 and CE Mark requirements and, upon establishing compliance, provides CE certification (the "Notified Body").

Government Regulation

U.S. Medical Device Regulation

Our products and operations in the U.S. are subject to extensive and rigorous regulation by the FDA. The FDA regulates the development, testing, manufacturing, labeling, storage, record-keeping, promotion, marketing, distribution and service of medical devices in the U.S. to ensure that medical products distributed domestically are safe and effective for their intended uses. Under the Federal Food, Drug, and Cosmetic Act ("FFDCA"), medical devices are classified into one of three classes (Class I, Class II or Class III), depending on the degree of risk associated with each medical device and the extent of regulatory controls needed to ensure the device's safety and effectiveness. Our current products are Class II medical devices.

Class II medical devices are those that are subject to general controls and, frequently, additional special controls, such as premarket or specific labeling guidelines, as specified by the FDA. Class II devices also typically require premarket review and clearance by the FDA, which is accomplished through the submission of a 510(k) premarket notification before the device may be marketed in the U.S. As part of the 510(k) notification process, the FDA may require the following:

- Development of comprehensive product description and indications for use.
- Completion of extensive preclinical tests and/or preclinical animal studies, all performed in accordance with the FDA's Good Laboratory Practice ("GLP") regulations.
- Comprehensive review of predicate devices and development of data supporting the new product's substantial equivalence to one or more predicate devices.
- If appropriate and required, certain types of clinical trials (IDE submission and approval may be required for conducting a clinical trial in the U.S.).

Clinical trials involve use of the medical device on human subjects under the supervision of qualified investigators in accordance with current Good Clinical Practices ("GCPs") which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. A protocol with predefined end points, an appropriate sample size and pre-determined patient inclusion and exclusion criteria, is required before initiating and conducting clinical trial. The protocol is reviewed and approved by the participating hospital's Institutional Review Board ("IRB") before the clinical trial can be initiated at the site. Additionally, the IRB must monitor the study until complete. Any subsequent protocol amendments must be submitted and approved by the IRB.

- Assuming successful completion of all required testing, a detailed 510(k) application is submitted to the FDA requesting clearance to market the product. The application includes all relevant data from pertinent preclinical and clinical trials, together with detailed information relating to the product's manufacturing controls and proposed labeling, and other relevant documentation.
- A 510(k) clearance letter from the FDA will authorize commercial marketing of the device for one or more specific indications for use.
- After regulatory clearance, we are required to comply with a number of post-clearance requirements, including, but not limited to, complaint handling and Medical Device Reporting, trending and relevant corrective actions. Also, quality control and manufacturing procedures must continue to conform to QSR requirements. The FDA periodically inspects manufacturing facilities to assess compliance with QSRs, which imposes extensive procedural, substantive, and record keeping requirements on medical device manufacturers. In addition, changes to the manufacturing process are strictly regulated, and, depending on the change, validation activities may need to be performed. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with QSRs and types of regulatory controls.

While not anticipated, future FDA inspections and Notified Body (in the EU) audits may identify compliance issues at our facilities that may potentially disrupt production or distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a device or failure to comply with applicable requirements may result in restrictions on manufacturing and distribution of the device, including withdrawal/recall of the device from the market, or FDA-initiated or judicial action that could delay or prohibit further marketing. Newly identified safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and/or contraindications, and also may require the implementation of other risk management measures.

After a device receives FDA 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a premarket approval application ("PMA"). The FDA requires each manufacturer to make the determination of whether a modification requires a new 501(k) notification or PMA in the first instance, but the FDA can review any such decision. If the FDA disagrees with a manufacturer's decision not to seek a new 510(k) clearance or PMA for a particular change, the FDA may retroactively require the manufacturer to seek 510(k) clearance or PMA. The FDA can also require the manufacturer to cease U.S. marketing and/or recall the modified device until additional 510(k) clearance or PMA approval is obtained.

The FDA and the Federal Trade Commission ("FTC") also regulate the advertising claims of our products to ensure that the claims we make are consistent with our regulatory clearances, that there is scientific data to substantiate the claims and that our advertising is neither false nor misleading. In general, we may not promote or advertise our products for uses not within the scope of our intended use statement in our clearances or make unsupported safety and effectiveness claims. Many regulatory jurisdictions outside of the U.S. have similar regulations to which we would be subject. Our manufacturing processes are required to comply with the FDA's cGMP requirements contained in its QSR and associated regulations and guidance. The QSR covers, among other things, the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping, installation and service of a company's products. The QSR also requires maintenance of extensive records which demonstrate compliance with FDA regulation, the manufacturer's own procedures, specifications and testing as well as distribution and post-market experience. Compliance with the QSR is necessary to receive FDA clearance or approval to market new products and is necessary for a manufacturer to be able to continue to market cleared or approved product offerings in the U.S. A company's facilities, records, and manufacturing processes are subject to periodic scheduled or unscheduled inspections by the FDA, which may issue reports known as Forms FDA 483 or Notices of Inspectional Observations which list instances where the FDA inspector believes the manufacturer has failed to comply with applicable regulations and/or procedures. If the observations are sufficiently serious or the manufacturer fails to respond appropriately, the FDA may issue Warning Letters, which are notices of intended enforcement actions against the manufacturer; or Untitled Letters, which are used for less serious violations that may not rise to the level of regulatory significance. These enforcement actions could include legal actions, including fines and total shutdown of production facilities, seizure of product, prohibition on export or import and criminal prosecution. Such actions may have further indirect consequences for the manufacturer outside of the U.S., and may adversely affect the reputation of the manufacturer and the product. In the U.S., routine FDA inspections usually occur every two years, and may occur more often for cause.

We intend to submit 510(k) applications for our next generation devices and for any new indications for use of our existing products. The applications may rely upon published literature and/or the findings of safety and effectiveness based on pre-clinical or clinical studies conducted for an approved or cleared product. The FDA may also require companies to perform additional studies or measurements to support the change from the approved product or for new claims for the cleared product.

Foreign Medical Device Regulation

In order for us to market our products in other countries, we must comply with extensive safety and quality regulations in other countries. These regulations, including the requirements for approvals, clearance or grant of CE Certificates and Declaration of Conformity and the time required for regulatory review, vary from country to country. Failure to obtain regulatory approval, clearance or CE Certificates of Conformity (or equivalent) in any foreign country in which we plan to market our products, including obtaining PMDA approval in Japan, may harm our ability to generate revenue and harm our business.

The primary regulatory environment in Europe is that of the European Economic Area (the "EEA"), which is comprised of the 28 Member States of the European Union ("EU"), Iceland, Liechtenstein and Norway. In the EEA, our devices are required to comply with the Essential Requirements defined in Annex I to the EU Medical Devices Directive (applicable in the non-EU EEA Member States via the Agreement on the European Economic Area). We are also required to ensure compliance with the relevant quality system requirements defined in the Annexes to the Medical Devices Directive. Compliance with these requirements entitles us to affix the CE mark to our medical devices, without which they cannot be commercialized in EEA. To demonstrate compliance with the Essential Requirements defined in Annex I of the Medical Devices Directive to obtain the right to affix the CE mark to our medical devices, and thus be permitted to market our medical devices on the EEA market, we must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. With the exception of low risk medical devices (Class I devices with no measuring function and which are not sterile), in relation to which the manufacturer may issue a CE Declaration of Conformity based on a self-assessment of the conformity of its products with the Essential Requirements defined in the Medical Devices Directive, a conformity assessment procedure requires the intervention of an EU accredited organization. This is an organization designated by the competent authorities of an EEA country to conduct conformity assessments. Depending on the relevant conformity assessment procedure, the accredited organization may audit and examine products' Technical File and/or the quality system for the manufacture, design and final inspection of our devices before issuing a CE Certificate of Conformity. This Certificate demonstrates substantive compliance with the relevant Essential Requirements laid down in Annex I of the Medical Devices Directive or the relevant quality system requirements defined in the Annexes to the Directive and constitutes the basis for manufacturers to issue their mandatory Declaration of Conformity. Companies compliant with ISO requirements such as "EN ISO 13485: 2012 Medical devices — Quality management systems — Requirements for regulatory purposes" benefit from a presumption of conformity with the relevant quality system requirements defined in the Annexes to the Medical Devices Directive. The Notified Body issues a CE Certificate of Conformity following successful completion of a conformity assessment procedure conducted in relation to the medical device and its manufacturer and their conformity with the Essential Requirements and quality system requirements. In 2011, we received CE Certificate of Conformity from our Notified Body permitting us to affix the CE mark and market our CorPath 200 System in the EEA. If we modify existing products or develop new products in the future, including new devices, it may be necessary to notify our Notified Body and go through a conformity assessment procedure before having the right to affix the CE mark to such products. We will be subject to regulatory audits, currently conducted annually, in order to maintain any CE Certificates of Conformity that have been issued by our Notified Body. We cannot be certain that we will be able to obtain CE Certificates of Conformity for new or modified products. We continually strive to maintain our quality system to comply with the regulatory requirements defined in the Medical Device Directive and EN ISO 13485 for the CE Certificate of Conformity that we have received. We will evaluate regulatory approval in other foreign countries on an opportunistic basis.

Third Party Coverage and Reimbursement

The U.S. government and health insurance companies together are responsible for hospital and physician reimbursement for virtually all covered interventional procedures. Governments and insurance companies generally reimburse hospitals and physicians for procedures considered medically necessary. The Centers for Medicare & Medicaid Services ("CMS"), administers the Medicare and Medicaid programs (the latter, along with applicable state governments). Many other third-party payors model their reimbursement methodologies after the Medicare program. As the single largest payor, this program has a significant impact on other payors' payment systems.

Generally, reimbursement for professional services performed at a facility by physicians is reported under billing codes issued by the American Medical Association ("AMA"), known as Current Procedural Terminology ("CPT") codes. Physician reimbursement under Medicare generally is based on a fee schedule and determined by the relative values of the professional service rendered. In addition, CMS and the National Center for Health Statistics ("NCHS") are jointly responsible for overseeing changes and modifications to billing codes known as ICD-9-CM procedural codes used by hospitals to report inpatient procedures. For Medicare, CMS generally reimburses hospitals for services provided during an inpatient stay based on a prospective payment system that is determined by a classification system known as Medicare-Severity Diagnostic Related Groupings ("MS-DRGs"). MS-DRGs are assigned using a number of factors including the principal diagnosis, major procedures, discharged status, patient age and complicating secondary diagnoses among other things. Hospital outpatient services, reported by CPT codes, are assigned to clinically relevant Ambulatory Payment Classifications ("APCs") used to determine the payment amount for services provided.

On October 1, 2008, CMS and NCHS issued a new family of ICD-9-CM procedure codes for "Robotically Assisted Procedures." The purpose of the ICD-9-CM family of procedure codes is to gather data on robotic assisted surgical procedures. Effective October 1, 2014, ICD-9-CM procedure code 1743 was implemented for Percutaneous Robotic Assisted Procedure(s). A surgical procedure, completed with or without robotic assistance, continues to be assigned to the clinically relevant MS-DRG.

Governments and insurance companies carefully review and increasingly challenge the prices charged for medical products and surgical services. Reimbursement rates from private companies vary depending on the procedure performed, the third-party payor, contract terms, and other factors. Because both hospitals and physicians may receive the same reimbursement for their respective services, with or without robotics, regardless of actual costs incurred by the hospital or physician in furnishing the care, including for the specific products used in that procedure, hospitals and physicians may decide not to use our products if reimbursement amounts are insufficient to cover any additional costs incurred when purchasing our products.

Domestic institutions typically bill for the primary procedure that includes our products to various third-party payors, such as Medicare, Medicaid and other government programs and private insurance plans. Because our CorPath System has been cleared for commercial distribution in the U.S. by the FDA, coverage and reimbursement by payors are generally determined by the medical necessity of the primary procedure. While PCI procedures are typically reimbursed by third-party payors, currently, there is no incremental reimbursement provided for robotic-assisted PCI. Therefore, using the CorPath System and consumable cassettes without an incremental reimbursement will initially increase the up-front cost of the PCI procedure and the cath lab operation based on the cost of the CorPath System and also consumable cassettes. This lack of incremental reimbursement from third-party payors for procedures performed with our products, or lack of coverage by governmental and private payors' policies of interventional procedures performed using our products, may make us unable to generate the revenues necessary to support our business.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, "the PPACA"), was signed into law and makes changes significantly impacting healthcare providers, insurers, pharmaceutical and medical device manufacturers. One of the principal aims of the PPACA is to expand health insurance coverage to any Americans who are currently uninsured. The PPACA contains a number of provisions designed to generate the revenues necessary to fund this coverage expansion, including, but not limited to new fees or taxes on certain health-related industries, including medical device manufacturers. Beginning in 2013, medical device manufacturers are required to pay an excise tax (or sales tax) of 2.3% on certain U.S. medical device revenues. Under this provision, we have incurred an excise tax of approximately $104,000 cumulatively through December 31, 2015 which is reflected in our operating expenses. At the present time the excise tax is suspended due to the operation of a provision in the Consolidated Appropriations Act of 2016, signed into law on December 18, 2015 but that two-year suspension period ends on December 31, 2017. At the present time, there is no guarantee that the excise tax will continue to be suspended by congressional action after this two-year moratorium ends, or that any provisions of the PPACA will continue to exist in their current form.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, creates the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers.

Any regulatory or legislative developments in domestic markets that eliminate or reduce reimbursement rates for procedures performed using our products could harm our ability to sell our products or cause downward pressure on the prices of our products, either of which would affect our ability to generate the revenues necessary to support our business.

Properties

Our principal offices and manufacturing facilities are located at 309 Waverley Oaks Road, Suite 105, Waltham, Massachusetts 02452. On October 24, 2012, Corindus, Inc. entered into a lease with Beaver Group, LLC for a term of approximately five years for 26,402 square feet of office and manufacturing space (the "Lease"). During October 2016, the Lease was extended for an additional three years ending on January 31, 2021 ("Extended Lease"). Over the term of the Extended Lease, we pay an average monthly cost of $53,000 of base rent, excluding common area fees, taxes and insurance. Our management believes that the leased premises are suitable and adequate to meet current needs.

Employees

As of March 8, 2017, we have 92 full-time employees. Additionally, from time to time, we hire temporary or contract employees. None of our employees are covered by a collective bargaining agreement and we are unaware of any union organizing efforts. We have never experienced a major work stoppage, strike or dispute. We consider our relationship with our employees to be good.

Subsidiaries

Our subsidiaries are Corindus, Inc., which is our operating company, and Corindus Security Corporation, which holds and invests the proceeds of the issuance of certain securities.

Corporate Information

We are a Delaware corporation. Our corporate headquarters and manufacturing facilities are located at 309 Waverley Oaks Road, Suite 105, Waltham, Massachusetts 02452. Our telephone number is 508-653-3335 and our fax number is 508-653-3355. We maintain a website at *http://www.corindus.com* .

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as section 16 reports on Form 3, 4, or 5, are available free of charge on our Internet website as soon as is reasonably practicable after they are filed or furnished with the SEC. Our Code of Conduct and Ethics and the charters for the Audit Committee, the Nominating and Governance Committee and the Compensation and Management Development Committee of our Board of Directors are also available on our Internet website. The Code of Conduct and Ethics and charters are also available in print to any shareholder upon request. Requests for such documents should be directed to David Long, Chief Financial Officer, at 309 Waverley Oaks Road, Suite 105, Waltham, Massachusetts 02452. Our Internet website and the information contained on it or connected to it are not part of, nor incorporated by, reference into this Form 10-K. Our filings with the SEC are also available on the SEC's website at *http://www.sec.gov* .

ITEM 1A. RISK FACTORS.

Investing in our common stock or any other security that may be issued by us involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this Report, before making an investment decision. If any of the following risks actually occur, our business, financial condition or results of operations could suffer. In that case, the trading price of our shares of Common Stock could decline, and you may lose all or part of your investment. You should read the section entitled "Forward-Looking Statements" above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this Report.

Risks Related to our Financial Position

We have incurred significant operating losses since inception and anticipate that we will incur continued losses for the foreseeable future.

We have incurred recurring net losses, including net losses of approximately $28.8 million and $33.1 million for the years ended December 31, 2015 and December 31, 2016, respectively. As of December 31, 2016, we had an accumulated deficit of approximately $146.7 million. We have generated limited revenue and have funded our operations to date primarily from sales of capital stock and debt. We expect to incur substantial additional losses over the next few years primarily related to our research and development and commercialization activities. As a result, we may never achieve or maintain profitability unless we successfully commercialize our CorPath System. If we are unable to make required payments under any of our obligations for any reason, our creditors may take actions to collect their debts, including foreclosing on our intellectual property that collateralizes our obligations. If we continue to incur substantial losses and are unable to secure additional financing, we could be forced to discontinue or curtail our business operations, sell assets at unfavorable prices, refinance existing debt obligations on terms unfavorable to us, or merge, consolidate, or combine with a company with greater financial resources in a transaction that might be unfavorable to us.

Until we reach profitability and generate operating cash flows to grow the business, we will need to continue to raise additional funding. We may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our product development programs, commercialization efforts and growth strategy.

We will need additional funding for establishing and expanding our sales and marketing infrastructure and for future product development and we may be unable to raise capital when needed or on attractive terms, which would force us to delay, reduce or eliminate our product development programs or commercialization efforts.

We have funded operations primarily through the issuance of capital stock and debt. As of December 31, 2016, we had an accumulated deficit of approximately $146.7 million. On May 28, 2015, our Company completed a public offering by issuing 12,650,000 shares of our common stock at $3.80 per share in exchange for proceeds of $44.4 million, net of underwriting discounts, commissions and other offering costs. As of December 31, 2016, we had approximately $9.2 million in cash and cash equivalents. In March 2017, we completed a private placement of 68,055,700 shares of our common stock at $0.6616 per share in exchange for gross proceeds of approximately $45 million, before deducting offering expenses. In order to carry out our business and implement our strategy in the future, we anticipate that we will need to obtain additional financing from time to time through additional debt or equity offerings. There can be no assurances, however, that additional funding will be available on terms acceptable to us, if at all.

Should we raise additional funds by issuing equity securities, our stockholders will experience immediate dilution. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any additional debt or equity financing that we close may contain terms, such as liquidation and other preferences, which are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. If additional financing is not available when required or is not available on acceptable terms, we may be unable to fund expansion, successfully promote our brand name, develop or enhance our services, take advantage of business opportunities, or respond to competitive pressures or unanticipated requirements, any of which could seriously harm our business and reduce the value of your investment.

We currently owe approximately $3.8 million under a loan agreement and we can give no assurance that we will be able to satisfy our obligations under the loan agreement at the maturity date.

On June 11, 2014, we entered into a Loan and Security Agreement pursuant to which the lender agreed to make an aggregate of approximately $10 million available to us under two $5 million secured promissory notes (the "Secured Promissory Notes"). The initial note for approximately $5 million was made on June 11, 2014 (the "Initial Note") and the second note for approximately $5 million was made on December 31, 2014 (the "Second Note"). The Secured Promissory Notes are repayable over a term of 27 months which began on July 1, 2015. The Initial Note bears interest at a rate equal to the greater of (w) 11.25% or (x) 11.25% plus the Wall Street Journal Prime Rate, less 3.25%. The Second Note bears interest at a rate equal to the greater of (y) 9.95% or (z) 9.95% plus the Wall Street Journal Prime Rate, less 3.25%. The Secured Promissory Notes include additional interest payments of $125 thousand each due no later than October 1, 2017, which is accreted over the term of the loans. The Secured Promissory Notes mature during 2017. There is no assurance that we will have the funds available to meet our principal and interest payment obligations under the Secured Promissory Notes or that we will be able to satisfy covenants or other obligations under the Secured Promissory Notes. Our covenants under the loan arrangement include certain restrictions with respect to subsequent indebtedness, liens, loans and investments, asset sales, and share repurchases and other restricted payments, subject to certain exceptions. The arrangement also includes financial reporting obligations. An event of default under the Loan and Security Agreement includes, but is not limited to, breach of covenants, insolvency, and occurrence of any default under any agreement or obligation of the Company. In addition, the Loan and Security Agreement contains a customary material adverse effect clause which states that in the event of a material adverse effect, an event of default would occur and the lender has the option to accelerate and demand payment of all or any part of the loan. A material adverse effect is defined in the Loan and Security Agreement as a material change in our business, operations, properties, assets or financial condition or a material impairment of our ability to perform all obligations under this Loan and Security Agreement.

Changes in our effective tax rate may harm our results of operations.

A number of factors may harm our future effective tax rates including, but not limited to, the following:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various taxing authorities;
- change in valuation of our deferred tax assets and liabilities;
- increases in expenses not deductible for tax purposes;
- changes in available tax credits and deductions;
- changes in share-based compensation; and
- changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles.

Because we have incurred losses to date, we have not recorded any income tax provision thus far. At December 31, 2016, we had U.S. federal and state net operating loss carryforwards of approximately $114.4 million and $70.5 million, respectively, that can be carried forward and offset against future taxable income. These federal net operating loss carryforwards will begin to expire in 2028 and the state net operating loss carryforwards will begin to expire in 2023.

Utilization of net operating losses may be subject to a substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986, as amended, and similar state provisions. This limitation may result in the expiration of net operating losses before utilization. We have not yet determined whether any changes in ownership have triggered any such limitations. There can be no assurance that we will utilize the entire amount of our net operating loss carryforwards.

Risks Related to Our Business and Industry

We are completely dependent on the success of our CorPath System, which has a limited commercial history. If our CorPath System fails to gain or loses market acceptance, our business will suffer.

During 2016, we received 510(k) clearance from the FDA for our CorPath GRX System, the second-generation of the CorPath System. We commercially introduced our CorPath GRX System in January 2017, and expect that sales of our CorPath GRX System will account for the majority of our revenue for the foreseeable future. Because of its recent commercial introduction, the CorPath GRX System has limited product and brand recognition. Demand for our original CorPath System had not increased as quickly as we expected and we do not know if we will be successful over the long term in generating increased demand for the use of our products. Failure of our CorPath GRX System to significantly penetrate current or new markets would negatively impact our business, financial condition and results of operations.

We operate in a competitive industry and if our competitors have products that are marketed more effectively or develop products, treatments or procedures that are similar, more advanced, safer or more effective than ours, our commercial opportunities will be reduced or eliminated and our business will be harmed.

Our potential competitors may develop products, treatments or procedures that are similar, more advanced, safer or more effective than ours. The medical device industry is very competitive and subject to significant technological and practice changes. We expect to face competition from many different sources with respect to our existing products and products that we may seek to develop or commercialize in the future.

Competing against large established competitors with significant resources may make establishing a market for any products that we develop difficult which would have a material adverse effect on our business. Our commercial opportunity could also be reduced or eliminated if our competitors develop and commercialize products, treatments or procedures that are safer, more effective, are more convenient or are less expensive than our existing products or any product that we may develop. Many of our potential competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we may have. Mergers and acquisitions in the medical device industry market may result in even more resources being concentrated among a smaller number of our potential competitors. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These companies compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

If institutions or physicians are unable to obtain coverage and reimbursement from third-party payors for procedures using our products, or if reimbursement is insufficient to cover the costs of purchasing our products, we may be unable to generate sufficient sales to support our business.

In the U.S., hospitals generally bill for the services performed with our products to various third-party payors, such as Medicare, Medicaid and other government programs and private insurance plans. Currently, there is no incremental reimbursement provided for robotic-assisted PCI. Therefore, using the CorPath System and consumable cassette without an incremental reimbursement will initially increase the up-front cost of the PCI procedure and the cath lab operation based on the cost of the CorPath System and also consumable cassettes. This lack of incremental reimbursement from third-party payors for procedures performed with our products, or lack of coverage by governmental and private payors' policies of interventional procedures performed using our products, could deter hospitals from purchasing our products and may make us unable to generate the revenues necessary to support our business.

The commercial success of our products will depend upon the degree of market acceptance by hospitals and physicians. Should we not achieve market acceptance, we will not be able to generate the revenue necessary to support our business.

The CorPath System is a new technology that represents a fundamentally new way of performing PCI procedures; however, it competes with established treatment options for PCI procedures. Achieving physician, patient and third-party payor acceptance of the CorPath System as a preferred method of performing vascular procedures will be crucial to our success. If our products fail to achieve market acceptance, hospital customers will not purchase our products and we will not be able to generate the revenue necessary to support our business. We believe that acceptance by hospitals, physicians and third-party payors regarding the benefits of procedures performed using our products will be essential for acceptance of our products by patients. Physicians will not recommend the use of our products unless we can demonstrate that they produce results comparable or superior to existing PCI techniques. Even though we have proven the effectiveness of our products through clinical trials, physicians may elect not to use our products for any number of other reasons. For example, cardiologists may continue to recommend conventional PCI techniques simply because it is already widely accepted. In addition, physicians may be slow to adopt our products because of the perceived liability risks arising from the use of new products and the uncertainty of reimbursement from third-party payors, particularly in light of ongoing health care reform initiatives. We expect that there will be a learning process involved for physicians and their surgical teams to become proficient in the use of our products. Market acceptance could be delayed by the time required to complete this training. We may not be able to rapidly train physicians and their surgical teams in numbers sufficient to generate adequate demand for our products.

Development and awareness of our brand will largely depend upon our success in increasing our customer base. In order to attract and retain customers and to promote and maintain our brand in response to competitive pressures, management plans to significantly increase our sales and marketing budgets, particularly for our field sales force. If we are unable to economically promote or maintain our brand, our business, results of operations and financial condition could be severely harmed.

The successful use of our CorPath System depends in part on physician skill and experience. If we are unable to train physicians on the proper use of our system, we may experience a high risk of product liability.

The successful use of our CorPath System depends in part on the physician's skill and experience. We train users on the proper techniques in using our system to achieve the intended outcome. Because of the acute nature of PCI procedure, we are unable to have a company representative attend cases using the CorPath System. As the number of users of our system increases, it is possible that the level of training that we are accustomed to providing will be insufficient and some physicians may not be willing to invest the time required to become properly trained with our procedure. We may find that physicians who are less skilled in the use of interventional devices will increasingly use the CorPath System, potentially leading to a higher rate of device failure, injury, negative publicity and an increased risk of product liability. We may be subject to claims against us even if the apparent injury is due to the actions of others. Any litigation that may occur based on physician error in the use of our products and our potential inability to train physicians to use our CorPath System may lead to inadequate demand for our products and have a material adverse impact on our business, financial condition and results of operations.

Our future success is dependent upon expanding our technology platform to other segments. Our potential inability to expand our technology platform beyond PCI may adversely affect our ability to increase our revenues.

Currently, our only users are interventional cardiologists in PCI procedures. We are dependent on our ability to expand our technology platform and sell our products to other vascular markets in the future, including peripheral, vascular, neurointerventional and other more complex cardiac interventions such as structural heart. The techniques used in our procedure are similar to those used by not only our current user base of interventional cardiologists, but also to those used by other specialists who are generally trained in interventional techniques. Our revenue growth will depend on our ability to obtain approval to sell our CorPath System into these other markets and to sell our products to their physicians and their affiliated hospitals. In October 2015, we announced that we had received 510(k) clearance from the FDA for our robotic-assisted CorPath System to be used during percutaneous coronary interventions performed via radial access, and on March 29, 2016, we announced that we had received 510(k) clearance from the FDA for our robotic-assisted CorPath System for use in peripheral vascular interventions. In October 2016, we announced that we had received 510(k) clearance from the FDA for the CorPath GRX, the second generation of our CorPath System. Convincing physicians to dedicate the time and energy necessary for adequate training in the use of our system is challenging, and we cannot provide any assurance that we will be successful in these efforts. In addition, we do not have significant experience in selling our products to other specialists. They may require, among other things, additional clinical evidence supporting patient and physician benefits, training in a manner to which we are not accustomed or other resources that we do not readily have available or are not cost effective for us to provide. If we are unable to expand into other markets, growth of our sales will be limited and our revenue will be adversely impacted.

Decreasing cath lab patient volume could adversely affect our business , financial condition or results of operations.

Our current target market consists of the estimated 3,250 cath lab rooms in the U.S. that perform PCI procedures, which we estimate represents 40% of the global market of more than 8,000 PCI cath lab rooms. U.S. cath lab patient volume has decreased over the past several years, leading to increased competition for patients. If U.S. cath lab patient volume continues to decrease, it may become more difficult for us to grow revenue and increase market share and could adversely affect our business, financial condition or results of operations. In addition, revenue from the sale of our consumable cassettes to cath labs which already have a CorPath System installed is dependent on how often the systems are utilized. If the utilization rate decreases, our revenues, financial condition and results of operations could be adversely impacted.

Our products face the risk of technological obsolescence, which, if realized, could have a material adverse effect on our business.

The medical device industry is characterized by rapid and significant technological change. There can be no assurance that third parties will not succeed in developing or marketing technologies and products that are more effective than ours or that would render our technology and products obsolete or noncompetitive. Additionally, new, less invasive surgical procedures and medications could be developed that replace or reduce the importance of current procedures that use or could use our products. Accordingly, our success will depend in part upon our ability to respond quickly to medical and technological changes through the development of new products. Product development involves a high degree of risk, and we cannot assure you that our new product development efforts will result in any commercially successful products.

We may experience long and variable capital sales cycles and/or seasonality in our business which may cause fluctuations in our financial results.

Our CorPath System may have a lengthy sales and purchase order cycle because it is a major capital item and such a purchase generally requires the approval of senior management of hospitals, their parent organizations, purchasing groups, and/or government bodies, as applicable. In addition, hospitals may delay or accelerate system purchases in conjunction with timing of their capital budget timelines. As a result, it is difficult for us to predict the length of capital sales cycles and, therefore, the exact timing of capital sales. We believe that our sales may tend to be heaviest during the third month of each fiscal quarter, and lighter in the third and first fiscal quarters and heavier in the fourth fiscal quarter. Timing of PCI procedures and changes in the PCI procedure market could directly affect the timing of the purchase of our products by hospitals.

The above factors may contribute to fluctuations in our quarterly operating results and it is possible that in some future quarters our operating results will fall below the expectations of securities analysts or investors. If that happens, the market price of our stock would likely decrease. These fluctuations, among other factors, also mean that you will not be able to rely upon our operating results in any particular period as an indication of future performance. In addition, the introduction of new products could adversely impact our sales cycle as customers take additional time to assess the benefits and costs of such products.

If defects are discovered in our products, we may incur additional unforeseen costs, hospitals may not purchase our products and our reputation may suffer.

Our products incorporate mechanical parts, electrical components, optical components and computer software, any of which can contain errors or failures, especially when first introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after commercial shipment. Because our products are designed to be used to perform complex medical procedures, we expect that our customers will have an increased sensitivity to such defects. We cannot provide any assurances that our products will not experience component aging, errors or performance problems in the future. If we experience flaws or performance problems, any of the following could occur:

- delays in product shipments;
- loss of revenue;
- delay in market acceptance;
- diversion of our resources;
- damage to our reputation;
- product recalls;
- regulatory actions;
- increased service or warranty costs; or
- product liability claims.

In the future, we may be subject to product liability and negligence claims relating to the use of our products that could be expensive, divert management's attention and harm our business.

Our business exposes us to significant risks of product liability claims, which are inherent to the medical device industry, including product liability exposure related to the testing of our CorPath System in human clinical trials. Because our CorPath System is designed to be used in complex surgical procedures, defects could result in a number of complications, including serious personal injury or death. Claims could be brought against us if use or misuse of our CorPath System causes, or merely appears to have caused, personal injury or death. Product liability claims may be brought by individuals or by groups seeking to represent a class.

While we have and intend to maintain product liability insurance, our coverage may not be sufficient to cover claims that may be made against us and we may be unable to maintain such insurance. Additionally, we have entered into various agreements where we indemnify third parties for certain claims relating to our products. These indemnification obligations may require us to pay significant sums of money for claims that are covered by these indemnification obligations. We are not currently subject to any product liability claims; however, future product liability claims against us, regardless of their merit, may result in negative publicity about us that could ultimately harm our reputation and could have a material adverse effect on our business, financial condition, results of operations.

We may be subject to product recalls that could negatively affect our business.

We may be subject to product recalls, withdrawals or seizures if any of our products are believed to cause injury or are subject to serious malfunctions or if we are alleged to have violated governmental regulations in the manufacture, labeling, promotion, sale or distribution of our products. A recall, withdrawal or seizure of any of our products could materially and adversely affect consumer confidence in our brand and lead to decreased demand for our products. In addition, a recall, withdrawal or seizure of our products would require significant management attention, would likely result in substantial and unexpected expenditures and could materially and adversely affect our business, financial condition or results of operations.

Our business may be affected by unfavorable publicity or lack of consumer acceptance.

We are highly dependent upon consumer acceptance of the safety, efficacy and quality of our products. Consumer acceptance of a product can be significantly influenced by scientific research or findings, national media attention and other publicity about product use. A product may be received favorably resulting in high sales associated with that product that may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to our industry or to any of our products and may not be consistent with earlier favorable research or publicity. A future research report or publicity that is perceived by our consumers as less than favorable or that may question earlier favorable research or publicity could have a material adverse effect on our ability to generate revenue. Adverse publicity in the form of published scientific research, statements by regulatory authorities or otherwise, whether or not accurate, that associates the use of our product with adverse effects, or that questions the benefits of our product or a similar product, or that claims that our products are ineffective or unsafe, could reduce market acceptance of our products and could result in decreased product demand and could have a material adverse effect on our business, reputation, financial condition or results of operations.

We could be subject to significant, uninsured liabilities.

In the future, we may not continue to maintain certain existing insurance coverage or adequate levels of coverage. Premiums for many types of insurance have increased significantly in recent years, and depending on market conditions and our circumstances, in the future, certain types of insurance such as directors' and officers' insurance or products liability insurance may not be available on acceptable terms or at all.

We may encounter manufacturing problems or delays that could result in lost revenue.

Manufacturing our products is a complex process. We may encounter difficulties in scaling up or maintaining production of our products, including:

- problems involving production yields;
- quality control and assurance;
- component supply shortages;
- import or export restrictions on components, materials or technology;
- shortages of qualified personnel; and
- compliance with state and federal regulations.

If demand for our products exceeds our manufacturing capacity, we could develop a substantial backlog of customer orders. If we are unable to maintain larger-scale manufacturing capabilities, our ability to generate revenues will be limited and our reputation in the marketplace could be damaged.

We depend on limited or single source suppliers and vendors for components and services used in the manufacture of our products, and the partial or complete loss of these suppliers or vendors could cause customer supply or production delays and a substantial loss of revenues.

We depend on limited or single source suppliers for certain key components and limited vendors for certain services used to manufacture our products, making us susceptible to quality issues, shortages and price changes. Any of these limited or single source suppliers or vendors could stop producing or supplying our components or stop performing services used to manufacture our products, cease operations or be acquired by, or enter into exclusive arrangements with, one or more potential competitors. As a result, these suppliers and vendors could stop providing components or services to us at commercially reasonable prices, or at all. Because there are a limited number of suppliers and vendors that manufacture the components and provide the services used to manufacture our products, it may be difficult to quickly identify alternate suppliers or vendors or to qualify alternative components or services on commercially reasonable terms, and our ability to satisfy customer demand may be adversely affected, which could result a substantial loss of revenue.

Disruption of critical information systems or material breaches in the security of our systems could harm our business customer relations and financial condition.

Information technology helps us operate efficiently, interface with customers, maintain financial accuracy and efficiency and accurately produce our financial statements. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions or the loss of or damage to intellectual property through security breach. If our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired, perhaps materially. Any such impairment could materially and adversely affect our financial condition, results of operations, cash flows and the timeliness with which we report our internal and external operating results.

Our business requires us to use and store personally identifiable information ("PII") of our customers, employees and business partners. This may include names, addresses, phone numbers, email addresses, contact preferences, tax identification numbers and payment account information. We require user names and passwords in order to access our information technology systems. We also use encryption and authentication technologies to secure the transmission and storage of data. These security measures may be compromised as a result of third-party security breaches, employee error, malfeasance, faulty password management or other irregularity, and result in persons obtaining unauthorized access to our data or accounts. Third parties may attempt to fraudulently induce employees or customers into disclosing user names, passwords or other sensitive information, which may in turn be used to access our information technology systems.

We devote significant resources to network security, data encryption and other security measures to protect our systems and data, but these security measures cannot provide absolute security. We may experience a breach of our systems and may be unable to protect sensitive data. The costs to us to eliminate or alleviate network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in unexpected interruptions, delays, cessation of service and may harm our business operations. Moreover, if a computer security breach affects our systems or results in the unauthorized release of PII, our reputation and brand could be materially damaged and use of our products and services could decrease. As we grow our business outside of the U.S., we will be subject to additional, complex data security obligations. Compliance with these obligations may be costly and failure to comply may materially harm our business.

Failure to manage growth effectively could prevent us from achieving our goals.

Our growth strategy may impose a significant burden on our administrative and operational resources. Our ability to effectively manage growth depends on our ability to substantially expand the capabilities of our administrative and operational resources and to attract, train, manage and retain qualified management and other personnel. Our failure to successfully manage growth could result in our sales not increasing commensurately with capital investments. Our inability to successfully manage growth could materially adversely affect our business.

Any failure to adequately expand our direct sales force will impede our growth. If we are unable to attract, hire and retain qualified sales and management personnel, the commercial opportunity for our products may be diminished.

We expect to be substantially dependent on a direct sales force to attract new business and to manage customer relationships. We plan to expand our direct sales force and believe that there is significant competition for qualified, productive direct sales personnel with advanced sales skills and technical knowledge of our industry. Our ability to achieve significant growth in revenue in the future will depend, in large part, on our success in recruiting, training and retaining sufficient direct sales personnel. Recent hires and planned hires may not become as productive as expected and we may be unable to hire sufficient numbers of qualified individuals in the future in the markets where we do business. If we are unable to hire and develop sufficient numbers of productive sales personnel, our business prospects could suffer.

As of December 31, 2016, our sales force consisted of 9 and 11 regional sales managers and clinical account managers, respectively. We may not be able to attract, hire, train and retain qualified sales and sales management personnel. If we are not successful in our efforts to maintain and grow a qualified sales force, our ability to independently market and promote our products may be impaired. Even if we are able to effectively maintain a qualified sales force, our sales force may not be successful in commercializing our products.

To successfully market and sell our CorPath System internationally, we must address many issues with which we have little or no experience.

To date, we have primarily marketed our CorPath System domestically in the United States. Over the long term, we intend to grow our business internationally, and to do so we will need to attract distributors or expand our sales operations to effectively sell our CorPath System internationally. Distributors may not commit the necessary resources to market and sell our CorPath System in accordance with our expectations. If future distributors do not perform adequately, or we are unable to locate distributors for particular geographic areas, we may not realize expected long term international revenue growth. International sales are subject to a number of risks, including:

- varying coverage and reimbursement processes and procedures;
- difficulties in staffing and managing foreign operations;
- reduced protection for intellectual property rights in some countries;
- export restrictions, trade regulations and foreign tax laws;
- fluctuating foreign currency exchange rates;
- foreign certification and regulatory requirements;
- lengthy payment cycles and difficulty in collecting accounts receivable;
- customs clearance and shipping delays;
- legal and regulatory requirements related to anti-bribery laws in foreign jurisdictions, as well as in relation to the U.S. Foreign Corrupt Practices Act (FCPA);
- political and economic instability; and
- preference for locally produced products.

If one or more of these risks is realized, it could require us to dedicate significant resources to remedy the situation, our plan to expand internationally may fail and our financial performance may suffer as a result.

If we fail to attract and retain key personnel, or to retain our executive management team, we may be unable to successfully develop or commercialize our products.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified managerial personnel. We are highly dependent upon our executive management team. The loss of the services of any one or more of the members of our executive management team could delay or prevent the successful completion of some of our development and commercialization objectives.

Recruiting and retaining qualified sales and marketing personnel is critical to our success. We may not be able to attract and retain these personnel on acceptable terms. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our development and commercialization strategy. Our consultants and advisors may also be employed by other companies and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us.

Risks Related to Intellectual Property

If we are unable to obtain and maintain protection for intellectual property relating to our technology and products, the value of our technology and products will be adversely affected.

Our success will depend in part on our ability to obtain and maintain protection for the intellectual property covering or incorporated into our technology and products. The patent situation in the field of medical devices involves complex legal and scientific questions. We rely upon patents, trade secret laws and confidentiality agreements to protect our technology and products. We may not be able to obtain patent rights relating to our technology or products and pending patent applications to which we have rights may not issue as patents or if issued, may not issue in a form that will be advantageous to us. Even if issued, any patents issued to us may be challenged, narrowed, invalidated, held to be unenforceable or circumvented. Changes in either patent laws or in interpretations of patent laws in the United States may diminish the value of our intellectual property or narrow the scope of our patent protection.

Trademark protection of our products may not provide us with a meaningful competitive advantage.

We use trademarks on our products and believe that having distinctive marks is an important factor in marketing them. Distinctive marks may also be important for any additional products that we successfully develop and commercially market. If we initiate legal proceedings to seek to protect our trademarks, the costs of these proceedings could be substantial and it is possible that our efforts could be unsuccessful.

We may in the future be a party to patent litigation and administrative proceedings that could be costly and could interfere with our ability to sell our CorPath System.

Litigation related to infringement and other intellectual property claims, with or without merit, is unpredictable, can be expensive and time consuming and can divert management's attention from our core business. If we lose this kind of litigation, a court could require us to pay substantial damages, and prohibit us from using technologies essential to our CorPath System, any of which would have a material adverse effect on our business, results of operations and financial condition. If relevant patents are upheld as valid and enforceable and we are found to infringe, we could be prevented from selling our CorPath System unless we can obtain a license to use technology or ideas covered by such patents or are able to redesign our CorPath System to avoid infringement. We do not know whether any necessary licenses would be available to us on satisfactory terms, if at all, or whether we could redesign our CorPath System or processes to avoid infringement.

Competing products may also appear in other countries in which our patent coverage might not exist or be as strong. If we lose a foreign patent lawsuit, we could be prevented from marketing our CorPath System in one or more foreign countries.

Risks Related to Regulatory Matters

Recently enacted healthcare legislation reforming the U.S. healthcare system, as well as future reforms, may have a material adverse effect on our financial condition and results of operations.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (collectively, "the PPACA"), was signed into law which makes changes that are expected to significantly impact healthcare providers, insurers, pharmaceutical and medical device manufacturers. One of the principal aims of the PPACA as currently enacted is to expand health insurance coverage to approximately 32,000,000 uninsured Americans. The consequences of these significant coverage expansions on the sales of our products are unknown and speculative at this point.

The PPACA contains a number of provisions designed to generate the revenues necessary to fund the coverage expansions, among other things. This includes new fees or taxes on certain health-related industries, including medical device manufacturers, regardless of whether the companies are profitable. Beginning in 2013, medical device manufacturers were required to pay an excise tax (or sales tax) of 2.3% of certain U.S. medical device revenues. Under this provision, we have paid an excise tax of approximately $0.1 million through December 31, 2015, which tax is reflected in our operating expenses. Though there are some exceptions to the excise tax, this excise tax applies to all or most of our products sold within the U.S. At the present time the excise tax is suspended due to the operation of a provision in the Consolidated Appropriations Act of 2016, signed into law on December 18, 2015 but that two-year suspension period ends on December 31, 2017. At the present time, there is no guarantee that the excise tax will continue to be suspended by congressional action after this two-year moratorium ends, or that any provisions of the PPACA will continue to exist in their current form. The PPACA also establishes a new Patient-Centered Outcomes Research Institute to oversee and identify priorities in comparative clinical effectiveness research in an effort to coordinate and develop such research; implements payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians, and other providers to improve the coordination, quality, and efficiency of certain healthcare services through bundled payment models; and creates an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate.

The PPACA provisions on comparative clinical effectiveness research also extend the initiatives of the American Recovery and Reinvestment Act of 2009, known as the stimulus package, which included $1.1 billion in funding to study the comparative effectiveness of health care treatments and strategies. This stimulus funding was designated for, among other things, conducting, supporting or reviewing research that compares and evaluates the risks and benefits, clinical outcomes, effectiveness and appropriateness of products. The PPACA appropriates additional funding to comparative clinical effectiveness research. Although Congress has indicated that this funding is intended to improve the quality of health care, it remains unclear how the research will impact current Medicare coverage and reimbursement or how new information will influence other third-party payor policies. The taxes imposed by the PPACA and the expansion in the government's role in the U.S. healthcare industry may result in decreased profits to us, lower reimbursement by payors using our products, and/or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations.

In addition, other legislative changes have been proposed and adopted since the PPACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, creates the Joint Select Committee on Deficit Reduction to recommend proposals in spending reductions to Congress. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect on April 1, 2013. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Strong, partisan disagreement in Congress has prevented implementation of various PPACA provisions, and the Trump administration has made repeal of the PPACA a priority. One of the first executive orders of the Trump administration granted federal agencies broad powers to unwind regulations under the PPACA. On January 11, 2017, the Senate voted to approve a "budget blueprint" allowing Republicans to repeal parts of the law while avoiding Democrat filibuster. The "Obamacare Repeal Resolution" passed 51-48. Efforts to repeal the PPACA continue although there is little clarity on how such a repeal would be implemented and what a PPACA replacement might look like. For the immediate future, there is significant uncertainty regarding the health care, health care coverage and health care insurance market. Strong, partisan disagreement in Congress has prevented implementation of various PPACA provisions, and the Trump administration has made repeal of the PPACA a priority. One of the first executive orders of the Trump administration granted federal agencies broad powers to unwind regulations under the PPACA. On January 11, 2017, the Senate voted to approve a "budget blueprint" allowing Republicans to repeal parts of the law while avoiding Democrat filibuster. The "Obamacare Repeal Resolution" passed 51-48. Efforts to repeal the PPACA continue although there is little clarity on how such a repeal would be implemented and what a PPACA replacement might look like. For the immediate future, there is significant uncertainty regarding the health care, health care coverage and health care insurance market.

We expect that additional state and federal healthcare reform measures may be adopted in the future, any of which could have a material adverse effect on our industry generally and our ability to successfully commercialize our products or could limit or eliminate our spending on certain development projects.

The U. S. government has in the past considered, is currently considering and may in the future consider healthcare policies and proposals intended to curb rising healthcare costs, including those that could significantly affect both private and public reimbursement for healthcare services. State and local governments, as well as a number of foreign governments, are also considering or have adopted similar types of policies. Future significant changes in the healthcare systems in the United States or elsewhere, and current uncertainty about whether and how changes may be implemented, could have a negative impact on the demand for our products. We are unable to predict whether other healthcare policies, including policies stemming from legislation or regulations affecting our business, may be proposed or enacted in the future; what effect such policies would have on our business; or the effect ongoing uncertainty about these matters will have on the purchasing decisions of our customers.

We are subject to federal and state laws governing our business practices which, if violated, could result in substantial civil and criminal penalties. Additionally, challenges to or investigations of our practices could cause adverse publicity and be costly to respond to and could otherwise harm our business.

The Medicare and Medicaid anti-kickback laws, and similar state laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, prohibit payments or other remuneration that could be considered to induce hospitals, physicians or other potential purchasers of our products either to refer patients or to purchase, lease or order, or arrange for or recommend the purchase, lease or order of healthcare products or services for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid. Further, the recently enacted PPACA, among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the PPACA provides that the government or a whistleblower may assert that a claim (including items or services resulting from a violation of the federal anti-kickback statute) constitutes a false or fraudulent claim for purposes of the false claims act. These laws may affect our sales, marketing and other contractual and promotional activities by limiting the kinds of financial arrangements we may have with hospitals, physicians or other potential purchasers of our products. They particularly impact how we structure our sales offerings, including discount practices, customer support, education and training programs, physician consulting and other service arrangements. These laws are broadly written, and it is often difficult to determine precisely how these laws will be applied to specific circumstances. Violating anti-kickback laws can result in civil and criminal penalties, which can be substantial and include exclusion from government healthcare programs for noncompliance. Even an unsuccessful challenge or investigation into our practices could cause adverse publicity, and be costly to defend, and thus could harm our business and results of operations.

The PPACA also imposes new reporting and disclosure requirements on device manufacturers for any “transfer of value” made or distributed to physicians and other healthcare providers. Such information must be made publicly available in a searchable format. In addition, device manufacturers will also be required to report and disclose any investment interests held by physicians and their immediate family members during the preceding calendar year. Failure to submit required information may result in civil monetary penalties of up to an aggregate of approximately $0.2 million per year (and up to an aggregate of $1 million per year for “knowing failures”), for all payments, transfers of value or ownership or investment interests not reported in an annual submission. Device manufacturers were required to begin collecting data on August 1, 2013 and were required to submit reports to the Centers for Medicare & Medicaid Services (“CMS”) by March 31, 2014 and the 90th day of each subsequent calendar year. We submitted our report due March 31, 2014 in a timely manner and continue to be in compliance with this reporting requirement.

In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians, including the tracking and reporting of gifts, compensation and other remuneration to physicians. Certain states mandate implementation of corporate compliance programs to ensure compliance with these laws, impose restrictions on device manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians. The shifting corporate compliance environment, and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements, increases the possibility that we may be found out of compliance of one or more of the requirements, subjecting us to significant civil monetary penalties.

Compliance with complex foreign and U.S. laws and regulations that apply to our potential international operations increases our cost of doing business in international jurisdictions and could expose us or our employees to fines and penalties in the U.S. and/or abroad. These numerous and sometimes conflicting laws and regulations include U.S. laws such as the Foreign Corrupt Practices Act, and similar laws in foreign countries, such as the U.K. Bribery Act of 2010. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation. There can be no assurance that our policies and procedures are sufficient to ensure compliance with these laws or that our employees, contractors or agents will not violate our policies and procedures.

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires us to track and disclose the source of certain metals used in manufacturing which may stem from minerals (so-called "conflict minerals") which originate in the Democratic Republic of the Congo or adjoining regions. These metals include tantalum, tin, gold and tungsten. In most cases no acceptable alternative material exists which has the necessary properties. It is not possible to determine the source of the metals by analysis but instead a good faith description of the source of the intermediate components and raw materials must be obtained. The components which incorporate those metals may originate from many sources and we may purchase fabricated products from manufacturers who may have a long and difficult-to-trace supply chain. As the spot price of these materials varies, producers of the metal intermediates can be expected to change the mix of sources used, and components and assemblies which we buy may have a mix of sources as their origin. We do not believe these materials are present in the component parts that we use in our CorPath System, but there can be no assurance that these metals will not be included in our components and assemblies from time to time.

Our products are subject to a lengthy and uncertain domestic regulatory review process. If we do not obtain and maintain the necessary domestic regulatory authorizations, we will not be able to provide our products in the U.S.

Our products and operations are subject to extensive regulation in the U.S. by the FDA. The FDA regulates the development, bench and clinical testing, manufacturing, labeling, storage, record-keeping, promotion, marketing, sales, distribution and post-market support and reporting of medical devices in the U.S. to ensure that medical products distributed domestically are safe and effective for their intended uses. In order for us to market our Class II products for use in the U.S., we must first obtain clearance from the FDA pursuant to Section 510(k) of the Federal Food, Drug, and Cosmetic Act ("FFDCA"). In October 2015, we announced that we had received 510(k) clearance from the FDA for our robotic-assisted CorPath System to be used during PCI procedures performed via radial access, and on March 29, 2016, we announced that we had received 510(k) clearance from the FDA for our robotic-assisted CorPath System for use in peripheral vascular interventions. In October 2016, we announced that we had received 510(k) clearance from the FDA for the CorPath GRX, the second generation of the CorPath System. Clearance under Section 510(k) requires demonstration that a new device is substantially equivalent to another device with 510(k) clearance or grandfathered ("pre-amendment") status or to a device that was reclassified from Class III to Class II or Class I (those are referred to as predicate devices). If we significantly modify our products after they receive FDA clearance, or seek to market them for additional indications for use, the FDA may require us to submit a separate 510(k) or premarket approval application ("PMA") for the modified product before we are permitted to market the products in the U.S. In addition, if we develop products in the future that are not considered to be substantially equivalent to a predicate device, we will be required to obtain FDA approval by submitting a PMA. The FDA may not act favorably or quickly in its review of our 510(k) or PMA submissions or we may encounter significant difficulties and costs in our efforts to obtain FDA clearance or approval, any of which could delay or preclude our sale of new products in the U.S. Furthermore, the FDA may request additional data or require us to conduct further testing, or compile more data, including clinical data and clinical studies, in support of a 510(k) submission.

Regulatory policy affecting our products can change at any time. The changes and their impact on our business cannot be accurately predicted. For example, in 2011, the FDA announced a Plan of Action to modernize and improve the FDA's premarket review of medical devices, and has implemented, and continues to implement, reforms intended to streamline the premarket review process. In addition, as part of the Food and Drug Administration Safety and Innovation Act of 2012, Congress enacted several reforms through the Medical Device Regulatory Improvements and additional miscellaneous provisions which will further affect both pre- and post-approval medical device regulation. Most recently, FDA has been focusing on the cybersecurity risks associated with certain medical devices and encouraging device manufacturers to take a more proactive approach to assessing the cybersecurity risks of their devices both during development and on a periodic basis after the devices are in commercial distribution. These regulatory efforts could lead to new FDA requirements in the future or additional product liability or other litigation risks if one of our products is considered to be susceptible to third-party tampering. In August 2016, the FDA released its proposals for reforming long-standing procedures and requirements related to modifications to medical devices already on the market. In December 2016, Congress passed the 21st Century Cures Act, which makes multiple changes to the FDA's rules for medical devices as well as for clinical trials, and Congress is expected to pass another large piece of legislation related to medical devices during 2017 (the Medical Device User Fee reauthorization package) that could have certain impacts on our business. Changes in the FDA 510(k) process could make clearance more difficult to obtain, increase delay, add uncertainty and have other significant adverse effects on our ability to obtain and maintain clearance for our products. The FDA may also, instead of accepting a 510(k) submission, require us to submit a PMA, which is typically a much more complex, lengthy and burdensome application than a 510(k) submission. To support a PMA, the FDA would likely require that we conduct one or more clinical studies to demonstrate that the device is safe and effective. In some cases such studies may be requested for a 510(k) as well. We may not be able to meet the requirements to obtain 510(k) clearance or PMA approval, in which case the FDA may not grant any necessary clearances or approvals. In addition, the FDA may place significant limitations upon the intended uses of our products as a condition to a 510(k) clearance or PMA approval. Product applications can also be denied or withdrawn due to failure to comply with regulatory requirements or the occurrence of unforeseen problems following clearance or approval. Any delays or failure to obtain FDA clearance or approval of new products we develop, any limitations imposed by the FDA on new product use or the costs of obtaining FDA clearance or approvals could have a material adverse effect on our business, financial condition and results of operations.

In order to conduct a clinical investigation involving human subjects for the purpose of demonstrating the safety and effectiveness of a medical device, a company must, among other things, apply for and obtain Institutional Review Board ('IRB") approval of the proposed investigation. In addition, if the clinical study involves a "significant risk" (as defined by the FDA) to human health, the sponsor of the investigation must also submit and obtain FDA approval of an Investigational Device Exemption ("IDE") application. Our system product is considered a significant risk device requiring IDE approval prior to investigational use. We may not be able to obtain FDA and/or IRB approval to undertake clinical trials in the U.S. for any new devices we intend to market in the U.S. in the future. If we do obtain such approvals, we may not be able to conduct studies which comply with the IDE and other regulations governing clinical investigations or the data from any such trials may not support clearance or approval of the investigational device. Failure to obtain such approvals or to comply with such regulations could have a material adverse effect on our business, financial condition and results of operations. Certainty that clinical trials will meet desired endpoints, produce meaningful or useful data and be free of unexpected adverse effects, or that the FDA will accept the validity of foreign clinical study data cannot be assured, and such uncertainty could preclude or delay market clearance or authorizations resulting in significant financial costs and reduced revenue.

If we fail to obtain regulatory clearances in other countries for existing products or products under development, we will not be able to commercialize these products in those countries.

In order for us to market our products in other countries, we must comply with extensive safety and quality regulations in other countries regarding the quality, safety and efficacy of our products. These regulations, including the requirements for approvals, clearance or grant of Conformité Européenne ("CE") Certificates of Conformity, PMDA approval in Japan, and the time required for regulatory review, vary from country to country. Failure to obtain regulatory approval, clearance or CE Certificates of Conformity (or equivalent) in any foreign country in which we plan to market our products may harm our ability to generate revenue and harm our business. Approval and CE marking procedures vary among countries and can involve additional product testing and additional administrative review periods. The time required to obtain approval or CE Certificate of Conformity in other countries might differ from that required to obtain FDA clearance. The regulatory approval or CE marking process in other countries may include all of the risks detailed above regarding FDA clearance in the United States. Regulatory approval or the CE marking of a product in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval or a CE Certificate of Conformity in one country may negatively impact the regulatory process in others. Failure to obtain regulatory approval or a CE Certificate of Conformity in other countries or any delay or setback in obtaining such approval could have the same adverse effects described above regarding FDA clearance in the United States.

The primary regulatory environment in Europe is that of the European Economic Area (the "EEA"), which is comprised of the 28 Member States of the European Union ("EU"), Iceland, Liechtenstein and Norway. In the European Economic Area (EEA"), our devices are required to comply with the Essential Requirements laid down in Annex I to the Medical Devices Directive (applicable in the non-EU EEA Member States via the Agreement on the EEA). We are also required to ensure compliance with the relevant quality system requirements laid down in the Annexes to the Medical Devices Directive. Companies compliant with ISO requirements such as "EN ISO 13485: 2003 Medical devices—Quality management systems—Requirements for regulatory purposes" benefit from a presumption of conformity with the relevant Essential Requirements or the quality system requirements laid down in the Annexes to the Medical Devices Directive. Following successful completion of a conformity assessment procedure conducted in relation to the medical device and its manufacturer and their conformity with the Essential Requirements and quality system requirements, the Notified Body issues a CE Certificate of Conformity. This Certificate entitles the manufacturer to affix the CE mark to its medical devices after having prepared and signed a related CE Declaration of Conformity. We received a CE Certificate of Conformity for our CorPath System in 2011. We cannot be certain that we will be successful in meeting and continuing to meet the requirements of the Medical Devices Directive in the EEA.

We may incur liability related to the off-label use or misleading advertising of our products.

The FDA regulates the promotional labeling for and the Federal Trade Commission ("FTC") regulates the advertising of our products to ensure that the claims we make are consistent with our regulatory clearances, that there is scientific data to substantiate the claims and that our promotion and advertising is neither false nor misleading. The off-label marketing or false advertising of our products may harm our image in the marketplace, result in injuries that lead to product liability suits, which could be costly to our business, or result in costly investigations and sanctions from the FDA and other regulatory bodies if we are deemed to have engaged in off-label promotion or false advertising.

If we are found to have violated laws protecting the confidentiality of patient health information, we could be subject to civil or criminal penalties, which could increase our liabilities and harm our reputation or our business.

There are a number of federal and state laws in the United States protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that information. In particular, the U.S. Department of Health and Human Services promulgated patient privacy rules and security standards under the Health Insurance Portability and Accountability Act of 1996 and the HITECH Act of 2009 (collectively, "HIPAA"), which expanded the application of those rules and added breach notification requirements. These privacy rules protect medical records and other patient health information by limiting their use and disclosure. HIPAA also gives individuals the right to access, amend and seek accounting of their own health information and limits most use and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose of the use or disclosure. HIPAA does not apply to us, but it imposes significant restrictions on our customers and their ability to share patient information with us. Our failure to structure interactions with our physician customers in a HIPAA compliant manner may result in significant penalties to our customers and harm to our business.

Complying with FDA regulations is a complex process, and our failure to comply fully could subject us to significant enforcement actions.

Because our products are commercially distributed, numerous quality and post-market regulatory requirements apply, including the following:

- continued compliance to the FDA Quality System Regulations ("QSR"), which requires manufacturers to follow elaborate design, testing, control, documentation and other quality assurance procedures during the development and manufacturing process, as well as to take into account newly emerging risks associated with a medical device such as cybersecurity vulnerabilities;
- labeling regulations;
- the FDA's general prohibition against false or misleading statements in the labeling or promotion of products for unapproved uses;
- stringent complaint reporting and Medical Device Reporting regulations, which requires that manufacturers keep detailed records of investigations or complaints against their devices and to report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur;
- adequate use of the Corrective and Preventive Actions process to identify and correct or prevent significant systemic failures of products or processes or in trends which suggest same; and
- the reporting of Corrections and Removals, which requires that manufacturers report to the FDA recalls and field corrective actions taken to reduce a risk to health or to remedy a violation of the FFDCA that may pose a risk to health.

We are subject to inspection and marketing surveillance by the FDA to determine our compliance with regulatory requirements. If the FDA finds that we have failed to comply, it can institute a wide variety of regulatory or enforcement actions, ranging from inspectional observations (Form FDA 483) to a public Warning Letter to more severe civil and criminal sanctions including the seizure of our products and equipment or a ban on the import or export of our products. Our failure to comply with applicable requirements could lead to an enforcement action that may have an adverse effect on our financial condition and results of operations.

Any modification or change of medical devices cleared for market requires the manufacturer to make a determination whether the change is significant enough to require new 510(k) clearance. We have created labeling, advertising and user training for our CorPath System to describe specific procedures that we believe are fully within the scope of our existing 510(k) indications for use stated in our 510(k) clearances. We cannot assure that the FDA would agree that all such specific procedures are within the scope of the existing general clearance or that we have compiled adequate information to support the safety and efficacy of using the CorPath System for all such specific procedures.

If our manufacturing facilities do not continue to meet federal, state or other manufacturing standards, we may be required to temporarily cease all or part of our manufacturing operations, distribution of our products and/or recall our products which would result in significant product delivery delays and lost revenue.

Our manufacturing facilities are subject to periodic inspection by regulatory authorities and our operations will continue to be regulated and inspected by the FDA and other regulatory agencies for compliance with Current Good Manufacturing Practices ("CGMP") requirements contained in the QSR and other regulatory requirements. For any CorPath Systems shipped internationally, we are also required to comply with the International Organization for Standardization ("ISO") quality system standards as well as European Directives and norms in order to produce products for sale in the EU. In addition, many countries such as Canada and Japan have very specific additional regulatory requirements for quality assurance and manufacturing. If we fail to continue to comply with CGMP requirements, as well as ISO or other regulatory standards, we may be required to cease all or part of our operations until we comply with these regulations.

Risks Related to our Common Stock

If our stock price declines, our common stock may be subject to delisting from the NYSE MKT.

Our common stock was approved for listing on the NYSE MKT and commenced trading on May 29, 2015 under the symbol "CVRS." Our common stock is currently trading at a price of less than $2.00 per share. We currently meet the continued listing standards of NYSE MKT. However, we cannot assure you that we will be able to continue to comply with the standards that we are required to meet in order to maintain a listing of our common stock on the NYSE MKT. Our failure to continue to meet these requirements may result in our common stock being delisted from the NYSE MKT. If our common stock is delisted, this would, among other things, substantially impair our ability to raise additional funds and could result in a loss of institutional investor interest and fewer development opportunities for us.

The price of our common stock could be highly volatile due to a number of factors, which could lead to losses by investors and costly securities litigation.

We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market on the NYSE MKT or any other exchange that we may trade on in the future. Prior to listing on the NYSE MKT, our common stock traded on the OTCQB in limited volumes. The trading price of our common stock on the OTCQB and the NYSE MKT has been highly volatile and is likely to continue to be highly volatile in response to a number of factors including, without limitation, the following:

- fluctuations in price and volume due to investor speculation and other factors that may not be tied to our financial performance;
- performance by us in the execution of our business plan;
- financial viability;
- actual or anticipated variations in our operating results;
- announcements of developments by us or our competitors;
- market conditions in our industry;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- adoption of new accounting standards affecting our industry;
- additions or departures of key personnel;
- introduction of new products by us or our competitors;
- sales of our common stock or other securities in the open market;
- regulatory developments in both the United States and foreign countries;
- performance of products sold and advertised by licensees in the marketplace;
- economic and other external factors;
- period-to-period fluctuations in financial results; and
- other events or factors, many of which are beyond our control.

The stock market is subject to significant price and volume fluctuations. In the past, and several recent situations, following periods of volatility in the market price of a company's securities, securities class action litigation has been initiated against such company. Litigation initiated against us, whether or not successful, could result in substantial costs and diversion of our management's attention and resources, which could harm our business and financial condition.

If we are unable to successfully maintain our internal controls over financial reporting or if additional material weaknesses are discovered in our internal accounting procedures, the accuracy and timing of our financial reporting may be adversely affected, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

Any failure to develop or maintain effective internal controls over financial reporting or difficulties encountered in maintaining or improving our internal controls over financial reporting could harm our operating results and prevent us from meeting our reporting obligations. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock could drop significantly. In addition, investors relying upon this misinformation could make an uninformed investment decision, and we could be subject to sanctions or investigations by the Commission or other regulatory authorities or to stockholder class action securities litigation.

We are an "emerging growth company" as defined in the JOBS Act and are currently able to avail ourselves of reduced disclosure requirements applicable to emerging growth companies, which could make our common stock less attractive to investors and adversely affect the market price of our common stock.

We are currently an "emerging growth company" as defined in the JOBS Act, and will remain an emerging growth company until December 31, 2017, at which time we will cease to be able to avail ourselves of reduced disclosure requirements. For as long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies, including:

- the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting;
- the "say on pay" provisions (requiring a non-binding shareholder vote to approve compensation of certain executive officers) and the "say on golden parachute" provisions (requiring a non-binding shareholder vote to approve golden parachute arrangements for certain executive officers in connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Protection Act, or Dodd-Frank Act, and some of the disclosure requirements of the Dodd-Frank Act relating to compensation of our chief executive officer;
- the requirement to provide detailed compensation discussion and analysis in proxy statements and reports filed under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and instead provide a reduced level of disclosure concerning executive compensation; and
- any rules that the Public Company Accounting Oversight Board may adopt requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

We currently take advantage of some, but not all, of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an "emerging growth company." For example, we have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act. Our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an "emerging growth company," which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an "emerging growth company," we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile and may decline.

Provisions in our certificate of incorporation and by-laws and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our certificate of incorporation and by-laws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which our common stockholders might otherwise receive a premium price for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and for nominations to our board of directors;
- limit who may call stockholder meetings;
- prohibit actions by our stockholders by written consent;
- require that stockholder actions be effected at a duly called stockholders meeting;

- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our certificate of incorporation or by-laws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a manner prescribed by the statute.

Insiders have substantial control over the outstanding shares of the Company's common stock and could delay or prevent a change in corporate control, including a transaction in which the Company's stockholders could sell or exchange their shares for a premium.

As of the filing of this Annual Report, our directors and executive officers beneficially own an aggregate of approximately 40% of our outstanding shares of common stock. As a result, our directors and executive officers, if acting together, may have the ability to affect the outcome of matters submitted to stockholders for approval, including the election and removal of directors, and any merger, consolidation or sale of all or substantially all of our assets. In addition, these persons acting together may have the ability to control our management and business affairs. Accordingly, this concentration of ownership may harm the value of our common stock by:

- delaying, deferring or preventing a change in control;
- impeding a merger, consolidation, takeover or other business combination; or
- discouraging a potential acquirer from making an acquisition proposal or otherwise attempting to obtain control.

We do not expect to pay dividends and investors should not buy our common stock expecting to receive dividends.

We have never declared or paid any dividends and we do not anticipate that we will declare or pay any dividends in the foreseeable future. Consequently, you will only realize an economic gain on your investment in our common stock if the price appreciates. You should not purchase our common stock expecting to receive cash dividends. Since we do not pay dividends, and if we are not successful in establishing an orderly trading market for our shares, then you may not have any manner to liquidate or receive any payment on your investment. Therefore our failure to pay dividends may cause you to not see any return on your investment even if we are successful in our business operations. In addition, because we do not pay dividends we may have trouble raising additional funds which could affect our ability to expand our business operations.

Securities analysts may not cover our common stock and this may have a negative impact on our common stock's market price.

The future trading market for our common stock may depend on the research and reports that securities analysts publish about us or our business. We do not have any control over these analysts. We may face additional risks since we became a public company through an acquisition which, for accounting purposes, was treated as a reverse merger. There is no guarantee that securities analysts will cover our common stock and there may be little incentive to brokerage firms to recommend the purchase of our common stock. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect our common stock's market price, if any. If we are covered by securities analysts who downgrade our stock, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

We are likely to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock.

We have financed our operations, and we expect to continue to finance our operations, make acquisitions and develop strategic relationships by issuing equity or convertible debt securities which could significantly reduce the percentage ownership of our existing stockholders. Furthermore, any newly issued securities could have rights, preferences and privileges senior to those of our existing common stock. Moreover, any issuances by us of equity securities may be at or below the prevailing market price of our common stock and in any event may have a dilutive impact on your ownership interest, which could cause the market price of our common stock to decline. We may also raise additional funds through the incurrence of debt, and the holders of any debt we may issue would have rights superior to your rights in the event we are not successful and are forced to seek the protection of the bankruptcy laws.

The lack of substantial public company experience of our management team could adversely impact our ability to comply with the reporting requirements of U.S. securities laws.

Our management team has limited experience in working with public companies which could impair our ability to comply with legal and regulatory requirements such as those imposed by Sarbanes-Oxley Act of 2002. Such responsibilities include complying with federal securities laws and making required disclosures on a timely basis. Our senior management may not be able to implement programs and policies in an effective and timely manner that adequately respond to such increased legal, regulatory compliance and reporting requirements, including the establishing and maintaining internal controls over financial reporting. Any such deficiencies, weaknesses or lack of compliance could have a materially adverse effect on our ability to comply with the reporting requirements of the Securities Exchange Act of 1934 which is necessary to maintain our public company status. If we were to fail to fulfill those obligations, our ability to continue as a public company would be in jeopardy in which event you could lose your entire investment in our Company.

Our management devotes substantial time to our compliance with regulations and we incur significant costs as a public company.

As a public company, we incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and the NYSE MKT have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives and we anticipate that such efforts will continue, particularly as we cease to be able to avail ourselves of the reduced disclosure requirements available to emerging growth companies. Moreover, these rules and regulations have increased our legal and financial compliance costs and will make some activities more time-consuming and costly.

In particular, the Sarbanes-Oxley Act and rules subsequently implemented by the Commission impose various requirements on public companies with respect to corporate governance practices. The Sarbanes-Oxley Act requires, among other things, that our management maintain adequate disclosure controls and procedures and internal control over financial reporting. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and, as applicable, our independent registered public accounting firm, to report on the effectiveness of our internal control over financial reporting.

We may become involved in securities class action litigation that could divert management's attention and harm our business.

The stock market in general, and the market for medical device companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may materially harm the market price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could materially harm our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our principal offices and manufacturing facilities are located at 309 Waverley Oaks Road, Suite 105, Waltham, Massachusetts 02452. On October 24, 2012, Corindus, Inc. entered into a lease with Beaver Group, LLC for a term of approximately five years for 26,402 square feet of office and manufacturing space (the "Lease"). In October 2016, the Lease term was extended for an additional three years ending on January 31, 2021 ("Extended Lease"). Over the term of the Extended Lease, we pay an average monthly cost of $53 thousand of base rent, excluding common area fees, taxes and insurance. Our management believes that the leased premises are suitable and adequate to meet current needs.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of business. Litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Since May 29, 2015, our common stock has been listed on the NYSE MKT under the symbol "CVRS." Prior to that time, our common stock was quoted on the OTCQB.

The following table sets forth the high and low sales prices of our common stock as reported by the NYSE MKT, and the high and low bid information of our common stock as reported on the OTCQB, as applicable, for each quarter in the fiscal years ended December 31, 2016 and 2015:

	High	Low
2016		
Fourth Quarter	$ 1.23	$ 0.56
Third Quarter	$ 1.80	$ 1.04
Second Quarter	$ 1.71	$ 0.87
First Quarter	$ 3.28	$ 0.73
2015		
Fourth Quarter	$ 3.50	$ 2.50
Third Quarter	$ 4.31	$ 2.90
Second Quarter	$ 4.58	$ 3.36
First Quarter	$ 4.25	$ 4.00

The over-the-counter market quotations from January 1, 2015 to May 28, 2015 reflect inter-dealer prices, without retail mark-up, mark-down or commission. The high and low bid prices do not necessarily represent actual transactions.

On March 8, 2017, the closing price of a share of our common stock on NYSE MKT was $1.09.

Stockholders

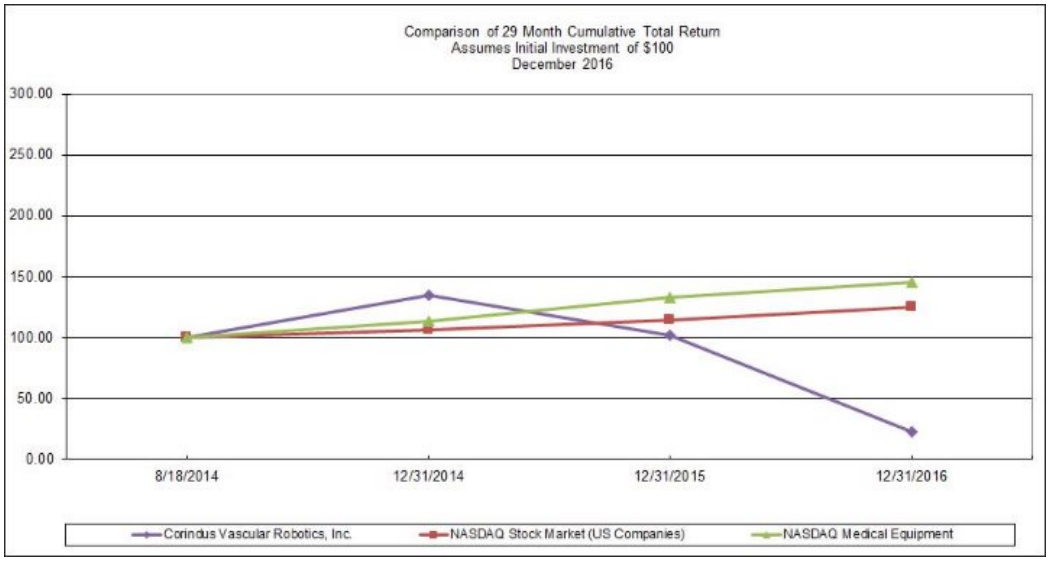
As of March 8, 2017, there were 119,025,221 shares of common stock outstanding, which were held by approximately 114 record holders.

Dividends

We have never declared or paid any cash dividend. We do not anticipate that we will declare or pay any dividends in the foreseeable future. Our current policy is to retain earnings, if any, to fund operations, and the development and growth of our business. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, operating results, capital requirements, applicable contractual restrictions, restrictions in our organizational documents, and any other factors that our Board of Directors deems relevant.

Comparative Stock Performance

The following line graph compares cumulative total shareholder return for the period beginning August 18, 2014 and ended December 31, 2016 for (i) our common stock; (ii) NASDAQ Medical Equipment Index; and (iii) NASDAQ Stock Market. The graph assumes $100 invested on August 18, 2014 and includes reinvestment of dividends. Measurement points are August 18, 2014 and the last trading day of the fiscal years ended December 31, 2014, 2015 and 2016. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



The information under the caption "Comparative Stock Performance" above is not deemed to be "filed" as part of this Annual Report, and is not subject to the liability provisions of Section 18 of the Securities Exchange Act of 1934. Such information will not be deemed to be incorporated by reference into any filing we make under the Securities Act of 1933 unless we explicitly incorporate it into such a filing at the time.

Unregistered Sales of Securities

Not Applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the fourth quarter of the year ended December 31, 2016, neither we nor any "affiliated purchaser," as that term is defined in Rule 10b-18(a)(3) under the Exchange Act, repurchased any of our registered equity securities.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data set forth below for the years ended December 31, 2012, 2013, 2014, 2015 and 2016 and historical balance sheet data as of December 31, 2012, 2013, 2014, 2015 and 2016, have been derived from our consolidated financial statements. The selected consolidated financial data included below should be read in conjunction with the consolidated financial statements (and notes thereon) and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7.

	Fiscal Year Ended December 31,				
	2012	2013	2014	2015	2016
Consolidated Statements of Operations Data:	(in thousands, except share and per share amounts)				
Revenue	$ 202	$ 896	$ 2,983	$ 2,729	$ 2,842
Cost of goods sold	833	2,430	4,904	3,724	5,042
Gross (loss)	(631)	(1,534)	(1,921)	(995)	(2,200)
Operating expenses:					
Research and development	4,171	4,793	6,607	10,033	10,313
Selling, general and administrative	4,503	8,221	13,002	16,143	19,564
Restructuring charges	—	—	175	—	—
Total operating expenses	8,674	13,014	19,784	26,176	29,877
Operating loss	(9,305)	(14,548)	(21,705)	(27,171)	(32,077)
Other income (expense):					
Warrant revaluation	(392)	(171)	(2,421)	—	—
Interest and other income (expense)	6	28	(415)	(1,592)	(1,001)
Total other expense, net	(386)	(143)	(2,836)	(1,592)	(1,001)
Net loss	$ (9,691)	$ (14,691)	$ (24,541)	$ (28,763)	$ (33,078)
Net loss per share, basic and diluted [1]	$ (0.13)	$ (0.20)	$ (0.29)	$ (0.25)	$ (0.28)
Weighted average number of common shares outstanding	73,360,162	73,360,259	84,990,198	113,254,925	119,019,700

[1] Basic net loss per share is computed by dividing net loss by the weighted average shares of common stock outstanding for each period. Diluted net loss per share is the same as basic net loss per share since the Company has net losses for each period presented.

	As of December 31,				
	2012	2013	2014	2015	2016
Consolidated Balance Sheet Data:	(in thousands)				
Cash, cash equivalents and marketable securities	$ 25,536	$ 9,845	$ 28,526	$ 42,666	$ 9,183
Total assets	$ 28,705	$ 14,768	$ 32,836	$ 47,139	$ 13,013
Long-term debt, net of current portion	$ —	$ —	$ 7,594	$ 3,673	$ —
Total liabilities	$ 4,293	$ 4,728	$ 13,054	$ 11,292	$ 8,943
Working capital	$ 25,858	$ 11,387	$ 26,231	$ 37,993	$ 3,048
Accumulated deficit	$ (45,645)	$ (60,336)	$ (84,877)	$ (113,640)	$ (146,718)
Total stockholders' (deficit) equity	$ (24,112)	$ (10,040)	$ 19,782	$ 35,847	$ 4,070

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those discussed in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Annual Report on Form 10-K. See also "Cautionary Note Regarding Forward-Looking Statements."

Overview

We design, manufacture and sell precision vascular robotic-assisted systems for use in interventional vascular procedures (the "CorPath System"). Our first and current products, the CorPath 200 and CorPath GRX Systems, are the only vascular robotic systems cleared by the FDA to bring precision and accuracy to stent placement in PCI procedures. During the procedure, the interventional cardiologist sits at a radiation-shielded interventional cockpit to advance stents and guidewires with millimeter-by-millimeter precision. The interventional cockpit allows the physician greater control and the freedom from wearing heavy lead protective equipment that causes musculoskeletal injuries. The CorPath System brings robotic precision to radial and complex PCI procedures to help optimize clinical outcomes and minimize the costs associated with complications of improper stent placement with manual PCI procedures. We initially targeted and were cleared by the FDA for PCI procedures; subsequently we were cleared by the FDA for Peripheral indications and, during 2016, we were cleared by the FDA for our second generation system, the CorPath GRX. We will continue to invest in developing capabilities to address these markets and believe that our technology platform has the capability to be developed in the future for other segments of the vascular market, including neurointerventional and other more complex cardiac interventions such as structural heart. As of December 31, 2016, we have installed 45 CorPath Systems, including three CorPath Systems in hospitals outside of the U.S.

On February 28, 2017, we entered into the Purchase Agreement with multiple investors relating to the issuance and sale of share of our common stock in a private placement. At the closing of the private placement on March 15, 2017, we sold an aggregate of 68,055,700 shares of common stock at $0.6616 per share for an aggregate gross purchase price of approximately $45 million, before deducting offering expenses.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments 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 periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory valuation, assumptions used in the valuation of stock-based awards, and valuation allowances against deferred income tax assets. We base our estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which 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.

We believe that several accounting policies are important to understanding our historical and future performance. We refer to these policies as "critical" because these specific areas generally require us to make judgments and estimates about matters that are uncertain at the time we make the estimate. We use the best information available to us to make our judgments and estimates; however, actual results may be different. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements. It is important that the discussion of our operating results that follows be read in conjunction with the critical accounting policies discussed below.

Additionally, Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. However, we irrevocably chose to "opt out" of such extended transition period and, as a result, we will comply with such new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Once this election is made, it is irrevocable.

Revenue Recognition

Revenue related to the sale of our products is recognized when persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable, collectability is reasonably assured, and risk of loss transfers, usually when products are shipped and/or installed and accepted. Our products are sold to customers with no right of return.

We currently sell our CorPath Systems directly to customers primarily through our internal sales force and to a lesser extent through distributors where we seek opportunities. We will continue to sell CorPath Systems through Philips under a non-exclusive arrangement under mutually agreeable terms on a sale by sale basis until such time we either execute a new distribution arrangement with Philips or we no longer do business with Philips. There is no assurance that we will enter into a new distribution arrangement with Philips or on terms acceptable to us. We also sell through other distributors through purchase orders. On February 9, 2017, we executed a distributor agreement with Japan Medicalnext Co. Ltd., a wholly-owned entity of MC Healthcare (subsidiary of Mitsubishi Corporation), in which Japan Medicalnext became the exclusive distributor of Corindus products in Japan. We expect to enter into contracts with other distributors in the future.

We are responsible for installation and initial training. We consider all the elements of the sale of the system, including installation and initial training, to be a single unit of accounting in accordance with revenue recognition under U.S. GAAP. Revenue is recognized for the entire arrangement (system, installation and initial training) upon acceptance by the end-user customer.

We sell CorPath Cassettes and accessories to end users and distributors. The revenue from the sale of these products is generally recorded when the items are shipped.

We recognize revenue on multiple-element arrangements in accordance with Accounting Standards Update ("ASU") 2009-13, Revenue Recognition (Topic 605): Multiple Deliverable Revenue Arrangements, based on the estimated selling price of each element. In accordance with ASU 2009-13, we use vendor-specific objective evidence ("VSOE"), if available, to determine the selling price of each element. If VSOE is not available, we use third-party evidence ("TPE") to determine the selling price. If TPE is not available, we use our best estimate to develop the estimated selling price.

We provide a one-year warranty on our CorPath Systems for which the cost is accrued at the time of sale.

We sell basic and premium service plans to extend our initial warranty period and provide component upgrades in the event of technological or physical obsolescence. Revenue is allocated based on our best estimate of the selling price of each service. Extended warranty revenue is recognized on a straight-line basis over the life of the service contract. Revenues from services administered by us that are not covered by a service contract are recognized as the services are provided. In certain instances, we may sell products together with service contracts. If a revenue arrangement contains an undelivered element, such as a specified upgrade, revenues are deferred until delivery is complete.

Income Taxes

We account for income taxes using the liability method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. We have provided a valuation allowance to reduce deferred tax assets to amounts that are realizable based on uncertainty of future taxable income.

We account for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. Corindus has not had an uncertain tax position to date.

Stock-Based Compensation

We recognize compensation costs resulting from the issuance of stock-based awards to employees as an expense in the consolidated statements of operations over the requisite service or performance period based on a measurement of fair value for each stock award. Stock-based compensation is charged to the respective line items in our statements of operations to which the employee's services are classified. Compensation costs on awards with both performance and service-based vesting are recorded when it becomes probable that the performance condition and requisite service will be met. Compensation costs associated with stock-based awards to non-employees are measured at fair value on the date of grant and re-measured at the fair value on the date the awards vest and for those awards that have not vested at the end of each reporting period. We use the Black-Scholes-Merton option pricing model ("Black-Scholes Model") to determine the fair value of the awards. The key assumptions in the Black-Scholes Model include an estimate of the volatility of our stock, the risk-free interest rate, and the expected period the stock option will be exercised over and a key assumption in stock-based compensation expense recognition is the estimated forfeiture rate.

Prior to the Acquisition, the fair value of the common stock for purposes of equity incentive awards was determined by our Board of Directors after considering a broad range of factors, including the results obtained from an independent third-party valuation, the illiquid nature of an investment in our common stock, our historical financial performance and financial position, our future prospects and opportunity for liquidity events, and recent sale and offer prices of common and preferred stock in private transactions negotiated at arm's length. Subsequent to the Acquisition, the fair value of our common stock is based on the trading of our stock on the OTCQB and NYSE MKT, as applicable.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. We routinely monitor the recoverability of our inventories and record the lower of cost or market reserves, or reserves for excess and obsolete inventories, as required. We also monitor the utilization of our production facility and we record the costs of under-utilization of the production facility directly to cost of revenue.

Components of Results of Operations

The following is a description of what comprises each of our significant statement of operations captions:

Revenues

We generate our revenues primarily from the sale of the CorPath System, CorPath Cassettes, accessories and service contracts.

Cost of Revenue

Cost of revenue represents the cost of materials for the CorPath System, CorPath Cassettes and accessories, service labor and labor and overhead of production facilities.

Research and Development

Research and development expenses consist primarily of salaries and stock based compensation for our research and development, clinical and regulatory employees, and certain operating costs related to research and development and third party contractor costs.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of salaries and stock based compensation for our executives and our marketing, finance, legal, human resource, and other administrative employees as well as salaries and commissions of our internal sales force. Selling, general and administrative expenses also include marketing program costs and outside consulting, legal and accounting services, and facilities and other supporting overhead costs. We also included shipping costs for CorPath Systems and CorPath Cassettes and Accessories in selling, general and administrative expense.

Restructuring Charge

The restructuring charge consisted of a reduction in the general workforce as a result of a cost control initiative launched in January 2014 while we pursued financing alternatives.

Other Income (Expense)

Other income (expense) represents changes in the 2014 warrant revaluation driven by changes in fair value of the underlying redeemable convertible preferred stock into which the warrants were exercisable, as well as interest expense on borrowings under the Company's Loan and Security Agreement, accretion of discounts and amortization of premiums on available-for-sale marketable securities, and interest income.

Results of Operations

Discussion of Year Ended December 31, 2015 compared to Year Ended December 31, 2016:

	Year Ended December 31,		
	2015	**2016**	**Change**
	(In thousands)		
Revenue	$ 2,729	$ 2,842	$ 113
Cost of revenue	3,724	5,042	1,318
Gross loss	(995)	(2,200)	(1,205)
Operating expenses:			
Research and development	10,033	10,313	280
Selling, general and administrative	16,143	19,564	3,421
Total operating expenses	26,176	29,877	3,701
Operating loss	(27,171)	(32,077)	(4,906)
Other income (expense):			
Interest and other income (expense)	(1,592)	(1,001)	591
Total other expense, net	(1,592)	(1,001)	591
Net loss	$ (28,763)	$ (33,078)	$ (4,315)

Revenue

Revenue increased from approximately $2.7 million for the year ended December 31, 2015 to approximately $2.8 million for the year ended December 31, 2016 due primarily to an increase in service revenue. Our revenue associated with CorPath System sales decreased from $1.8 million for the year ended December 31, 2015 to $1.5 million for the year ended December 31, 2016. We sold eight and seven CorPath Systems during the years ended December 31, 2015 and 2016, respectively, and our average selling price increased by 51% from the year ended December 31, 2015 to the year ended December 31, 2016. The decline in revenue for 2016 despite the increase in the sales price related to the deferral of revenue on two systems in 2016 due to undelivered elements for specified upgrade rights. We have experienced, and we expect to continue to experience, some unevenness in the number and trend of units sold and the average selling price of units sold on a quarterly basis given the early stage of commercialization of our product and market acceptance along with the continued development of a dedicated and consistent sales force. In 2016, we sold two systems in the first quarter, zero in the second quarter, one in the third quarter, and four in the fourth quarter. Additionally, we expect variability in the sales of our consumables until our product receives wider market acceptance.

Our revenue from CorPath Cassettes and accessories, which represent our sale of consumables, decreased from $0.7 million for the year ended December 31, 2015 to $0.6 million for the year ended December 31, 2016 due to a decline in volume. The volume and average price of our CorPath Cassettes decreased by 65 units and increased by 0.6%, respectively, from the year ended December 31, 2015 to the year ended December 31, 2016. Revenues under our CUPs represented 36.8% and 21.9% for the year ended December 31, 2015 and 2016, respectively, of our total revenues for the sale of consumables.

Our revenue associated with services performed increased from $0.3 million for the year ended December 31, 2015 to $0.7 million for the year ended December 31, 2016. The increase relates to revenue recognized under the terms of outstanding service agreements and an increase in service projects performed for the year ended December 31, 2016. We have experienced, and expect to continue to experience, fluctuations in our service revenues based upon whether or not customers elect to purchase service contracts with their CorPath Systems and the related deferral of any expected services to be performed under such arrangements.

Given the relatively small number of customers due to the early stage of the Company's commercialization and the price of the CorPath System relative to consumables, customers that purchase a system in a specific period tend to make up a significant percentage of revenue in that period.

Cost of Revenue

Cost of revenue increased from approximately $3.7 million for the year ended December 31, 2015 to approximately $5.0 million for the year ended December 31, 2016. Cost of revenues for both the year ended December 31, 2015 and December 31, 2016 included the effect of under-utilization of our production facilities.

Cost of revenue represents the cost of materials for the CorPath System and CorPath Cassettes, as well as labor and overhead at our production facility. At our current volumes, our cost to manufacture CorPath Systems is approximately $0.4 million and the cost to manufacture CorPath Cassettes averages approximately $2 thousand per cassette. We expect these costs to decrease as we obtain economies of scale with respect to purchasing and production and continue to incorporate design enhancements.

Gross Loss

Gross loss increased from approximately $1.0 million for the year ended December 31, 2015 to approximately $2.2 million for the year ended December 31, 2016 based on the changes in revenue and cost of revenue as discussed above. We have not generated enough sales volume of CorPath Systems to offset our manufacturing costs including the effect of the under-utilization of our production facility and have generated a gross loss.

Research and Development

Research and development expenses increased from approximately $10.0 million for the year ended December 31, 2015 to approximately $10.3 million for the year ended December 31, 2016. This increase of $0.3 million is primarily due to increased compensation expense of $0.6 million, increased support from other departments of $0.1 million, and incremental stock-based compensation of $0.1 million for the year ended December 31, 2016, partially offset by decreases in purchasing of prototype material of $0.3 million and reduced spending on consultants and subcontractors of $0.2 million.

Selling, General and Administrative

Selling, general and administrative expenses increased from approximately $16.1 million for the year ended December 31, 2015 to approximately $19.6 million for the year ended December 31, 2016. This increase of $3.5 million is primarily due to incremental stock-based compensation expense of $1.8 million, increased sales salaries and commissions of $1.1 million, incremental costs of $0.7 associated with the transition of the Company's former Chief Executive Officer that was completed in March 2016, and increased travel expenses of $0.4 million, partially offset by a reduction in marketing program costs of $0.4 million and recruiting costs of $0.2 million.

Other Expense, net

Other expense, net, decreased from approximately $1.6 million for the year ended December 31, 2015 to approximately $1.0 million for the year ended December 31, 2016. Other expense for both the year ended December 31, 2015 and December 31, 2016 was primarily the result of interest expense on borrowings under our Loan and Security Agreement (as defined below). The decrease in other expense for the year ended December 31, 2016 as compared to the year ended December 31, 2015 is primarily due to lower interest expense as a result of a reduction in our overall debt balance through contractual principal payments over the past year.

Income Taxes

We have not recorded any benefit related to operating losses due to uncertainty about future taxable income.

Discussion of Year Ended December 31, 2014 compared to Year Ended December 31, 2015

	Year Ended December 31,		
	2014	2015	Change
	(In thousands)		
Revenue	$ 2,983	$ 2,729	$ (254)
Cost of revenue	4,904	3,724	(1,180)
Gross loss	(1,921)	(995)	926
Operating expenses:			
Research and development	6,607	10,033	3,426
Selling, general and administrative	13,002	16,143	3,141
Restructuring charge	175	—	(175)
Total operating expenses	19,784	26,176	6,392
Operating loss	(21,705)	(27,171)	(5,466)
Other income (expense):			
Warrant revaluation	(2,421)	—	(2,421)
Interest and other income (expense)	(415)	(1,592)	1,177
Total other expense, net	(2,836)	(1,592)	(1,244)
Net loss	$ (24,541)	$ (28,763)	$ (4,222)

Revenue

Revenue decreased from approximately $3.0 million for the year ended December 31, 2014 to approximately $2.7 million for the year ended December 31, 2015. This revenue decrease was due primarily to a decrease in CorPath System sales from $2.2 million during the year ended December 31, 2014 to $1.8 million during the year ended December 31, 2015. We sold 11 CorPath Systems and eight CorPath Systems during the years ended December 31, 2014 and 2015, respectively, and our average selling price decreased by 4.1% from the year ended December 31, 2014 to the year ended December 31, 2015. Our average selling price of our CorPath System in 2014 included the sale of a CorPath System to an international customer during the second quarter of 2014 at a price substantially higher than our previous pricing. Exclusive of this sale, our average CorPath System price in 2015 increased by 31.9% over 2014. The sales of our CorPath Cassettes and accessories, which represent our sale of consumables, increased from $0.5 million for the year ended December 31, 2014 to $0.7 million for the year ended December 31, 2015 due to a larger installed base. The volume and average price of our CorPath Cassettes increased by 91 units and 6.7% from the year ended December 31, 2014 to the year ended December 31, 2015. Revenues under our CUPs represented 30.4% and 36.8% for the year ended December 31, 2014 and 2015, respectively, of our total revenues for the sale of consumables.

Cost of Revenue

Cost of revenue decreased from approximately $4.9 million for the year ended December 31, 2014 to approximately $3.7 million for the year ended December 31, 2015, primarily due to fewer sales of CorPath Systems. Cost of revenues for the year ended December 31, 2014 included the effect of under-utilization of our production facilities, as well as approximately $0.6 million related to inventories produced at a higher cost in 2013 that were subsequently sold in 2014.

Cost of revenue represents the cost of materials for the CorPath System and CorPath Cassettes, as well as labor and overhead at Corindus' production facility.

Gross Loss

Gross loss decreased from approximately $1.9 million for the year ended December 31, 2014 to approximately $1.0 million for the year ended December 31, 2015 based on the changes in revenue and cost of revenue as discussed above. We did not generate enough sales volume of CorPath Systems to offset our manufacturing costs including the effect of the under-utilization of our production facility and have generated a gross loss.

Research and Development

Research and development expenses increased from approximately $6.6 million for the year ended December 31, 2014 to approximately $10.0 million for the year ended December 31, 2015. This increase of $3.4 million was primarily due to investments in the development of the next generation CorPath System, including development of prototype systems, through a combination of incremental employee and consultant related costs, which increased by $1.9 million, and the purchase of prototype materials, which increased by $0.9 million.

Selling, General and Administrative

Selling, general and administrative expenses increased from approximately $13.0 million for the year ended December 31, 2014 to approximately $16.1 million for the year ended December 31, 2015. This increase of $3.1 million is primarily due to incremental employee-related costs resulting from the expansion of the direct sales force, which increased by $1.2 million, increased costs associated with consulting and marketing programs and initiatives, which increased by $0.9 million, and increased presence at tradeshows, which increased by $0.2 million.

Restructuring Charge

We recorded a restructuring charge for the year ended December 31, 2014 of approximately $0.2 million due to a reduction in the general workforce as a result of a cost control initiative launched while we pursued financing alternatives.

Other Expense, net

Other expense, net, decreased from approximately $2.8 million for the year ended December 31, 2014 to approximately $1.6 million for the year ended December 31, 2015. The other expense for the year ended December 31, 2014 was primarily a result of the $2.4 million revaluation of the warrant to purchase preferred stock based on the increase in value of the underlying preferred stock. The warrants to purchase shares of Series A, D and E Redeemable Convertible Preferred Stock were converted into warrants to purchase shares of common stock as a result of the Acquisition on August 12, 2014 and were reclassified to additional paid-in capital with no additional mark to market adjustments. Other expense for the year ended December 31, 2015 was primarily the result of $1.6 million interest expense on borrowings under the Company's Loan and Security Agreement, as compared to $0.4 million interest expense for the year ended December 31, 2014.

Income Taxes

We have not recorded any benefit related to operating losses due to uncertainty about future taxable income.

Liquidity and Capital Resources

We began our medical device business in 2002 and began selling FDA-cleared robotic medical devices in 2012. Our management does not contemplate attaining profitable operations until 2019, nor is there any assurance that such an operating level can ever be achieved. Since inception, we have financed our operations primarily through private sales of capital stock, a public offering of common stock in May 2015 and borrowing arrangements totaling approximately $155.9 million, as well as limited revenues from the sale of our products.

On March 15, 2017, we closed on a private placement for the sale of 68,055,700 shares of its common stock at $0.6616 per share, for an aggregate purchase price of approximately $45.0 million, before deducting offering expenses.

We have incurred losses since inception and have funded our operations primarily through the issuance of capital stock and debt. As of December 31, 2016, we had an accumulated deficit of $146.7 million, and borrowings outstanding of $3.8 million, all of which is contractually due within the next 12 months.

As of December 31, 2016, we had cash and cash equivalents of $9.2 million and working capital of $3.0 million. We believe that these available resources, along with the financing discussed above, will be sufficient to meet our cash requirements for at least the next twelve months from March 15, 2017, including funding our anticipated losses and scheduled debt maturities. Additionally, we are in compliance with our debt covenant requirements as of December 31, 2016, and expect to remain in compliance throughout 2017. As we continue to incur losses, our transition to profitability is dependent upon achieving a level of revenues adequate to support our cost structure. We may never achieve profitability, and unless and until doing so, we intend to fund future operations through additional debt or equity offerings. There can be no assurances, however, that additional funding will be available on terms acceptable to us, if at all.

On June 11, 2014, we entered into a Loan and Security Agreement (the "Loan Agreement") pursuant to which the lender agreed to make available to Corindus, Inc. $10 million in the aggregate under two $5 million secured promissory notes. The Initial Note was made on June 11, 2014 (the "Initial Note") and the Second Note was made on December 31, 2014 (the Second Note and, together with the Initial Note, the "Secured Promissory Notes"). The Secured Promissory Notes are repayable over a term of 27 months which began on July 1, 2015. The Initial Note bears interest at a rate equal to the greater of (w) 11.25% or (x) 11.25% plus the Wall Street Journal Prime Rate, less 3.25%. The Second Note bears interest at a rate equal to the greater of (y) 9.95% or (z) 9.95% plus the Wall Street Journal Prime Rate, less 3.25%. The borrowings require a final payment in the amount of $0.3 million in addition to the interest and principal amounts due during the term of the Loan Agreement. The Loan Agreement also contains, among other things, covenants which include certain restrictions with respect to subsequent indebtedness, liens, loans and investments, financial reporting obligations, asset sales, share repurchase and other restricted payments, subject to certain exceptions. In addition, the Loan and Security Agreement contains a customary material adverse effect clause which states that in the event of a material adverse effect, an event of default would occur and the lender has the option to accelerate and demand payment of all or any part of the loan. A material adverse effect is defined in the Loan and Security Agreement as a material change in our business, operations, properties, assets or financial condition or a material impairment of our ability to perform all obligations under this Loan and Security Agreement. Future principal payments under the borrowing arrangement as of December 31, 2016 are as follows (in thousands):

Year ending December 31:	
2017	$ 3,606
	$ 3,606

In summary, our cash flows were:

	Years Ended December 31,		
	2014	2015	2016
	(In thousands)		
Net cash used in operating activities	$ (18,571)	$ (27,856)	$ (27,594)
Net cash provided by (used in) investing activities	$ (122)	$ (20,793)	$ 20,087
Net cash provided by (used in) financing activities	$ 37,374	$ 42,265	$ (5,452)

Operating Activities

Cash used in operating activities was $27.6 million for the year ended December 31, 2016 compared to $27.9 million for the year ended December 31, 2015. The $0.3 million decrease in the use of cash was due primarily to the changes in working capital. Cash used for operating activities was primarily comprised of research and development activities related to the CorPath GRX and selling activities related to both the CorPath 200 and CorPath GRX in addition to general and administrative costs required to operate the Company.

Cash used in operating activities was $27.9 million for the year ended December 31, 2015 compared to $18.6 million for the year ended December 31, 2014. The $9.3 million increase in the use of cash was due primarily to the increase in net loss, exclusive of the non-cash warrant revaluation in the prior year, and changes in working capital, including increased use of cash for accounts receivable and inventories as well as an increase in cash used for accounts payable due to the timing of payments.

Investing Activities

Cash provided by investing activities was $20.1 million for the year ended December 31, 2016 compared to $20.8 million used in investing activities for the year ended December 31, 2015. The cash generated from investing activities during 2016 was primarily the maturity of $20.6 million of available-for-sale securities while the use of funds in investing activities during 2015 was primarily due to purchases of available-for sale securities of $22.8 million from the proceeds of our May 2015 public offering.

Cash used in investing activities was $20.8 million for the year ended December 31, 2015 compared to $0.1 million for the year ended December 31, 2014. The increase in investing activities was primarily due to the use of $22.8 of the proceeds from our May 2015 public offering for purchases of marketable securities in 2015.

Financing Activities

Cash used in financing activities for the year ended December 31, 2016 was $5.5 million, which was primarily due to contractual payments on long-term debt and payments for the repurchase and retirement of common stock.

Cash provided by financing activities for the year ended December 31, 2015 was $42.3 million, which was primarily from the completion of our May 2015 public offering in which we issued 12,650,000 shares of our common stock at $3.80 per share in exchange for net proceeds of $44.4 million partially offset by $2.0 million of required principal payments on our long-term debt. Cash provided by financing activities for the year ended December 31, 2014 was primarily from the issuance of shares of our common stock in exchange for net proceeds of $27.5 million in connection with the sale of shares to a private investor and the private placement. We also borrowed $9.9 million, net, under the Loan Agreement.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K) as of December 31,2016 that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

The following table summarizes our contractual cash obligations at December 31, 2016 and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

	Payments Due By Period (In thousands)				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Long-term debt, including estimated interest	$ 4,024	$ 4,024	$ —	$ —	$ —
Building lease liability	2,530	586	1,889	55	—
Other operating lease liabilities	15	15	—	—	—
	$ 6,569	$ 4,625	$ 1,889	$ 55	$ —

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09—Revenue from Contracts with Customers, which amends FASB Accounting Standards Codification Topic 606. ASU 2014-09 provides a single, comprehensive revenue recognition model for all contracts with customers. This standard contains principles for the determination of the measurement of revenue and the timing of when such revenue is recognized. Revenue recognition will reflect the transfer of goods or services to customers at an amount that is expected to be earned in exchange for those goods or services. ASU 2014-09 was scheduled to be effective for annual reporting periods beginning after December 15, 2016, and early adoption was not permitted. In August 2015, the FASB issued ASU No. 2015-14—Revenue from Contracts with Customers: Deferral of Effective Date, which defers the effective date of ASU 2014-09 by one year. ASU 2014-19 is now effective for annual periods after December 15, 2017 including interim periods within that reporting period. Early adoption is permitted, but not before the original effective date. We are currently assessing the impact of this standard to our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The amendments in this update will explicitly require a company's management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. The new standard is effective for annual periods ending after December 15, 2016, and all annual and interim periods thereafter. We adopted this standard at December 31, 2016 and concluded that substantial doubt about our ability to continue as a going concern does not exist.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. Under this accounting guidance, inventory will be measured at the lower of cost and net realizable value and other options that currently exist for market value will be eliminated. ASU 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. No other changes were made to the current guidance on inventory measurement. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2016. Early adoption is permitted and the prospective transition method should be applied. We are currently evaluating the impact of ASU 2015-11 on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which amends leasing accounting requirements. The new standard requires lessee recognition on the balance sheet of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. It further requires recognition in the income statement of a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis. Finally, it requires classification of all cash payments within operating activities in the statement of cash flows. It is effective for fiscal years commencing after December 15, 2018 and early adoption is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation-Stock Compensation (Topic 718), which simplifies several aspects of accounting for share-based payment transactions. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and must be applied using a prospective transition method, retrospective transition method, modified retrospective transition method, prospectively and/or retroactively, with early adoption permitted. We are currently evaluating the impact of this update on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments, which reduces diversity in how certain cash receipts and cash payments are presented and classified in the Consolidated Statements of Cash Flows. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 and will be required to be applied retrospectively, with early adoption permitted. We are currently evaluating the impact of this update on its consolidated financial statements and related disclosures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to market risk related to changes in interest rates. We had cash and cash equivalents of $9.2 million as of December 31, 2016. The cash and cash equivalents as of December 31, 2016 consists of cash in bank deposits and money market funds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investment strategy is primarily in short term securities.

We pay interest on our outstanding long-term debt at interest rates that fluctuate based upon changes in various base interest rates. The carrying value of our long-term debt, including the current portion, was $3.8 million at December 31, 2016. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and Note 7 — "Long-Term Debt" to the consolidated financial statements for additional information regarding our outstanding long-term debt. The effect of an immediate hypothetical 10% change in variable interest rates would not have a material effect on our consolidated financial statements.

We have generated limited net revenue from operations to date and depend on funds raised through other sources. One possible source of funding is through further equity offerings. Our ability to raise funds in this manner depends upon capital market forces affecting our stock price.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements, together with the report of our independent registered public accounting firm, Ernst & Young LLP, appear at page F-1 through F-25 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2016. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that material information relating to the Company required to be disclosed by the Company in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and to ensure that such information is accumulated and communicated to senior management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, and management necessarily was required to apply its judgment in designing and evaluating the controls and procedures.

We continue to review our disclosure controls and procedures, and our internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

Internal Control over Financial Reporting

Management's Report on Internal Controls over Financial Reporting

Our senior management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, senior management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, and includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of senior management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our senior management has concluded that the internal control over financial reporting was effective as of December 31, 2016.

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. The Company's internal control over financial reporting was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit emerging growth companies, which we are, to provide only management's report in this Annual Report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2016 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

MANAGEMENT

Directors and Executive Officers

The table below sets forth information about our directors and executive officers:

Name	Age	Position with the Company
Mark J. Toland	47	Chief Executive Officer, President and Director
David W. Long	46	Chief Financial Officer, Senior Vice President, Treasurer, Secretary
Stephen J. Lemaster	46	Chief Commercial Officer*
Jeffrey Lightcap (1)(2)	58	Chairman of the Board of Directors
Jeffrey Gold (1)(2)(3)	69	Director
Gerard Winkels	60	Director
Campbell Rogers, M.D. (3)	55	Director
Louis A. Cannon, M.D. (1)(2)(3)	58	Director

* On October 10, 2016, Mr. Lemaster was appointed the Company's Chief Commercial Officer.
(1) Member of the Compensation Committee
(2) Member of the Nominating and Corporate Governance Committee
(3) Member of the Audit Committee

Business Experience

Mark J. Toland . Mark J. Toland was appointed as our President and Chief Executive Officer and a member of the Board of Directors effective March 7, 2016. On June 23, 2016, Mr. Toland was elected to serve as a Class III director until such time as he stands for election at the Company's 2019 Annual Meeting of Stockholders. Mr. Toland joined Corindus from Boston Scientific, a global medical technology leader with a significant focus on cardiovascular solutions, where he most recently held the position of Senior Vice President, Corporate Accounts & Global Healthcare Solutions. From 1997 until joining Corindus, Mr. Toland led large divisional and corporate teams at Boston Scientific responsible for U.S. commercial sales and operations across multiple cardiovascular business segments, including Interventional Cardiology, Peripheral, Structural Heart, and Electrophysiology. Since 2015, Mr. Toland has served as a member of the Scientific Advisory Board of The International Society of Cardiovascular Translational Research, a non-profit organization founded in 2007 with a goal to expedite scientific discovery to clinical application (patients). Mr. Toland earned a B.S. in Business Administration at University of Louisville, Louisville, Kentucky. Mr. Toland's extensive knowledge of the cardiovascular technology space and his experience in bringing new technologies and devices to market makes him well-qualified to serve as the Company's President and Chief Executive Officer and a director.

David W. Long. David W. Long was initially appointed as our Chief Financial Officer, Senior Vice President, Treasurer and Secretary on August 12, 2014 and was re-elected and re-appointed to serve in the same capacities on April 30, 2015. From September 2011 to August 12, 2014, Mr. Long served as Chief Financial Officer and Vice President of Administration of Corindus, Inc. Prior to joining Corindus, Inc., Mr. Long served in positions as Vice President of Finance and Division Controller at Thermo Fisher Scientific Corporation from September 2004 to September 2011. Mr. Long earned his B.S. in Business Administration from the University of Massachusetts Lowell and his Masters in Government Administration from the University of Pennsylvania. Mr. Long brings 20 years of financial experience with private and public companies, including International Rectifier Corporation, Polaroid Corporation and PPG Industries, making him well-qualified to serve as the Company's Chief Financial Officer.

Stephen J. Lemaster . Stephen J. Lemaster was appointed as our Chief Commercial Officer effective October 10, 2016. Previously, from June 2014 to October 2016, Mr. Lemaster served as Global Vice President, Marketing of C.R. Bard, Inc. , a leading multinational developer, manufacturer and marketer of innovative, life-enhancing medical technologies. Mr. Lemaster also held senior sales and marketing leadership positions in the Peripheral and Interventional Cardiology space at ACIST Medical Systems and at Boston Scientific Corporation from 1997 to 2014. Mr. Lemaster earned his B.A. at the University of Michigan, Ann Arbor, Michigan. Mr. Lemaster's vast experience in the medical technology field coupled with his successful marketing career makes him well-qualified to serve as the Company's Chief Commercial Officer.

Jeffrey C. Lightcap. Jeffrey C. Lightcap was initially elected as a director on August 12, 2014. From March 2008 to August 12, 2014, Mr. Lightcap served as a director of Corindus, Inc. as an appointee of HealthCor, and he served as Chairman from April 12, 2012 to August 12, 2014. On June 23, 2016, Mr. Lightcap was elected to serve as a Class III director until such time as he stands for election at the Company's 2019 Annual Meeting of Stockholders. Since October 2006, Mr. Lightcap has served as a Senior Managing Director at HealthCor Partners Management, LP, a leading growth equity investor in early and near commercial stage healthcare companies in the diagnostic, therapeutic, medtech and HCIT sectors. From 1997 to mid-2006, Mr. Lightcap was a Senior Managing Director at JLL Partners, a leading middle-market private equity firm. Prior to JLL Partners, Mr. Lightcap was a Managing Director at Merrill Lynch & Co., Inc. in charge of leverage buyout coverage for Merrill Lynch's mergers and acquisitions group. Prior to joining Merrill Lynch, Mr. Lightcap was a Senior Vice President in the mergers and acquisitions group at Kidder, Peabody & Co. and briefly at Salomon Brothers. Mr. Lightcap currently serves as a director of the following companies: CareView Communications, Inc. (OTCQB: CRVW), a healthcare technology company; IASIS Healthcare Corporation, a privately-held company that owns and operates community focused hospitals in growing urban and suburban markets; Practice Partners in HealthCare, a privately-held company specializing in management and operation of ambulatory surgical centers; Paradigm Spine, LLC, a leader in the field of non-fusion, spinal implant technology; Heartflow, a company focused on the non-invasive diagnosis of coronary artery disease; and KellBenx, Inc., a prenatal diagnostic technology company. Mr. Lightcap received a B.E. in Mechanical Engineering from the State University of New York at Stony Brook in 1981 and in 1985 received an M.B.A. from the University of Chicago. Mr. Lightcap's experience with fundraising in the private equity market and his leadership skills exhibited throughout his career make him well-qualified to serve as one of the Company's directors.

Jeffrey G. Gold. Jeffrey G. Gold was initially elected as a director on August 12, 2014. From February 2011 to August 12, 2014, Mr. Gold served as a director of Corindus, Inc. On June 23, 2016, Mr. Gold was elected to serve as a Class II director until such time as he stands for election at the Company's 2018 Annual Meeting of Stockholders. From March 2014 to January 2016, Mr. Gold served as President and Chief Executive Officer for Myoscience, Inc., an innovation-driven medical technology company based in Silicon Valley, California, dedicated to establishing their proprietary platform technology, Focused Cold Therapy,™ as the preeminent treatment for conditions involving nerves. He previously served as President and Chief Executive Officer of Velomedix Inc., a venture-backed company that developed a unique technology for rapidly inducing therapeutic hypothermia in patients undergoing severe acute cardiovascular events, such as heart attack and cardiac arrest. Prior to Velomedix, Mr. Gold was a Venture Partner for Longitude Capital where he focused on investments in medical devices. From 2001 to 2005, he was the Chief Executive Officer of CryoVascular Systems, a medical device company developing treatments for peripheral vascular disease. CryoVascular was acquired by Boston Scientific Corporation in 2005. From 1997 to 2000, Mr. Gold was the Chief Operating Officer and Executive Vice President of CardioThoracic Systems (NASDAQ: CTSI), a medical device company focused on developing products to enable off-pump open-heart surgery. CTSI was acquired by Guidant Corporation. Prior to CTSI, Mr. Gold spent 18 years with Cordis Corporation, now the primary cardiovascular device subsidiary of Johnson & Johnson, in a series of roles of increasing responsibility and scope. He was co-founder and President of Cordis Endovascular Systems, the subsidiary company that initially focused on the interventional neuroradiology and peripheral markets. Mr. Gold holds an MBA from the University of Florida and a B.S. in Engineering from Northeastern University and is a graduate of GE's Manufacturing Management Program. Mr. Gold's experience with medical technology companies and the venture capital market make him well-qualified to serve as one of the Company's directors.

Gerard Winkels. Gerard Winkels was initially elected as a director on August 12, 2014. Mr. Winkels served as a director of Corindus, Inc. as an appointee of Koninklijke Philips N.V. On June 23, 2016, Mr. Winkels was elected to serve as a Class I director until such time as he stands for election at the Company's 2017 Annual Meeting of Stockholders. Mr. Winkels is currently the VP GM of Image Guided Therapy BI at Philips HealthTech, leading a Business Innovation group chartered to develop/acquire a portfolio of procedure innovations with smart instruments in Interventional Cardiology. Mr. Winkels has been with Philips Healthcare for over 30 years in various marketing, product management and leadership roles including MR/CT lead for Europe and GM Electrophysiology. Mr. Winkels received his M.S. in Physics from the University of Utrecht in 1983. Mr. Winkels has proven experience in both upstream (leading innovation, establishing vision, finalizing projects, building strategies) and downstream (communicating solutions, driving sales and building customer loyalty) operations, all of which, we believe, make him well-qualified to serve as a director of the Company.

Campbell D. Rogers, M.D. Dr. Rogers was initially appointed as a director on February 4, 2016. On June 23, 2016, Dr. Rogers was elected to serve as a Class II director until such time as he stands for election at the Company's 2018 Annual Meeting of Stockholders. From March 2012 to the present, Dr. Rogers has served as Chief Medical Officer of HeartFlow, Inc., a cardiovascular diagnostics company providing the first available non-invasive solution that enables physicians to more accurately evaluate significant coronary artery disease based on both anatomy and physiology. From July 2006 to March 2012, Dr. Rogers served as Chief Scientific Officer and Global Head of Research and Development at Cordis Corporation, a Johnson & Johnson company, where he was responsible for leading investments and research in cardiovascular devices. From September 2000 to July 2006, Dr. Rogers was Associate Professor of Medicine at Harvard Medical School and Director of the Cardiac Catheterization and Experimental Cardiovascular Interventional Laboratories at Brigham and Women's Hospital with responsibility for all aspects of catheterization laboratory clinical practice, education and research. He earned an A.B. in English from Harvard College and a M.D. from Harvard Medical School. Dr. Campbell's extensive medical expertise and vast knowledge of the cardiology space makes him well-qualified to serve as one of the Company's directors.

Louis A. Cannon, M.D. Dr. Cannon was initially appointed as a director on March 6, 2017 to serve as a Class I director until such time as he stands fo election at the Company's 2017 Annual Meeting of Stockholders. Dr. Cannon joined the board in March 2017 in connection with the Company's March 2017 private placement. Dr. Cannon, a past Judah Volkman Scholar in Residence, is triple board certified in Internal Medicine, Cardiovascular Disease and Interventional Cardiology. Since March 2012, Dr. Cannon has been a practicing Interventional Cardiologist for the Michigan Heart and Vascular Specialists, the Senior Program Director for the McLaren Northern Michigan Heart and Vascular Institute, and the founder and President of the Cardiac & Vascular Research Center of Northern Michigan, one of the nation's most prominent private research centers. Bringing over two decades of clinical trial experience using cutting edge technologies to treat cardiovascular disease, Dr. Cannon is a recognized leader in cardiovascular research and development. Dr. Cannon graduated from Wright State School of Medicine in Dayton, Ohio in 1984, and completed his Interventional Cardiology fellowship at the University of Cincinnati in 1991. He is the founder and Senior Managing Director of BioStar Private Equity Fund I and BioStar Ventures Fund II and III. Dr. Cannon has served on the strategic advisory boards for Fortune 500 companies including Medtronic, Abbott Laboratories, and The Boston Scientific Corporation. Dr. Cannon has extensive experience in the diagnosis of cardiovascular disease and is a key opinion and thought leader in the medical device cardiovascular space, which we believe makes him well-qualified to serve as a director of the Company.

Term of Office of our Directors

At our 2016 Annual Meeting of Stockholders, our shareholders voted to adopt a classified board of directors pursuant to which our directors were divided into three classes with staggered terms. In order to implement the staggered board, the Class I Directors were elected for a one-year term to serve until the 2017 Annual Meeting of Stockholders, the Class II Directors were elected for a two-year term to serve until the 2018 Annual Meeting of Stockholders and the Class III Directors were elected for a three-year term to serve until the 2019 Annual Meeting of Stockholders, and in each case, until their respective successor, if any, is duly elected and qualified.

The Board of Directors is elected at each annual general meeting of stockholders. The authorized number of directors may be changed by vote of the stockholders or resolution of the Board of Directors. Vacancies on the Board of Directors can be filled by resolution of a majority vote of the remaining directors then in office, unless a director is removed by the vote of holders of a majority of the shares of our capital stock, in which event, such vacancy or vacancies shall be filled by the stockholders. We believe that our current leadership structure is optimal at this time.

Our Board of Directors currently has four independent members and two non-independent members, our Chief Executive Officer, Mr. Toland, and Mr. Winkels. We believe that the number of independent, experienced directors that make up our Board of Directors benefits our company and our shareholders. All of our independent directors have demonstrated leadership in other organizations and are familiar with board of director processes.

Our Board of Directors currently consists of six members in the following classes:

CLASS	DIRECTORS
I	G erard Winkels and Louis A. Cannon, M.D. (the "Class I Directors")
II	Jeffrey G. Gold and Campbell D. Rogers, M.D. (the "Class II Directors")
III	Jeffrey C. Lightcap and Mark J. Toland (the "Class III Directors")

Family Relationships

There are no family relationships among any of our current or former directors or executive officers.

Involvement in Certain Legal Proceedings

None of our directors, executive officers, significant employees, promoters or control persons has been involved in any legal proceedings in the past 10 years that would require disclosure under Item 401(f) of Regulation S-K promulgated under the Securities Act.

Nomination to the Board of Directors

We have determined that each of our directors is qualified to serve as a director based upon various criteria, including without limitation their broad-based business and professional skills and experiences, expertise or knowledge of our industry and ability to add perspectives relating to the industry, concern for the long-term interests of our stockholders, diversity and personal integrity and judgement. Our Board of Directors has a critical role in guiding our strategic direction and overseeing the strategy of our business, and accordingly, we seek to attract and retain highly qualified directors who have sufficient time to engage in the activities of our Board of Directors and to understand and enhance their knowledge of our industry and business plan.

Committees of the Board of Directors and Meetings

Meetings; Meeting Attendance.

During the period from January 1, 2016 through December 31, 2016, our Board of Directors met and acted by unanimous written consent ten times. The Board has adopted a policy under which each member makes every effort to, but is not required to, attend each annual meeting of our stockholders. We held our 2016 Annual Meeting of Stockholders on June 22, 2016.

Audit Committee.

Our Audit Committee consists of Jeffrey Gold, Campbell Rogers, M.D., and Louis A. Cannon, M.D., each of whom satisfies the independence requirements under NYSE MKT listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chairperson of our Audit Committee is Mr. Gold, whom our Board of Directors has determined to be an "audit committee financial expert" as the Securities and Exchange Commission has defined that term in Item 407 of Regulation S-K . Each member of our Audit Committee can read and understand fundamental financial statements in accordance with Audit Committee requirements. In arriving at this determination, our Board of Directors has examined each Audit Committee member's scope of experience and the nature of their employment in the corporate finance sector.

The purpose of the Audit Committee is to assist our Board of Directors with oversight of (i) the quality and integrity of our financial statements and its related internal controls over financial reporting, (ii) our compliance with legal and regulatory compliance, (iii) the independent registered public accounting firm's qualifications and independence, and (iv) the performance of our independent registered public accounting firm. The Audit Committee's primary function is to provide advice with respect to our financial matters and to assist our Board of Directors in fulfilling its oversight responsibilities regarding finance, accounting, and legal compliance. During 2016, the Audit Committee met four times and each member of the Audit Committee attended each such meeting, except for Mr. White, a former director and chairperson of the Audit Committee at that time, who did not attend two meetings.

A copy of the Audit Committee's written charter is publicly available on our website at *www.corindus.com* .

Compensation Committee.

Our Compensation Committee consists of Jeffrey Lightcap, Campbell D. Rogers, M.D. and Louis A. Cannon, M.D., each of whom our Board of Directors has determined to be independent under NYSE MKT listing standards, a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act, and an "outside director" as that term is defined in Section 162(m) of the Internal Revenue Code. The chairperson of our Compensation Committee is Mr. Lightcap.

The primary purpose of our Compensation Committee is to oversee our policies relating to compensation of our executives and make recommendations to our Board of Directors, as appropriate, with respect to such policies. The goal of such policies is to ensure that an appropriate relationship exists between executive pay and the creation of shareholder value, while at the same time motivating and retaining key employees.

Our practice has been and will continue to be to combine the components of our executive compensation program to align compensation with measures that correlate with the creation of long-term stockholder value and to achieve a total compensation level appropriate for our size and corporate performance. In pursuing this, we offer an opportunity for income in the event of successful corporate financial performance, matched with the prospect of less compensation in the absence of successful corporate financial performance. Our philosophy is to make a greater percentage of an employee's compensation based on company performance as he or she becomes more senior, with a significant portion of the compensation of our executive officers based on the achievement of Company performance goals because the performance of these officers is more likely to have a direct impact on our achievement of strategic and financial goals that are most likely to affect stockholder value. At the same time, our Board of Directors believes that we must attract and retain high-caliber executives, and therefore must offer a mixture of fixed and incentive compensation at levels that are attractive in light of the competitive market for senior executive talent.

Historically, our Board of Directors has reviewed the total compensation of our executive officers and the mix of components used to compensate those officers on an annual basis. In determining the total amount and mix of compensation components, our Board of Directors strives to create incentives and rewards for performance consistent with our short- and long-term Company objectives. Our Board of Directors relies on its judgment about each individual rather than employing a formulaic approach to compensation decisions. Our Board of Directors has not assigned a fixed weighting among each of the compensation components. Our Board of Directors assesses each executive officer's overall contribution to our business, scope of responsibilities, and historical compensation and performance to determine annual compensation. In making compensation decisions, our Board takes into account input from our board members and our Chief Executive Officer based on their experiences with other companies. In April 2015, our Compensation Committee retained Mercer as its independent compensation consultant to advise on our cash and equity compensation packages and related compensation policies and to provide a comparison of our executive compensation against our peer group. Our Compensation Committee makes the ultimate decisions regarding compensation for our Chief Executive Officer. Our Chief Executive Officer and Chief Financial Officer may from time to time attend meetings of our Compensation Committee or our Board of Directors, but will have no final decision authority with respect to compensation. Annually, our Compensation Committee will evaluate the performance of our Chief Executive Officer and determine our Chief Executive Officer's compensation in light of the goals and objectives of our compensation program. The evaluation is reviewed with our Board of Directors without the presence of management prior to the Compensation Committee's final determination. Decisions regarding the Chief Financial Officer's compensation will be made by our Compensation Committee after considering recommendations from our Chief Executive Officer. Our Chief Executive Officer and Chief Financial Officer determine the compensation of our other executive officers, subject to the approval of our Board of Directors. The compensation committee may consider programs and recommendations from independent compensation consultants to assist it in making its compensation determinations. During 2016, the Compensation Committee met five times and each member of the Compensation Committee attended each such meeting, except for Mr. Gold who did not attend one meeting.

Nominating and Corporate Governance Committee.

Our Nominating and Corporate Governance Committee consists of Jeffrey Gold, Jeffrey Lightcap and Louis A. Cannon, M.D., each of whom our Board of Directors has determined to be independent under NYSE MKT listing standards. The chairperson of our Nominating and Corporate Governance Committee is Mr. Lightcap.

The primary purposes of our Nominating and Corporate Governance Committee are to (i) identify, review and recommend qualified candidates for membership on our Board of Directors and the Board committees, (ii) develop and recommend to the Board of Directors the appropriate corporate governance principles and practices and (iii) oversee the evaluation of the Board of Directors through the annual review of the performance of the Board and its committees. During 2016, the Nominating and Corporate Governance Committee did not meet.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires directors, executive officers, and persons owning more than 10 percent of a Company's class of equity securities registered under Section 12 of the Exchange Act to file reports on a timely basis on the initiation of their status as a reporting person and any changes with respect to their beneficial ownership of such equity securities with the SEC. Our executive officers, directors and greater than 10 percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2016, the relevant stockholders have not failed to file on a timely basis the Forms 3, 4 and 5 required by Section 16(a) of the Exchange Act.

CODE OF CONDUCT AND ETHICS

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, executive officers and employees. This code is intended to focus the members of the Board of Directors and each executive officer and employee on areas of ethical risk, provide guidance to directors, executive officers and employees to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. All members of the Board of Directors and all executive officers and employees are required to sign this code and may be required to certify their compliance with the code on an annual basis.

Code of Ethics for Financial Executives

We have adopted a Code of Ethics applicable to all of our financial executives and any other senior officer with financial oversight responsibilities. This code governs the professional and ethical conduct of our financial executives, and directs that they (i) act with honesty and integrity, (ii) provide information that is accurate, complete, objective, relevant, and timely, (iii) comply with federal, state, and local rules and regulations, (iv) act in good faith with due care, competence, and diligence and (v) respect the confidentiality of information acquired in the course of their work and not use the information acquired for personal gain. All of our financial executives are required to sign this code on an annual basis.

Insider Trading Policy

We have adopted an Insider Trading Policy applicable to all directors, officers and employees. Insider trading generally refers to the buying or selling of a security in breach of a fiduciary duty or other relationship of trust and confidence while in possession of material, non-public information about the security. Insider trading violations may also include 'tipping' such information, securities trading by the person 'tipped,' and securities trading by those who misappropriate such information. The scope of insider trading violations can be wide reaching. As such, our Insider Trading Policy outlines the definitions of insider trading, what constitutes material, non-public information and the potential penalties and sanctions. Illegal insider trading is against our policy as such trading can cause significant harm to our reputation for integrity and ethical conduct. Individuals who fail to comply with the requirements of the policy are subject to disciplinary action, at our sole discretion, including dismissal for cause. All members of our Board of Directors, all executive officers, all employees at or above the level of vice president and all accounting personnel are required to ratify the terms of this policy on an annual basis.

Other Policies

We have also adopted a Whistleblower Policy and Related Party Transactions Policy.

All of the Company's codes of conduct and ethics are posted and publicly available on our website at *www.corindus.com* .

ITEM 11. EXECUTIVE COMPENSATION.

General

The following table summarizes the compensation earned in each of our fiscal years ended December 31, 2016 and 2015 by our named executive officers, which includes our Chief Executive Officer, our former Chief Executive Officer who resigned on February 23, 2016, our Chief Financial Officer and our Chief Commercial Officer. The following table includes the dollar value of base salaries, bonus awards, stock options granted and certain other compensation (in thousands), if any, whether paid or deferred.

We refer to the executive officers listed below as the Named Executive Officers.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($) [1]	Stock Awards ($)	Option Awards ($) [2]	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
David M. Handler [3]	2016	264	—	—	—	—	—	23	287
Former Chief Executive Officer and President	2015	325	—	—	—	—	—	35	360
Mark J. Toland [4]	2016	327	131	—	5,970	—	—	73	6,501
Chief Executive Officer and President	2015	—	—	—	—	—	—	—	—
David W. Long [5]	2016	286	118	—	74	—	—	35	513
Chief Financial Officer and Sr. Vice President	2015	275	50	—	—	—	—	32	357
Stephen J. Lemaster [6]	2016	69	—	—	341	35	—	11	456
Chief Commercial Officer	2015	—	—	—	—	—	—	—	—

(1) Amount relates to the year in which the bonus was earned.

(2) The valuation methodology used to determine the fair value of the options granted during the year was the Black-Scholes Model.

(3) For 2016, All Other Compensation includes $3 for 401(k) contribution and $20 for health insurance premiums paid by the Company on Mr. Handler's behalf. For 2015, All Other Compensation includes $10 for 401(k) contribution and $25 for health insurance premiums paid by the Company on Mr. Handler's behalf. Mr. Handler resigned as Chief Executive Officer and President of the Company and from our Board of Directors on February 23, 2016.

(4) For 2016, All Other Compensation includes $11 for 401(k) contribution, $39 for relocation expenses, and $23 for health insurance premiums paid by the Company on Mr. Toland's behalf. Mr. Toland was appointed the Company's Chief Executive Officer and President effective March 7, 2016.

(5) For 2016, All Other Compensation includes $7 for 401(k) contribution and $28 for health insurance premiums paid by the Company on Mr. Long's behalf. For 2015, All Other Compensation includes $7 for 401(k) contribution and $25 for health insurance premiums paid by the Company on Mr. Long's behalf.

(6) For 2016, All Other Compensation includes $11 for health insurance premiums paid by the Company on Mr. Lemaster's behalf. Mr. Lemaster was appointed the Company's Chief Commercial Officer on October 10, 2016.

Employment Agreements with our Executive Officers

Employment Agreement with our former Chief Executive Officer and President

Mr. Handler served as the Company's Chief Executive Officer and President prior to his resignation on February 23, 2016.

On September 3, 2008, Corindus, Inc. and Mr. Handler entered into an employment agreement under which Mr. Handler began employment on October 1, 2008 on an at will basis. On May 22, 2015, the Company and Mr. Handler entered into a new employment agreement, which superseded the previous employment agreement.

The terms of the employment agreement provided for Mr. Handler to receive an annual base salary of $325,000 subject to annual review for adjustments as determined by the Board. Mr. Handler was eligible for an annual bonus payment of up to 100% of his annual base salary for the year immediately preceding payment of such bonus based on achievement of performance objectives contained in an annual board-approved plan. Any bonus award was to be paid on or before March 15 of the fiscal year following the fiscal year in which the bonus was earned. On September 11, 2008, Mr. Handler was granted a Corindus, Inc. option to purchase common stock of Corindus, Inc., which in accordance with the exchange ratio in the Acquisition Agreement, was exchanged for a Company option to purchase 946,928 shares of the Company's common stock at an exercise price of $0.92 per share. The shares underlying the option vested as follows: 25% vested after one year of continuous service with the balance vested in equal monthly installments over the following 36 months.

In addition to containing typical provisions for fringe benefits, Mr. Handler's employment agreement contained non-competition and non-solicitation covenants, which provided that while employed and for the 18-month period following the termination of employment, Mr. Handler would not compete with the Company and its subsidiaries or solicit employees or customers of the Company or its subsidiaries.

Employment Agreement with our Chief Executive Officer and President

Mr. Toland is our Chief Executive Officer and President. Effective March 7, 2016, the Company and Mr. Toland entered into an employment agreement. Mr. Toland's employment is voluntary and he is free to terminate his employment at any time subject to the provisions provided therein. We are free to terminate Mr. Toland's employment at any time, with or without cause, subject to the provisions provided therein.

The terms of the employment agreement provide for Mr. Toland to receive an annual base salary of $400,000 subject to annual review for adjustments as determined by the Board. Mr. Toland is eligible for a bonus payment of up to 50% of his (or such higher percentage set by the Board) of his annual base salary for the year immediately preceding payment of such bonus based on achievement of performance objectives (as reasonably determined by the Board) contained in an annual plan approved by the Board. Any bonus award is to be paid on or before March 15 of the fiscal year following the fiscal year in which the bonus was earned, and conditioned upon his employment with the Company at the end of the immediately preceding fiscal year. For the 2016 fiscal year, he was eligible for a prorated bonus with the performance objectives to be determined between him and the Board. On December 1, 2016, our Compensation Committee approved a prorated bonus to Mr. Toland of $131,000.

On March 7, 2016, pursuant to his employment agreement, Mr. Toland was granted an initial stock option and six performance-based stock options as follows:

a) An initial stock option dated March 7, 2016 to purchase 7,136,049 shares of the Company's common stock at an exercise price of $1.46 per share. The underlying shares vest as follows: 25% vest on the first anniversary date of the option with the balance to vest in equal monthly installments over the following 36 months.

b) A performance-based stock option dated March 7, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $1.46 per share. All of the underlying shares vested on December 1, 2016 upon the Board's determination that Mr. Toland achieved the required performance criteria, which was his relocation to the Boston area.

c) A performance-based stock option dated December 1, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $0.70 per share. All of the underlying shares vested on December 1, 2016 upon the Board's determination that Mr. Toland achieved the required performance criteria, which was the recruitment and hiring of the senior leadership team.

d) A performance-based stock option dated December 1, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $0.70 per share. The underlying shares will vest upon the Board's determination that Mr. Toland achieves the required performance criteria, which is the capital raise of any combination of debt and/or equity of at least $25 million before March 31, 2017.

e) A performance-based stock option dated December 1, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $0.70 per share. The underlying shares will vest upon the Board's determination that Mr. Toland achieves the required performance criteria, which is the successful launch of CorPath GRX being deemed commercially acceptable by June 30, 2017.

f) A performance-based stock option dated December 1, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $0.70 per share. The underlying shares will vest upon the Board's determination that Mr. Toland achieves the required performance criteria, which is achieving revenues of at least $12 million for the year ending December 31, 2017.

g) A performance-based stock option dated December 1, 2016 to purchase 297,335 shares of the Company's common stock at an exercise price of $0.70 per share. The underlying shares will vest upon the Board's determination that Mr. Toland achieves the required performance criteria, which is achieving revenues of at least $35 million for the year ending December 31, 2018.

In addition to containing typical provisions for fringe benefits, Mr. Toland's employment agreement contains non-competition and non-solicitation covenants, which provide that while employed and for the 12-month period following the termination of employment, Mr. Toland will not compete with the Company and its subsidiaries or solicit employees or customers of the Company or its subsidiaries.

Employment Agreement with our Chief Financial Officer

Mr. Long is our Chief Financial Officer, Senior Vice President, Secretary and Treasurer. On May 22, 2015, the Company and Mr. Long entered into an employment agreement. Mr. Long's employment is voluntary and he is free to terminate his employment at any time subject to the provisions provided therein. We are free to terminate Mr. Long's employment at any time, with or without cause subject to the provisions provided therein.

The terms of the employment agreement provide for Mr. Long to receive an annual base salary of $275,000 subject to annual review for adjustments as determined by the Board. Mr. Long is eligible for an annual bonus payment of up to 50% (or such higher percentage set by the Board) of his annual base salary for the year immediately preceding payment of such bonus based on achievement of performance objectives contained in an annual board-approved plan. Any bonus award is to be paid on or before March 15 of the fiscal year following the fiscal year in which the bonus was earned. On December 1, 2016, our Compensation Committee approved a bonus award to Mr. Long of $118,000.

On April 12, 2012, Mr. Long was granted a Corindus, Inc. option, which in accordance with the exchange ratio in the Acquisition Agreement, was exchanged for a Company option to purchase 590,048 shares of the Company's common stock at an exercise price of $0.55 per share. The underlying shares are fully vested as follows: 25% vested on September 5, 2012, the first anniversary of Mr. Long's employment date, with the balance vesting in equal monthly installments over the following 36 months. On June 24, 2014, Mr. Long was granted a Corindus, Inc. option, which in accordance with the share exchange ratio in the Acquisition Agreement, was exchanged for a Company option to purchase 285,773 shares of the Company's common stock at an exercise price of $0.75 per share. The underlying shares vest as follows: 25% vest on the first anniversary date of the option with the balance to vest in equal monthly installments over the following 36 months. In June 2014, Mr. Long received a discretionary management award of $10,000 related to his contributions associated with the closing of the Company's debt financing activities. On February 11, 2015, our Compensation Committee approved the 2014 incentive compensation award to Mr. Long of $22,098. On January 22, 2016, our Compensation Committee approved the 2015 incentive compensation award to Mr. Long of $50,000. On June 23, 2016, Mr. Long was granted an option to purchase 100,000 shares of the Company's common stock at an exercise price of $1.46 per share. The underlying share vest as follows: 25% vest on the first anniversary date of the option with the balance to vest in equal monthly installments over the following 36 months.

In addition to containing typical provisions for fringe benefits, Mr. Long's employment agreement contains non-competition and non-solicitation covenants, which provide that while employed and for the 18-month period following the termination of employment, Mr. Long will not compete with the Company and its subsidiaries or solicit employees or customers of the Company or its subsidiaries.

Employment Agreement with our Chief Commercial Officer

Mr. Lemaster is our Chief Commercial Officer. On October 10, 2016, the Company and Mr. Lemaster entered into an employment agreement. Mr. Lemaster's employment is voluntary and he is free to terminate his employment at any time subject to the provisions provided therein. We are free to terminate Mr. Lemaster's employment at any time, with or without cause subject to the provisions provided therein.

The terms of the employment agreement provide for Mr. Lemaster to receive an annual base salary of $300,000 subject to annual review for adjustments as determined by the Board. Mr. Lemaster is eligible for an annual bonus payment of up to 25% (or such higher percentage set by the Board) of his annual base salary for the year immediately preceding payment of such bonus based on achievement of performance objectives contained in an annual board-approved plan. Any bonus award is to be paid on or before March 15 of the fiscal year following the fiscal year in which the bonus was earned. For the 2016 fiscal year, Mr. Lemaster will not be eligible for a bonus.

Pursuant to the terms of the employment agreement, Mr. Lemaster is eligible to participate in the Company's variable compensation plan, with an annual target of $150,000 based on 100% completion of the goals and objectives established by the Company. The Company will guarantee variable income at 70% ($105,000) to target for the first twelve (12) months of Mr. Lemaster's employment to be paid in equal installments in the next pay cycle following the end of the month and contingent upon completion of quarterly objectives mutually agreed upon by him and the Company's Chief Executive Officer.

On October 10, 2016, pursuant to Mr. Lemaster's employment agreement, Mr. Lemaster was granted an option to purchase 550,000 shares of the Company's common stock at an exercise price of $1.18 per share. The underlying shares vest as follows: 25% vest on the first anniversary date of the option with the balance to vest in equal monthly installments over the following 36 months.

In addition to containing typical provisions for fringe benefits, Mr. Lemaster's employment agreement contains non-competition and non-solicitation covenants, which provide that while employed and for the 12-month period following the termination of employment, Mr. Lemaster will not compete with the Company and its subsidiaries or solicit employees or customers of the Company or its subsidiaries.

Termination and Severance Arrangements Upon Termination of our Executive Officers

We have employment agreements with our executive officers as described above. The arrangements reflected in these employment agreements are designed to encourage the executive officers' full attention and dedication to our Company currently and, in the event of any proposed change of control, provide these officers with individual financial security.

The employment agreement for Mr. Toland may be terminated at the election of either the executive or the Company with no less than a 30-day written notice of termination. Mr. Toland may be immediately terminated by the Company for "cause" and he may terminate his employment for "good reason." In the event that Mr. Toland's employment is involuntarily terminated by the Company without cause or terminated by Mr. Toland for "good reason," but in the absence of a change in control, he will receive (a) his base salary and benefits for a period of 12 months, (b) monthly payments towards COBRA coverage for the executive and his dependents for up to 12 months, (c) payment of one-twelfth of the amount of annual bonus accrued on the Company's books and records as of the end of the immediately precedent calendar quarter for 12 months, (d) solely in the event that his employment is terminated by the Company without cause, all outstanding unvested options shall automatically be forfeited and he shall have 90 days to exercise all vested options, and (e) solely in the event that he resigns for good reason, all outstanding unvested options shall vest in full and he shall have 90 days to exercise all vested options, each conditioned on his execution of a standard form of release of the Company from any claims against the Company within 30 days of the date of his employment termination and continued compliance with non-competition and non-solicitation covenants.

The employment agreement for Mr. Long may be terminated at the election of either the executive or the Company with no less than a 30-day written notice of termination. Mr. Long may be immediately terminated by the Company for "cause" and he may terminate his employment for "good reason." In the event that Mr. Long's employment is involuntarily terminated by the Company without cause or terminated by Mr. Long for "good reason," but in the absence of a control in control, he will receive (a) his base salary and benefits for a period of 12 months, (b) monthly payments toward COBRA coverage for the executive and the dependents for up to 12 months, and (c) payment of one-twelfth of the amount of annual bonus accrued on the Company's books and records as of the end of the immediately preceding calendar quarter for twelve months, each conditioned on his execution of a standard form of release of the Company from any claims against the Company within 30 days of the date of his employment termination and continued compliance with non-competition and non-solicitation covenants.

The employment agreement for Mr. Lemaster may be terminated at the election of either the executive or the Company with no less than a 30-day written notice of termination. Mr. Lemaster may be immediately terminated by the Company for "cause." In the event that Mr. Lemaster's employment is involuntarily terminated by the Company without cause, but in the absence of a change in control, he will receive (a) all accrued but unpaid base salary through the date of employment termination and (b) any unpaid or unreimbursed expenses, each conditioned on his execution of a standard for of release of the Company from any claims against the Company within 30 days of the date of his employment termination and continued compliance with non-competition and non-solicitation covenants.

"Cause" means (a) a good faith finding by the Company that (i) the executive intentionally failed to perform his assigned duties for the Company or (ii) he engaged in dishonesty, breach of fiduciary duty involving personal profit, gross negligence, misconduct, material breach of the Company's Code of Ethics or a material violation of the Sarbanes-Oxley requirements for officers of public companies or (b) the conviction of the executive of, or the entry of a pleading of guilty or nolo contendere by the executive to, any crime involving moral turpitude or any felony. "Good reason" means any of the following (a) a material negative change in the executive's function, duties or responsibilities, (b) a reduction to base salary (except for any reduction that is part of an employee-wide reduction in pay), (c) a requirement to relocate outside the Greater Boston area or (d) a material breach of the employment agreement by the Company.

Post Employment Compensation

Pension Benefits

We do not offer any defined benefit pension plans for any of our employees. We do have a 401(k) plan in which our employees may participate.

Potential Payments Upon Termination

The table below reflects the amount of compensation that will be paid to our executive officers in the event of termination of such executive's employment (whether by the Company without "cause" or by the executive for "good reason"). As noted above, he may also be entitled to the payment of any accrued bonus, as well as other benefits.

Name		Salary (in thousands)
Mark J. Toland	$	400
David W. Long	$	294
Stephen J. Lemaster	$	—

Severance Arrangements Upon Change of Control

If within twelve (12) months following a Change in Control, Mr. Toland is terminated by the Company without Cause or he resigns for Good Reason, the Company shall provide, in lieu of the payments and benefits set forth above, the following payments and benefits: (a) his base salary and benefits for a period of 12 months, (b) monthly payments towards COBRA coverage for the executive and his dependents for up to 12 months, (c) payment of one-twelfth of the amount of annual bonus accrued on the Company's books and records as of the end of the immediately precedent calendar quarter for 12 months and (d) all of the executive's outstanding unvested stock options will automatically vest and the executive will have 90 days to exercise all vested options.

Each of Mr. Long's and Mr. Lemaster's remaining unvested option shares will become fully vested upon a Change in Control (as defined in the employment agreements). Any other equity awards issued to Mr. Long will provide for full vesting if the employment terminates (whether by the Company without "cause" or by each executive officer for "good reason") within 12 months following a Change in Control (as defined in his employment agreement).

All payments under the employment agreements and otherwise shall be subject to claw back policies that may be established by the Company from time to time.

Nonqualified Deferred Compensation

We do not offer any deferred compensation plans for any of our executive officers.

Payments Upon Termination made to former Chief Executive Officer and President

Prior to his resignation as the Company's Chief Executive Officer and President on February 23, 2016, Mr. Handler had similar potential payments upon the termination of his employment, and similar severance arrangements upon a change of control as those described above for other executive officers, assuming such terminations were to have occurred as of December 31, 2015. Due to Mr. Handler's resignation, there are no longer any potential payments due to him upon a change in control or otherwise.

In connection with his resignation, the Company entered into a letter agreement (the "Letter Agreement") with Mr. Handler on March 17, 2016 outlining the terms of his separation. Pursuant to the terms and conditions of the Letter Agreement, Mr. Handler received continued payment of his base salary in the amount of $187,000; payment of the monthly amount then being charged by the Company for COBRA coverage with respect to Mr. Handler and his dependents in the amount of $13,000; and a release from certain lock-up restrictions on stock that could be acquired by Mr. Handler by exercising outstanding and vested stock options. Mr. Handler was also paid certain outstanding accrued obligations, including wages and paid time off in the amount of $6,000. All obligations relating to payment upon termination due to Mr. Handler have been satisfied.

In addition, the Letter Agreement provided that each of the stock options issued to Mr. Handler by the Company were to be exercised, to the extent vested on March 17, 2016, by way of a "net exercise" method whereby the Company withheld from the delivery of the shares of the Company's common stock such number of shares having a fair market value on March 17, 2016 equal to the aggregate exercise price for the shares for which each of the stock options is exercised. On March 18, 2016, Mr. Handler purchased all 3,230,192 vested shares upon the stock options by the net exercise method and was issued 748,842 shares of the Company's common stock. On April 15, 2016, the Company repurchased and retired the 748,842 shares of its common stock for an aggregate amount of approximately $741,000 pursuant to the terms of a privately negotiated transaction with Mr. Handler.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the aggregate stock and option awards held by our named executive officers as of December 31, 2016.

	OPTION AWARDS				
Name	**Number of securities underlying unexercised options (#) exercisable**	**Number of securities underlying unexercised options (#) unexercisable**		**Option exercise price ($)**	**Option expiration date**
Mark J. Toland	297,335 (1)	7,136,049	$	1.46	03/06/26
Chief Executive Officer and President	297,335 (2)	1,189,340	$	0.70	11/30/26
David W. Long	590,048 (3)	—	$	0.55	09/04/21
Chief Financial Officer, Sr. Vice President	178,620 (4)	107,153	$	0.75	06/04/24
	— (5)	100,000	$	1.46	06/23/26
Stephen J. Lemaster	— (6)	550,000	$	1.18	10/10/26
Chief Commercial Officer					
David A. Handler	—	—		—	—
Former Chief Executive Officer and President					

(1) An aggregate of 297,335 underlying shares vested on December 1, 2016. An aggregate of 1,784,012 underlying shares vest on March 7, 2017 and an aggregate of 148,665 underlying shares vest monthly from April 30, 2017 through February 29, 2020 ad 148,762 underlying shares vest on March 7, 2020.

(2) An aggregate of 297,335 underlying shares vested on December 1, 2016. The remaining 1,189,340 underlying shares are performance-based and will vest upon the Board's determination that Mr. Toland achieves the require performance criteria for four designated milestones of 297,335 underlying shares each, with milestone measurement dates of March 31, 2017, June 30, 2017, December 31, 2017 and December 31, 2018.

(3) All 590,048 underlying shares became fully vested on September 30, 2015.

(4) An aggregate of 71,448 underlying shares vested on June 24, 2015 and an aggregate of 5,954 underlying shares vested monthly from July 24, 2015 through December 31, 2016. An aggregate of 5,954 underlying shares vest monthly from January 31, 2017 through May 24, 2018 and 5,935 underlying shares vest on June 24, 2018.

(5) An aggregate of 25,000 underlying shares vest of June 23, 2017 and an aggregate of 2,083 underlying shares vest monthly from July 31, 2017 through May 31, 2020 and 2,095 underlying shares vest of June 23, 2020.

(6) An aggregate of 137,500 underlying shares vest on October 10, 2017 and an aggregate of 11,458 underlying shares vest monthly from November 10, 2017 through September 10, 2020 and 11,470 underlying shares vest on October 10, 2020.

EQUITY COMPENSATION PLAN INFORMATION

Our Board of Directors, the Compensation Committee of our Board of Directors and management believe that the effective use of stock-based long-term incentive compensation is vital to our ability to achieve strong performance in the future. Our future success depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel, including directors, officers, employees, consultants and advisors.

At the Closing of the Acquisition on August 12, 2014, the 2014 Stock Award Plan was adopted by our Board of Directors as a replacement for the Corindus, Inc. Umbrella Option Plan (the "2006 Option Plan") and the Corindus, Inc. 2008 Stock Incentive Plan (the "2008 Option Plan") and under which future options for the purchase of our common stock will be issued. In addition, all Corindus, Inc. options to purchase common shares of Corindus, Inc. outstanding on August 12, 2014 were exchanged for options to purchase common shares of Corindus Vascular Robotics, Inc. options pursuant to an exchange ratio of 25.00207 shares of Corindus Vascular Robotics, Inc. for each Corindus, Inc. share with an exercise price equal to the per share exercise price of the Corindus, Inc. option immediately prior to August 12, 2014 divided by the above-mentioned exchange ratio. The 2014 Stock Award Plan was initially limited to award issuances which in the aggregate equal 9,035,016 shares; however, on April 30, 2015, our shareholders voted by written consent to increase the number of authorized shares to 18,661,856 shares (the "Amended and Restated Plan").

At the 2016 Annual Meeting of Stockholders, our stockholders voted to approve the Amended and Restated Plan to address certain requirements under Section 162(m) of the Internal Revenue Code, included (l) establishing a per person cap of 8,000,000 shares underlying awards that may be granted to any one individual in any one year and (2) revising the performance-based criteria intended to qualify for tax deductions under Section 162(m) of the Internal Revenue Code, as amended (the "Second Amended and Restated Plan").

The Second Amended and Restated Plan will be administered by the Compensation Committee of our Board of Directors, a subcommittee or other committee of our Board of Directors as may be appointed pursuant to the Amended and Restated Plan or our Board of Directors (as applicable, the "Committee"). Our employees, directors, officers, advisors or consultants will be eligible to participate in the Amended and Restated Plan. The Committee may grant awards of non-qualified stock options, incentive (qualified) stock options, stock appreciation rights, restricted stock awards, restricted stock units ("RSUs), stock bonus awards, dividend equivalents, or performance compensation awards (including cash bonus awards) under the Second Amended and Restated Plan; provided, however, in no event shall the Committee grant awards in respect of more than 8,000,000 shares of common stock to any participant in any fiscal year.

In the event of a change in control (as defined therein) the Committee may provide with respect to all or any portion of the participant's outstanding award or awards that: (a) the then outstanding options and SARs will become immediately exercisable as of a time immediately prior to the change in control; (b) the period of restriction applicable to awards will expire as of a time immediately prior to the change in control (including without limitation a waiver of any applicable performance goals); (c) performance periods in effect on the change in control will end on such date, and that a participant receive partial or full payment of awards for each performance period based upon its determination of the degree of attainment of the performance goals or by assuming that the applicable performance goals have been achieved at the applicable "target" levels of performance or on such other basis as determined by the Committee; and (d) all awards that have been previously deferred to be settled in full as soon as practicable.

Our Board of Directors may amend, alter, suspend, discontinue, or terminate the Second Amended and Restated Plan or any portion thereof at any time, except that no such amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if (i) such approval is necessary to comply with any applicable tax or regulatory requirement (including the rules or requirements of any securities exchange or inter-dealer quotation system on which our shares may be listed). In addition, any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent.

The Second Amended and Restated Plan will expire on August 11, 2024, and no awards may be granted after such expiration, but the terms of the Second Amended and Restated Plan will continue to apply to previously granted awards. Notwithstanding the foregoing, nothing shall affect the validity of awards granted after such time if such stockholder approval has not been obtained.

The above summary does not purport to be complete and is qualified in its entirety by reference to the text of the Second Amended and Restated Plan, which is included as an exhibit hereto and incorporated herein by reference.

The following table shows the number of securities to be issued upon exercise of outstanding options as of December 31, 2016.

Plan Category	Number of Securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)
Equity compensation plans approved by security holders	17,523,072	$ 1.30	740,045
Equity compensation plans not approved by security holders	—	—	—
Total	17,523,072	$ 1.30	740,045

As of March 8, 2017, we have the following equity securities issued and outstanding: (i) 119,025,221 shares of our common stock, (ii) options to purchase 17,523,072 shares of our common stock and (iii) warrants to purchase 5,083,219 shares of our common stock.

Director Compensation

On May 18, 2015, our Board of Directors adopted a non-employee director compensation policy, as amended on October 1, 2016, pursuant to which we compensate directors with a combination of cash and equity. Each such non-employee director receives an annual cash retainer of $10,000 for such service, paid quarterly. The policy also provides that we compensate members of our Board of Directors for service on our committees, in each case paid on a quarterly basis, as follows:

- The chairman of our Board of Directors is to receive an annual cash retainer of $8,000 for such service;
- The chairman of our Audit Committee receives an annual cash retainer of $8,000 for such service;
- The chairman of our Compensation Committee receives an annual cash retainer of $6,000 for such service;
- The chairman of our Nominating and Corporate Governance Committee receives an annual cash retainer of $4,000 for such service;
- Each member of our Audit Committee (not serving as Chairman thereof) receives an annual cash retainer of $4,000 for such service;
- Each member of our Compensation Committee (not serving as Chairman thereof) receives an annual cash retainer of $3,000 for such service; and
- Each member of our Nominating and Corporate Governance Committee (not serving as Chairman thereof) receives an annual cash retainer of $2,000 for such service.

Our Chairman of the Board, Jeffrey Lightcap, has elected to waive his allocated director fees.

Beginning with the Company's 2016 annual meeting, the non-employee director policy provides for the grant of equity awards each year at the annual meeting of the Company to each director continuing to serve on our board. Each such director will receive a stock option grant for the number of shares valued at $30,000 based on the Black-Scholes Model value of such option as of the date of grant, an acceptable model in accordance with ASC 718. The exercise price of such options is equal to the closing price of our common stock on the date of grant and such options shall become vested and exercisable in full upon the three year anniversary of the grant date, vesting 33.33% on the first anniversary of the grant date an 8.334% at the end of each quarter thereafter.

Directors may be granted options to purchase shares of Company common stock under our 2014 Stock Award Plan in accordance with the non-employee director compensation policy or in special circumstances as determined by the board.

The following table shows compensation paid to our directors (in thousands) for services rendered during the year ended December 31, 2016. The valuation methodology used to determine the fair value of the options issued during the year was the Black-Scholes Model.

Name [a]	Year	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Hillel Bachrach [1]	2016	15	—	14	—	—	—	29
Jeffrey G. Gold [2]	2016	21	—	40	—	—	—	61
Jeffrey C. Lightcap [3]	2016	—	—	—	—	—	—	—
David R. White [4]	2016	20	—	14	—	—	—	34
Gerard Winkels [3]	2016	13	—	—	—	—	—	13
Michael Y. Mashaal, M.D [3][6]	2016	—	—	—	—	—	—	—
Campbell Rogers, M.D. [5]	2016	19	—	14	—	—	—	33

(1) As of December 31, 2016, Mr. Bachrach individually held 27,272 options to purchase shares of our common stock, none of which were vested. Mr. Bachrach resigned as a director with an effective date of February 27, 2017 and, in connection therewith, the Board declared all of his unvested options to be immediately vested.

(2) As of December 31, 2016, Mr. Gold held 313,279 options to purchase shares of our common stock, 216,761 of which were vested.

(3) As of December 31, 2016, the director held no options to purchase shares of our common stock.

(4) As of December 31, 2016, Mr. White held 278,279 options to purchase shares of our common stock, 216,761 of which were vested. Mr. White resigned as a director with an effective date of February 28, 2017, and, in connection therewith, the Board declared all of his unvested options to be immediately vested.

(5) As of December 31, 2016, Mr. Rogers held 125,794 options to purchase shares of our common stock, none of which were vested.

(6) Mr. Mashaal resigned as a director with an effective date of February 28, 2017.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of March 8, 2017 for (a) each of our directors and named executive officers, (b) all of our directors and executive officers as a group and (c) each stockholder known by us to own beneficially more than 5% of our common stock. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. We deem shares of common stock that may be acquired by an individual or group within 60 days of March 8, 2017 pursuant to the exercise of options or warrants to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table. Except as indicated in footnotes to this table, we believe that the stockholders named in this table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them based on information provided to us by these stockholders. Percentage of ownership is based on 119,025,221 shares of common stock outstanding on March 8, 2017. Except as otherwise noted in the footnotes below, the address for each person listed in the table below, solely for purposes of filings with the SEC, is c/o Corindus Vascular Robotics, Inc., 309 Waverley Oaks Rd., Suite 105, Waltham, Massachusetts, 02452.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
5%+ *Stockholders:*		
Entities affiliated with HealthCor Partners Management, LP (1)	44,924,697	37.74%
Koninklijke Philips NV (2)	22,136,008	17.89%
Energy Capital, LLC and affiliates (3)	11,215,209	9.42%
FMR LLC (4)	6,315,800	5.31%
Directors and Named Executive Officers:		
Mark J. Toland (5)	2,824,685	2.32%
David W. Long (6)	792,484	*
Stephen J. Lemaster (7)	—	*
Jeffrey C. Lightcap (8)	44,924,697	37.74%
Jeffrey G. Gold (9)	226,761	*
Gerard Winkels (10)	—	*
Campbell D. Rogers, M.D. (11)	49,261	*
Louis A. Cannon, M.D.	—	*
All Current Directors and Executive Officers as a Group (8 persons) (12)	48,817,888	39.72%

* Less than 1%.

(1) Includes (i) 17,090,941 shares directly owned by HealthCor Partners Fund, LP, (ii) 19,981,655 shares directly owned by HealthCor Hybrid Offshore Master Fund, LP, and (iii) 7,852,101 shares directly owned by HealthCor Partners Fund II, LP. HealthCor Partners Management, LP is the investment manager of HealthCor Partners Fund, LP and HealthCor Partners Fund II, LP. HealthCor Partners Management, LP provides advice to its affiliate, HealthCor Management, LP, with respect to HealthCor Hybrid Offshore Master Fund, LP. Mr. Lightcap is a managing member of HealthCor Partners Management, LP. The address for HealthCor Partners Management, LP is 152 W. 57 th Street, 43 rd Floor, New York, NY 10019.

(2) This amount includes (i) 17,407,817 shares directly owned by Koninklijke Philips NV ("Philips Parent") and (ii) 4,728,191 shares due to Philips Parent upon exercise of a currently exercisable warrant. The address for Koninklijke Phillips NV is Attention: Chief Legal Officer, Phillips Center, 16th Floor, Amstelplein 2, Amsterdam, 1096 BC, The Netherlands.

(3) Robert J. Smith is the sole owner of Energy Capital, LLC, Plato & Associates, LLC and Jo Cee, LLC, and as such is deemed to be the beneficial owner of all shares owned by such entities. Includes (i) 788,900 shares directly owned by Robert J. Smith, (ii) 9,481,148 shares directly owned by Energy Capital, LLC (iii) 915,161 shares directly owned by Plato & Associates, LLC and (iv) 30,000 shares directly owned by Jo Cee, LLC. The address for Energy Capital, LLC, Plato & Associates, LLC and JoCee, LLC is 13650 Fiddlesticks Boulevard, Suite 202-324, Fort Myers, FL 33912.

(4) The address of FMR LLC is 245 Summer Street, Boston, MA 02210.

(5) Includes underlying shares issuable to Mr. Toland upon exercise of vested stock options, including underlying shares of stock options that vest within 60 days of March 8, 2017.

(6) Includes underlying shares issuable to Mr. Long upon exercise of vested stock options, including underlying shares of stock options that vest within 60 days of March 8, 2017.

(7) Mr. Lemaster was appointed Chief Commercial Officer effective October 10, 2016.

(8) Includes (i) 19,981,655 shares directly owned by HealthCor Hybrid Offshore Master Fund, LP, (ii) 17,090,941 shares directly owned by HealthCor Partners Fund, LP, and (iii) 7,852,101 shares directly owned by HealthCor Partners Fund II, LP. Mr. Lightcap is a managing member of HealthCor Partners Management, LP, the investment manager of HealthCor Partners Fund, LP and HealthCor Partners Fund II, LP. HealthCor Partners Management, LP provides advice to its affiliate, HealthCor Management, LP, with respect to HealthCor Hybrid Offshore Master Fund, LP.

(9) Includes 10,000 shares owned by Mr. Gold directly and underlying shares issuable to Mr. Gold upon exercise of vested stock options, including underlying shares of stock options that vest within 60 days of March 8, 2017.

(10) Mr. Winkels is the VPGM of Interventional Cardiology Solutions at Philips HealthTech, an affiliate of Philips Parent. Mr. Winkels disclaims beneficial ownership of the shares held by Philips Parent.

(11) Includes underlying shares issuable to Dr. Rogers upon exercise of vested stock options, including underlying shares of stock options that vest within 60 days of March 8, 2017.

(12) Includes all shares directly and indirectly owned by all our directors and executive officers and underlying shares issuable upon exercise of stock options, including underlying shares of stock options that vest within 60 days of March 8, 2017.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE.

Related Party Transactions

Corindus Vascular Robotics, Inc. (formerly known as Your Internet Defender Inc.)

Except as described below, since December 31, 2015, there has not been, nor is there currently proposed, any transaction to which we are or will be a party, in which the amount involved exceeds $120,000 and in which any of our current directors, executive officers, holders of more than 5% of any class of our voting securities or any of their respective affiliates or immediate family members, had, or will have, a direct or indirect material interest.

Sales to Philips Medical Systems Nederland, B.V. On January 21, 2011, we entered into a distributor agreement with Philips appointing Philips to be the sole distributor for the promotion and sale of our CorPath System. The agreement was terminated on August 7, 2014. We continue to sell CorPath Systems through Philips on a sale by sale basis under a non-exclusive arrangement under mutually agreeable terms, which may include a continued level of discounted pricing, until such time we either execute a new distribution arrangement with Philips or the Company no longer does business with Philips. For the year ended December 31, 2016, we recorded revenues of $375,000 from shipments to Philips under the distribution agreement.

Demand Registration Rights Agreements. On August 12, 2014, we entered into a demand registration rights agreement with each of Philips Parent, HealthCor Partners Fund LP, HealthCor Hybrid Offshore Master Fund, L.P., HealthCor Partners Fund II, LP and 20/20 Capital III LLC, which together owned an aggregate of approximately 72.58% of the outstanding shares of the Company's common stock after the Closing and each of which are affiliated with directors of the Company, in order to grant such shareholders registration rights with respect to their ownership of Company Shares (the "Demand Registration Rights Agreement"). Under the Demand Registration Rights Agreement, the shareholders were granted demand, piggyback and Form S-3 registration rights pursuant to terms therein, exercisable following the required one-year anniversary of Closing and subject to the terms of the Lock-Up Agreements. Pursuant to the Demand Registration Rights Agreement, we are required to use our reasonable best efforts to register common stock that are subject to a demand notice within sixty days of such demand.

Review, Approval or Ratification of Transactions with Related Persons

Pursuant to our Related Party Transaction Policy and the written charter of our Audit Committee, the Audit Committee is responsible for reviewing and approving all transactions in which we are a participant and in which any parties related to us, including our executive officers, our directors, beneficial owners of more than 5% of our securities, immediate family members of the foregoing persons and any other persons whom our Board of Directors determines may be considered related parties under Item 404 of Regulation S-K, has or will have a direct or indirect material interest.

Director Independence

Our Board of Directors has reviewed the composition of our Board of Directors and independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our Board of Directors has determined that Jeffrey C. Lightcap, Jeffrey G. Gold, Campbell D. Rogers, M.D. and Louis A. Cannon, M.D., do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and would qualify as "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE MKT. Mark J. Toland and Gerard Winkels would not qualify as "independent" under the applicable rules and regulations of the SEC and the listing requirements and rules of the NYSE MKT. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with our Company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence.

In making such determinations, the Board of Directors considered (i) whether a director had, within the last three years, any of the relationships under Section 303A.02(b) of the NYSE Listed Company Manual with the Company that would disqualify a director from being considered independent, (ii) whether the director had any disclosable transaction or relationship with the Company under Item 404 of Regulation S-K of the Securities Exchange Act of 1934, as amended, which relates to transactions and relationships between directors and their affiliates, on the one hand, and the Company and its affiliates (including management), on the other, and (iii) the factors suggested in the NYSE's Commentary to Section 303A.02, such as commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationships, among other relationships, or other interactions with management that do not meet the absolute thresholds under Section 303A.02 or Item 404(a) but which, nonetheless, could reflect upon a director's independence from management. In considering the materiality of any transactions or relationships that do not require disqualification under Section 303A.02(b), the Board of Directors considered the materiality of the transaction or relationship to the director, the director's business organization and the Company and whether the relationship between (i) the director's business organization and the Company, (ii) the director and the Company and (iii) the director and his or her business organization interfered with the relevant director's business judgment. Additionally, in order to be considered an independent member of an audit committee under Rule 10A-3 of the Exchange Act, a member of an audit committee may not, other than in his or her capacity as a member of the audit committee, the Board of Directors, or any other committee of the Board of Directors, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the applicable company or any of its subsidiaries or otherwise be an affiliated person of the applicable company or any of its subsidiaries.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table presents fees for professional audit services rendered by Ernst & Young LLP, our independent registered public accounting firm, for the audit of our financial statements for the years ended December 31, 2016 and December 31, 2015, and fees billed for other services rendered by Ernst & Young LLP during those periods.

	2016	2015
Audit fees: [1]	$ 537	$ 717
Audit related fees: [2]	—	—
Tax fees: [3]	—	58
All other fees: [4]	2	2
Total	$ 539	$ 777

(1) Audit fees consist of fees incurred for professional services rendered for the audit of consolidated financial statements, for review of our interim consolidated financial statements, for review of our interim consolidated financial statements including our quarterly reports on Form 10-Q and for services that are normally provided in connection with regulatory filings.

(2) Audit-related fees consist of fees billed for professional services that are reasonably related to the performance of the audit or review of our consolidated financial statements but are not reported under "Audit fees." These amounts include accounting consultations and regulatory filings associated with the May 2015 public offering.

(3) Tax fees consist of fees billed for professional services related to tax compliance, tax planning and tax advice. All of the services set forth above in the category audit related fees were approved by the Audit Committee pursuant to Rule 2-021(c)(7)(i)(C) (relating to the approval of a *de minimis* amount of non-audit services after the fact but before completion of the audit).

(4) All other fees consist of fees billed for all other services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Public Accountant

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm.

Prior to engagement of an independent registered public accounting firm for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

1. ***Audit*** services include audit work performed in the preparation of financial statements, as well as work that generally only an independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits, and attest services and consultation regarding financial accounting and/or reporting standards.

2. ***Audit-Related*** services are for assurance and related services that are traditionally performed by an independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services performed by an independent registered public accounting firm's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

4. ***Other Fees*** are those associated with services not captured in the other categories. The Company generally does not request such services from our independent registered public accounting firm.

Prior to engagement, our Audit Committee pre-approves these services by category of service. The fees are budgeted and the Audit Committee requires our independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage our independent registered public accounting firm for additional services not contemplated in the original pre-approval. In those instances, our Audit Committee requires specific pre-approval before engaging our independent registered public accounting firm.

Our Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) **Financial Statements and Financial Statements Schedules**

(1) Financial Statements are listed in the Consolidated Financial Statements Contents on page F-1 of this Annual Report.
(2) No financial statement schedules are included because such schedules are not applicable, are not required, or because required information is included in the consolidated financial statements or notes thereto.

(b) **Exhibits**

Exh. No.	Date	Document
2.1	August 5, 2014	Securities Exchange and Acquisition Agreement between Your Internet Defender Inc., and Corindus, Inc. (3)
2.2	June 23, 2016	Plan of Conversion (12)
3.1	June 28, 2016	Articles of Conversion, as filed with the Secretary of State of the State of Nevada (12)
3.2	June 28, 2016	Certificate of Conversion, as filed with the Secretary of State of the State of Delaware (12)
3.3	June 28, 2016	Certificate of Incorporation, as filed with the Secretary of State of the State of Nevada (12)
3.4	June 28, 2016	Amended and Restated Bylaws, effective June 28, 2016 (12)
3.5	November 12, 2015	Amended and Restated Bylaws (8)
3.6	August 12, 2014	Certificate of Amendment and Restatement of Articles of Incorporation (3)
10.1#	September 3, 2008	Employment Agreement between Corindus, Inc. and David M. Handler (4)
10.2#	January 21, 2011	Indemnification Agreement between Corindus and Gerard Winkels (4)
10.3	October 24, 2012	Lease Agreement (4)
10.4	June 11, 2014	Loan and Security Agreement between the Company and Steward Capital Holdings (7) †
10.5	June 11, 2014	Warrant to Steward Capital Holdings (4)
10.6	June 11, 2014	Intellectual Property Loan Agreement between the Company and Steward Capital Holdings (7) †
10.7	June 30, 2014	Resignation of Lisa Grossman (2)
10.8	June 30, 2014	Resignation of Gabriel Solomon (2)
10.9	June 30, 2014	Loan Agreement between the Company and Lisa Grossman (2)
10.10	June 30, 2014	Promissory Note for $248,831.59 issued to Lisa Grossman (2)
10.11	July 2, 2014	Debt Settlement Agreement between the Company and Yitz Grossman (2)
10.12#	n/a	Form of Employee Stock Option for 2006 Option Holders (3)
10.13#	n/a	Form of Director Stock Option for 2006 Option Holders (3)
10.14#	n/a	Form of Employee Stock Option for 2008 Option Holders (3)
10.15#	n/a	Form of Officer Stock Option for 2008 Option Holders (3)
10.16#	n/a	Form of Director Stock Option for 2008 Option Holders (3)
10.17	August 5, 2014	Form of Lock-up Agreement (3)
10.18	August 5, 2014	Form of Stock Purchase Agreement for Equity Infusion (3)
10.19	August 5, 2014	Form of Private Investor Registration Rights Agreement for Equity Infusion (3)
10.20	August 5, 2014	Demand Registration Rights Agreement (3)
10.21#	August 12, 2014	2014 Stock Award Plan (3)
10.22	August 12, 2014	Interest Transfer Agreement (4)
10.23	August 12, 2014	Replacement Warrant to Steward Capital Holdings (4)
10.24	August 12, 2014	Replacement Warrant to Narkis Gryp Ltd. (4)
10.25	August 12, 2014	Replacement Warrant to Koninklijke Philips Electronics, N.V. (4)
10.26	August 12, 2014	Spin-Out Agreement between the Company and Lisa Grossman (4)
10.27	August 12, 2014	Repurchase Agreement (4)
10.28	September 11, 2014	Securities Purchase Agreement between the Company and certain purchasers, form of (5)

10.29	September 15, 2014	Amendment to Securities Purchase Agreement between the Company and certain purchasers, form of [5]
10.30	December 22, 2010	Distributor Agreement with Philips Medical Systems Nederland BV [7] †
10.31	November 18, 2014	Purchase Order with Philips Medical Systems Nederland BV [7] †
10.32#	May 22, 2015	Employment Agreement between Corindus Vascular Robotics, Inc. and David M. Handler [9]
10.33#	May 22, 2015	Employment Agreement between Corindus Vascular Robotics, Inc. and David W. Long [9]
10.34	n/a	Form of Indemnification Agreement [10]
10.35#	February 23, 2016	Employment Agreement between Corindus Vascular Robotics, Inc. and Mark J. Toland [11]
10.36	March 17, 2016	Letter of Agreement between the Company and David Handler [14]
10.37	June 23, 2016	2014 Stock Award Plan, as amended and restated on June 23, 2016 [12]
10.38	September 27, 2016	Directors' Compensation Policy 2016/2017 as amended and restated effective October 1, 2016 [13]
10.39#	October 3, 2016	Employment Agreement between the Company and Jeff Lemaster [13]
10.40	October 24, 2016	First Amendment to Commercial Lease [13]
10.41	February 28, 2017	Securities Purchase Agreement between the Company and certain purchasers, form of [15]
10.42	March 15, 2017	Registration Rights Agreement*
21	n/a	Subsidiaries of the Registrant*
23.1	n/a	Consent of Ernst & Young LLP*
31.1	March 15, 2017	Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14a and Rule 15d-14(a).*
31.2	March 15, 2017	Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14a and Rule 15d-14(a).*
32.1	March 15, 2017	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.* **
32.2	March 15, 2017	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.* **
101.INS	n/a	XBRL Instance Document*
101.SCH	n/a	XBRL Taxonomy Extension Schema Document*
101.CAL	n/a	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	n/a	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	n/a	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	n/a	XBRL Taxonomy Extension Presentation Linkbase Document*

(1) Incorporated by reference to the corresponding exhibit filed with our Registration Statement on Form S-1 on August 31, 2011.
(2) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on July 7, 2014.
(3) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on August 6, 2014.
(4) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K/A on August 15, 2014.
(5) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on September 16, 2014.
(6) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on November 14, 2014.
(7) Incorporated by reference to the corresponding exhibit filed with our Registration Statement on Form S-1/A on December 8, 2014.
(8) Incorporated by reference to the corresponding exhibit filed with our Quarterly Report on Form 10-Q on November 13, 2015.
(9) Incorporated by reference to the corresponding exhibit filed with our Registration Statement on Form S-1/A on May 26, 2015.
(10) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on January 29, 2016.
(11) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on February 26, 2016.
(12) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on June 29, 2016.
(13) Incorporated by reference to the corresponding exhibit filed with our Quarterly Report on Form 10-Q on November 9, 2016.
(14) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on March 23, 2016.
(15) Incorporated by reference to the corresponding exhibit filed with our Current Report on Form 8-K on March 1, 2017.
* Filed herewith.
** This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.
† Portions of this exhibit have been omitted pursuant to a request for confidential treatment. Omitted material has been separately filed with the Securities and Exchange Commission.
Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: March 15, 2017

CORINDUS VASCULAR ROBOTICS, INC.

By: /s/ Mark J. Toland
Mark J. Toland
Chief Executive Officer and President
Principal Executive Officer

By: /s/ David W. Long
David W. Long
Chief Financial Officer and Senior Vice President
Chief Financial and Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Mark J. Toland Mark J. Toland	Chief Executive Officer, President and Director (Principal Executive Officer)	March 15, 2017
/s/ David W. Long David W. Long	Chief Financial Officer, Senior Vice President, Treasurer and Secretary (Principal Financial and Accounting Officer)	March 15, 2017
/s/ Jeffrey C. Lightcap Jeffrey C. Lightcap	Chairman	March 15, 2017
/s/ Jeffrey Gold Jeffrey Gold	Director	March 15, 2017
/s/ Gerard Winkels Gerard Winkels	Director	March 15, 2017
/s/ Campbell Rogers Campbell Rogers	Director	March 15, 2017
 Louis A. Cannon	Director	March 15, 2017

CORINDUS VASCULAR ROBOTICS, INC.
CONSOLIDATED FINANCIAL STATEMENTS
CONTENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Corindus Vascular Robotics, Inc.

We have audited the accompanying consolidated balance sheets of Corindus Vascular Robotics, Inc. as of December 31, 2015 and 2016, and the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corindus Vascular Robotics, Inc. at December 31, 2015 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 15, 2017

CORINDUS VASCULAR ROBOTICS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2015	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 22,142	$ 9,183
Marketable securities	20,524	—
Accounts receivable	878	384
Due from related party	—	250
Inventories, net	1,329	1,545
Prepaid expenses and other current assets	591	448
Total current assets	45,464	11,810
Property and equipment, net	1,382	982
Deposits and other assets	157	150
Notes receivable due from stockholders	136	71
Total assets	$ 47,139	$ 13,013
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	$ 1,538	$ 2,463
Accrued expenses	1,199	1,794
Deferred revenue	701	750
Current portion of long-term debt	4,033	3,755
Total current liabilities:	7,471	8,762
Long-term Liabilities		
Deferred revenue, net of current portion	106	129
Other liabilities	42	52
Long-term debt, net of current portion	3,673	—
Total long-term liabilities:	3,821	181
Total liabilities	11,292	8,943
Commitments and Contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value; 250,000,000 shares authorized; 118,832,441 shares at December 31, 2015 and 119,025,221 shares at December 31, 2016 issued and outstanding	12	12
Additional paid-in capital	149,489	150,776
Accumulated other comprehensive loss	(14)	—
Accumulated deficit	(113,640)	(146,718)
Total stockholders' equity	35,847	4,070
Total liabilities and stockholders' equity	$ 47,139	$ 13,013

The accompanying notes are an integral part of the consolidated financial statements.

CORINDUS VASCULAR ROBOTICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share amounts)

	Year Ended December 31,		
	2014	2015	2016
Revenue	$ 2,983	$ 2,729	$ 2,842
Cost of revenue	4,904	3,724	5,042
Gross loss	(1,921)	(995)	(2,200)
Operating expenses:			
Research and development	6,607	10,033	10,313
Selling, general and administrative	13,002	16,143	19,564
Restructuring charge	175	—	—
Total operating expense	19,784	26,176	29,877
Operating loss	(21,705)	(27,171)	(32,077)
Other expense:			
Warrant revaluation	(2,421)	—	—
Interest and other expense, net	(415)	(1,592)	(1,001)
Total other expense	(2,836)	(1,592)	(1,001)
Net loss	$ (24,541)	$ (28,763)	$ (33,078)
Net loss per share--basic and diluted	$ (0.29)	$ (0.25)	$ (0.28)
Weighted-average common shares used in computing net loss per share--basic and diluted	84,990,198	113,254,925	119,019,700
Other comprehensive loss:			
Net loss	$ (24,541)	$ (28,763)	$ (33,078)
Unrealized gain (loss) on marketable securities	—	(14)	14
Comprehensive loss	$ (24,541)	$ (28,777)	$ (33,064)

The accompanying notes are an integral part of the consolidated financial statements.

CORINDUS VASCULAR ROBOTICS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands, except share and per share amounts)

	Common Stock, $0.0001 Par Value		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2013	73,360,287	$ 7	$ 70,369	$ —	$ (60,336)	$ 10,040
Stock-based compensation expense	—	—	377	—	—	377
Reclassification of warrant liability	—	—	5,803	—	—	5,803
Issuance of common stock in connection with reverse acquisition	20,856,300	2	(5)	—	—	(3)
Issuance of common stock to private investor	1,000,000	—	2,000	—	—	2,000
Issuance of common stock in connection with private placement of common stock, net of issuance costs of $1,179	10,666,570	2	25,485	—	—	25,487
Issuance of warrants to purchase common stock	—	—	619	—	—	619
Net loss	—	—	—	—	(24,541)	(24,541)
Balance at December 31, 2014	105,883,157	11	104,648	—	(84,877)	19,782
Stock-based compensation expense	—	—	505	—	—	505
Issuance of common stock in connection with public offering of common stock, net of issuance costs of $794	12,650,000	1	44,391	—	—	44,392
Issuance of common stock upon exercise of stock options	340,345	—	76	—	—	76
Common stock withheld to pay statutory minimum withholding taxes on exercise of stock options	(41,061)	—	(131)	—	—	(131)
Change in fair value of marketable securities	—	—	—	(14)	—	(14)
Net loss	—	—	—	—	(28,763)	(28,763)
Balance at December 31, 2015	118,832,441	12	149,489	(14)	(113,640)	35,847
Stock-based compensation expense	—	—	2,366	—	—	2,366
Issuance of common stock upon exercise of stock options	848,297	—	(338)	—	—	(338)
Issuance of common stock upon exercise of warrants	93,325	—	—	—	—	—
Common stock repurchase and retirement	(748,842)	—	(741)	—	—	(741)
Change in fair value of marketable securities	—	—	—	14	—	14
Net loss	—	—	—	—	(33,078)	(33,078)
Balance at December 31, 2016	119,025,221	$ 12	$ 150,776	$ —	$ (146,718)	$ 4,070

The accompanying notes are an integral part of the consolidated financial statements.

CORINDUS VASCULAR ROBOTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2014	2015	2016
Operating activities			
Net loss	$ (24,541)	$ (28,763)	$ (33,078)
Adjustments to reconcile net loss to net cash flows used in operating activities:			
Loss on disposal of fixed assets	—	—	81
Impairment of property and equipment	—	—	125
Depreciation and amortization	622	706	725
Stock-based compensation expense	377	505	2,366
Write down of inventories	341	—	—
Accretion of interest expense	106	625	422
Accretion of available-for-sale securities	—	(13)	(15)
Warrant revaluation	2,421	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(438)	(404)	494
Due from related party	125	—	(250)
Prepaid expenses and other current assets	(80)	(17)	143
Deferred inventory costs	(102)	102	—
Inventories	257	(346)	(216)
Deposits and other assets	24	56	7
Accounts payable, accrued expenses and other liabilities	1,584	(380)	1,530
Deferred revenue	733	73	72
Net cash used in operating activities	(18,571)	(27,856)	(27,594)
Investing activities			
Purchases of available-for-sale securities	—	(22,766)	—
Maturities of available-for-sale securities	—	2,241	20,553
Collection of notes receivable	—	—	65
Purchase of property and equipment	(122)	(268)	(531)
Net cash provided by (used in) investing activities	(122)	(20,793)	20,087
Financing activities			
Proceeds from issuance of common stock, net of offering costs	27,487	44,392	—
Proceeds from issuance of long term debt and warrants, net of deferred financing costs and discounts	9,890	(50)	—
Proceeds from exercise of stock options	—	76	72
Payment for common stock repurchase and retirement	—	—	(741)
Payments for withholding taxes on stock option exercises	—	(131)	(410)
Payments on long term debt	—	(2,022)	(4,373)
Other	(3)	—	—
Net cash provided by (used in) financing activities	37,374	42,265	(5,452)
Net increase (decrease) in cash and cash equivalents	18,681	(6,384)	(12,959)
Cash and cash equivalents at beginning of period	9,845	28,526	22,142
Cash and cash equivalents at end of period	$ 28,526	$ 22,142	$ 9,183
Supplemental Cash Flow Information			
Transfer from inventories to property and equipment in the field	$ 347	$ 587	$ —
Reclassification of warrant liability to stockholders' equity	$ 5,803	$ —	$ —
Deferred public offering costs in accounts payable and accrued expenses	$ 50	$ —	$ —
Interest paid	$ 266	$ 976	$ 652

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of Operations

The Company

Corindus Vascular Robotics, Inc. (the "Company"), formerly named Your Internet Defender, Inc. ("YIDI"), acquired Corindus, Inc., a privately-held company, in a reverse acquisition on August 12, 2014 (the "Acquisition"). The Company was previously a Nevada corporation, but effective June 28, 2016, the Company changed its state of incorporation from the State of Nevada to the State of Delaware. The Company's corporate headquarters and research and development facility are in Waltham, Massachusetts and the Company is engaged in the design, manufacture and sale of precision vascular robotic-assisted systems ("CorPath System") for use in interventional vascular procedures.

Since its inception on March 21, 2002, the Company has devoted its efforts principally to research and development, business development activities and raising capital. In July 2012, the Company received clearance from the United States Food and Drug Administration ("FDA") to market its CorPath System in the United States and shipped its first commercial product under this clearance in September 2012. In 2013, the Company moved into the growth stage, investing in sales and marketing in order to build the customer base. While the Company's device is initially cleared for and are targeting percutaneous coronary intervention ("PCI") procedures, the Company believes its technology platform has the capability to be developed in the future for other segments of the vascular market, including neurointerventional and other more complex cardiac interventions such as structural heart.

In October 2015, the Company announced that it had received 510(k) clearance from the FDA for its robotic-assisted CorPath System to be used during percutaneous coronary interventions performed via radial access. The 510(k) clearance was based on results of a clinical trial conducted at Spectrum Health, Grand Rapids, Michigan, and St. Joseph's Hospital Health Center, Syracuse, New York.

On March 29, 2016, the Company announced that it had received 510(k) clearance from the FDA for its robotic-assisted CorPath System for use in peripheral vascular interventions. This 510(k) clearance for peripheral intervention was based on results of a clinical trial known as the RAPID (Robotic-assisted Peripheral Intervention for Peripheral Artery Disease) Study conducted at Medical University Graz in Austria.

On October 27, 2016, the Company announced that it had received 510(k) clearance from the FDA for its CorPath GRX, the second generation of its CorPath System. The Company began commercial shipment of the CorPath GRX in late January 2017.

The Company's future capital requirements will depend upon many factors, including progress with developing, manufacturing and marketing its technologies, the time and costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other proprietary rights, its ability to establish collaborative arrangements, marketing activities and competing technological and market developments, including regulatory changes affecting medical procedure reimbursement, and overall economic conditions in the Company's target markets.

Liquidity

On March 15, 2017 the Company closed on a private placement for the sale of an aggregate of 68,055,700 shares of its common stock at $0.6616 per share, for an aggregate purchase price of approximately $45 million, before deducting offering expenses.

The Company has incurred losses since inception and has funded its operations primarily through the issuance of capital stock and debt. As of December 31, 2016, the Company had an accumulated deficit of $146,718, and borrowings outstanding of $3,755, all of which are contractually due within the next 12 months.

As of December 31, 2016, the Company has cash and cash equivalents of $9,183 and working capital of $3,048. The Company believes that these available resources, along with the financing discussed above, will be sufficient to meet the Company's cash requirements for at least the next twelve months from March 15, 2017, including funding its anticipated losses and scheduled debt maturities. Additionally, the Company is in compliance with its debt covenant requirements as of December 31, 2016 and expects to remain in compliance throughout 2017. As the Company continues to incur losses, a transition to profitability is dependent upon achieving a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability, and unless and until doing so, intends to fund future operations through additional debt or equity offerings. There can be no assurances, however, that additional funding will be available on terms acceptable to the Company, if at all.

Accounting standards require management to evaluate the Company's ability to continue as a going concern for a period of one year subsequent to the date of the filing of the Form 10-K ("evaluation period"). As such, the Company has evaluated whether or not cash on hand, proceeds from the private placement discussed above, and cash generated through operating activities would be sufficient to sustain projected operating activities during the evaluation period. While the Company currently projects it has adequate resources to meet its requirements through at least the next twelve months from March 15, 2017, the Company projects that additional resources may be required subsequent to this time. Accordingly, the Company has concluded there is no uncertainty about its ability to continue as a going concern throughout the evaluation period. This assessment must be made by management on a quarterly basis based on the facts and circumstances then in existence.

2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Corindus, Inc. and Corindus Security Corporation. All intercompany transactions and balances have been eliminated in consolidation. The functional currency of both wholly-owned subsidiaries is the U.S. dollar and, therefore, the Company has not recorded any currency translation adjustments.

In the fourth quarter of 2014, the Company participated in the formation of a not-for-profit, which was established to generate awareness of the health risks linked to the use of fluoroscopy in hospital catheterization. As of December 31, 2016, the Company's Chief Executive Officer and one of its senior executives represented two of the four voting members of the board of directors of the entity. As a result, under the voting model used for the consolidation of related parties which are controlled by a company, the Company has consolidated the financial statements of the entity, and recognized expenses of $18, $386 and $123 for the years ended December 31, 2014, 2015 and 2016, respectively. The entity had assets and liabilities of $56 and $75, respectively, on its balance sheet at December 31, 2015 and had both assets and liabilities of $23 on its balance sheet at December 31, 2016.

Reclassification

Certain amounts as of December 31, 2015 have been reclassified to conform to the current year presentation. As a result of the adoption of Accounting Standards Update ("ASU") 2015-03, Interest – Imputation of Interest, the Company has adopted this guidance retrospectively and reclassified the unamortized deferred financing costs from deposits and other assets to current portion of long-term debt and long-term debt, net of current portion, on the consolidated balance sheets.

Segment Information

The Company operates in one business segment, which is the development, marketing and sale of robotic-assisted vascular intervention devices. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker in making decisions regarding resource allocation and assessing performance. To date, the chief operating decision maker has made such decisions and assessed performance at the company level, as one segment. The Company's chief operating decision maker is the Chief Executive Officer.

Revenues from domestic customers were $2,068, $2,684 and $1,867 for the years ending December 31, 2014, 2015 and 2016, respectively. Revenues from international customers in Dubai, Israel, and Kuwait, were $915, $45 and $975 for the years ending December 31, 2014, 2015 and 2016, respectively.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. Such management estimates include those relating to revenue recognition, inventory valuation, assumptions used in the valuation of stock-based awards, and valuation allowances against deferred income tax assets. Actual results could differ from those estimates.

In thousands, except share and per share amounts

Cash Equivalents

The Company considers highly liquid short-term investments, which consist of money market funds and certificates of deposit, with original maturity dates of three months or less at the date of purchase, to be cash equivalents. From time to time, the Company's cash balances may exceed federal deposit insurance limits.

Marketable Securities

The Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. The Company had classified all of its marketable securities during 2016 as "available-for-sale" pursuant to ASC 320, Investments – Debt and Equity Securities. The Company records available-for-sale securities at fair value, with the unrealized gains and losses included in accumulated other comprehensive loss in stockholders' equity.

The Company adjusts the cost of available-for-sale debt securities for amortization of premiums and accretion of discounts to maturity. The Company includes such amortization and accretion in interest and other expense. The cost of securities sold is based on the specific identification method. The Company includes interest income on securities classified as available-for-sale in interest and other expense.

The Company reviews marketable securities for other-than-temporary impairment whenever the fair value of a marketable security is less than the amortized cost and evidence indicates that a marketable security's carrying amount is not recoverable within a reasonable period of time. Other-than-temporary impairments of investments are recognized in the consolidated statements of operations if the Company has experienced a credit loss, has the intent to sell the marketable security, or if it is more likely than not that the Company will be required to sell the marketable security before recovery of the amortized cost basis.

During 2016, the activity in the Company's accumulated other comprehensive loss was composed solely of activity related to the Company's available-for-sale securities. There were no realized gains or losses recognized on the maturity of available-for-sale securities during the year ended December 31, 2016, and as a result, the Company did not reclassify any amount out of accumulated other comprehensive loss during the year.

The Company's marketable securities matured in accordance with stated terms during 2016, and as a result, the Company did not hold any available-for-sale securities at December 31, 2016.

The following table summarizes available-for-sale securities held at December 31, 2015.

	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
U.S. government treasuries	$ 15,885	$ 1	$ (10)	$ 15,876
Certificates of deposit	4,653	—	(5)	4,648
Total assets	$ 20,538	$ 1	$ (15)	$ 20,524

Certain short-term securities with original maturities of less than 90 days are included in cash and cash equivalents on the consolidated balance sheet at December 31, 2015 and are not included in the table above.

Fair Value Measurements

In accordance with ASC 820, Fair Value Measurements and Disclosures, the Company generally defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company uses a three-tier fair value hierarchy, which classifies the inputs used in measuring fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- *Level 1* – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

In thousands, except share and per share amounts

- *Level 2* – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

- *Level 3* – inputs are unobservable inputs for the asset or liability in which there is little, if any, market activity for the asset or liability at the measurement date.

The following table sets forth the Company's assets that are measured at fair value on a recurring basis by measurement category:

	December 31, 2015			
	Total	Quoted prices active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 6,356	$ 6,107	$ 249	$ —
Marketable securities				
U.S. government treasuries	15,876	15,876	—	—
Certificates of deposit	4,648	—	4,648	—
Total assets	$ 26,880	$ 21,983	$ 4,897	$ —

	December 31, 2016			
	Total	Quoted prices active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 164	$ 164	$ —	$ —
Total assets	$ 164	$ 164	$ —	$ —

The Company's financial instruments of deposits and notes receivable are carried at cost and approximate their fair values given the liquid nature of such items. The fair value of the Company's long-term debt amounted to $7,715 and $3,759 at December 31, 2015 and 2016, respectively, based on discounted cash flow analysis, which included Level 3 inputs.

In thousands, except share and per share amounts

Concentrations of Credit Risk and Significant Customers

The Company had the following customers that accounted for greater than 10% of its revenues for the years ended December 31, 2014, 2015 and 2016, respectively:

	For the Year ended December 31,		
Customer	2014	2015	2016
A	27%	2%	7%
B	11%	3%	4%
C	11%	5%	13%
D	12%	1%	1%
E	10%	8%	4%
F	—%	13%	1%
G	—%	11%	—%
H	—%	10%	1%
I	—%	—%	28%
J	—%	—%	12%

Customer F accounted for 38% of the Company's accounts receivable balance at December 31, 2015. Additionally, the Company had one other customer that also accounted for 38% of its accounts receivable balance at December 31, 2015, but did not exceed 10% of its revenues in 2015.

The Company had four other customers that together accounted for 73% of the Company's accounts receivable balance at December 31, 2016, but none of these customers exceeded 10% of its revenues in 2016. Given the current revenue levels, in a period in which the Company sells a system, that customer is likely to represent a significant customer.

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other hedging arrangements.

Allowance for Doubtful Accounts

The Company evaluates the collectability of accounts receivable on a regular basis. The allowance for doubtful accounts, if any, is based upon various factors including the financial condition and payment history of customers, an overall review of collections experience on other accounts and economic factors or events expected to affect future collections experience. The Company's accounts receivable consist primarily of amounts due from large, well-capitalized customers and while the Company reviews their creditworthiness, collectability is generally not an issue. The Company records an allowance for doubtful accounts, when necessary, based on the potential for collectability issues within the customer base. The Company's allowance for doubtful accounts was $0 at December 31, 2015 and 2016.

Product Warranty

Customers are permitted to return defective products under the Company's standard product warranty program. For CorPath Systems, the Company's standard one-year warranty provides for the repair of any product that malfunctions. Return and replacement can only occur if a material breach of the warranty remains uncured for 30 days. A roll-forward of the Company's warranty liability is as follows:

Balance at December 31, 2014	$	61
Provision for warranty obligations		58
Settlements		(51)
Balance at December 31, 2015		68
Provision for warranty obligations		67
Settlements		(78)
Balance at December 31, 2016	$	57

In thousands, except share and per share amounts

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. The Company routinely monitors the recoverability of its inventory and records the lower of cost or market reserves based on current selling prices and reserves for excess and obsolete inventory based on historical and forecasted usage, as required. Scrap and excess manufacturing costs are charged to cost of revenue as incurred and not capitalized as part of inventories. The Company only capitalizes pre-launch inventories when purchased for commercial use and it deems regulatory approval to be probable.

Property and Equipment

Property and equipment is carried at cost. Major items and betterments are capitalized; maintenance and repairs are charged to expense as incurred. The Company capitalizes certain costs incurred in connection with developing or obtaining internal-use software. Software costs that do not meet capitalization criteria are expensed as incurred. Demonstration equipment represents internally manufactured capital equipment that is used on-site at trade shows and at customer locations to demonstrate the CorPath System. Field equipment represents internally manufactured capital equipment placed at customer locations under a program that involves the placement of a system at the customer's site and the customer's agreement to purchase a minimum number of cassettes each month. As of December 31, 2016, the Company had placed six field equipment units and four units for a customer's evaluation under such arrangements.

Depreciation on the demonstration equipment is charged to selling, general and administrative and the depreciation on the field equipment is charged to cost of revenue. Depreciation is computed under the straight-line method over the estimated useful lives of the respective assets.

Depreciation is provided over the following estimated asset lives:

Machinery and equipment	5 years
Computer equipment	3 years
Office furniture and equipment	5 years
Leasehold improvements	Shorter of life of lease or useful life
Vendor tooling	1.5 - 3 years, based on planned usage
Software	4 years
Demonstration equipment	3 years
Field equipment	3 years

Impairment of Long-Lived Assets

The Company's long-lived assets principally consist of property and equipment. The Company continually monitors events and changes in circumstances that could indicate carrying amounts of long-lived assets may not be recoverable. An impairment loss is recognized when expected cash flows are less than an asset's carrying value. Accordingly, when indicators of impairment are present, the Company evaluates the carrying value of such assets in relation to the operating performance and estimated future undiscounted cash flows of the underlying assets. The Company's policy is to record an impairment loss when it is determined that the carrying amount of the asset may not be recoverable. There were no such impairment charges in 2014 or 2015. During 2016, the undiscounted estimated cash flows from certain equipment placed at customer locations was less than the related equipment's carrying value. As such, the Company recorded an impairment charge of $125 based on the difference between the estimated fair value of the equipment and its carrying value. The impairment charge of $88 and $37 is recorded within cost of revenues and selling, general and administrative, respectively, in the accompanying 2016 consolidated statement of operations.

Comprehensive Loss

Comprehensive loss is comprised of net loss and changes in the unrealized gains and losses on marketable securities. Accumulated other comprehensive loss, a component of stockholders' equity, is comprised of the cumulative unrealized gains and/or losses from the change in fair market value of the Company's marketable securities. Accumulated other comprehensive loss was $14 and $0 as of December 31, 2015 and 2016, respectively.

Revenue Recognition

The CorPath System is a capital medical device used by hospitals and surgical centers to perform heart catheterizations. Use of the CorPath System requires a sterile, single-use cassette (the "CorPath Cassette"), which are sold separately, for each procedure. Products are sold to customers with no rights of return. The Company recognizes revenue on the sale of products when the following criteria are met:

- Persuasive evidence of an arrangement exists
- The price to the buyer is fixed or determinable
- Collectability is reasonably assured
- Risk of loss transfers and the product is delivered.

In each arrangement, the Company is responsible for installation of the CorPath System and initial user training, which services are deemed essential to the functionality of the system. Therefore, the Company recognizes system revenue when the CorPath System is delivered and installed, and accepted by the end user customer.

Each CorPath System is sold with a standard one year warranty, which provides that the CorPath System will function as intended and during that one year period, the Company will either replace the product or a portion thereof or provide the necessary repair service during the Company's normal service hours. The Company accrues for the estimated costs of the warranty once the CorPath System revenue is recognized.

The Company generally enters into multiple element arrangements, which include the sale of a CorPath System with an initial order of CorPath Cassettes, and may include either a basic service plan or a premium service plan. The basic service plan provides for an extended warranty period and the premium service plan provides for the extended warranty as well as component upgrades, when and if they become available during the service period. Deliverables, which are accounted for as separate units of accounting under multiple-element arrangements include: (a) the CorPath System, including installation and initial training, which are subject to customer acceptance and (b) the initial shipment of CorPath Cassettes to the customer, and may include either (c) an extended warranty or (d) component upgrades.

The Company recognizes revenue on multiple-element arrangements in accordance with ASU 2009-13, Revenue Recognition (Topic 605): Multiple Deliverable Revenue Arrangements, based on the estimated selling price of each element. In accordance with ASU 2009-13, the Company uses vendor-specific objective evidence ("VSOE"), if available, to determine the selling price of each element. If VSOE is not available, the Company uses third-party evidence ("TPE") to determine the selling price. If TPE is not available, the Company uses its best estimate to develop the estimated selling price ("BESP"). The Company uses BESP to determine the selling price of its systems as well as the basic and premium service plans. BESP is determined based on estimated costs plus a reasonable margin, and has generally been consistent with the price charged to the customer for such products and services. The determination of BESP also considers the price of the service plans charged to customers when such services are sold separately in subsequent transactions. The Company also uses BESP to determine the selling price of the initial order of cassettes, which considers the price at which it charges its customers when the cassettes are sold separately.

Revenue related to basic and premium service plans is recognized on a straight-line basis over the life of the service contract. Revenue from accessories is recorded upon delivery and services provided by the Company outside of a basic or premium service contract is recognized as the services are provided. If a revenue arrangement contains an undelivered element, such as an unspecified upgrade, revenues are deferred until delivery is complete.

There are no performance, cancellation, termination, and refund-type provisions under the Company's multiple element arrangements.

On January 21, 2011, the Company entered into a distributor agreement with Philips Medical Systems Nederland, B.V. ("Philips") appointing Philips to be the sole worldwide distributor for the promotion and sale of the Company's CorPath System. Under the agreement, Philips sold the equipment directly to the end user and the Company was responsible for installation and initial training. Revenue was recognized on a net basis based on the amount billed to Philips and upon acceptance of the system by the end-user customer. This agreement with Philips expired on August 7, 2014. The Company continues to sell CorPath Systems through Philips on a sale by sale basis under a non-exclusive arrangement under mutually agreeable terms, which may include a continued level of discounted pricing, until such time the Company either executes a new distribution arrangement with Philips or the Company no longer does business with Philips. At December 31, 2015, there were no amounts outstanding from Philips, while at December 31, 2016, $250 was outstanding.

The Company also sells CorPath Cassettes under a CorPath Utilization Program ("CUP"), which is a multi-year arrangement that involves the placement of a CorPath System at a customer's site free of charge and the customer agrees to purchase a minimum number of CorPath Cassettes each month at a premium over the regular price. The Company records revenue upon shipment of the cassettes based on the selling price of the CorPath Cassettes. The system is capitalized as field equipment in property and equipment and is depreciated on a straight line basis through cost of revenue over the estimated useful life of the system, which generally approximates the length of the CUP program contract, which is typically 36 months.

The Company also uses a One-Stent program to demonstrate its confidence in the CorPath System's ability to help accurately measure anatomy and precisely place only one stent per lesion. The Company provides eligible customers registered under the program a $1 credit against future CorPath Cassette purchases for a qualifying CorPath PCI procedure which uses more than one stent per lesion. The estimated cost of honoring the potential obligation under the stent program is recorded as a reduction of revenue at the time of shipment. These costs have not been significant to date.

The Company records shipping and handling costs as a selling expense in the period incurred, and records payments from customers for shipping costs as a reduction of selling expenses. Such amounts have not been material in the periods presented.

Research and Development

Costs for research and development are expensed as incurred. Research and development expense consists primarily of salaries, salary-related expenses and costs of contractors and materials.

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to amounts that are realizable.

The Company accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. The Company evaluates these tax positions on an annual basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

In thousands, except share and per share amounts

The Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances.

Stock-Based Compensation

The Company recognizes compensation costs resulting from the issuance of service stock-based awards to employees and directors as an expense in the consolidated statements of operations over the requisite service period based on a measurement of fair value for each stock award. The awards issued to date have primarily been stock options with service-based vesting periods over two or four years. During 2016, the Company issued certain stock-based awards that contain both performance and service-based vesting conditions which vest over periods of up to 25 months. The Company records expense on these awards when it becomes probable that the performance condition and requisite service will be met. The Company recognizes compensation costs resulting from the issuance of stock-based awards to non-employees as an expense in the consolidated statements of operations over the service period based on a measurement of fair value for each stock award at each performance date and period end.

Prior to the completion of the reverse acquisition, the fair value of the common stock was determined by the Board of Directors after considering a broad range of factors, including the results obtained from an independent third-party valuation, the illiquid nature of an investment in the Company's Common Stock, the Company's historical financial performance and financial position, the Company's future prospects and opportunity for liquidity events, and recent sale and offer prices of Common and Preferred Stock in private transactions negotiated at arm's length. Subsequent to the completion of the reverse acquisition, the fair value of the Common Stock was obtained from quoted market prices on the OTCQB as provided by OTC Market Groups, Inc. In connection with the public offering in May 2015, the Company's Common Stock was approved for listing on the NYSE MKT, where it commenced trading under the symbol "CVRS". As such, subsequent to this, the Company utilizes quoted market prices to calculate fair value of stock-based awards.

The following assumptions were used to estimate the fair value of stock options granted using the Black-Scholes-Merton option-pricing model ("Black-Scholes Model").

	For the Year ended December 31,		
	2014	2015	2016
Risk-free interest rate	1.89-2.01%	1.54-1.97%	1.27-2.45%
Expected term in years	6.25	6.08	6.08-10.00
Expected volatility	50%	50%	48-64%
Expected dividend yield	0%	0%	0%

The risk-free interest rate assumption is based upon observed U.S. government security interest rates with a term that is consistent with the expected term of the Company's employee stock options. The expected term is based on the average of the vesting period and contractual term of the Company's options given the lack of historical data available. The Company does not pay a dividend, and is not expected to pay a dividend in the foreseeable future.

Due to a lack of a public market for the Company's Common Stock for an extended period of time, the Company utilized comparable public companies' volatility rates as a proxy of its expected volatility for purposes of the Black-Scholes Model. Stock-based compensation expense is recorded net of estimated forfeitures and is adjusted periodically for actual forfeitures. The Company uses historical data to estimate forfeiture rates. For the years ended December 31, 2014, 2015 and 2016, forfeitures were estimated to be 6.0%, 5.0%, and 5.0%, respectively.

Warrant Liability

The Company reviews the terms of warrants issued in connection with the applicable accounting guidance and classifies warrants as a long-term liability on the consolidated balance sheets if the warrant may conditionally obligate the Company to transfer assets, including repurchase of the Company's capital stock, at some point in the future. Warrants to purchase shares of redeemable convertible preferred stock met these criteria and therefore required liability-classification. The Company classifies warrants within stockholders' equity on the consolidated balance sheets if the warrants are considered to be indexed to the Company's own capital stock, and otherwise would be recorded in stockholders' equity.

Liability-classified warrants are subject to re-measurement at each balance sheet date, and any change in fair value is recognized as a component of other income (expense) in the consolidated statements of operations. The Company estimated the fair value of these warrants at issuance and each balance sheet date thereafter using the Black-Scholes Model as described in the stock-based compensation section above, based on the estimated market value of the underlying Redeemable Convertible Preferred Stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends and expected volatility of the price of the underlying redeemable convertible preferred stock. The fair value of the Redeemable Convertible Preferred Stock was determined by the Board of Directors after considering a broad range of factors, including the results obtained from an independent third-party valuation, the illiquid nature of an investment in the Company's Redeemable Convertible Preferred Stock, the Company's historical financial performance and financial position, the Company's future prospects and opportunity for liquidity events, and recent sale and offer prices of Common and Preferred Stock in private transactions negotiated at arm's length.

The Company had warrants outstanding to purchase shares of Series A, D and E Redeemable Convertible Preferred Stock, which converted into warrants to purchase shares of Common Stock at the date of the Acquisition. Prior to the Acquisition, the warrant instruments required mark-to-market accounting which was recorded in the statements of operations based on their fair values determined using the Black-Scholes Model and the fair value of underlying Preferred Stock. The warrant instruments were re-valued for the last time at the date of the Acquisition and reclassified into stockholders' equity in 2014, and at December 31, 2015 and 2016, the Company did not have a warrant liability.

Related-Party Transactions

On January 21, 2011, the Company entered into a distributor agreement with Philips appointing Philips to be the sole distributor for the promotion and sale of the Company's CorPath System. The agreement was terminated on August 7, 2014. The Company continues to sell CorPath Systems through Philips on a sale by sale basis under a non-exclusive arrangement under mutually agreeable terms, which may include a continued level of discounted pricing, until such time the Company either executes a new distribution arrangement with Philips or the Company no longer does business with Philips.

For the years ended December 31, 2014, 2015 and 2016, the Company recorded revenues of $315, $125 and $375, respectively, from shipments to Philips under the distribution agreement. At December 31, 2015, there were no amounts outstanding from Philips, resulting from selling activity under the agreement. At December 31, 2016, amounts due from Philips resulting from selling activity under this agreement totaled $250.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09—Revenue from Contracts with Customers, which amends Accounting Standards Codification Topic 606. ASU 2014-09 provides a single, comprehensive revenue recognition model for all contracts with customers. This standard contains principles for the determination of the measurement of revenue and the timing of when such revenue is recognized. Revenue recognition will reflect the transfer of goods or services to customers at an amount that is expected to be earned in exchange for those goods or services. ASU 2014-09 was scheduled to be effective for annual reporting periods beginning after December 15, 2016, and early adoption was not permitted. In August 2015, the FASB issued ASU No. 2015-14—Revenue from Contracts with Customers: Deferral of Effective Date, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is now effective for annual periods after December 15, 2017 including interim periods within that reporting period. Early adoption is permitted, but not before the original effective date. The Company is currently assessing the impact of this standard to its consolidated financial statements.

In thousands, except share and per share amounts

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. The amendments in this update will explicitly require a company's management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. The new standard is effective for annual periods ending after December 15, 2016, and all annual and interim periods thereafter. The Company adopted this standard at December 31, 2016 and has concluded that substantial doubt about its ability to continue as a going concern does not exist.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. Under this accounting guidance, inventory will be measured at the lower of cost and net realizable value and other options that currently exist for market value will be eliminated. ASU 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. No other changes were made to the current guidance on inventory measurement. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2016. Early adoption is permitted and the prospective transition method should be applied. The Company is currently evaluating the impact of ASU 2015-11 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which amends leasing accounting requirements. The new standard requires lessee recognition on the balance sheet of a right-of-use asset and a lease liability, initially measured at the present value of the lease payments. It further requires recognition in the income statement of a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis. Finally, it requires classification of all cash payments within operating activities in the statement of cash flows. It is effective for fiscal years commencing after December 15, 2018 and early adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation-Stock Compensation (Topic 718), which simplifies several aspects of accounting for share-based payment transactions. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and must be applied using a prospective transition method, retrospective transition method, modified retrospective transition method, prospectively and/or retroactively, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments, which reduces diversity in how certain cash receipts and cash payments are presented and classified in the Consolidated Statements of Cash Flows. It is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017 and will be required to be applied retrospectively, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements and related disclosures.

3. Inventories

The Company's inventories are valued at the lower of cost or market using the FIFO method and consist of the following:

	December 31,	
	2015	2016
Raw material	$ 483	$ 578
Work in progress	79	163
Finished goods	767	804
Total	$ 1,329	$ 1,545

In thousands, except share and per share amounts

4. Property and Equipment

Property and equipment are stated at cost and are being depreciated using the straight-line basis over the assets' estimated useful lives. Depreciation and amortization expense was $622, $706 and $725 for the fiscal years 2014, 2015 and 2016, respectively. Property and equipment consist of the following:

	December 31,	
	2015	2016
Machinery and equipment	$ 441	$ 561
Computer equipment	286	136
Office furniture and equipment	360	267
Leasehold improvements	70	45
Vendor tooling	715	942
Software	498	554
Demonstration equipment	717	717
Field equipment	1,004	1,004
Construction in progress	126	29
	4,217	4,255
Less accumulated depreciation and amortization	(2,835)	(3,273)
Property and equipment net	$ 1,382	$ 982

Construction in progress at December 31, 2015 relates to vendor tooling that is currently in the design and testing stage which will be used in the production of the next generation CorPath System and cassettes. Construction in progress at December 31, 2016 relates to computer software not yet placed in service.

5. Notes Receivable

On June 14, 2010, the Company loaned funds to certain stockholders of the Company for tax payments to be made to the Israel Tax Authority in connection with a tax ruling related to a reorganization that took place in 2008 and the Company received non-interest bearing notes receivable, which documented such loans. Total amount of notes receivable issued was $145.

The notes receivable are repayable upon the disposition of the Company's Common Stock. Notes receivable in the amount of $136 and $71 were outstanding at December 31, 2015 and 2016, respectively. The Company assessed the notes receivable for impairment and concluded that there was no impairment indicators at December 31, 2015 or 2016. The Company does not believe there is any collection risk associated with the notes receivable at December 31, 2016.

6. Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
	2015	2016
Payroll and benefits	$ 79	$ 751
Professional and consultant fees	444	368
Travel expense	113	43
Product development costs	44	—
Commissions	187	433
Warranty	68	57
Interest	71	33
Other	193	109
Total	$ 1,199	$ 1,794

In thousands, exce p t sh a re and per share amounts

7. Long-Term Debt

On June 11, 2014, the Company entered into a Loan and Security Agreement pursuant to which the lender agreed to make available to the Company $10,000 in two separate $5,000 loans under secured promissory notes. The initial note was made on June 11, 2014 in an aggregate principal amount equal to $5,000 (the "Initial Promissory Note") and is repayable in equal monthly installments of principal and interest over 27 months beginning on July 1, 2015. Prior to July 1, 2015, the Company was required to make interest only payments. The Initial Promissory Note bears interest at a rate equal to the greater of (a) 11.25% or (b) 11.25% plus the Wall Street Journal Prime Rate, less 3.25%, and includes an additional interest payment of $125 due no later than October 1, 2017, which is accreted over the term of the loan. The interest rate on the Initial Promissory Note was 11.75% at December 31, 2016.

On December 31, 2014, the Company borrowed the additional $5,000 (the "Second Promissory Note") under the Loan and Security Agreement. The Second Promissory note is also repayable in equal monthly installments of principal and interest over 27 months beginning on July 1, 2015. Prior to July 1, 2015, the Company was required to make interest only payments. The Second Promissory Note bears interest at a rate equal to the greater of (a) 9.95% or (b) 9.95% plus the Wall Street Journal Prime Rate, less 3.25%, and also includes an additional interest payment of $125 due no later than October 1, 2017, which is accreted over the term of the loan. The interest rate on the Second Promissory Note was 10.45% at December 31, 2016. The notes are secured by substantially all the assets of the Company.

In connection with the Initial Promissory Note, the Company issued the lender warrants to purchase 177,514 shares of the Company's Common Stock at an exercise price of $1.41 per share. The fair value of the warrant issued to the lender was determined to be $230 at the date of issuance, and was recorded as a discount on the debt. Additionally, in connection with the Second Promissory Note, the Company issued the lender warrants to purchase 177,514 shares of the Company's Common Stock at an exercise price of $1.41 per share. The fair value of the warrant issued to the lender was determined to be $619 at the date of issuance, and was recorded as a discount on the debt. The Company amortizes the debt discount to interest expense over the term of the debt using the effective interest method.

The Company estimated the fair value of these warrants using the Black-Scholes Model based on the estimated market value of the underlying Common Stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends and expected volatility of the price of the underlying common stock. The Company used the following assumptions for the valuation of its warrants issued on the following dates:

	June 11, 2014	December 31, 2014
Risk-free interest rate	2.5%	2.17%
Expected term in years	10.00	9.44
Expected volatility	50.0%	50.0%
Dividend yield	0.0%	0.0%

The Loan and Security Agreement also contains covenants which include certain restrictions with respect to subsequent indebtedness, liens, loans and investments, asset sales and share repurchases and other restricted payments, subject to certain exceptions. The Loan and Security Agreement also contains financial reporting obligations. An event of default under the Loan and Security Agreement includes, but is not limited to, breach of covenants, insolvency, and occurrence of any default under any agreement or obligation of the Company. In addition, the Loan and Security Agreement contains a customary material adverse effect clause which states that in the event of a material adverse effect, an event of default would occur and the lender has the option to accelerate and demand payment of all or any part of the loan. A material adverse effect is defined in the Loan and Security Agreement as a material change in the Company's business, operations, properties, assets or financial condition or a material impairment of its ability to perform all obligations under its Loan and Security Agreement. The Company was not in default of any conditions under the Loan and Security Agreements as of December 31, 2016.

In thousands, exce p t sh a re and per share amounts

Borrowings outstanding, net of unamortized discount of $82, amounted to $3,524 at December 31, 2016. The borrowing arrangement will be fully repaid during 2017 with remaining principal payments of $3,606. The Company will also be required to make the additional interest payments of $250, described above, during 2017.

8. Income Taxes

There was no federal or state provision for income taxes for the years ended December 31, 2014, 2015 or 2016 due to the Company's operating losses and a full valuation allowance on deferred income tax assets for all periods since inception. All of the Company's loss before provision for income taxes is attributable to its United States operations.

The Company's effective income tax rate differs from the statutory federal income tax rate as follows:

	Years ended December 31,		
	2014	2015	2016
Statutory U.S. federal rate	34.0%	34.0%	34.0%
State income tax	1.7	3.7	1.7
Permanent items	(3.8)	(0.4)	(0.1)
Change in taxing status in Massachusetts to a manufacturer	(4.9)	—	—
Other	(0.7)	(0.5)	—
Change in state tax rate	—	0.7	(0.6)
Federal R&D credit	1.2	1.3	1.1
State R&D and other credits	0.7	0.5	0.5
Change in valuation allowance	(28.2)	(39.3)	(36.6)
Total expense (benefit)	—%	—%	—%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and the related valuation allowance were as follows:

	Years ended December 31,	
	2015	2016
Deferred income tax assets:		
Operating loss carryforwards	$ 30,832	$ 42,130
Start-up expenditures	2,711	2,351
Property and equipment	28	77
Stock-based compensation expense	788	1,197
Research and development credit carryforwards	1,746	2,258
Accrued expenses and other	482	695
Total deferred income tax assets	36,587	48,708
Valuation allowance	(36,587)	(48,708)
Net deferred income tax assets	$ —	$ —

The Company has provided a full valuation allowance against the deferred income tax assets, since it has a history of losses, which are all attributable to the U.S. and currently does not have enough positive evidence required under U.S. GAAP to reverse its valuation allowance. Management does not believe it is more likely than not that its deferred tax assets relating to the loss carryforwards and other temporary differences will be realized in the future. For the years ended December 31, 2015 and 2016, the valuation allowance increased by $8,706 and $12,121, respectively, resulting principally from increased operating loss carryforward.

At December 31, 2016, the Company had U.S. federal and state net operating loss carryforwards of approximately $114,417 and $70,527, respectively, that can be carried forward and offset against future taxable income. The Federal net operating loss carryforwards will begin to expire in 2028 and the state NOL carryforwards expire in various amounts, but none before 2023.

Deferred tax assets related to tax benefits of employee share-based compensation have been reduced for stock options exercised in periods in which the Company was in a net operating loss (NOL) position. Some exercises resulted in excess of previously recorded benefits based on the stock option value at the time of the grant (windfalls). Although windfalls are reflected in NOL carryforwards in the tax return, the additional tax benefit associated with the windfalls is not recognized until the deduction reduces taxes payable pursuant to U.S. GAAP. Accordingly, since the tax benefit does not reduce the Company's current taxes payable due to NOL carryforwards, these windfall tax benefits are not reflected in the Company's NOLs in deferred tax assets. Windfalls not reflected in the federal and state NOL carryforward were $1,185 and $37, respectively, at December 31, 2016. Windfalls not reflected in the deferred tax assets as of December 31, 2015 and 2016 were $310 and $118, respectively.

The Company also had federal and state tax credits of approximately $1,580 and $1,026 at December 31, 2016, respectively, which may be used to offset future tax liabilities. These tax credit carryforwards will expire at various times beginning in 2029 for federal purposes and 2017 for state purposes.

Utilization of net operating losses and tax credit carryforwards may be subject to a substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986, and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization. Through December 31, 2016, the Company has completed several financings since its inception which it believes has not resulted in any changes in ownership as defined by Sections 382 and 383 of the Internal Revenue Code. Subsequent ownership changes may further affect the limitation in future years.

Significant judgment is required in evaluating the Company's tax positions and in determining the Company's provision for income taxes. In the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As of December 31, 2016, the Company was not under audit in any tax jurisdiction. The U.S. statute of limitations will remain open to examination by the tax authorities until the utilization of net operating loss carryforwards. The Company accrues interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

9. Stockholders' Equity

The Company is authorized to issue 250,000,000 shares of common stock. Holders of Common Stock are entitled to vote on all matters and are entitled to the number of votes equal to the number of common shares held. Holders of Common Stock shall be entitled to receive dividends when and if declared by the Board of Directors. No dividends have been declared to date. In certain events, including the liquidation, dissolution or winding up of the Company, the remaining assets of the Company shall be distributed ratably among the holders of Common Stock.

The Company is authorized to issue 10,000,000 shares of preferred stock. As of December 31, 2015 and 2016, the Company had no shares of preferred stock issued or outstanding.

At December 31, 2016, there were 23,346,336 shares of common stock reserved for the potential exercise of warrants (5,083,219) and stock options (17,523,072), and 740,045 shares that are available for grant under the 2014 Stock Award Plan.

10. Stock-Based Compensation

In connection with the Acquisition, Corindus exchanged options to purchase shares of its Common Stock for YIDI's options to purchase shares of YIDI's Common Stock (the "Replacement Plan Options"). The 2014 Stock Award Plan is the replacement plan for options previously awarded under the Corindus, Inc. 2006 Umbrella Option Plan and the Corindus, Inc. 2008 Stock Incentive Plan and is the plan under which all future Company options will be issued. The 2014 Stock Award Plan was limited to award issuances which in the aggregate could not exceed 9,035,016 shares, all of which shares will be used for the issuance of the Company stock-based awards, including options to purchase common stock, restricted stock and restricted stock units. Replacement Plan Options are exercisable for up to ten years from the date of original vesting commencement date of the options.

On April 30, 2015, the Company's Board of Directors and shareholders owning a majority of the Company's outstanding shares of common stock approved an increase in the authorized shares of common stock under the 2014 Stock Award Plan from 9,035,016 shares to 18,661,856 shares.

In thousands, exce p t sh a re and per share amounts

A summary of the activity under the Company's stock option plans is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term/Years	Aggregate Intrinsic Value
Outstanding at December 31, 2015	8,778,503	$ 1.11	5.98	$ 18,874
Granted	12,596,669	$ 1.28		
Exercised	(848,297)	$ 0.55		
Canceled	(3,003,803)	$ 0.86		
Outstanding at December 31, 2016	17,523,072	$ 1.30	8.34	$ 511
Exercisable at December 31, 2016	4,542,639	$ 0.94	5.64	$ 511
Vested and expected to vest at December 31, 2016	16,874,050	$ 1.30	5.98	$ 511

Stock-based compensation expense was allocated based on the employees' function as follows:

	Years ended December 31,		
	2014	2015	2016
Research and development	$ 95	$ 74	$ 170
Selling, general and administrative	282	431	2,196
	$ 377	$ 505	$ 2,366

The fair value of employee options is estimated on the date of each grant using the Black-Scholes Model. The weighted-average grant date fair value of options granted during the year ended December 31, 2014, 2015 and 2016 were $0.16, $1.80 and $0.65, respectively. As of December 31, 2016, there was approximately $8,080 of unrecognized compensation cost related to non-vested stock-based compensation arrangements under the 2014 Stock Award Plan. That cost was expected to be recognized over a weighted-average period of 2.99 years.

The total intrinsic value of options exercised in 2016 was $467.

11. Warrants to Purchase Common Stock

In connection with the Acquisition, the Company exchanged warrants to purchase 201,178 shares of Corindus, Inc. Series A, D and E Redeemable Convertible Preferred Stock at an average exercise price of $26.63 per share to warrants to purchase 5,029,865 shares of the Company's Common Stock at the average exercise price of $1.07 per share.

Prior to the Acquisition, the warrants were treated as liability instruments and were measured on a recurring basis at their fair value with inputs categorized as Level 3 in the fair value hierarchy. The resulting gain or loss on revaluation was recorded as other income (expense) in the consolidated statements of operations. The Company estimated the fair value of these warrants using the Black-Scholes Model based on the estimated market value of the underlying Redeemable Convertible Preferred Stock at the valuation measurement date, the remaining contractual term of the warrant, risk-free interest rates, expected dividends and expected volatility of the price of the underlying Redeemable Convertible Preferred Stock. The Company revalued the warrants for the final time at the date of the Acquisition, which resulted in a charge of $2,421 in the accompanying consolidated statement of operations for the year ended December 31, 2014.

The Company also issued warrants to purchase 355,028 shares of the Company's common stock at $1.41 per share in connection with its outstanding borrowing arrangement as describe in Note 7.

In thousands, exce p t sh a re and per share amounts

The table below is a roll-forward of the Company's warrant activity for the year ended December 31, 2016:

	Number of Warrants	Weighted-Average Exercise Price
Outstanding at December 31, 2015	5,207,379	$ 1.08
Granted	—	—
Exercised	(124,160)	0.76
Expired	—	—
Outstanding at December 31, 2016	5,083,219	$ 1.08

The Company has following warrants outstanding at December 31, 2016:

Exercise Price	Date of Expiration	Number of Warrants
$ 1.06	October 11, 2017	4,728,191
$ 1.41	May 28, 2020	355,028
		5,083,219

12. Commitments and Contingencies

The Company has an operating lease for approximately 26,402 square feet at its corporate headquarters and manufacturing plant in Waltham, Massachusetts, which expires in January 2021. The lease terms include escalating rent payments over the life of the lease and rent expense is recognized over the life of the lease on a straight-line basis. The difference between the amount expensed and actual rent payments are recorded as a deferred rent included within other liabilities in the consolidated balance sheets. In connection with the lease, the Company is required to maintain a security deposit with its landlord. The security deposit is approximately $134 at December 31, 2016 and is included in deposits and other assets in the accompanying consolidated balance sheet. The Company also leases copiers and vehicles under operating leases that expire at various points through 2019.

Total rent expense was $577, $574 and $597 for the years ending December 31, 2014, 2015 and 2016, respectively. At December 31, 2016, the Company's future minimum lease payments are indicated below:

For Year Ended December 31,	Total Lease Payments
2017	$ 586
2018	577
2019	648
2020	664
2021	55
	$ 2,530

The Company is subject to potential claims from time to time in the ordinary course of business. At December 31, 2016, the Company is not subject to any significant asserted or unasserted claims.

In thousands, exce p t sh a re and per share amounts

13. Net Loss per Share

Basic net loss per share is computed by dividing net loss by the weighted average shares of common stock outstanding for each period. Diluted net loss per share is the same as basic net loss per share since the Company has net losses for each period presented. The following common stock equivalents were excluded from the calculation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	For the Year ended December 31,		
	2014	2015	2016
Options to purchase common stock	8,678,017	8,778,503	17,523,072
Warrants to purchase common stock	5,207,379	5,207,379	5,083,219
Total	13,885,396	13,985,882	22,606,291

14. Restructuring Charge

During 2014, the Company initiated reductions in workforce to control costs while the Company pursued new financing alternatives. During 2014, the Company recorded $175 in restructuring charges for severance and related costs, which were paid in 2014.

15. 401(k) Plan

The Company has a tax-qualified employee savings and retirement 401(k) plan, covering all qualified employees. Participants may elect a salary deferral up to the statutorily prescribed annual limit for tax-deferred contributions. The Company matches 100% of the participant's first 3% of eligible contributions plus 50% of the participant's next 2% of contributions. Amounts expensed related to this plan totaled $185, $215 and $254 in 2014, 2015 and 2016, respectively.

16. Selected Quarterly Financial Data (Unaudited)

The following table presents unaudited operating results for each of the Company's quarters in the years ended December 31, 2015 and 2016:

	Fiscal Year 2015 Quarters				
	First	Second	Third	Fourth	Year
Revenue	$ 776	$ 909	$ 212	$ 832	$ 2,729
Cost of revenue	801	941	722	1,260	3,724
Gross loss	(25)	(32)	(510)	(428)	(995)
Operating expenses	6,747	6,839	6,148	6,442	26,176
Operating loss	(6,772)	(6,871)	(6,658)	(6,870)	(27,171)
Total other expense, net	(397)	(432)	(404)	(359)	(1,592)
Net loss	$ (7,169)	$ (7,303)	$ (7,062)	$ (7,229)	$ (28,763)
Net loss per share – basic and diluted	$ (0.07)	$ (0.07)	$ (0.06)	$ (0.06)	$ (0.25)

	Fiscal Year 2016 Quarters				
	First	Second	Third	Fourth	Year
Revenue	$ 1,108	$ 508	$ 688	$ 538	$ 2,842
Cost of revenue	1,078	1,114	1,220	1,630	5,042
Gross profit (loss)	30	(606)	(532)	(1,092)	(2,200)
Operating expenses	7,275	6,772	7,313	8,517	29,877
Operating loss	(7,245)	(7,378)	(7,845)	(9,609)	(32,077)
Total other expense, net	(382)	(216)	(221)	(182)	(1,001)
Net loss	$ (7,627)	$ (7,594)	$ (8,066)	$ (9,791)	$ (33,078)
Net loss per share – basic and diluted	$ (0.06)	$ (0.06)	$ (0.07)	$ (0.08)	$ (0.28)

Note: Quarterly net loss per share amounts may not sum to net loss per share for the year due to rounding .

17. Subsequent Events

The Company has evaluated all events or transactions that occurred after December 31, 2016 through the date of filing of the Form 10-K.

On February 9, 2017, the Company executed a distributor agreement with Japan Medicalnext Co. Ltd., a wholly-owned entity of MC Healthcare (subsidiary of Mitsubishi Corporation), in which Japan Medicalnext became the exclusive distributor of Corindus products in Japan and within 30 days will place an initial order for 12 CorPath GRX Systems accompanied by an advance of $2 million toward the purchase price. As of March 10, 2017, the initial order for 12 CorPath GRX Systems and the advance of $2 million had both been received by the Company.

On March 15, 2017 the Company closed on a private placement for the sale of an aggregate of 68,055,700 shares of its common stock at $0.6616 per share, for an aggregate purchase price of approximately $45 million, before deducting offering expenses.

In connection with the private placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with the investors participating in the financing, requiring the Company to register the resale of the shares sold in the private placement. Under the Registration Rights Agreement, the Company will be required to prepare and file a registration statement with the Securities and Exchange Commission ("SEC") within 45 days of the closing of the private placement, and to use commercially reasonable efforts to have the registration statement declared effective within 90 days if there is no review by the SEC, and within 120 days in the event of such review. The Registration Rights Agreement also contains piggyback registration rights in favor of the investors and customary indemnification provisions.

In the judgment of management, there were no other material events that impacted the consolidated financial statements or disclosures.

Exhibit 10.42

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this " ***Agreement*** ") is dated as of March 15, 2017, by and among Corindus Vascular Robotics, Inc., a Delaware corporation (the " ***Company*** "), and the several signatories hereto.

RECITALS

This Agreement is made pursuant to the Securities Purchase Agreement (the " ***Purchase Agreement*** "), dated as of February 28, 2017 between the Company and each purchaser signatory thereto (each a " ***Purchaser*** " and collectively, the " ***Purchasers*** ").

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each of the Holders hereby agree as follows:

1. **Definitions** . Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

" ***Advice*** " has the meaning set forth in Section 6(d).

" ***Affiliate*** " has the meaning set forth in the Purchase Agreement.

" ***Agreement*** " has the meaning set forth in the preamble.

" ***Business Day*** " has the meaning set forth in the Purchase Agreement.

" ***Closing Date*** " has the meaning set forth in the Purchase Agreement.

" ***Commission*** " has the meaning set forth in the Purchase Agreement.

" ***Common Stock*** " has the meaning set forth in the Purchase Agreement.

" ***Company*** " has the meaning set forth in the preamble.

" ***Effective Date*** " means the date that the Registration Statement filed pursuant to Section 2(a) is first declared effective by the Commission.

" ***Effectiveness Deadline*** " means, with respect to the Initial Registration Statement or the New Registration Statement, the 90 th calendar day following the Closing Date (or, in the event the Commission reviews and has written comments to the Initial Registration Statement or the New Registration Statement, the 120 th calendar day following the Closing Date); *provided, however,* that if the Effectiveness Deadline falls on a Saturday, Sunday or other day that the Commission is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the Commission is open for business.

" ***Effectiveness Period*** " has the meaning set forth in Section 2(b).

" ***Event*** " has the meaning set forth in Section 2(c).

" ***Event Date*** " has the meaning set forth in Section 2(c).

" ***Exchange Act*** " has the meaning set forth in the Purchase Agreement.

" ***Filing Deadline*** " means, with respect to the Initial Registration Statement required to be filed pursuant to Section 2(a), the 45 th calendar day following the Closing Date; *provided, however,* that if the Filing Deadline falls on a Saturday, Sunday or other day that the Commission is closed for business, the Filing Deadline shall be extended to the next business day on which the Commission is open for business.

" ***Holder*** " or " ***Holders*** " means the holder or holders, as the case may be, from time to time of Registrable Securities.

" ***Indemnified Party*** " has the meaning set forth in Section 5(c).

" ***Indemnifying Party*** " has the meaning set forth in Section 5(c).

" ***Initial Registration Statement*** " means the initial Registration Statement filed pursuant to Section 2(a) of this Agreement.

" ***Inspector*** " or " ***Inspectors*** " has the meaning set forth in Section 3(k).

*" **Liquidated Damages*** " has the meaning set forth in Section 2(c) .

" ***Losses*** " has the meaning set forth in Section 5(a).

" ***New Registration Statement*** " has the meaning set forth in Section 2(a).

" ***Person*** " has the meaning set forth in the Purchase Agreement.

" ***Principal Trading Market*** " has the meaning set forth in the Purchase Agreement.

" ***Prior Registration Rights Agreement*** " means the Demand Registration Rights Agreement dated August 8, 2014 by and among Your Internet Defender Inc., Koninklijke Philips N.V., HealthCor Partners Fund, L.P., HealthCor Hybrid Offshore Master Fund, L.P., HealthCor Partners Fund II, L.P. and 20/20 Capital III LLC.

" ***Proceeding*** " has the meaning set forth in the Purchase Agreement.

" ***Prospectus*** " means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

" ***Purchase Agreement*** " has the meaning set forth in the Recitals.

" ***Purchaser*** " or " ***Purchasers*** " has the meaning set forth in the Recitals.

" ***Records*** " has the meaning set forth in Section 3(k).

" ***Registrable Securities*** " means all of the Shares and any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the Shares, *provided* , that with respect to a particular Holder, such Holder's Shares shall cease to be Registrable Securities upon the earliest to occur of the following: (A) a sale pursuant to a Registration Statement or Rule 144 under the Securities Act (in which case, only such security sold by the Holder shall cease to be a Registrable Security); (B) becoming eligible for resale by the Holder under Rule 144 without the requirement for the Company to be in compliance with the current public information requirement thereunder and without volume or manner-of-sale restrictions, pursuant to a written opinion letter of counsel for the Company to such effect, addressed, delivered and acceptable to the Transfer Agent; or (C) such Registrable Securities cease to be outstanding.

" ***Registration Statements*** " means any one or more registration statements of the Company filed under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement (including, without limitation, the Initial Registration Statement, the New Registration Statement and any Remainder Registration Statements), including (in each case) the amendments and supplements to such Registration Statements, including pre- and post-effective amendments thereto, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such Registration Statements.

" ***Remainder Registration Statements*** " has the meaning set forth in Section 2(a).

" ***Rule 144*** " means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

" ***Rule 415*** " means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

" ***Rule 424*** " means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

" ***SEC Guidance*** " means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff, *provided* , that any such oral guidance, comments, requirements or requests are reduced to writing by the Commission and (ii) the Securities Act.

" ***Securities Act*** " means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" ***Selling Stockholder Questionnaire*** " means a questionnaire in the form attached as Annex B hereto, or such other form of questionnaire as may reasonably be adopted by the Company from time to time.

" ***Shares*** " means the shares of Common Stock issued or issuable to the Purchasers pursuant to the Purchase Agreement.

" ***Trading Day*** " has the meaning set forth in the Purchase Agreement.

" ***Trading Market*** " has the meaning set forth in the Purchase Agreement.

2. Registration .

(a) On or prior to the Filing Deadline, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 (the " ***Initial Registration Statement*** "). The Initial Registration Statement shall be on Form S-3 (except that if the Company is then ineligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on such other form available to register for resale the Registrable Securities as a secondary offering) subject to the provisions of Section 2(e) and shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) a "Plan of Distribution" section substantially in the form attached hereto as Annex A (which may be modified to respond to comments, if any, provided by the Commission).

(i) Notwithstanding the registration obligations set forth in this Section 2 , in the event the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement or that any Holder must be named as an underwriter in the Registration Statement, the Company agrees to promptly (x) inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement as required by the Commission and/or (y) withdraw the Initial Registration Statement and file a new registration statement (a " ***New Registration Statement*** "), in either case covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-3 or such other form available to register for resale the Registrable Securities as a secondary offering; *provided, however,* that prior to filing such amendment or New Registration Statement, the Company shall be obligated to use its commercially reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09, in each case without naming any Holder as an underwriter in the Registration Statement. Each Purchaser shall have the right to comment or have their counsel comment on any written submission made to the staff of Commission (the " ***Staff*** ") with respect to any disclosure specifically relating to such Purchaser. No such written submission shall be made to the Staff containing disclosure specifically relating to such Purchaser to which such Purchaser's counsel reasonably objects.

(ii) Notwithstanding any other provision of this Agreement and subject to the payment of liquidated damages in Section 2(c), if any SEC Guidance sets forth a limitation of the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering without naming any Holder as an underwriter (and notwithstanding that the Company used commercially reasonable efforts to advocate with the Commission for the registration of all or a greater number of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the Registrable Securities to be registered on such Registration Statement will be reduced (applied, in the case that some Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Shares held by such Holders), subject to a determination by the Commission that certain Holders must be reduced first based on the number of Registrable Securities held by such Holders. Any reduction of Registrable Securities pursuant to this Section 2(a)(ii) shall occur only after all securities that are not Registrable Securities, if any, are first removed from such Registration Statement. In the event the Company amends the Initial Registration Statement or files a New Registration Statement, as the case may be, under clauses (x) or (y) above, the Company will use its commercially reasonable efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended, or the New Registration Statement (the " ***Remainder Registration Statements*** "). No Holder shall be named as an "underwriter" in any Registration Statement without such Holder's prior written consent.

(b) The Company shall use its commercially reasonable efforts to cause each Registration Statement to be declared effective by the Commission as soon as practicable and, with respect to the Initial Registration Statement or the New Registration Statement, as applicable, no later than the Effectiveness Deadline (including, with respect to the Initial Registration Statement or the New Registration Statement, as applicable, filing with the Commission a request for acceleration of effectiveness in accordance with Rule 461 promulgated under the Securities Act within five Business Days after the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed," or not be subject to further review and the effectiveness of such Registration Statement may be accelerated), and, subject to Section 2(e), shall use its commercially reasonable efforts to keep each Registration Statement continuously effective under the Securities Act for so long as the securities registered for resale thereunder retain their character as "Registrable Securities" (the " ***Effectiveness Period*** "). The Company shall promptly notify the Holders via facsimile or electronic mail of the effectiveness of a Registration Statement or any post-effective amendment thereto on or before the first Trading Day after the date that the Company telephonically confirms effectiveness with the Commission. The Company shall, by 9:30 a.m. Boston time on the first Trading Day after the Effective Date, file a final Prospectus with the Commission, as required by Rule 424(b).

(c) If: (i) the Initial Registration Statement is not filed with the Commission on or prior to the Filing Deadline, (ii) the Initial Registration Statement or the New Registration Statement, as applicable, is not declared effective by the Commission (or otherwise does not become effective) for any reason on or prior to the Effectiveness Deadline or (iii) after its Effective Date and except for the reasons as set forth in Section 3(h), (A) such Registration Statement ceases for any reason (including, without limitation, by reason of a stop order or the Company's failure to update the Registration Statement), to remain continuously effective as to all Registrable Securities included in such Registration Statement or (B) the Holders are not permitted to utilize the Prospectus therein to resell such Registrable Securities for any reason (other than due to a change in the "Plan of Distribution" or the inaccuracy of any information regarding the Holders), in each case, for more than an aggregate of 45 calendar days (which need not be consecutive days) during any 12-month period (other than as a result of a material breach of this Agreement by a Holder or a Holder's failure to return a Selling Stockholder Questionnaire within the time period provided by Section 2(d) hereof) (any such failure or breach in clauses (i) through (iii) above being referred to as an " ***Event*** ," and, for purposes of clauses (i) or (ii), the date on which such Event occurs, or for purposes of clause (iii), the date on which such 45 calendar day period is exceeded, being referred to as an " ***Event Date*** "), then in addition to any other rights the Holders may have hereunder or under applicable law: (x) within five Business Days after an Event Date relating to a failure in clause (i) only, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 1.0% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement for any Registrable Securities held by such Holder on such Event Date; and (y) on each 30-day anniversary (or pro rata portion thereof) following any Event Date (including, for the avoidance of doubt, a failure in clause (i), in which case each 30-day anniversary shall be measured commencing on the 31 st day following such Event Date) until the earlier of (1) the applicable Event is cured or (2) the Registrable Securities are eligible for resale pursuant to Rule 144 without manner of sale or volume restrictions, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to 1.0% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement for any unregistered Registrable Securities then held by such Holder. The amounts payable pursuant to the foregoing clauses (x) and (y) are referred to collectively as " ***Liquidated Damages*** ." The parties agree that (1) notwithstanding anything to the contrary herein or in the Purchase Agreement, no Liquidated Damages shall be payable with respect to any period after the expiration of the Effectiveness Period and in no event shall the aggregate amount of Liquidated Damages payable to a Holder exceed, in the aggregate, 6.0% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement and (2) in no event shall the Company be liable in any 30-day period for Liquidated Damages under this Agreement in excess of 1.0% of the aggregate purchase price paid by the Holders pursuant to the Purchase Agreement. If the Company fails to pay any Liquidated Damages pursuant to this Section 2(c) in full within 30 Business Days after the date payable, the Company will pay interest thereon at a rate of 1.0% per month (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such Liquidated Damages are due until such amounts, plus all such interest thereon, are paid in full. Unless otherwise specified in Section 2(c), the Liquidated Damages pursuant to the terms hereof shall apply on a daily pro-rata basis for any portion of a month prior to the cure of an Event, except in the case of the first Event Date. Notwithstanding the foregoing, nothing shall preclude any Holder from pursuing or obtaining any available remedies at law, specific performance or other equitable relief with respect to this Section 2(c) in accordance with applicable law. The Company shall not be liable for Liquidated Damages under this Agreement as to any Registrable Securities which may then be resold under Rule 144 or which are not permitted by the Commission to be included in a Registration Statement due solely to SEC Guidance from the time that it is determined that such Registrable Securities are not permitted to be registered until such time as the provisions of this Agreement as to the Remainder Registration Statements required to be filed hereunder are triggered, in which case the provisions of this Section 2(c) shall once again apply, if applicable. In such case, the Liquidated Damages shall be calculated to only apply to the percentage of Registrable Securities which are permitted in accordance with SEC Guidance to be included in such Registration Statement. The Effectiveness Deadline for a Registration Statement shall be extended without default or Liquidated Damages hereunder in the event that the Company's failure to obtain the effectiveness of the Registration Statement on a timely basis results from the failure of a Holder to timely provide the Company with information requested by the Company and necessary to complete the Registration Statement in accordance with the requirements of the Securities Act (in which the Effectiveness Deadline would be extended with respect to Registrable Securities held by such Holder).

(d) Each Holder agrees to furnish to the Company a completed Selling Stockholder Questionnaire not more than ten Trading Days following the date of this Agreement. At least five Trading Days prior to the first anticipated filing date of a Registration Statement for any registration under this Agreement, the Company will notify each Holder of the information the Company requires from that Holder other than the information contained in the Selling Stockholder Questionnaire, if any, which shall be completed and delivered to the Company promptly upon request and, in any event, within two Trading Days prior to the applicable anticipated filing date. Each Holder further agrees that it shall not be entitled to be named as a selling security holder in the Registration Statement or use the Prospectus for offers and resales of Registrable Securities at any time, unless such Holder has returned to the Company a completed and signed Selling Stockholder Questionnaire and a response to any reasonable requests for further information as described in the previous sentence. If a Holder of Registrable Securities returns a Selling Stockholder Questionnaire or a request for further information, in either case, after its respective deadline, the Company shall use its commercially reasonable efforts to take such actions as are required to name such Holder as a selling security holder in the Registration Statement or any pre-effective or post-effective amendment thereto and to include (to the extent not theretofore included) in the Registration Statement the Registrable Securities identified in such late Selling Stockholder Questionnaire or request for further information. Each Holder acknowledges and agrees that the information in the Selling Stockholder Questionnaire or request for further information as described in this Section 2(d) will be used by the Company in the preparation of the Registration Statement and hereby consents to the inclusion of such information in the Registration Statement.

(e) In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on Form S-1 and (ii) undertake to register the Registrable Securities on Form S-3 promptly after such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

3. Registration Procedures .

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five Trading Days prior to the filing of each Registration Statement and not less than three Trading Days prior to the filing of any related Prospectus or any amendment or supplement thereto (except for Annual Reports on Form 10-K, and Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any similar or successor reports), (i) furnish to the Holder copies of such Registration Statement, Prospectus or amendment or supplement thereto, substantially in the form as proposed to be filed, which documents will be subject to the review of such Holder (it being acknowledged and agreed that if a Holder does not object to or comment on the aforementioned documents within such five Trading Day or three Trading Day period, as the case may be, then the Holder shall be deemed to have consented to and approved the use of such documents) and (ii) use commercially reasonable efforts to cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct such review. The Company shall not file any Registration Statement or Prospectus or any amendment or supplement thereto in a form to which a Holder reasonably objects in good faith, *provided* that, the Company is notified of such objection in writing within the five Trading Day or three Trading Day period described above, as applicable, and *provided further* , that no such delay in filing shall result in any Liquidated Damages under Section 2(c).

(b) (i) Subject to Section 3(h), prepare and file with the Commission such amendments (including post-effective amendments) and supplements to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably practicable to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible, provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that pertains to the Holders as "Selling Stockholders" but not any comments that would result in the disclosure to the Holders of material and non-public information concerning the Company; and (iv) comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement until such time as all of such Registrable Securities cease to be Registrable Securities or shall have been disposed of (subject to the terms of this Agreement) in accordance with the intended methods of disposition by the Holders thereof as set forth in such Registration Statement as so amended or in such Prospectus as so supplemented; *provided, however,* that in the event the Company informs the Holders in writing that it does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Holders are required to deliver a Prospectus in connection with any disposition of Registrable Securities, the Company shall deliver to the Holders a copy of the Prospectus in electronic format and each such Holder shall be responsible for the delivery of the Prospectus to the Persons to whom such Holder sells any of the Registrable Securities, and each Holder agrees to dispose of Registrable Securities in compliance with the "Plan of Distribution" described in the Registration Statement and otherwise in compliance with applicable federal and state securities laws. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Exchange Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the Commission on the same day on which the Exchange Act report which created the requirement for the Company to amend or supplement such Registration Statement was filed.

(c) Notify the Holders (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably practicable via facsimile or electronic mail (and, in the case of (i)(A) below, not less than three Trading Days prior to such filing) and no later than two Trading Days following the day: (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on any Registration Statement (in which case the Company shall provide to each of the Holders true and complete copies of all comments that pertain to the Holders as a "Selling Stockholder" or to the "Plan of Distribution" and all written responses thereto, but not information that the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment thereto, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information that pertains to the Holders as "Selling Stockholders" or the "Plan of Distribution"; (iii) of the issuance by the Commission or any other Federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose and (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading; and (vi) of the occurrence or existence of, or in anticipation of, any acquisition, financing activity, regulatory developments or other material transaction involving the Company, or any other event or condition of similar significance to the Company, for which allowing the continued availability of a Registration Statement or Prospectus would be, in the good faith determination of the Board of Directors, materially detrimental to the Company, *provided* that, any and all such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; and *provided* , *further* , that notwithstanding each Holder's agreement to keep such information confidential, each such Holder makes no acknowledgement that any such information is material, non-public information.

(d) Use commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as soon as practicable.

(e) If requested by a Holder, furnish to such Holder, without charge, at least one conformed copy of each Registration Statement and each amendment thereto and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; *provided* , that the Company shall have no obligation to provide any document pursuant to this clause that is available on the Commission's EDGAR system.

(f) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; *provided* , that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, would subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(g) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates or book-entry statements representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates or book entry statements shall be free, to the extent permitted by the Purchase Agreement, and under law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may reasonably request.

(h) Following the occurrence of any event contemplated by Section 3(c), as promptly as reasonably practicable (taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event), prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, form of prospectus or supplement thereto, in light of the circumstances under which they were made), not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(c) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(h) to suspend the availability of a Registration Statement and Prospectus for a period not to exceed 45 calendar days (which need not be consecutive days) in any 12-month period without incurring liability for Liquidated Damages otherwise required pursuant to Section 2(c).

(i) The Company may require each selling Holder to furnish to the Company a certified statement as to (i) the number of shares of Common Stock beneficially owned by such Holder and any Affiliate thereof, (ii) any Financial Industry Regulatory Authority, Inc. (" ***FINRA*** ") affiliations, (iii) any natural persons who have the power to vote or dispose of the common stock and (iv) any other information as may be requested by the Commission, FINRA or any state securities commission. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of Registrable Securities because any Holder fails to furnish such information within three Trading Days of the Company's request, any Liquidated Damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company; *provided* , *however* , if the failure of the Holder to furnish the required information results the occurrence of an Event under 2(c), any Liquidated Damages that are accruing at such time shall be tolled and any such Event that occurs as a result thereof shall be suspended until such time as the Holder furnishes such information.

(j) The Company shall cooperate with any registered broker through which a Holder proposes to resell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as reasonably requested by any such Holder, and the Company shall pay the filing fee required for the first such filing within five Business Days of the request therefor.

(k) At the request of any managing underwriter, make available at reasonable times for inspection by such managing underwriter and such managing underwriter's legal counsel and any attorney, accountant or other agent retained by such managing underwriter (each, an " ***Inspector*** " and collectively, the " ***Inspectors*** "), all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries (collectively, the " ***Records*** ") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's and its subsidiaries' officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspector in connection with such Registration Statement. Notwithstanding the foregoing, Records and other information that the Company determines, in good faith, to be confidential and which it notifies the Inspectors are confidential shall not be disclosed by the Inspectors or used for any purpose other than as necessary or appropriate for the purpose of such inspection (and the Inspectors shall confirm their agreement in writing in advance to the Company if the Company shall so request) unless (i) the disclosure of such Records is necessary, in the Company's judgment, to avoid or correct a misstatement or omission in the Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction after exhaustion of all appeals therefrom or (iii) the information in such Records was known to the Inspectors on a non-confidential basis prior to its disclosure by the Company or has been made generally available to the public.

(l) If such sale is pursuant to an underwritten offering, (i) obtain "comfort" letters dated the pricing and closing dates of such offering under the underwriting agreement from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "comfort" letters as the managing underwriter reasonably requests; (ii) enter into a customary underwriting agreement with the underwriter containing customary representations and warranties, covenants and legal opinions addressed to the underwriters; (iii) take other such actions as reasonably required in order to expedite or facilitate the disposition of such Registrable Securities, including causing its officers to participate in "road shows" and other information meetings organized by the underwriters, if applicable, of reasonable and customary duration and frequency (but not to exceed five days in each instance); or (iv) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings.

(m) Cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed.

4. Registration Expenses . All fees and expenses incident to the Company's performance of or compliance with its obligations under this Agreement (excluding any underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for any Holder) shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (B) with respect to compliance with applicable state securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as requested by the Holders, but not including any jurisdictions outside the United States) and (C) if not previously paid by the Company pursuant to Section 3(j) hereof, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to FINRA Rule 5110), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the Holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting, broker or similar fees or commissions of any Holder or any legal fees or other costs of the Holders.

5. Indemnification .

(a) Indemnification by the Company . The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, partners, members, managers, stockholders, Affiliates and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, stockholders, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, amounts paid in settlement in accordance with Section 5(c) hereof, costs (including, without limitation, reasonable costs of preparation and investigation and reasonable attorneys' fees) and expenses (collectively, " ***Losses*** "), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose), or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (ii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to the Registration Statement, except to the extent, but only to the extent that (A) such untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that each Holder has approved Annex A hereto for this purpose); provided, that such untrue statement or alleged untrue statement or omission or alleged omission had not been corrected in such Prospectus or in any amendment or supplement thereto prior to, or concurrently with, the sale of Registrable Securities to the person asserting the applicable indemnification claim, or (B) in the case of an occurrence of an event of the type specified in Section 3(c)(iii)-(vi), related to the use by a Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated and defined in Section 6(d) below, following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected, or (C) any such Losses arise out of the Purchaser's (or any other indemnified Person's) failure to send or give a copy of the Prospectus or supplement (as then amended or supplemented), if required pursuant to Rule 172 under the Securities Act (or any successor rule), to the Persons asserting an untrue statement or alleged untrue statement or alleged untrue statement or omission or alleged omission at or prior to the written confirmation of the sale of Registrable Securities to such Person if such statement or omission was corrected in such Prospectus or supplement. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of an Indemnified Party (as defined in Section 5(c)) and shall survive the transfer of the Registrable Securities by the Holders.

(b) Indemnification by Holders . Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents, stockholders, Affiliates and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising out of or are based solely upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statements or omissions are based upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein and such untrue statement or alleged untrue statement or omission or alleged omission had not been corrected in such Prospectus or in any amendment or supplement thereto prior to, or concurrently with, the sale of Registrable Securities to the person asserting the applicable indemnification claim, or (ii) to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(c)(iii)-(vi), to the extent, but only to the extent, related to the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). In no event shall the liability of any selling Holder hereunder (together with any liability under Section 5(d)) be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings . If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an " ***Indemnified Party*** "), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the " ***Indemnifying Party*** ") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof, *provided* , that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (i) the Indemnifying Party has agreed in writing to pay such fees and expenses; (ii) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding or the Indemnifying Party does not, upon assuming the defense of such Proceeding, conduct the defense of such claim actively and diligently; (iii) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest exists if the same counsel were to represent such Indemnified Party and the Indemnifying Party; (iv) the claim is based upon any Proceeding, indictment, allegation or investigation of a criminal nature; or (v) the claim seeks an injunction or non-monetary or equitable relief against the Indemnified Party, other than any such claim that is incidental to the primary claim or claims and not material (in the case of clauses (ii)-(v), if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party); *provided* , that the Indemnifying Party shall not be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding and such settlement does not require any Indemnified Party to perform any covenant or refrain from engaging in any activity or include any non-monetary limitation on the actions of any Indemnified Party or any of its affiliates or any admission of fault, violation, culpability, malfeasance or nonfeasance by, or on behalf of, or liability on behalf of, any such Indemnified Party.

Subject to the terms of this Agreement, all fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section 5) shall be paid to the Indemnified Party, as incurred, within 20 Trading Days of written notice thereof to the Indemnifying Party; *provided* , that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally judicially determined to not be entitled to indemnification hereunder. The failure to deliver written notice to the Indemnifying Party within a reasonable time of the commencement of any such action shall not relieve such Indemnifying Party of any liability to the Indemnified Party under this Section 5, except to the extent that the Indemnifying Party is materially and adversely prejudiced in its ability to defend such action.

(d) Contribution . If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 5 was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), (A) no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, including pursuant to Section 5(b) above, and (B) no contribution will be made under circumstances where the maker of such contribution would not have been required to indemnify the Indemnified Party under the fault standards set forth in this Section 5. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

6. Piggyback Registrations

(a) If, at any time when there are Registrable Securities then outstanding aside from the period beginning on the date when the Company files the Initial Registration Statement with the Commission and ending on the date when the Commission declares the Initial Registration Statement effective, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities (other than a registration statement relating to a rights offering, or on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of or merger with any entity or business or equity securities issuable in connection with the Company's equity incentive or other employee benefit plans), and even if there is such an effective Registration Statement covering all of the Registrable Securities, in the event that such offering for its own account or the account of others is to be underwritten, then the Company shall deliver to each Holder a written notice of such determination, and if, within ten (10) days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall use its commercially reasonable efforts to include in such registration statement all or any part of any Registrable Securities such Holder requests to be registered. The Company shall have the right to postpone, terminate or withdraw any registration initiated by it under this Section 6(a) prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(b) The right of any Holder to registration pursuant to this Section 6 in connection with an underwritten offering shall be conditioned upon such Holder's participation in such underwriting and the inclusion of Registrable Securities in the underwriting to the extent provided herein. Each Holder proposing to distribute its securities through such underwriting shall (together with the Company and the other holders distributing their securities through such underwriting) enter into and perform such Holder's obligations under an underwriting agreement with the managing underwriter(s) selected for such underwriting by the Company or other holder of securities having the right to select such managing underwriter(s) (such underwriting agreement to be in the form negotiated by the Company). Notwithstanding any other provision of this Section 6, if the managing underwriter or underwriters of a proposed underwritten offering with respect to which Holders of Registrable Securities have exercised their piggyback registration rights advise the Board in writing that in its or their good faith opinion the number of Registrable Securities requested to be included in the offering thereby and all other securities proposed to be sold in the offering exceeds the number which can be sold in such underwritten offering without adversely affecting the success of such offering, in light of market conditions, the Registrable Securities and such other securities to be included in such underwritten offering shall be allocated, (i) first, up to the total number of securities that the Company has requested to be included in such registration, if such registration has been initiated by the Company, or that any other holder of securities has requested to be included in such registration, if such registration has been initiated by such other holder, (ii) second, and only if all the securities referred to in clause (i) have been included, all other securities proposed to be included in such offering by Holders and other holders with registration rights pursuant to the Prior Registration Rights Agreement (*pro rata* based upon the number of securities that each of them shall have so requested to be included in such offering), and (iii) third, and only if all the securities referred to in clauses (i) and (ii) have been included, all other securities proposed to be included in such offering by Holders and other holders with registration rights (*pro rata* based upon the number of securities that each of them shall have so requested to be included in such offering) that, in the opinion of the managing underwriter or underwriters, can be sold without having such adverse effect. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter (provided that, if the managing underwriter(s) have provided such Holder with written notice of the date on which the applicable Registration Statement will become effective no later than five (5) Business Days prior to such effectiveness date, such Holder's written notice of such election must be given at least three (3) Business Days prior to effectiveness of the applicable Registration Statement). Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration.

7. Rule 144 Compliance . With a view to making available to the Holders the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company shall:

(i) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to any Holder, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as such Holder may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

8. Miscellaneous .

(a) Remedies . The Company and each Holder agree that monetary damages may not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, subject to the limitations set forth elsewhere in this Agreement, in the event of a breach by the Company or by a Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, may be entitled to specific performance of its rights under this Agreement.

(b) Compliance . Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to the Registration Statement, and shall sell the Registrable Securities only in accordance with a method of distribution described in the Registration Statement

(c) Discontinued Disposition . By its acquisition of Registrable Securities, the Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c)(iii)-(vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the " ***Advice*** ") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) No Inconsistent Agreements . The Company has not entered, as of the date hereof, nor shall the Company, on or after the date hereof, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(e) Amendments and Waivers . The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, or waived unless the same shall be in writing and signed by the Company and Holders holding no less that a majority of the then outstanding Registrable Securities or, if such amendment, modification or supplement shall affect a Holder in a manner disproportionate from other Holders then the signature of such Holder shall be required, *provided* that any party may give a waiver as to itself. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; *provided* , *however,* that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(f) Notices . Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(g) Successors and Assigns . This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. The Company may not assign its rights (except by merger or in connection with another entity acquiring all or substantially all of the Company's assets) or obligations hereunder without the prior written consent of all the Holders of the then outstanding Registrable Securities. Each Holder may assign its respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement *provided* in each case that (i) the Holder agrees in writing with the transferee or assignee to assign such rights and related obligations under this Agreement, and for the transferee or assignee to assume such obligations, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein and (iv) the transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D.

(h) Execution and Counterparts . This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature were the original thereof.

(i) Governing Law . All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(j) Cumulative Remedies . Except as provided herein, the remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(k) Severability . If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their good faith reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings . The headings in this Agreement are for convenience only and shall not limit or otherwise affect the meaning hereof.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

CORINDUS VASCULAR ROBOTICS, INC.

By: _____

Name:
Title:

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

HOLDER: _____

AUTHORIZED SIGNATORY

By: _____
Name:
Title:

ADDRESS FOR NOTICE

c/o: _____

Street: _____

City/State/Zip: _____

Attention: _____

Tel: _____

Fax: _____

Email: _____

PLAN OF DISTRIBUTION

The selling stockholders and any of their pledgees, donees, transferees, assignees or other successors-in-interest may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices. The selling stockholders may use one or more of the following methods when disposing of the shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- through brokers, dealers or underwriters that may act solely as agents;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- through the writing or settlement of options or other hedging transactions entered into after the effective date of the registration statement of which this prospectus is a part, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;
- one or more underwritten offerings on a firm commitment or best efforts basis;
- a combination of any such methods of disposition; and
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended, or Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of common stock from time to time under this prospectus, or under a supplement or amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

Upon being notified in writing by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, we will file a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of such selling stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such shares of common stock were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon being notified in writing by the selling stockholder that a donee or pledge intends to sell more than 500 shares of common stock, we will file a supplement to this prospectus if then required in accordance with applicable securities law.

The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of the shares of common stock or interests in shares of common stock, the selling stockholders may enter into hedging transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of common stock short after the effective date of the registration statement of which this prospectus is a part and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions after the effective date of the registration statement of which this prospectus is a part with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

We have advised the selling stockholders that they are required to comply with Regulation M promulgated under the Securities Exchange Act during such time as it may be engaged in a distribution of the shares. The foregoing may affect the marketability of the common stock.

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. The selling stockholders reserve the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

We are required to pay all fees and expenses incident to the registration of the shares. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act or otherwise.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (a) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement, and (b) the date on which the shares of common stock covered by this prospectus may be sold by non-affiliates without any volume or manner of sale restrictions or current public information pursuant to Rule 144 of the Securities Act.

Annex B

CORINDUS VASCULAR ROBOTICS, INC.

SELLING STOCKHOLDER NOTICE AND QUESTIONNAIRE

The undersigned holder of shares of the common stock, par value $0.0001 per share, of Corindus Vascular Robotics, Inc. (the " ***Company*** ") understands that the Company intends to file with the Securities and Exchange Commission a registration statement on Form S-3, or if Form S-3 is not available, Form S-1 (the " ***Resale Registration Statemen t*** ") for the registration and the resale under Rule 415 of the Securities Act of 1933, as amended (the " ***Securities Act*** "), of the Registrable Securities in accordance with the terms of the Registration Rights Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

In order to sell or otherwise dispose of any Registrable Securities pursuant to the Resale Registration Statement, a holder of Registrable Securities generally will be required to be named as a selling stockholder in the related prospectus or a supplement thereto (as so supplemented, the " ***Prospectus*** "), deliver the Prospectus to purchasers of Registrable Securities (including pursuant to Rule 172 under the Securities Act) and be bound by the provisions of the Registration Rights Agreement (including certain indemnification provisions, as described below). Holders must complete and deliver this Notice and Questionnaire in order to be named as selling stockholders in the Prospectus.

Certain legal consequences arise from being named as a selling stockholder in the Resale Registration Statement and the Prospectus. Holders of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not named as a selling stockholder in the Resale Registration Statement and the Prospectus.

NOTICE

The undersigned holder (the " ***Selling Stockholder*** ") of Registrable Securities hereby gives notice to the Company of its intention to sell or otherwise dispose of Registrable Securities owned by it and listed below in Item (3), unless otherwise specified in Item (3), pursuant to the Resale Registration Statement. The undersigned, by signing and returning this Notice and Questionnaire, understands and agrees that it will be bound by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate and complete:

QUESTIONNAIRE

1. Name .

(a) Full Legal Name of Selling Stockholder:

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

_____

2. Address for Notices to Selling Stockholder:

Telephone:

Fax:

Contact Person:

E-mail address of Contact Person:

3. Beneficial Ownership of Registrable Securities:

(a) Type and Number of Registrable Securities beneficially owned:

_____

_____

_____

(b) Number of shares of Common Stock to be registered pursuant to this Notice for resale:

_____

_____

_____

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 4(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

Note: If yes, provide a narrative explanation below:

_____

_____

(d) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Beneficial Ownership of Other Securities of the Company Owned by the Selling Stockholder .

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and amount of other securities beneficially owned:

_____

_____

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

7. Plan of Distribution:

The undersigned has reviewed the form of Plan of Distribution attached as Annex A to the Registration Rights Agreement, and hereby confirms that, except as set forth below, the information contained therein regarding the undersigned and its plan of distribution is correct and complete.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the effective date of any applicable Resale Registration Statement. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing, by hand delivery, confirmed or facsimile transmission, first-class mail or air courier guaranteeing overnight delivery at the address set forth below. In the absence of any such notification, the Company shall be entitled to continue to rely on the accuracy of the information in this Notice and Questionnaire.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items (1) through (7) above and the inclusion of such information in the Resale Registration Statement and the Prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of any such Registration Statement and the Prospectus.

By signing below, the undersigned acknowledges that it understands its obligation to comply, and agrees that it will comply, with the provisions of the Exchange Act and the rules and regulations thereunder, particularly Regulation M in connection with any offering of Registrable Securities pursuant to the Resale Registration Statement. The undersigned also acknowledges that it understands that the answers to this Questionnaire are furnished for use in connection with Registration Statements filed pursuant to the Registration Rights Agreement and any amendments or supplements thereto filed with the Commission pursuant to the Securities Act.

The undersigned hereby acknowledges and is advised of the following Interpretation A.65 of the July 1997 SEC Manual of Publicly Available Telephone Interpretations regarding short selling:

"An Issuer filed a Form S-3 registration statement for a secondary offering of common stock which is not yet effective. One of the selling stockholders wanted to do a short sale of common stock "against the box" and cover the short sale with registered shares after the effective date. The issuer was advised that the short sale could not be made before the registration statement become effective, because the shares underlying the short sale are deemed to be sold at the time such sale is made. There would, therefore, be a violation of Section 5 if the shares were effectively sold prior to the effective date."

By returning this Questionnaire, the undersigned will be deemed to be aware of the foregoing interpretation.

I confirm that, to the best of my knowledge and belief, the foregoing statements (including, without limitation the answers to this Questionnaire) are correct.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner: _____

By: _____
Name:
Title:

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

- Corindus, Inc., a Delaware corporation and wholly-owned subsidiary
- Corindus Security Corporation, a Delaware corporation and wholly-owned subsidiary

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Post-Effective Amendment No. 3 to Form S-1 on Form S-3 No. 333-199498) of Corindus Vascular Robotics, Inc., and

(2) Registration Statement (Form S-8 Nos. 333-203107 and 333-206349) pertaining to the 2014 Stock Award Plan of Corindus Vascular Robotics, Inc.;

of our report dated March 15, 2017, with respect to the consolidated financial statements of Corindus Vascular Robotics, Inc. included in this Annual Report (Form 10-K) of Corindus Vascular Robotics, Inc. for the year ended December 31, 2016.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 15, 2017

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Mark J. Toland, certify that:

(1) I have reviewed this Annual Report on Form 10-K of Corindus Vascular Robotics, Inc.;

(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.

March 15, 2017

/s/ *Mark J. Toland*
Mark J. Toland
Chief Executive Officer and President
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, David W. Long, certify that:

(1) I have reviewed this Annual Report on Form 10-K of Corindus Vascular Robotics, Inc.;

(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.

March 15, 2017

/s/ David W. Long
David W. Long
Chief Financial Officer and Senior Vice
President Principal Financial and Accounting Officer

EXHIBIT 32.1

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 Annual Report of Corindus Vascular Robotics, Inc. (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark J. Toland, 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 to my knowledge:

(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.

March 15, 2017

/s/ Mark J. Toland
Mark J. Toland
Chief Executive Officer and President
Principal Executive Officer

A signed original of this certification 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. This certification shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

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 Annual Report of Corindus Vascular Robotics, Inc. (the "Company") on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David W. Long, 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 to my knowledge:

(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.

March 15, 2017

/s/ David W. Long
David W. Long
Chief Financial Officer and Senior Vice President
Principal Financial and Accounting Officer

A signed original of this certification 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. This certification shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.