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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 2, 2017

T2 BIOSYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-36571**	**20-4827488**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

101 Hartwell Avenue, Lexington, Massachusetts 02421
(Address of principal executive offices, including Zip Code)

(781) 761-4646
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02 Results of Operations and Financial Condition

On November 2, 2017, T2 Biosystems, Inc. (the "Company") issued a press release announcing its financial results for its fiscal quarter ended September 30, 2017 and held a conference call to discuss those results. A copy of the Company's press release and a copy of the transcript of the conference call are furnished with this report as Exhibits 99.1 and 99.2, respectively.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 and Exhibits 99.1 and 99.2 of this Current Report on Form 8-K are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, such information, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly stated by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release issued November 2, 2017
99.2	Transcript of conference call held by T2 Biosystems, Inc. on November 2, 2017

SIGNATURES

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

Date: November 7, 2017

T2 BIOSYSTEMS, INC.

By: /s/ Darlene Deptula-Hicks
Darlene Deptula-Hicks
SVP and Chief Financial Officer

Exhibit 99.1

T2 Biosystems Reports Third Quarter 2017 Financial Results and Provides Company Update

Submitted 510(k) Application to the FDA Requesting Market Clearance for T2Bacteria Panel
Year over Year Quarterly Product Revenue Growth of 27.4%

LEXINGTON, Mass., November 2, 2017 (GLOBE NEWSWIRE) — T2 Biosystems, Inc. (NASDAQ:TTOO), an emerging leader in the development of innovative diagnostic products to improve patient health, announced today operating highlights and financial results for the third quarter ended September 30, 2017.

Third Quarter Business and Financial Performance Highlights:

- Reported third quarter total revenue of $1.1 million, in line with guidance. Product revenue of $739,000, was a $159,000 or 27.4% increase from the third quarter of 2016.
- Submitted 510(k) application to the FDA requesting market clearance for T2Bacteria® Panel; continue to plan for FDA clearance as early as year-end.
- Secured contracts with seven new hospitals internationally primarily for initial implementation of the T2Candida® Panel and three hospitals in the US for the T2Bacteria Research Use Only Panel, that could provide access to an estimated 58,000 additional patients annually considered to be at high risk for sepsis infections.
- Featured in seven sessions at IDWeek 2017 highlighting the positive impact of T2Candida and potential impact of T2Bacteria, including a session highlighting the potential benefits of the T2Bacteria Panel within the emergency department.
- Henry Ford Health System published a study in the *Journal of Antimicrobial Stewardship* assessing the benefit and value of the rapid diagnostic result obtained with the T2Candida Panel.
- Announced a partnership with the Centers for Disease Control and Prevention (CDC) describing a new effort to use the T2Dx® Instrument and the *Candida auris* Investigational Use Only Panel to rapidly detect the superbug *Candida auris.*
- Commenced a partnership with the biotechnology company Cidara Therapeutics to use the T2Dx Instrument along with the T2Candida Panel as a means of accelerating patient enrollment in their Phase 3 clinical trial evaluating its lead antifungal compound.
- Closed equity financing raising $20.1 million in gross proceeds to fund continued research and development of T2 Biosystems pipeline and commercialization of the T2Sepsis Solution™.

“Our operating progress in the third quarter was one of the best we have had,” said John McDonough, president and chief executive officer of T2 Biosystems. “We completed the T2Bacteria Panel FDA filing for market clearance, closed two exciting new partnerships – one with the CDC for the detection of the *Candida auris* superbug and the other with Cidara to facilitate clinical trial recruitment, both of which could lead to new revenue opportunities for the company, and closed a $20.1 million gross equity financing. Total company revenue was in line with our guidance while product revenue was slightly behind, due to orders received late in the quarter that could not be shipped by quarter end.”

Third Quarter Financial Results:

Total revenue for the third quarter of $1.1 million increased 2% over the third quarter of 2016 and 15.8% over the second quarter of this year. Product revenue for the third quarter of 2017 was up 27.4% from the third quarter of 2016 while growing slightly from the second quarter of this year. Product revenue was negatively impacted by an order received late in the quarter that could not be shipped in the third quarter. Research revenue in the third quarter of 2017 of $369,000 exceeded our guidance of less than $100,000, however declined year over year by $135,000 as expected, primarily due to a decline in revenue recognized from our co-development agreement with Canon U.S. Life Sciences.

Operating expenses, excluding cost of product revenue, in the third quarter decreased sequentially from the second quarter of 2017 by $1.4 million and increased $304,000 to $11.4 million, from $11.1 million in the third quarter of 2016. The quarterly year-over-year increase in operating expense was primarily driven by a $680,000 increase in research and development expenses, offset by a $376,000 reduction in SG&A expenses.

Net loss attributable to common shareholders for the third quarter of 2017 was $14.1 million, or $0.45 per basic and diluted share, compared to a net loss of $12.8 million or $0.51 per basic and diluted share in the same period of the prior year.

Cash and cash equivalents as of September 30, 2017 was $52.9 million and reflects the equity financing completed in September which raised an additional $18.8 million in net proceeds which, together with the additional remaining liquidity on the Company's term loan of up to $10 million, should extend the company's cash runway into the first half of 2019.

Outlook for Remainder of 2017:

The company is updating guidance for 2017, as follows:

- The company reaffirms expectations regarding the timeframe for FDA clearance of the T2Bacteria Panel and continues to prepare for the commercial launch of the T2Bacteria Panel in the U.S. as early as year-end, pending market clearance by the FDA.
- Total revenue in the fourth quarter is expected to be in the range of $1.1 million to $1.3 million. Fourth quarter 2017 product revenue is expected to be in the range of $1.0 million to $1.2 million which would be a growth rate of 36% to 63% over the third quarter of 2017. Research revenue is expected to be in the range of $100,000 in the fourth quarter.
- The target for increasing the number of high-risk patients at customer facilities under contract in the fourth quarter is 35,000 high risk patients, including additional contracts in the United States for the use of the T2Bacteria Research Use Only Panel.
- Operating expenses, excluding cost of product revenue, for the fourth quarter are projected to be in the range of $11.4 million to $11.8 million.

Conference Call

Management will host a conference call today with the investment community at 4:30 p.m. Eastern Time to discuss the financial results and other business developments. Interested parties may access the live call via telephone by dialing 1-877-407-9208 (U.S.) or 1-201-493-6784 (International). To listen to the live call via T2 Biosystems' website, go to www.t2biosystems.com, in the Investors/Events & Presentations section. A webcast replay of the call will be available following the conclusion of the call, also in the Investors/Events & Presentations section of the website.

About T2 Biosystems

T2 Biosystems, an emerging leader in the field of *in vitro* diagnostics, is dedicated to saving lives and reducing the cost of healthcare by empowering clinicians to effectively treat patients faster than ever before. T2 Biosystems is focused on addressing critical unmet needs in healthcare starting with sepsis, one of the deadliest and most expensive conditions in hospitals today. The T2Sepsis Solution is a unique approach that combines the standard of care for the management of sepsis patients with T2 Biosystems' products, including the T2Dx Instrument and T2Candida Panel, and the T2Bacteria Panel, which is commercially available in Europe and other countries that accept the CE Mark and available for research use only in the U.S. Powered by the proprietary T2 Magnetic Resonance technology, or T2MR®, the T2Sepsis Solution is proven to deliver better patient care and greater cost savings. Hospital customer experience has demonstrated faster time to effective treatment, shortened ICU and hospital lengths of stay, reduced use of unnecessary antifungals, and millions of dollars in savings. T2 Biosystems has an active pipeline of future sepsis products, including additional species and antibiotic resistance, as well as tests for Lyme disease and hemostasis. For more information, please visit www.t2biosystems.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding additional patients, timing of testing patients, anticipated product benefits, strategic priorities, product expansion or opportunities, growth expectations or targets, timing of FDA filings or clearances and anticipated operating expenses, as well as statements that include the words "expect," "intend," "plan", "believe", "project", "forecast", "estimate," "may," "should," "anticipate," and similar statements of a future or forward looking nature. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, (i) any inability to (a) realize anticipated benefits from commitments, contracts or products; (b) successfully execute strategic priorities; (c) bring products to market; (d) expand product usage or adoption; (e) obtain customer testimonials; (f) accurately predict growth assumptions; (g) realize anticipated revenues; (h) incur expected levels of operating expenses; or (i) increase the number of high-risk patients at customer facilities; (ii) failure of early data to predict eventual outcomes; (iii) failure to make or obtain anticipated FDA filings or clearances within expected time frames or at all; or (iv) the factors discussed under Item 1A. "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission, or SEC, on March 15, 2017, and other filings the company makes with the SEC from time to time. These and other important factors could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While the company may elect to update such forward-looking statements at some point in the future, unless required by law, it disclaims any obligation to do so, even if subsequent events cause its views to change. Thus, no

one should assume that the Company's silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. These forward-looking statements should not be relied upon as representing the company's views as of any date subsequent to the date of this press release.

T2 BIOSYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue:				
Product revenue	$ 739	$ 580	$ 2,105	$ 1,168
Research revenue	369	504	900	2,003
Total revenue	1,108	1,084	3,005	3,171
Costs and expenses:				
Cost of product revenue	2,106	1,894	5,722	4,701
Research and development	5,880	5,200	19,577	18,160
Selling, general and administrative	5,559	5,935	17,192	18,282
Total costs and expenses	13,545	13,029	42,491	41,143
Loss from operations	(12,437)	(11,945)	(39,486)	(37,972)
Interest expense, net	(1,718)	(876)	(5,008)	(2,416)
Other income, net	79	38	260	133
Net loss and comprehensive loss	$ (14,076)	$ (12,783)	$ (44,234)	$ (40,255)
Net loss per share — basic and diluted	$ (0.45)	$ (0.51)	$ (1.43)	$ (1.64)
Weighted-average number of common shares used in computing net loss per share — basic and diluted	31,420,726	25,027,751	30,873,930	24,524,508

T2 BIOSYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 52,897	$ 73,488
Accounts receivable	442	327
Prepaid expenses and other current assets	754	820
Inventories, net	1,254	803
Total current assets	55,347	75,438
Property and equipment, net	13,854	13,589
Restricted cash	260	260
Other assets	218	281
Total assets	$ 69,679	$ 89,568
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 993	$ 962
Accrued expenses and other current liabilities	5,513	4,908
Current portion of notes payable	1,416	1,269
Deferred revenue	2,076	2,445
Current portion of lease incentives	247	301
Total current liabilities	10,245	9,885
Notes payable, net of current portion	40,089	39,504
Lease incentives, net of current portion	751	792
Other liabilities	467	49
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2017 and December 31, 2016	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized; 35,796,322 and 30,482,712 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	36	30
Additional paid-in capital	266,014	242,997
Accumulated deficit	(247,923)	(203,689)
Total stockholders' equity	18,127	39,338
Total liabilities and stockholders' equity	$ 69,679	$ 89,568

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Transcript of conference call held by T2 Biosystems, Inc. on November 2, 2017

Operator:

Greetings, and welcome to the T2 Biosystems' Third Quarter 2017 Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Darlene Deptula-Hicks, Chief Financial Officer for T2 Biosystems. Please go ahead.

Darlene Deptula-Hicks:

Thank you, and good afternoon, everyone. I am Darlene Deptula-Hicks, the Chief Financial Officer of T2 Biosystems, and welcome to our third quarter 2017 financial results conference call. With me today is John McDonough, President and CEO.

Before we get started, I'd like to remind everyone that comments made today by Management will include forward-looking statements. Those include any statements which do not relate to matters of historical facts. Forward-looking statements are based on estimates and assumptions as of today and are subject to risks and uncertainties that may cause the actual results to differ materially from those expressed or implied by those statements, including the risks and uncertainties described in T2's Annual Report on Form 10-K which was filed with the SEC on March 15, 2017. The Company undertakes no obligation to publicly update or revise any forward-looking statements except as required by law.

With that, I'd like to turn the call over to President and CEO, John McDonough, for his opening comments. John?

John McDonough:

Thank you, Darlene. Good evening, everyone, and welcome to our third quarter 2017 earnings call. Let me begin with a brief agenda for today's call. I'll begin my prepared remarks with a high level summary of our financial results for the third quarter of 2017, a review of the key drivers that contributed to our performance during the quarter, and also provide an update on recent business highlights. I'll then turn the call over to Darlene who will discuss our quarterly financial results in detail and review our financial guidance for the fourth quarter of 2017. Following Darlene's review of our financial guidance, I'll share some closing remarks before we open the call up for questions.

Our operating progress in the third quarter was one of the best we've had as we completed the T2Bacteria Panel FDA filing for market clearance, closed an exciting collaboration with the CDC around Candida auris superbug detection, closed a partnership with pharmaceutical company, Cidara, for the use of T2Candida in their antifungal clinical trials, and closed the $20 million equity financing. Having said that, let's start with our financial results.

During the third quarter, we reported total revenue of $1.1 million, and product revenue of $739,000, which grew 27.4% on a year-over-year basis, and was slightly ahead of revenue in the second quarter of 2017. The third quarter product revenue was negatively impacted by instrument orders received in September that could not be shipped in order to be recorded as revenue in the quarter. Additionally, we saw some delays in orders from customers located in the Texas area that may have been the result of weather. I'm happy to report that those orders did close in October. We expect to realize this revenue in the fourth quarter, and expect fourth quarter product revenues to be in the range of $1 million to $1.2 million, and expect a quarter-over-quarter growth rate of 36% to 63%.

We continue to measure our progress using metrics that we've highlighted on past calls, including the growth in the number of high-risk patients at customer facilities under contract. We consider this metric to be important as it represents the number of patients that could be tested with T2Candida and T2Bacteria if all high-risk patients were tested at the time patients presented with symptoms of infection. During the third

quarter, we increased the number of high-risk patients at hospitals under contract by approximately 58,000 patients, ahead of the 40,000 high-risk-patient target we set on our last earnings call. The estimated 58,000 high-risk patients are a result of closing seven new hospital contracts in the third quarter, all of which were international accounts. We also closed three additional contracts for the use of the T2Bacteria Research Use Only, our RUO product, in the United States. As of September 30, we now estimate that we have 56 contracts in place covering 144 hospitals that provide access to an estimated 473,000 high-risk patients that could be screened with T2Candida and T2Bacteria which both run on the T2Dx instrument.

We're very excited about the clinical and market developments related to the T2Bacteria Panel. In July, we were pleased to report that we had achieved the CE Mark for T2Bacteria, enabling the commercial launch of T2Bacteria in Europe and other countries that accept the CE Mark. In September, we announced that we submitted our 510(k) application to the FDA requesting market clearance for the T2Bacteria Panel. The submission includes a filing with compelling data that demonstrates overall sensitivity of 95.8%, and overall specificity of 98.1%. This compares favorably to the reported 50% to 65% sensitivity of blood culture, and therefore the sensitivity of any diagnostic product that is dependent on a positive blood culture.

Most importantly, the pivotal study of over 1,400 prospective patients run at 11 different institutions across the United States, identified 102 patients with known infection. Of those, T2Bacteria detected 98 of the infections, while the blood culture which was drawn concurrently with the T2Bacteria blood draw, detected only 39 patients. Additionally, the average time-to-result for the T2Bacteria Panel was 5.4 hours, compared to 71.7 hours for blood culture based species identification. The T2Bacteria Panel was designed to identify approximately 90% of all gram negative infections coming in through the emergency department, and approximately 70% or more community-acquired infections presenting an ED. We continue to plan for FDA clearance by year-end. To date, we've had informal communications from the same FDA reviewer who reviewed T2Candida, and we expect to hear a formal response from the FDA soon.

We're enthusiastic about the commercial interest in the T2Bacteria Panel as evidenced by the seven US hospitals now under contract to use the T2Bacteria RUO panel. At IDWeek in October, there was a presentation by one of our RUO customers who is the Director of Clinical Microbiology and Molecular Diagnostics at Hennepin County Medical Center, in Minneapolis. The presentation highlighted the potential benefits of T2Bacteria, including testing in the emergency department, where the T2Bacteria panel was shown to cover 85% to 91% of infections presenting in the ED at Hennepin County. The presentation also reiterated the potential for significant reductions in patient mortality, length of stay, and hospital readmissions.

T2Bacteria remains a very important product and key driver of future growth for our Company. We believe that availability of T2Bacteria, along with T2Candida and the T2Dx instrument, represents a game-changer in the market, and will be the first comprehensive rapid diagnostic sepsis solution, that combined with the standard of care, may enable approximately 95% of all patients who have a sepsis pathogen infection to be treated with the right-targeted therapy as quickly as six hours after blood is drawn. We continue to see from our commercial activities that the emergency department could be a strong beach-head to drive initial adoption of the platform within hospitals.

In addition to providing a rapid diagnostic result that can enable the timely admission of patients with deadly infections, there is a strong reimbursement structure in place that provides almost $290 of reimbursement for patients not admitted to the hospital. From T2's perspective, being able to offer the T2Bacteria panel alongside of our already FDA-cleared T2Candida panel which both run on T2Dx instrument, enables us to more than double the market potential for our product. From the patient and healthcare perspective, adding T2Bacteria offers the health system millions of dollars of potential economic value and the ability to impact lives by allowing a faster and a more targeted therapeutic approach to treating patients.

A key focus of ours remains utilizing the increasing number of customer success stories to broaden and enhance the awareness of the T2Sepsis Solution. In October, we completed a successful IDWeek Conference which featured seven poster and panel presentations on our T2Sepsis Solution. In addition to the presentation from the Hennepin County Medical Center regarding their use of the T2Bacteria RUO product, there was an exciting presentation from the Chief of Infectious Diseases of the VA Pittsburg

Healthcare System. He presented results of a 14 multi-center trial that evaluated 152 patients with Candida infection. This study demonstrated T2Candida sensitivity of approximately 90%, including patients with candidemia that were missed by blood culture, and specifically patients with candidemia who're being treated with antifungal drugs that can be missed by blood culture.

Also in October, the Henry Ford Health System published a study in the Journal of Antimicrobial Stewardship assessing the rapid diagnostic qualities of the T2Candida panel. In the study, patients tested with the T2Candida panel were treated in a median time of five hours, a more than eight-fold reduction as compared to that based on blood culture with delayed appropriate therapy by a median of 44 hours. This speed advantage demonstrates that T2Candida is a valuable clinical tool to aid Antifungal Stewardship's goal to deliver timely antifungal therapy for infected patients. Although the study was not powered to evaluate reduction in patient mortality rate, the authors did note that appropriately treating patients within 24 hours of the onset of disease is proven to reduce mortality rates from 41% to below 16%. T2Candida is the only diagnostic method presented in this study with the speed and accuracy necessary to enable therapeutic decisions that might achieve this reduction in mortality.

Before turning the call over to Darlene for a complete review of our quarterly financial performance, I'd also like to provide a brief update on our pipeline and commercialization efforts. In September, we announced a partnership with the Centers for Disease Control and Prevention, the CDC, regarding a new effort that will use the T2Dx instrument in an investigational-use-only T2Caidida auris panel as a means of rapidly detecting the superbug Candida auris in hospitals around the country. Candida auris is a multi-drug resistant pathogen recognized by the CDC as a key health threat because of its difficulty to identify, and its growing resistance to all three major classes of the antifungal drugs.

Unlike most other species of Candida, Candida auris can quickly spread in a hospital, making rapid identification and hospital environmental surveillance a critical component of containing these outbreaks. Existing laboratory methods to detect Candida auris, including culture, suffer from prolonged detection time, 17 days at the CDC, and low accuracy, which exacerbates the challenge in the fight to contain the superbug. The T2Candida auris diagnostic panel has average time to result of approximately four hours. Instruments are installed at the CDC, and work is currently underway to validate the T2 method which is expected to take about 90 days. We're also conducting a study in Europe on a test that has demonstrated its ability to detect Candida auris directly in patient blood.

In September, we initiated a partnership with Cidara, a West Coast biotech company, to use the T2Dx instrument along with the T2Candida panel to accelerate patient enrollments in its clinical trials evaluating the company's lead antifungal compound, CD101. Their approach following the observation at clinical site using the T2 panels demonstrated for rapid development in their Phase 2 trials. Under the terms of relationship, we will place T2Dx instruments at Cidara clinical trial sites that choose to participate in the program and Cidara will provide reimbursement coverage for sites with T2Candida tests that are used to screen patients for enrolment. This relationship highlights both the new ways certain healthcare organizations are leveraging our product and how we are looking to maximize the market awareness of our product and commercial footprint.

We've also successfully included our preclinical study for our T2Lyme diagnostic panel and we'll be meeting with the FDA soon to outline a clinical trial protocol that we expect to commence in the spring of next year. Lastly, the T2 gram-negative resistance panel development efforts through our partnership with Allergan also remains on track, and we plan to deliver initial product to Allergan late next year.

Now, let me turn the call over to Darlene to review our third quarter results in greater detail. Darlene?

Darlene Deptula-Hicks:

Thank you, John, and good afternoon, again, everyone. Total Company revenue was in line with our guidance for the third quarter while product revenue was slightly behind guidance primarily due to orders received late in the quarter that could not be shipped by quarter-end, and research revenue exceeded guidance.

Product revenues for the third quarter 2017 of $739,000 increased by $159,000 or 27.4% on a year-over-year basis and was slightly ahead of revenue reported for the second quarter 2017. Product revenue for the first nine months of 2017 of $2.1 million increased by $937,000 or 80.2% on a year-over-year basis. The increase in product revenue was primarily driven by increased sales of T2Candida test, resulting from a combination of increased usage at customer sites and new customers going live and testing patients as well as sales of T2Dx instrument.

Research revenue for the third quarter 2017 of $369,000 exceeded our guidance of less than $100,000. Research revenue in the third quarter and nine months period comparatively declined year-over-year as was expected, due primarily to a decline in revenue recognized under our co-development agreement with Canon Life Sciences which was offset by an increase in revenue recognized under our co-development agreement with Allergan.

Continuing down the P&L, total operating expenses excluding cost of product revenue for the third quarter of 2017 increased by $304,000 to $11.4 million from $11.1 million in the prior year corresponding quarter. This increase in operating expense year-over-year was primarily driven by a $680,000 increase in research and development expenses, offset by a $376,000 reduction in SG&A expenses. Probably more importantly, operating expenses sequentially were down in total by $1.4 million for the third quarter over the second quarter of 2017 with a $1.2 million reduction in R&D expense and a $200,000 reduction in SG&A expense. The $680,000 increase in R&D expense quarter-over-prior-year-quarter is primarily due to the costs associated with T2Bacteria clinical trials, increased non-cash depreciation expense, lab related and engineering prototype expense, outside services, and travel. Research and development expense includes $330,000 and $295,000 of non-cash stock-based compensation expense.

Sequentially, R&D expenses decreased by $1.2 million, primarily due to the completion of our T2Bacteria clinical trial in Q2 this year and reduced pay roll and related expenses. The $376,000 decrease in SG&A expenses quarter-over-prior-year-quarter is primarily due to reduced payroll and related expenses and decreased travel expense, offset by increased throughput costs.

SG&A costs include $778,000 and $872,000 of non-cash stock-based compensation expense. Sequentially, SG&A expenses decreased by $200,000, primarily due to the timing of marketing-related spending. The net loss attributable to common shareholders for the third quarter of 2017 is $14.1 million or $0.45 per basic and diluted share compared to a net loss of $12.8 million or $0.51 per basic and diluted share in the same period prior year. The weighted average shares used to compute earnings per share were 31.4 million and 25 million even shares for the third quarter of ‘17 and ‘16 respectively.

Now, turning to the balance sheet, at September 30, 2017, we had cash and cash equivalents of $53.9 million, which includes the net proceeds of $18.8 million raised from our recent financing concluded on September 15. We also continue to reduce our cash burn each quarter sequentially this year. Management projects that existing cash, together with the additional remaining liquidity on the Company’s term loan, should provide a cash runway into the first half of 2019.

Let me now turn to review 2017 guidance. We expect Q4, 2017 total revenue to be in the range of $1.1 million to $1.2 million with product revenue in the range of $1 million to $1.2 million and research revenue to be approximately $100,000. We also project operating expenses, excluding the cost of product revenue, to be in the range of $11.4 million to $11.8 million for the quarter, of which approximately $1.9 million is projected to be non-cash expense which primarily reflects stock-based compensation and depreciation expense. The weighted average shares outstanding for the nine months’ ending September 30, 2017, were 30.9 million and could be impacted in Q4 by stock option exercises, if any.

With that, I’ll now turn the call back to John for closing remarks.

John McDonough:

Thank you, Darlene. In summary, we're pleased with our operational progress through the first nine months of the year, and in particular, the significant accomplishments realized in the third quarter. I'd like to thank everyone on the T2 Biosystems' Team for their hard work and their focus on our mission of improving the lives of patients around the world. Together, we shared many significant milestones, especially in the last 90 days. We're squarely focused on driving the commercial adoption of our product and driving revenue growth through adoption of our platform and testing of patients with our game-changing product, which includes T2Candida today, and T2Bacteria, available in Europe now for clinical use and being reviewed by the FDA for market clearance in the United States. We believe the market clearance of T2Bacteria will accelerate the adoption of the T2Sepsis Solution and bring significant value to patients and hospital economics.