

INVIVO THERAPEUTICS HOLDINGS CORP.  
Form DEF 14A  
April 25, 2017

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**InVivo Therapeutics Holdings Corp.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**One Kendall Square, Suite B14402  
Cambridge, MA 02139**

April 25, 2017

Dear InVivo Stockholder:

I am pleased to invite you to attend the 2017 Annual Meeting of Stockholders (the "Annual Meeting") of InVivo Therapeutics Holdings Corp., to be held on Tuesday, May 30, 2017 at 9 a.m., local time, at the Massachusetts Biotechnology Council, 1 Cambridge Center, Cambridge, Massachusetts.

Specific details regarding admission to the Annual Meeting and the business to be conducted at the Annual Meeting are more fully described in the accompanying Notice of Annual Meeting and proxy statement. We encourage you to carefully read these materials, as well as the enclosed Annual Report for the fiscal year ended December 31, 2016.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, I hope you will vote as soon as possible. You may vote via the Internet, by telephone, or if you received a paper copy of the proxy card, by completing and returning it in the envelope provided. Voting via the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting if you do not attend in person. Please review the instructions on the proxy card regarding each of these voting options.

Thank you for your continued support.

Sincerely,

Mark D. Perrin  
*Chief Executive Officer and Chairman of the Board*

**YOUR VOTE IS EXTREMELY IMPORTANT!**

**To ensure your representation at the Annual Meeting, please submit your proxy and voting instructions by completing, signing and dating the proxy card as promptly as possible and returning it in the enclosed envelope (to which no postage needs to be affixed if mailed in the United States), or by using one of the voting methods set forth in the attached proxy statement.**

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**INVIVO THERAPEUTICS HOLDINGS CORP.**

**One Kendall Square, Suite B14402  
Cambridge, MA 02139**

**NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On Tuesday, May 30, 2017**

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To Our Stockholders:

Notice is hereby given that the 2017 Annual Meeting of Stockholders (the "Annual Meeting") of InVivo Therapeutics Holdings Corp., a Nevada corporation, will be held on Tuesday, May 30, 2017 at 9 a.m., local time, at the Massachusetts Biotechnology Council, 1 Cambridge Center, Cambridge, Massachusetts, for the following purposes:

- (1) to elect three Class III directors, each for a three-year term, and one Class II director for a two-year term;
- (2) to approve the amendment of the corporation's Articles of Incorporation;
- (3) to ratify the selection by the Audit Committee of RSM US LLP as the corporation's independent registered public accounting firm for the fiscal year ending December 31, 2017; and
- (4) to transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed Thursday, April 13, 2017, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. Accordingly, only stockholders of record at the close of business on the record date will be entitled to notice of, and to vote at, the Annual Meeting, or any adjournments thereof.

All of our stockholders are cordially invited and encouraged to attend the Annual Meeting in person. To ensure your representation at the Annual Meeting, you are urged to vote your shares of common stock using one of the voting methods set forth in the attached proxy statement. Any stockholder attending the Annual Meeting may vote in person even if he or she previously submitted a proxy card. If your shares of common stock are held by a bank, broker, or other agent, please follow the instructions from your bank, broker, or other agent to have your shares voted.

By order of the Board of Directors,

Mark D. Perrin  
*Chief Executive Officer and Chairman of the Board*

Cambridge, Massachusetts  
April 25, 2017

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** This proxy statement, the Notice of Meeting and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (the "Annual Report"), are available on the Internet, free of charge, at <http://www.cstproxy.com/invivotherapeutics/2017>. On this website, you will be able to access this proxy statement, our Annual Report and any amendments or supplements to the foregoing materials that are required to be furnished to stockholders.

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## INVIVO THERAPEUTICS HOLDINGS CORP.

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### PROXY STATEMENT

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#### FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON TUESDAY, MAY 30, 2017

This proxy statement is being furnished to you in connection with the solicitation by the Board of Directors (the "Board") of InVivo Therapeutics Holdings Corp. (the "company," "we," "us," or "our") of proxies, in the accompanying form, to be used at our 2017 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, May 30, 2017 at 9 a.m., local time, at the Massachusetts Biotechnology Council, 1 Cambridge Center, Cambridge, Massachusetts, and any adjournment or postponement thereof. This proxy statement and the accompanying form of proxy are being mailed to stockholders on or about May 1, 2017.

**A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2016 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, EXCLUDING EXHIBITS, WILL BE FURNISHED WITHOUT CHARGE TO ANY SHAREHOLDER UPON WRITTEN REQUEST TO: INVESTOR RELATIONS DEPARTMENT, INVIVO THERAPEUTICS HOLDINGS CORP., ONE KENDALL SQUARE, SUITE B14402, CAMBRIDGE, MA 02139. EXHIBITS WILL BE PROVIDED UPON WRITTEN REQUEST AND PAYMENT OF AN APPROPRIATE PROCESSING FEE.**

#### Questions and Answers about Voting at the Annual Meeting and Related Matters

##### What am I voting on?

At the Annual Meeting, you will be asked to vote on the following three proposals. Our Board recommendation for each proposal is set forth below.

<b>Proposal</b>	<b>Board Recommendation</b>
(1) to elect three Class III directors, each to serve a three-year term expiring at the 2020 annual meeting, and one Class II director to serve a two-year term expiring at the 2019 annual meeting	<b>FOR</b> each Director Nominee
(2) to approve the amendment to our Articles of Incorporation	<b>FOR</b>
(3) to ratify the selection by the Audit Committee of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017	<b>FOR</b>

If other matters properly come before the Annual Meeting, the proxy holders will have the authority to vote on those matters on your behalf at their discretion. As of the date of this proxy statement, we are not aware of any matters that will come before the Annual Meeting other than those disclosed in this proxy statement.

##### Who can vote?

Holders of record of our common stock at the close of business on April 13, 2017, are entitled to vote at the Annual Meeting. As of April 13, 2017, there were 32,154,376 shares of our common stock issued and outstanding. Each share of common stock issued and outstanding is entitled to one vote.

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**What constitutes a quorum, and why is a quorum required?**

We are required to have a quorum of stockholders present to conduct business at the Annual Meeting. The presence, in person or by proxy, of stockholders, holding a majority of the shares of our common stock issued and outstanding and entitled to vote at the Annual Meeting constitutes a quorum, permitting us to transact business at the Annual Meeting. Abstentions and broker non-votes are counted as present for purposes of determining a quorum. If we do not have a quorum, we will be forced to adjourn the Annual Meeting to a later date.

**What is the difference between a stockholder of record and a beneficial owner?**

If your shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the "stockholder of record" with respect to those shares.

If your shares are held by a brokerage firm, bank, trustee or other nominee, you are considered the "beneficial owner" of shares held in street name. This proxy statement and our Annual Report have been forwarded to you by your nominee who is considered the "stockholder of record" with respect to those shares. As the beneficial owner, you have the right to direct your nominee how to vote your shares by using the voting instruction form included in the mailing.

**How do I vote my shares?**

*Stockholder of Record*

If your shares are registered directly in your name, you may vote:

*By mail.* Complete and mail the enclosed proxy card in the enclosed postage-prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board. Your proxy card must be mailed by the date shown on the proxy card to be counted.

*Via the Internet.* You may vote via the Internet by going to <http://www.cstproxyvote.com> and following the on-screen instructions. Please have your proxy card available when you access the web page. Your vote must be received by 7:00 p.m., Eastern Daylight Time, on May 29, 2017, to be counted.

*By Telephone.* You may vote over the telephone by calling toll-free 1-866-894-0537 in the U.S. or Canada and following the recorded instructions. Please have your proxy card available when you call. Your vote must be received by 7:00 p.m., Eastern Daylight Time, on May 29, 2017, to be counted.

*In Person at the Annual Meeting.* If you attend the Annual Meeting, you may deliver your completed proxy card in person, or you may vote by completing a ballot, which will be available at the Annual Meeting.

*Beneficial Owner of Shares Held in Street Name*

If you hold shares in street name, the organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. The stockholder of record will provide you with instructions on how to vote your shares. Internet and telephone voting will be offered to stockholders owning shares through most banks and brokers. Additionally, if you would like to vote in person at the Annual Meeting, contact the broker or other nominee who holds your shares to obtain a legal proxy from the broker or other nominee, and bring it with you to the Annual Meeting. Please contact your broker or other nominee for instructions regarding obtaining a legal proxy. You will not be

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able to vote at the Annual Meeting if you hold shares in street name unless you have obtained a legal proxy from your broker.

**What vote is required to approve each proposal?**

The affirmative vote of a plurality of the votes cast at the Annual Meeting is required for Proposal No. 1, the election of the Class II and Class III directors. The affirmative vote of the holders of a majority of the voting rights of our outstanding common stock is required for Proposal No. 2, the approval of an amendment to our Articles of Incorporation. For Proposal No. 3, the ratification of RSM US LLP as our independent registered public accounting firm, the number of votes cast at the Annual Meeting in favor of the proposal must exceed the number of votes cast in opposition to such proposal in order for the proposal to be approved.

**What if I sign and return my proxy without making any selections?**

If you sign and return your proxy without making any selections, your shares will be voted as recommended by the Board. If other matters properly come before the Annual Meeting, the proxy holders will have the authority to vote on those matters for you at their discretion. As of the date of this proxy statement, we are not aware of any matters that will come before the meeting other than those disclosed in this proxy statement.

**What if I am a beneficial owner and I do not give the nominee voting instructions?**

Brokerage firms have the authority to vote shares for which their customers do not provide voting instructions on certain "routine" matters. A broker non-vote occurs when a nominee who holds shares for another does not vote on a particular item because the nominee does not have discretionary voting authority for that item and has not received instructions from the beneficial owner of the shares. Broker non-votes are included in the calculation of the number of votes considered to be present at the Annual Meeting for purposes of determining the presence of a quorum but are not counted as shares present and entitled to be voted with respect to a matter on which the nominee has expressly not voted. Other than Proposal No. 1, the election of the Class II and Class III directors, all of the proposals described in this proxy statement relate to "routine" matters. As a result, without your voting instructions, a broker will be able to vote your shares with respect to Proposals 2 and 3, but will not be able to vote your shares with respect to Proposal 1.

**What if I abstain or withhold authority to vote on a proposal?**

On Proposal No. 1, the election of the Class II and Class III directors, votes withheld for a particular director nominee will have no effect on the outcome of the election of directors because directors are elected by a plurality of the votes cast. On Proposal No. 2, the approval of an amendment to our Articles of Incorporation, if you sign and return your proxy marked "ABSTAIN," it will have the same effect as a vote "AGAINST" the proposal, because the proposal requires the affirmative vote of a majority of the voting rights of our outstanding common stock. On Proposal No. 3, if you sign and return your proxy marked "ABSTAIN", your shares will not be voted on that proposal and will not be counted as votes cast with regard to that proposal and, accordingly, will have no effect on the voting on the ratification of our independent registered public accounting firm.

**What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, it means that you hold shares of our common stock in more than one account. To ensure that all your shares are voted, sign and return each proxy card. Alternatively, if you vote by telephone or via the Internet, you will need to vote once for each proxy card you receive.



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**Can I change my vote after I have mailed a signed proxy card?**

If you are the stockholder of record, you can change your vote at any time before your proxy is voted at the Annual Meeting by the following means:

You can send the company's Secretary a written notice stating that you revoke your earlier-dated proxy.

If you signed and returned a proxy card by mail and want to change your vote, you can complete, sign, date and deliver a new proxy card, dated a later date than the first proxy card.

If you submitted your proxy by telephone or via the Internet, you may change your vote or revoke your proxy with a later telephone or Internet proxy, as the case may be. Your new vote must be received by 7:00 p.m., Eastern Daylight Time, on May 29, 2017, to be counted.

You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not, however, by itself revoke your proxy. *Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions or vote by telephone or via the Internet so that your vote will be counted if you later decide not to attend the Annual Meeting.*

If you hold your shares in "street name" and have instructed your broker, bank, or other agent to vote your shares for you, you must follow the directions received from your broker, bank, or another agent to change those instructions.

**Who can attend the Annual Meeting?**

Only stockholders and our invited guests are invited to attend the Annual Meeting. To gain admittance, you must bring a form of personal identification to the meeting, where your name will be verified against our stockholder list. If a broker or other nominee holds your shares and you plan to attend the Annual Meeting, you should bring a recent brokerage statement showing your ownership of the shares as of the record date or a letter from the broker or other nominee confirming such ownership, and a form of personal identification.

**If I plan to attend the Annual Meeting, should I still vote by proxy?**

Yes. Casting your vote in advance does not affect your right to attend the Annual Meeting. If you vote in advance and also attend the Annual Meeting, you do not need to vote again at the Annual Meeting unless you want to change your vote. Written ballots will be available at the meeting for stockholders of record. Beneficial owners who wish to vote in person must request a legal proxy from the broker or other nominee and bring that legal proxy to the Annual Meeting.

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**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Our Board currently consists of seven directors serving on a classified board, consisting of three classes. The directors in each class serve a three-year term. The terms of each class expire at successive annual meetings so that the stockholders elect one class of directors at each annual meeting. Directors appointed due to an increase in the size of the Board may be filled by the Board for a term of office continuing only until the next election of directors by the company's stockholders. Ms. Morrison was elected to our Board in 2016 in connection with an increase in the size of our Board and therefore is a nominee for election at this Annual Meeting and will serve until the end of the Class II term in 2019 or until her successor is duly elected and qualified.

Upon the recommendation of the Nominating and Corporate Governance Committee of the Board, the Board has nominated each of Mark D. Perrin, C. Ann Merrifield and Jeffrey S. Hatfield for election as a Class III director, and Christina Morrison for election as a Class II director. Each of Messrs. Perrin and Hatfield and Meses. Merrifield and Morrison have agreed to stand for election and to serve if elected. If any of Messrs. Perrin or Hatfield or Meses. Merrifield or Morrison should become unable to accept election, the persons named on the proxy card as proxies may vote for another person selected by the Board. Management has no reason to believe that any of Messrs. Perrin or Hatfield or Mss. Merrifield or Morrison will be unable to serve. Each nominee for election at the Annual Meeting is a current member of our Board of Directors.

Biographical and certain other information concerning our director nominees and our directors continuing in office is set forth below. No director or executive officer is related by blood, marriage or adoption to any other director or executive officer.

**Information as to our Board of Directors and Nominees**

**Nominee for Class II Director with Term to Expire at the 2019 Annual Meeting**

**Christina Morrison**, 50, has served as a director of our company since June 2016. Ms. Morrison most recently served as the Senior Vice President of Finance of Aramark, a foodservice, facilities and uniform services provider, from June 2013 until July 2016. Prior to joining Aramark, Ms. Morrison was Senior Vice President of Business and Financial Planning at Merck & Co., Inc., a publicly traded pharmaceutical company, from November 2009 to June 2013. Before that, Ms. Morrison spent five years at Wyeth Pharmaceuticals, a publicly traded pharmaceutical company, serving in a number of leadership roles including Senior Vice President and Chief Financial Officer of the pharmaceutical division. Ms. Morrison holds an M.B.A. from the Tuck School of Business at Dartmouth College and a B.S. in Economics from the Wharton School at the University of Pennsylvania. Ms. Morrison brings to our Board significant financial experience and a decade of experience in the pharmaceutical industry.

**Nominees for Class III Directors with Terms to Expire at the 2020 Annual Meeting**

**Mark D. Perrin**, 60, has served as a director of our company and our Chief Executive Officer since January 2014 and was appointed Chairman of the Board in February 2015. Prior to joining our company, Mr. Perrin served as President of Dennon Consulting, a biotech consulting firm, from June 2012 to December 2013. From November 2005 to October 2010, Mr. Perrin was President and Chief Executive Officer of ConjuChem Biotechnologies, Inc., a company developing long-acting conjugated peptide therapeutics. In 2010, ConjuChem filed a voluntary assignment in bankruptcy under the Canadian Bankruptcy and Insolvency Act in order to effect an orderly liquidation of its assets, property, and operations. Prior to joining ConjuChem, Mr. Perrin was Executive Vice President and Chief Commercial Officer of Orphan Medical, Inc. from 2002 to 2005, when it was acquired by Jazz Pharmaceuticals. From 1995 to 2001, he was Executive Vice President, Commercial Operations of

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COR Therapeutics, Inc., where he created and developed sales, marketing, and manufacturing functions for the emerging company. Before that, he served as Vice President of Marketing and Sales for Burroughs Wellcome Company where he headed all commercial operations in the United States from 1992 to 1995. Mr. Perrin holds an M.B.A. in Marketing and International Business from the Kellogg Graduate School of Management at Northwestern University and a B.S. in Economics from Fordham University. Mr. Perrin brings to the Board extensive management experience in the biotechnology industry and, as our Chief Executive Officer, he provides the Board with insight into the day-to-day operations of our company.

**C. Ann Merrifield**, 65, has been a director of our company since November 2014. She also serves as a director of Flexion Therapeutics, a public biotechnology company and Juniper Pharmaceuticals, a specialty pharmaceutical company. Ms. Merrifield most recently served as President, Chief Executive Officer, and a director of PathoGenetix, Inc., a genomics company focused on developing an automated system for rapid bacterial identification, from 2012 until July 2014 when the company filed for Chapter 7 bankruptcy. Prior to then, she spent 18 years at Genzyme Corporation, serving in a number of leadership roles including President of Genzyme Biosurgery, President of Genzyme Genetics and Senior Vice President, Business Excellence. Ms. Merrifield also serves as trustee and director on several boards including Partners Continuing Care, the post-acute care services division of Partners HealthCare; the YMCA of Greater Boston; and MassMutual Premier, MML, and Select/MML II Funds. She holds a B.A. in zoology and a Master of Education from the University of Maine, and an M.B.A. from the Tuck School of Business at Dartmouth College. Ms. Merrifield brings to our Board an invaluable amount of experience and expertise over her long career in the life sciences industry.

**Jeffrey S. Hatfield**, 59, has been a director of our company since November 2016. He most recently served as President, Chief Executive Officer and Board Member of Vitae Pharmaceuticals, Inc., a pharmaceutical company. He served in those capacities from March 2004 until September 2016, when Allergan Plc entered into a definitive agreement to purchase Vitae Pharmaceuticals. Prior to joining Vitae Pharmaceuticals, Mr. Hatfield worked at Bristol-Myers Squibb, a biopharmaceutical company, which he joined in 1985. While at Bristol-Myers Squibb, Mr. Hatfield held a variety of executive positions, including Senior Vice President of Bristol-Myers Squibb's Virology and Immunology Divisions from 2000 to 2004; President and General Manager, Canada from 1997 to 2000; and Vice President, U.S. Managed Health Care from 1996 to 1997. In 2014, Mr. Hatfield became a director of Ambit Biosciences, a biopharmaceutical company. Mr. Hatfield holds an M.B.A. from The Wharton School, University of Pennsylvania and received a bachelor's degree in Pharmacy from Purdue University. Mr. Hatfield brings to our Board extensive experience in general management and over 30 years of experience in the biopharmaceutical industry.

**Continuing Class II Director with Term Expiring at the 2019 Annual Meeting**

**Daniel R. Marshak, Ph.D.**, 60, has been a director of our company since September 2014. He most recently served as Senior Vice President and Chief Scientific Officer for PerkinElmer, Inc., a human and environmental health company, until September 2014. Prior to joining PerkinElmer in 2006, Dr. Marshak was Vice President and Chief Technology Officer, Biotechnology, for Cambrex Corporation. Dr. Marshak has received numerous awards for scientific and academic achievements and is named as inventor on six issued U.S. patents. He currently serves on the International Society for Stem Cell Research Global Advisory Council and served on its board of directors from July 2008 to June 2014. Dr. Marshak is the author of more than 100 scientific publications, including one textbook, and has been the editor of five monographs. He recently held an appointment as Adjunct Associate Professor at the Johns Hopkins University School of Medicine and previously taught graduate biochemistry as an Assistant Professor at the State University of New York. Dr. Marshak received his B.A. degree in biochemistry and molecular biology from Harvard University, and he holds a Ph.D. in biochemistry and cell biology from The Rockefeller University. Dr. Marshak brings to our Board

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extensive industry experience and a deep understanding of the science and technology behind our business.

**Continuing Class I Directors with Terms Expiring at the 2018 Annual Meeting**

**Kenneth DiPietro**, 58, has been a director of our company since December 2012. Mr. DiPietro has served as Executive Vice President, Human Resources of Biogen, Inc., a publicly-traded biotechnology company, since January 2012. Mr. DiPietro joined Biogen from Lenovo Group, where he served as Senior Vice President, Human Resources from May 2005 until June 2011. From 2003 to 2005, he served as Corporate Vice President, Human Resources at Microsoft Corporation, and as Vice President, Human Resources at Dell Inc. from 1999 to 2002. Prior to that, he spent 17 years at PepsiCo, serving in a range of human resource and general management positions. Mr. DiPietro holds a B.S. degree in Industrial and Labor Relations from Cornell University. As a human resources senior executive, Mr. DiPietro brings broad cultural transformation, organizational development and corporate re-engineering experience to our Board.

**Richard J. Roberts, Ph.D.**, 73, has been a director of our company since October 2010 and a director of InVivo Therapeutics Corporation, our wholly-owned subsidiary, since November 2008. Dr. Roberts initially joined InVivo Therapeutics Corporation's Scientific Advisory Board in June 2007 and continued as a member of our Scientific Advisory Board. He has served as Chief Scientific Officer at New England Biolabs, a life sciences company, since February 2007. Dr. Roberts was awarded the 1993 Nobel Prize in Physiology of Medicine along with Phillip Allen Sharp for the discovery of introns in eukaryotic DNA and the mechanism of gene-splicing. He holds a B.Sc. in Chemistry and a Ph.D. in Organic Chemistry from the University of Sheffield, U.K. Dr. Roberts brings the Board his significant experience and understanding of the science and technology involved in our business.

**Vote Required**

The affirmative vote of a plurality of the votes cast by the holders of our common stock, present or represented by proxy at the Annual Meeting and entitled to vote, is required for the election of our director nominees.

**OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE CLASS II AND CLASS III DIRECTOR NOMINEES.**

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**CORPORATE GOVERNANCE**

**Director Independence**

Rule 5605 of the NASDAQ Listing Rules requires a majority of a listed company's board of directors to be comprised of independent directors within one year of listing. In addition, the NASDAQ Listing Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent, that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and that compensation committee members also satisfy heightened independence requirements contained in the NASDAQ Listing Rules as well as Rule 10C-1 under the Exchange Act. Under Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of our Board, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board, or any other Board committee, accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries or otherwise be an affiliated person of the listed company or any of its subsidiaries. When determining the independence of the members of our compensation committee under the heightened independence requirements contained in the NASDAQ Listing Rules and Rule 10C-1, our Board is required to consider all factors specifically relevant to determining whether a director has a relationship with us that is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (1) the source of compensation of that director, including any consulting, advisory or other compensatory fee paid by us to that director; and (2) whether that director is affiliated with our company, a subsidiary of our company or an affiliate of a subsidiary of our company.

Our Board has reviewed the composition of our Board and its committees and the 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 has determined that each of our directors, other than Mr. Perrin, is an "independent director" as defined under Rule 5605(a)(2) of the NASDAQ Listing Rules. Our Board reached a similar determination with respect to John A. McCarthy, Jr., who served as a director until May 2016.

Our Board also determined that Ms. Morrison, Mr. Hatfield, Dr. Marshak, and Ms. Merrifield, who comprise our audit committee, and Mr. DiPietro, Mr. Hatfield, Dr. Marshak and Dr. Roberts, who comprise our compensation committee, satisfy the independence standards for such committees established by the Securities and Exchange Commission ("SEC") and the NASDAQ Listing Rules, as applicable. In making such determinations, our Board considered the relationships that each such non-employee director has with our company and all other facts and circumstances our Board deemed relevant in determining independence, including the beneficial ownership of our capital stock by each non-employee director.

**Board Meetings and Attendance**

The Board held nine meetings during 2016. Each director attended at least 75% of the total (i) regular Board meetings held during the period for which he or she was a director and (ii) meetings of the committee(s) of our Board on which he or she served (during the periods that he or she served). Our directors are encouraged, but not required, to attend our Annual Meeting of Stockholders. All of our directors then serving on the Board were in attendance at our 2016 Annual Meeting of Stockholders. We expect that all of our directors will attend this Annual Meeting.

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**Board Leadership Structure**

Our Chief Executive Officer, Mr. Perrin, also serves as the Chairman of the Board. Mr. Perrin has served as our Chief Executive Officer since January 2014 and was appointed Chairman of the Board in February 2015. The Board believes this leadership structure is currently serving our company well and intends to maintain the combined roles of Chairman and Chief Executive Officer, along with a lead independent director, where appropriate and practicable. The decision to combine the positions of Chief Executive Officer and Chairman of the Board was made to promote consistent and unified leadership, timely decision-making, strategy development, and execution. In June 2015, our Board appointed Ms. Merrifield as our independent Lead Director.

Our Board believes that the independent directors provide effective oversight of management. Moreover, in addition to feedback provided during the course of Board meetings, the independent directors have regular executive sessions. Our independent Lead Director acts as a liaison between the independent directors and the Chairman regarding any specific feedback or issues, provides the Chairman with input regarding agenda items for Board and committee meetings and coordinates with the Chairman regarding information to be provided to the independent directors in performing their duties. Our Board believes that this approach complements the combined Chairman/Chief Executive Officer structure.

The Board does not have a formal policy on whether the positions of Chairman and Chief Executive Officer should be separate and continues to believe that there is no uniform solution for a board leadership structure. The company has at times separated the positions of Chairman and Chief Executive Officer and at times combined the two. Our Board will periodically review the optimal leadership structure of the Board and believes that the right structure should be informed by the needs and circumstances of our company, the Board and our stockholders.

**Board Committees**

The Board has designated three principal standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee.

*Audit Committee*

The Audit Committee assists the Board in fulfilling its responsibilities concerning our financial reporting and internal controls. The Audit Committee facilitates open communication among the Audit Committee, the Board, our independent auditor, and management. The Audit Committee discusses with management and our independent auditor the financial information developed by us, our systems of internal controls and our audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining, and, where necessary, terminating the engagement of our independent auditor. The independent auditor meets with the Audit Committee (both with and without the presence of our management) to review and discuss various matters pertaining to the audit, including our financial statements and its report on the company's financial statements and internal controls, as well as the scope and terms of the work of our independent auditor and its recommendations concerning the financial practices, controls, procedures and policies employed by our company. The current members of our Audit Committee are Ms. Morrison (Chairwoman), Mr. Hatfield, Dr. Marshak, and Ms. Merrifield. The Audit Committee held four meetings in 2016.

The Audit Committee pre-approves all audit services to be provided to us by our independent auditor and all other services (including reviewing, attestation and non-audit services) to be provided to us by the independent auditor.

The Audit Committee is also charged with establishing procedures for (i) the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls or

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auditing matters; and (ii) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. The Audit Committee reviews and oversees all related party transactions on an ongoing basis. The Audit Committee is authorized, without further action by the Board, to engage independent professional advisers and counsel as it deems necessary or appropriate to carry out its responsibilities. The Board has adopted a written charter for the Audit Committee, which is reviewed annually and a copy of which is available on the "Corporate Governance" page of the "Investor Relations" section of our website at [www.invivotherapeutics.com](http://www.invivotherapeutics.com).

The Board has determined that Ms. Morrison is an "audit committee financial expert," as defined in Item 407(d)(5) of Regulation S-K.

***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee is charged with the responsibility of reviewing our corporate governance policies, overseeing the annual review of succession planning by the Board and with proposing potential director nominees to the Board for consideration. The Board has adopted a written charter for the Nominating and Corporate Governance Committee, which is reviewed annually and a copy of which is available on the "Corporate Governance" page of the "Investor Relations" section of our website at [www.invivotherapeutics.com](http://www.invivotherapeutics.com).

The current members of our Nominating and Corporate Governance Committee are Ms. Merrifield (Chairwoman), Mr. DiPietro, Dr. Roberts and Ms. Morrison. The Nominating and Corporate Governance Committee held four meetings in 2016.

***Process for Stockholder Nominations***

The Nominating and Corporate Governance Committee will consider director nominees recommended by security holders pursuant to our company's Policy Governing Director Nominations and Stockholder-Board Communications, which policy is reviewed by the Nominating and Corporate Governance Committee annually, a copy of which is available on the "Corporate Governance" page of the "Investor Relations" section of our website. To recommend a nominee, please write to the Nominating and Corporate Governance Committee, InVivo Therapeutics Holdings Corp., One Kendall Square, Suite B14402 Cambridge, MA 02139, Attn: Chair, Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee has established a set of criteria by which it will seek to evaluate candidates to serve on our Board. The evaluation includes selection based on criteria including factors such as experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the company, high standards of personal and professional integrity, demonstrated business judgment, complimentary skill sets that can add to the functionality and collaboration with the current Board members, independence, knowledge of our company generally, age and dedication to the success of the company. While the value of diversity is considered, it would not be weighted any more or less in any evaluation process than any other criteria. The Nominating and Corporate Governance Committee will assess all director nominees using the same criteria and does not distinguish Board candidates based on whether the candidate is recommended by a stockholder of the company. In 2016, we retained a third-party search firm to assist in the identification and evaluation of potential Board members. Ms. Morrison and Mr. Hatfield were each recommended as a director candidate to the Nominating and Corporate Governance Committee by the search firm. The Nominating and Corporate Governance Committee conducted an evaluation of each of Ms. Morrison and Mr. Hatfield and recommended their selection to the Board. During 2016, we did not receive any director nominee suggestions from stockholders. Stockholder recommendations for nomination must be in writing and include the following:

the name and address of the stockholder making the recommendation;

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the number of shares of our common stock that such stockholder owns beneficially and holds of record;

the name and address of the individual recommended for consideration as a director nominee;

the principal occupation and experience of the director nominee;

the total number of shares of our common stock that the stockholder making the recommendation will vote for the director nominee;

a written statement from the stockholder making the recommendation stating whether the director nominee has indicated his or her willingness to serve if elected and why such recommended candidate would be able to fulfill the duties of a director; and

any other information regarding the director nominee that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

***Compensation Committee***

The Compensation Committee reviews and recommends compensation arrangements for our directors, management, and employees and also assists the Board in reviewing and approving matters such as company benefits and insurance plans, including monitoring the performance thereof, as discussed in more detail below under "Compensation Discussion and Analysis." The Board has adopted a written charter for the Compensation Committee, which is reviewed annually and a copy of which is available on the "Corporate Governance" page of the "Investor Relations" section of our website at [www.invivotherapeutics.com](http://www.invivotherapeutics.com).

The Compensation Committee is authorized under its charter to retain consultants to assist it in the evaluation of executive compensation and to approve the fees and other retention terms for its consultants. The Compensation Committee has retained Pearl Meyer & Partners ("Pearl Meyer") as a compensation consultant to review our compensation programs and provide advice to the Compensation Committee with respect to executive compensation. Pearl Meyer does not provide any other services to InVivo. The Committee annually reviews the independence of the consultant's work under rules adopted by the SEC and NASDAQ and found no conflicts. As appropriate, the Compensation Committee also looks to our human resources department to support the Compensation Committee in its work and to provide necessary information.

The current members of our Compensation Committee are Mr. DiPietro (Chairman), Mr. Hatfield and Drs. Marshak and Roberts. The Compensation Committee held six meetings in 2016.

**Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee was at any time during 2016 or at any other time an officer or employee of our company. None of our executive officers serves as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or the Compensation Committee.

**Risk Management Oversight**

The Board takes an active role, as a whole and at the committee level, in overseeing management of our company's risks. Generally, the Board, with the assistance of its committees, is involved in overseeing our major risk exposures and monitors and assesses those risks in reviews with management and with our outside advisors and independent registered public accounting firm. The Audit Committee reviews regulatory risk, operational risk, and enterprise risk, particularly as they relate to financial reporting, on a regular basis with management and our independent registered public accounting firm. The Nominating and Corporate Governance Committee oversees the Board's annual review of our





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succession planning. The Compensation Committee monitors compensation policies and compensation-related risks by review with management and outside advisors.

**Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics, as amended, that applies to all employees, officers, and directors of our company, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. Our Code of Business Conduct and Ethics is available on the "Corporate Governance" page of the "Investor Relations" section of our website at [www.invivotherapeutics.com](http://www.invivotherapeutics.com). A copy of our Code of Business Conduct and Ethics can also be obtained free of charge by contacting our Secretary, c/o InVivo Therapeutics Holdings Corp., One Kendall Square, Suite B14402, Cambridge, MA 02139. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on our website.

**Stockholder Communications to the Board**

All communications to our Board, our Board committees or any individual director, must be in writing and addressed to our Secretary, c/o InVivo Therapeutics Holdings Corp., One Kendall Square, Suite B14402, Cambridge, MA 02139. All communications will be reviewed by the Secretary and, unless otherwise indicated in such communication, submitted to the Board or an individual director, as appropriate.

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Our director compensation policy in place in 2016 provided for the following compensation to our non-employee directors:

an annual retainer of \$35,000 per year, paid quarterly, to each non-employee director;

an annual retainer of \$15,000, paid quarterly, to the Audit Committee chairperson, and an annual retainer of \$7,500, paid quarterly, to each member of the Audit Committee of the Board;

an annual retainer of \$10,000, paid quarterly, to the Compensation Committee chairperson, and an annual retainer of \$5,000, paid quarterly, to each member of the Compensation Committee of the Board;

an annual retainer of \$7,500, paid quarterly, to the Nominating and Corporate Governance Committee chairperson, and an annual retainer of \$3,750, paid quarterly, to each member of the Nominating and Corporate Governance Committee of the Board; and

an annual retainer to be paid to the independent Lead Director of \$15,000, paid quarterly.

Non-employee directors are reimbursed for reasonable travel expenses in connection with attendance at meetings of the Board or any of its committees that are conducted in person and other activities directly related to the service to the company.

Each non-employee director also receives an annual grant of a stock option to purchase 12,500 shares of our common stock at an exercise price equal to the closing price of our common stock on the date of grant. The options vest in 12 equal installments on each monthly anniversary of the date of grant until fully vested on the first anniversary of the date of grant, provided that such director remains a director of our company on each such vesting date. The 2016 annual grant to each non-employee director was made on January 18, 2017. In addition, each newly elected or appointed non-employee director receives an initial grant of an option to purchase 25,000 shares of the company's common stock at an exercise price equal to the closing price of our common stock on the date of grant, in the Board's discretion. The option vests in 24 equal installments on each monthly anniversary of the date of grant until fully vested on the second anniversary of the date of grant, provided that such director remains a director of our company on each such vesting date.

*2016 Director Compensation*

The following table sets forth the compensation of our non-employee directors for 2016. Mr. Perrin, as an employee, does not receive any compensation as a director. For information on Mr. Perrin's compensation, see "Executive Compensation" below.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Option Awards (\$)(1)(2)</b>	<b>Total (\$)</b>
Kenneth DiPietro	48,314		48,314
Daniel Marshak	45,500		45,500
C. Ann Merrifield	63,000		63,000
John McCarthy(3)	20,754		20,754
Richard Roberts	43,939		43,939
Christina Morrison(4)	29,167	136,809	165,976
Jeffrey Hatfield(5)			