As filed with the Securities and Exchange Commission on July 16, 2014

Registration No. 333-197193

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

AMENDMENT NO. 1
TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

T2 Biosystems, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**8071**	**20-4827488**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

101 Hartwell Avenue
Lexington, Massachusetts 02421
(781) 457-1200
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John McDonough
President and Chief Executive Officer
T2 Biosystems, Inc.
101 Hartwell Avenue
Lexington, Massachusetts 02421
(781) 457-1200
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Johan V. Brigham **Peter N. Handrinos** **Latham & Watkins LLP** **John Hancock Tower, 20th Floor** **200 Clarendon Street** **Boston, Massachusetts 02116** **(617) 948-6000**	**Brent B. Siler** **Divakar Gupta** **Brian F. Leaf** **Cooley LLP** **1114 Avenue of the Americas** **New York, New York 10036** **(212) 479-6000**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated July 16, 2014

Shares

Common Stock

This is an initial public offering of shares of common stock of T2 Biosystems, Inc. All of the shares of common stock are being sold by us.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between $ and $. Application has been made to list our common stock on The NASDAQ Global Market under the symbol "TTOO".

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

See "Risk Factors" beginning on page 11 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount[(1)]	$	$
Proceeds, before expenses, to T2 Biosystems	$	$

(1) See "Underwriting (Conflict of Interest)" beginning on page 138 for additional information regarding underwriting compensation.

The underwriters have an option to purchase a maximum of additional shares of common stock from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2014.

Goldman, Sachs & Co. **Morgan Stanley**

Leerink Partners **Janney Montgomery Scott**

Prospectus dated , 2014

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We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Until , 2014 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: We have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the "Risk Factors" section beginning on page 11 and our financial statements and the related notes appearing at the end of this prospectus, before making an investment decision.

As used in this prospectus, unless the context otherwise requires, references to "we," "us," "our" and "T2 Biosystems" refer to T2 Biosystems, Inc.

Company Overview

We are an *in vitro* diagnostics company that has developed an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing diagnostic methodologies. We are using our T2 Magnetic Resonance platform, or T2MR, to develop a broad set of applications aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. T2MR enables rapid detection of pathogens, biomarkers and other abnormalities in a variety of unpurified patient sample types, including whole blood, and can detect cellular targets at limits of detection as low as one colony forming unit per milliliter, or CFU/mL. Our initial development efforts utilizing T2MR target sepsis and hemostasis, which are areas of significant unmet medical need in which existing therapies could be more effective with improved diagnostics.

We have completed a pivotal clinical trial for our T2Dx diagnostic instrument, or T2Dx, and T2Candida panel, or T2Candida, which have the ability to rapidly identify the five clinically relevant species of *Candida*, a fungal pathogen known to cause sepsis. Based on our non-binding communications with the FDA, we believe that the sensitivity and specificity achieved in the clinical trial meet or exceed the requirements for product clearance. Sensitivity is the percent concordance, or the percentage of sample results that agree with a reference, or comparative, method for positive results. Specificity is the percent concordance to a reference method for negative results. On May 27, 2014, we submitted a *de novo* petition to the FDA, requesting an order authorizing us to market T2Dx and T2Candida in the United States. Upon receipt of marketing authorization from the FDA, we intend to commercialize T2Dx and T2Candida and our goal is to launch these product candidates commercially in the United States in the first half of 2015. Our next two diagnostic applications are called T2Bacteria and T2HemoStat, which are focused on bacterial sepsis infections and hemostasis, respectively. We plan to initiate clinical trials in the second half of 2015 for T2Bacteria and in the first half of 2016 for T2HemoStat. We expect that existing reimbursement codes will support our sepsis and hemostasis product candidates, that we will have no need to seek new reimbursement codes, and that the anticipated economic savings associated with our sepsis products will be realized directly by hospitals.

We believe our sepsis product candidates will redefine the standard of care in sepsis management while lowering healthcare costs by improving both the precision and the speed of pathogen detection. According to a study published in the *Journal of Clinical Microbiology* in 2010, targeted therapy for patients with bloodstream infections can be delayed up to 72 hours due to the wait time for blood culture results, leading to the conclusion that "more-rapid identification of the causative organism would be highly desirable to facilitate targeted treatment in the critical phase of septic illness." Our pivotal clinical trial demonstrated that T2Candida can deliver actionable results as fast as three hours, with an average time to result during the trial of 4.2 hours, rather than the two to five days typically required for blood-culture-based diagnostics, which we believe will enable physicians to make treatment decisions and administer targeted treatment to patients on an accelerated basis. We believe that T2Bacteria will also deliver actionable results within these timeframes because this diagnostic panel is designed to run on the same instrument as T2Candida. *Candida* has an average mortality rate of approximately 40%, and according to a study published in

Antimicrobial Agents and Chemotherapy in 2010, this mortality rate can be reduced to 11% with the initiation of targeted therapy within 12 hours of presentation of symptoms. In a study published in the *American Journal of Respiratory and Critical Care Medicine* in 2009, providing targeted antifungal therapy within 24 hours of the presentation of symptoms decreased the length of hospital stay by approximately ten days and decreased the average cost of care by approximately $30,000 per patient.

Target Markets

Sepsis

Sepsis is a leading cause of death in the United States and the most expensive hospital-treated condition. Most commonly afflicting immunocompromised, critical care and elderly patients, sepsis is a severe inflammatory response to a bacterial or fungal infection, with a mortality rate of approximately 30%. Sepsis is typically caused by one or more of five fungal *Candida* species or over 25 bacterial pathogens, and effective treatment of sepsis requires the early detection and identification of these specific target pathogens. Today, sepsis is typically diagnosed through a series of blood cultures followed by post-blood culture species identification. This method has substantial diagnostic limitations that lead to a delay of up to several days in administration of targeted treatment as well as the incurrence of unnecessary hospital expense.

Hemostasis

Another significant unmet clinical need which we believe can be addressed by T2MR is the diagnosis and management of impaired hemostasis, which is a potentially life-threatening condition in which a patient is unable to promote the formation of blood clots to stabilize excessive bleeding. For critical trauma patients with impaired hemostasis, diagnostic results are typically required in fewer than 30 minutes to aid clinicians in making the most effective treatment decisions. The need for rapid diagnosis is not met by current diagnostic methods, which typically involve multiple instruments and can take hours to process a patient specimen. As a result, physicians often make critical decisions for treatment of impaired hemostasis with limited or no diagnostic data.

Market Opportunity

We believe our combined initial annual addressable market opportunity for sepsis and hemostasis is over $3 billion in the United States alone, when the market opportunity for T2Candida, T2Bacteria and our initial hemostasis diagnostic panel is combined. Within the sepsis market in the United States, we estimate that there are approximately 6.75 million critical care and immunocompromised patients who present with symptoms and are at high risk for a bloodstream infection caused by *Candida* and would be appropriate to be tested by our T2Candida panel. These patients, along with approximately two million additional patients who receive treatment in the emergency room setting, are also highly susceptible to bacterial infections, for a total of approximately 8.75 million patients who are at high risk for bacterial-related sepsis and would be appropriate to be tested by our T2Bacteria panel. Within the hemostasis market, for trauma alone, there are over three million patients in the United States annually who present with symptoms of impaired hemostasis. These patients often require rapid and frequent hemostasis assessments to determine the presence and severity of abnormal coagulation, or blood clotting. As a result, the typical patient is tested at least three times during a hospital visit, which we estimate results in at least nine million diagnostic tests annually.

In a quantitative market research survey that we commissioned, a third-party market research group surveyed 111 decision-makers involved with laboratory purchasing, including laboratory directors, hospital administrators and infectious disease physicians, to seek their views on acceptable pricing for T2Candida. Based on the study results, we believe that the average selling price for T2Candida is likely to be between $150 and $250 per test. Additionally, in this study, 95%

of laboratory directors and hospital administrators, along with 89% of infectious disease physicians, either "strongly agreed" or "agreed" that initiating appropriate antifungal therapy within 12 hours of the patient presenting with symptoms would result in a reduction in the mortality rate from an average of 40% to approximately 10% for candidemia patients, direct cost savings to hospitals and a significant decrease in antifungal therapy utilization. Physicians surveyed also responded, on average, that they would order T2Candida for approximately 75% of their patients considered at-risk for Candida infections.

Our Technology Platform

We have developed an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing diagnostic methodologies. T2MR is a miniaturized, magnetic resonance-based approach that measures how water molecules react in the presence of magnetic fields. Our proprietary platform is capable of detecting a variety of targets, including:

- molecular targets, such as DNA;
- immunodiagnostics, such as proteins; and
- a broad range of hemostasis measurements.

For molecular and immunodiagnostic targets, T2MR utilizes advances in the field of nanotechnology by deploying particles with magnetic properties that enhance the magnetic resonance signals of specific targets. We believe T2MR is the first technology that can rapidly and accurately detect the presence of molecular targets within samples without the need for time and labor-intensive purification or extraction of target molecules from the sample, such as that required by traditional polymerase chain reaction methods where 90% o more of the target can be lost. For hemostasis measurements, particles are not required because T2MR is highly sensitive to changes in viscosity within a blood sample, such as clo formation.

Utilizing T2MR technology, we have developed T2Dx, a bench-top instrument for sepsis and other applications, and we are developing T2Stat, a compact, fully integrated instrument for hemostasis applications. T2Dx is an easy-to-use, fully automated, bench-top instrument that is capable of running a broad range of diagnostic panel types from patien sample input to result. The initial panels designed to run on T2Dx are T2Candida and T2Bacteria, which are focused on identifying life-threatening pathogens associated with sepsis We believe T2Stat is the first compact, fully integrated instrument capable of rapidly providing comprehensive hemostasis measurements. T2Stat will run our T2HemoStat panel, which includes a broad set of hemostasis measurements, including platelet function, clotting time and clot degradation, also known as fibrinolysis.

Our Strategy

T2MR enables rapid and sensitive direct detection of a range of targets, and we believe it can be used in a variety of diagnostic applications that will improve patient outcomes and reduce healthcare costs. Our objective is to establish T2MR as a standard of care for clinical diagnostics. To achieve this objective, our strategy is to:

- seek marketing authorization from the FDA for T2Dx and T2Candida;
- drive commercial adoption of our sepsis products by demonstrating their value to physicians, laboratory directors and hospitals;
- establish a recurring, consumables-based business model;
- broaden our addressable markets in sepsis and hemostasis;
- broaden our addressable markets beyond sepsis and hemostasis; and
- drive international expansion.

Risks Associated with Our Business

Our business is subject to numerous risks, including:

- We have a limited operating history. We currently have no commercial products and we have not received marketing authorization from the FDA for any product.
- Marketing authorization from the FDA and regulatory approval by foreign regulatory authorities for T2Dx, T2Candida and our other diagnostic product candidates will take time and require significant research, development and clinical study expenditures, and ultimately may not be received. Our expectation for receipt of marketing authorization from the FDA is based in part on non-binding communications with the FDA about our clinical trial data and there can be no assurance that our clinical tri data will satisfy the FDA.
- Commercialization of T2Dx, T2Candida and our other diagnostic product candidates following marketing authorization from the FDA is the key element of our strategy. If we fail to successfully commercialize T2Dx, T2Candida or such other products, whether as a result of an inability to convince hospitals that our product candidates w provide equal or superior diagnostic information on a more rapid basis and improve patient outcomes, or for other reasons, we may never receive a return on the significant investments in sales and marketing, regulatory, manufacturing and quality assurance we have made, and further investments we intend to make.
- We have incurred losses since we were formed and expect to incur losses for the foreseeable future. Our accumulated deficit as of March 31, 2014 was $98.1 million and we incurred net losses of $20.6 million and $6.9 million for the year ended December 31, 2013 and the three months ended March 31, 2014, respectively. We cannot be certain that we will achieve or sustain profitability or be able to raise additional capital to fund operations.
- The *in vitro* diagnostics market is highly competitive, with the involvement of more established, better-capitalized commercial companies. If we fail to compete effectively, our ability to achieve profitability will be compromised.
- If we are unable to protect our intellectual property, our ability to compete effectively after receipt of marketing authorization from the FDA will be impaired.

Our Corporate Information

We were incorporated under the laws of the state of Delaware in 2006. Our principal executive offices are located at 101 Hartwell Avenue, Lexington, Massachusetts 02421 and our telephone number is (781) 457-1200. Our website address is *www.t2biosystems.com*. The information contained in, or accessible through, our website does not constitute a part of this prospectus.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or JOBS Act, enacted in April 2012. An "emerging growth company" may take advantage of exemptions from some of the reporting requirements that are otherwise applicable to public companies. These exceptions include:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the closing of this offering. However, if certain events occur prio to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenue exceeds $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

The Offering

Common stock offered by us	shares
Common stock to be outstanding after this offering	shares
Option to purchase additional shares	The underwriters have a 30-day option to purchase a maximum of additional shares of common stock.
Use of proceeds	We intend to use the net proceeds from this offering to commercialize our T2Dx and T2Candida product candidates if they receive marketing authorization from the FDA, to fund development of our other product candidates and for working capital and general corporate purposes. See "Use of Proceeds" beginning on page 47.
Risk factors	See "Risk Factors" beginning on page 11 and the other information included in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Proposed NASDAQ Global Market symbol	"TTOO"
Conflict of interest	Because certain affiliates of Goldman, Sachs & Co., an underwriter of this offering, beneficially own % of our common stock as of June 30, 2014, and are together entitled to designate one member of our board of directors prior to the closing of this offering, Goldman, Sachs & Co. is deemed to have a "conflict of interest" within the meaning Rule 5121 of the Financial Industry Regulatory Authority, or FINRA. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. FINRA Rule 5121 prohibits Goldman, Sachs & Co. from making sales to discretionary accounts without the prior written approval of the account holder and requires that a "qualified independent underwriter," as defined in FINRA Rule 5121, participate in the preparation of the registration statement and exercise its usual standards of due diligence with respect thereto. Morgan Stanley & Co. LLC has agreed to act as "qualified independent underwriter" for this offering. See "Underwriting (Conflict of Interest)".

The number of shares of our common stock to be outstanding after this offering is based on 23,678,144 shares of our common stock outstanding as of March 31, 2014, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into 21,277,722 shares of our common stock upon the closing of this offering and the issuance of shares of our common stock as a result of the net exercise of all outstanding warrants, which will occur upon the closing of this offering, and excludes:

- 3,880,504 shares of our common stock issuable upon exercise of stock options outstanding as of March 31, 2014, at a weighted-average exercise price of $1.51 per share; and
- shares of our common stock reserved for future issuance under our 2014 Incentive Award Plan which will become effective on the day prior to the public trading date o our common stock, as well as shares of our common stock that become available pursuant to provisions in our 2014 Incentive Award Plan that automatically increase the share reserve under the 2014 Incentive Award Plan on January 1 of each calendar year as more fully described in "Executive and Director Compensation—2014 Incentive Award Plan".

Unless otherwise indicated, this prospectus reflects and assumes the following:

- the automatic conversion of all outstanding shares of our preferred stock into 21,277,722 shares of our common stock, which will occur upon the closing of this offering
- the issuance of shares of our common stock as a result of the net exercise of all outstanding warrants, which will occur upon the closing of this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus;
- no exercise of outstanding stock options after March 31, 2014;
- the filing of our restated certificate of incorporation and the adoption of our amended and restated bylaws, which will occur upon the closing of this offering; and
- no exercise by the underwriters of their option to purchase additional shares of our common stock.

Summary Financial Data

The following tables set forth, for the periods and as of the dates indicated, our summary financial data. The statement of operations data for the years ended December 31, 2012 and 2013 are derived from our audited financial statements appearing elsewhere in this prospectus. The balance sheet data as of March 31, 2014 and the statement of operations data for the three months ended March 31, 2013 and 2014 and the statement of operations data for the period from our inception (April 27, 2006) to March 31, 2014 have been derived from our unaudited financial statements included elsewhere in this prospectus. These unaudited financial statements have been prepared on a basis consistent with ou audited financial statements and, in our opinion, contain all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of such financial data. You should read this data together with our financial statements and related notes included elsewhere in this prospectus and the information under the captions "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Our historical results are not necessarily indicative of our future results, and ou operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014 or any other interim periods or any future year or period.

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
	(in thousands, except share and per share data)				
Statement of Operations Data:					
Research and grant revenue	$ 19	$ 266	$ —	$ —	$ 3,085
Operating expenses:					
Research and development	11,727	14,936	3,561	5,065	59,388
Selling, general and administrative	2,945	5,022	1,039	1,842	22,552
Total operating expenses	14,672	19,958	4,600	6,907	81,940
Interest expense, net	(154)	(403)	(105)	(86)	(937)
Other income (expense), net	352	(515)	125	73	611
Net loss	(14,455)	(20,610)	(4,580)	(6,920)	(79,181)
Accretion of redeemable convertible preferred stock to redemption value	(4,412)	(6,908)	(1,176)	(1,906)	(21,307)
Net loss applicable to common stockholders	$ (18,867)	$ (27,518)	$ (5,756)	$ (8,826)	$ (100,488)
Net loss per share applicable to common stockholders – basic and diluted[1]	$ (8.15)	$ (11.60)	$ (2.45)	$ (3.68)	$ (58.62)
Weighted-average number of common shares used in computing net loss per share applicable to common stockholders – basic and diluted[1]	2,314,832	2,372,542	2,346,601	2,400,422	1,714,171

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
	(in thousands, except share and per share data)				
Pro forma net loss per share applicable to common stockholders – basic and diluted (unaudited)[1]		$		$	$
Pro forma weighted-average number of common shares used in computing net loss per share applicable to common stockholders – basic and diluted (unaudited)[1]					

(1) See Note 2 to our financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma basic and diluted net loss per share attributable to common stockholders.

The following table presents our summary balance sheet data as of March 31, 2014:

- on an actual basis;
- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 21,277,722 share of common stock, which will occur automatically upon the closing of this offering, assuming an initial public offering price of $ per share, whic is the midpoint of the price range set forth on the cover page of this prospectus, and the issuance of shares of common stock upon the net exercise of all outstanding warrants, which will occur upon the closing of this offering, and the resulting reclassification of the related liability for warrants to purchase redeemable securities to additional paid-in capital; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of common stock in this offering at an assume initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses payable by us.

	As of March 31, 2014		
	Actual	Pro forma	Pro forma as adjusted
	(in thousands)		
Balance Sheet Data:			
Cash and cash equivalents	$ 23,698		
Total assets	25,832		
Current liabilities	5,201		
Notes payable, net of current portion	2,855		
Warrants to purchase redeemable securities	1,152		
Total stockholders' deficit	(98,130)		

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total assets and total stockholders' (deficit) equity by $ millio assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price would increase (decrease) each of cash and cash equivalents, total assets and total stockholders' deficit by approximately $ million. The pro forma and pro forma as adjusted information discussed above is illustrative only and will change depending on the actual initial public offering price and other terms of our initial public offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our financial statements and the related notes and "Management's Discussion and Analysis of Results of Operations and Financial Condition," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risks Related to our Business and Strategy

We are a development-stage company and have incurred significant losses since inception and expect to incur losses in the future. We cannot be certain that we will achieve or sustain profitability.

We have incurred significant losses since inception through March 31, 2014 and expect to incur losses in the future. Our accumulated deficit as of March 31, 2014 was $98.1 million and we incurred net losses of $20.6 million and $6.9 million for the year-ended December 31, 2013 and the three months ended March 31, 2014, respectively. We expect that our losses will continue for at least the next several years as we will be required to invest significant additional funds toward development and commercialization of our technology. We also expect that our selling, general and administrative expenses will continue to increase due to the additional costs associated with establishing a dedicated sales force and other marketing efforts for any product candidates that receive marketing authorization from the FDA or regulatory clearance and the increased administrative costs associated with being a public company. Our ability to achieve or sustain profitability depends on numerous factors, many of which are beyond our control, including our ability to achieve marketing authorization from the FDA or regulatory clearance for any product candidates, the market acceptance of our product candidates, future product development and our market penetration and margins. We may never be able to generate sufficient revenue to achieve or sustain profitability.

Our product candidates have not obtained marketing authorization from the FDA or regulatory clearance in any jurisdiction, other than conformity with the European Union Directive on in vitro diagnostic medical devices, and they may never obtain such marketing authorization from the FDA or regulatory clearance.

Our success depends on our ability to obtain marketing authorization from the FDA or regulatory clearance of T2Dx, T2Candida and other product candidates in our pipeline. If our attempts to obtain marketing authorization are unsuccessful, we may be unable to generate sufficient revenue to sustain and grow our business, and our business, financial condition and results of operations will be materially adversely affected. Our future product candidates may not be sufficiently sensitive or specific to obtain, or may prove to have other characteristics that preclude our obtaining, marketing authorization from the FDA or regulatory clearance. The process of obtaining regulatory clearance is expensive, and time-consuming and can vary substantially based upon, among other things, the type, complexity and novelty of our product candidates. Changes in regulatory policy, changes in or the enactment of additional statutes or regulations or changes in regulatory review for each submitted product application may cause delays in the clearance of, or receipt of marketing authorization from the FDA for, a product candidate or rejection of a regulatory application altogether. The FDA has substantial discretion in the *de novo* review and clearance processes and may refuse to accept any application or may decide that our data are insufficient for

clearance and require additional pre-clinical, clinical or other studies. In addition, varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent marketing authorization from the FDA or regulatory clearance of a product candidate. Any marketing authorization from the FDA or regulatory clearance we ultimately obtain may be limited or subject to restrictions or post-market commitments that render the product candidate not commercially viable.

If T2MR, our T2Dx and T2Candida product candidates or any of our other product candidates fail to achieve and sustain sufficient market acceptance, we will not generate expected revenue and our growth prospects, operating results and financial condition may be harmed.

Commercialization of T2MR, our T2Dx and T2Candida product candidates and any of our other product candidates in the United States and other jurisdictions in which we intend to pursue marketing authorization is a key element of our strategy. If we are not successful in conveying to hospitals that our product candidates provide equivalent or superior diagnostic information in a shorter period of time compared to existing technologies, or that these product candidates improve patient outcomes or decrease healthcare costs, we may experience reluctance, or refusal, on the part of hospitals to order, and third-party payors to pay for performing a test in which our product is utilized. For example, the T2Candida panel is likely to be labeled for the presumptive diagnosis of *Candida* infection and will require use in conjunction with other diagnostic procedures such as microbiological culture if it is authorized for marketing, meaning that our technology will complement the current standard of care, rather than serve as a replacement for the current standard of care.

These hurdles may make it difficult to demonstrate to physicians, hospitals and other healthcare providers that our diagnostic product candidates are appropriate options for diagnosing sepsis and impaired hemostasis, may be superior to available tests and may be more cost-effective than alternative technologies. Furthermore, we may encounter significant difficulty in gaining inclusion in sepsis and hemostasis treatment guidelines, gaining broad market acceptance by healthcare providers, third-party payors and patients using T2MR and our related product candidates. Furthermore, healthcare providers may have difficulty in maintaining adequate reimbursement for sepsis treatment, which may negatively impact adoption of our product candidates.

If we fail to successfully commercialize our product candidates, we may never receive a return on the significant investments in product development, sales and marketing, regulatory, manufacturing and quality assurance we have made and further investments we intend to make, and may fail to generate revenue and gain economies of scale from such investments.

We have no experience in marketing and selling our product candidates, and if we are unable to successfully commercialize our products, our business may be adversely affected.

We have no experience marketing and selling our product candidates. Upon receipt of marketing authorization from the FDA for our product candidates, we plan to sell through a direct sales force in the United States. Outside of the United States, we expect to sell our product candidates through distribution partners.

Our future sales of diagnostic products will depend in large part on our ability to successfully establish a product sales force in the United States. Because we have no experience in marketing and selling our product candidates in the diagnostics market, our ability to forecast demand, the infrastructure required to support such demand and the sales cycle of our potential customers is unproven. If we do not build an efficient and effective sales force targeting this market, our business and operating results may be adversely affected.

Moreover, there is no guarantee that we will be successful in attracting or retaining desirable distribution partners for markets outside the United States or that we will be able to enter into such arrangements on favorable terms. Distributors may not commit the necessary resources to market and sell our product candidates effectively or may choose to favor marketing the products of our competitors. If distributors do not perform adequately, or if we are unable to enter into effective arrangements with distributors in particular geographic areas, we may not realize international sales and growth.

Our sales cycle will be lengthy and variable, which makes it difficult for us to forecast revenue and other operating results.

Our sales process will involve numerous interactions with multiple individuals within an organization and will often include in-depth analysis by potential customers of our product candidates, performance of proof-of-principle studies, preparation of extensive documentation and a lengthy review process. As a result of these factors and the budget cycles of our potential customers, the time from initial contact with a customer to our receipt of a purchase order will vary significantly and could be up to 12 months or longer. Given the length and uncertainty of our anticipated sales cycle, we likely will experience fluctuations in our product sales on a period-to-period basis. Expected revenue streams are highly dependent on hospitals' adoption of our consumables-based business model, and we cannot assure you that our potential hospital clients will follow a consistent purchasing pattern. Moreover, it is difficult for us to forecast our revenue as it is dependent upon our ability to convince the medical community of the clinical utility and economic benefits of our product candidates and their potential advantages over existing diagnostic tests, the willingness of hospitals to utilize our product candidates and the cost of our product candidates to hospitals.

We may not be able to gain the support of leading hospitals and key thought leaders, or to publish the results of our clinical trials in peer-reviewed journals, which may make it difficult to establish T2MR as a standard of care and may limit our revenue growth and ability to achieve profitability.

Our strategy includes developing relationships with leading hospitals and key thought leaders in the industry. If these hospitals and key thought leaders determine that T2MR and related product candidates are not clinically effective or that alternative technologies are more effective, or if we encounter difficulty promoting adoption or establishing T2MR as a standard of care, our revenue growth and our ability to achieve profitability could be significantly limited.

We believe that the successful completion of our pivotal T2Dx and T2Candida clinical trial, publication of scientific and medical results in peer-reviewed journals and presentation of data at leading conferences are critical to the broad adoption of T2MR. Publication in leading medical journals is subject to a peer-review process, and peer reviewers may not consider the results of studies involving T2MR sufficiently novel or worthy of publication.

If we are unable to successfully manage our growth, our business will be harmed.

During the past few years, we have significantly expanded our operations. We expect this expansion to continue to an even greater degree following the closing of this offering as we seek marketing authorization from the FDA or regulatory clearance and the commercial launch of our product candidates. We intend to develop a targeted sales force in connection with our commercialization efforts. Our growth has placed and will continue to place a significant strain on our management, operating and financial systems and our sales, marketing and administrative resources. As a result of our growth, operating costs may escalate even faster than planned, and some of our internal systems and processes, including those relating to manufacturing our product

candidates, may need to be enhanced, updated or replaced. If we cannot effectively manage our expanding operations, manufacturing capacity and costs, including scaling to meet increased demand, we may not be able to continue to grow or we may grow at a slower pace than expected and our business could be adversely affected.

Our future capital needs are uncertain, and we may need to raise additional funds in the future.

We believe that our existing cash and cash equivalents, including the funds raised in this offering, will be sufficient to meet our anticipated cash requirements for at least the next 18 months. However, we may need to raise substantial additional capital to:

- expand our product candidate offerings;
- expand our sales and marketing infrastructure;
- increase our manufacturing capacity;
- fund our operations; and
- continue our research and development activities.

Our future funding requirements will depend on many factors, including:

- our ability to obtain marketing authorization from the FDA or clearance from the FDA to market our product candidates;
- market acceptance of our product candidates, if cleared;
- the cost and timing of establishing sales, marketing and distribution capabilities;
- the cost of our research and development activities;
- the ability of healthcare providers to obtain coverage and adequate reimbursement by third-party payors for procedures using our products;
- the cost and timing of marketing authorization or regulatory clearances;
- the cost of goods associated with our product candidates;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates, although we currently have no commitments or agreements to complete any such transactions.

We cannot assure you that we will be able to obtain additional funds on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, our stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that 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 some rights to our technologies or our product candidates, or grant licenses on terms that are not favorable to us. If we are unable to raise adequate funds, we may have to liquidate some or all of our assets or delay, reduce the scope of or eliminate some or all of our development programs.

If we do not have, or are not able to obtain, sufficient funds, we may be required to delay development or commercialization of our product candidates or license to third parties the rights to commercialize our product candidates or technologies that we would otherwise seek to commercialize ourselves. We also may have to reduce marketing, customer support or other

resources devoted to our product candidates or cease operations. Any of these factors could harm our operating results.

Our future success is dependent upon our ability to create and expand a customer base for our product candidates in large hospitals.

We anticipate marketing our initial product candidates, if they receive marketing authorization from the FDA, to the approximately 450 leading hospitals in the United States in which the patients highest at risk of suffering from sepsis are concentrated. We may not be successful in promoting adoption of our technologies in those hospitals, which would make it difficult for us to achieve broader market acceptance of our product candidates.

We depend on a sole supplier for our particles and any interruption in our relationship with this party may adversely affect our business.

Particles used in some of our product candidates are purchased from a sole source, GE Healthcare Bio-Sciences Corp., or GE Healthcare. If this supplier were to go out of business, discontinue manufacturing the particles we use or otherwise become unable to meet its supply commitments, the process of securing an alternate source could be delayed. Additionally, there can be no assurance that replacement particles will be available or will meet our quality control and performance requirements within an acceptable time. While we may be able to modify our product candidates to utilize a new source of particles, we would need to secure marketing authorization from the FDA for the modified product, and it could take considerable time and expense to perform the requisite tasks prior to petition for *de novo* review.

If we are unable to recruit, train and retain key personnel, we may not achieve our goals.

Our future success depends on our ability to recruit, train, retain and motivate key personnel, including our senior management, research and development, science and engineering, manufacturing and sales and marketing personnel. In particular, we are highly dependent on the management and business expertise of John McDonough, our President and Chief Executive Officer. We do not maintain fixed-term employment contracts or key man life insurance with any of our employees. Competition for qualified personnel is intense, particularly in the Boston, Massachusetts area. Our growth depends, in particular, on attracting, retaining and motivating highly trained sales personnel with the necessary scientific background and ability to understand our systems at a technical level. In addition, we may need additional employees at our manufacturing facilities to meet demand for our products as we scale up our sales and marketing operations. Because of the complex and technical nature of our products and the dynamic market in which we compete, any failure to attract, train, retain and motivate qualified personnel could materially harm our operating results and growth prospects.

If our diagnostics do not perform as expected, our operating results, reputation and business will suffer.

Our success will depend on the market's confidence that our technologies can provide reliable, high-quality diagnostic results. We believe that our customers are likely to be particularly sensitive to any defects or errors in our product candidates. If our technology failed to detect the presence of *Candida* or another bacterial pathogen and a patient subsequently suffered from sepsis, or if our technology failed to detect impaired hemostasis and a patient faced adverse consequences from the misdiagnosis, then we could face claims against us or our reputation could suffer as a result of such failures. The failure of our current or planned diagnostic product candidates to perform as expected could significantly impair our reputation and the public image of our products, and we may be subject to legal claims arising from any defects or errors.

The diagnostics market is highly competitive. If we fail to compete effectively, our business and operating results will suffer.

If our product candidates receive marketing authorization or are cleared or approved, we will compete with commercial diagnostics companies. We believe our principal competition will come from traditional blood culture-based diagnostic companies, including Becton Dickinson & Co. and bioMerieux, Inc., as well as companies offering post-culture species identification using both molecular and non-molecular methods, including bioMerieux, Inc., Bruker Corporation, Cepheid and Siemens AG.

Most of our expected competitors are either publicly traded, or are divisions of publicly traded companies, and have a number of competitive advantages over us, including:

- greater name and brand recognition, financial and human resources;
- established and broader product lines;
- larger sales forces and more established distribution networks;
- substantial intellectual property portfolios;
- larger and more established customer bases and relationships; and
- better established, larger scale and lower-cost manufacturing capabilities.

We believe that the principal competitive factors in all of our target markets include:

- impact of products on the health of the patient;
- impact of the use of products on the cost of treating patients in the hospital;
- cost of capital equipment;
- reputation among physicians, hospitals and other healthcare providers;
- innovation in product offerings;
- flexibility and ease-of-use;
- speed, accuracy and reproducibility of results; and
- ability to implement a consumables-based model for panels.

We believe that additional competitive factors specific to the diagnostics market include:

- breadth of clinical decisions that can be influenced by information generated by diagnostic tests;
- volume, quality and strength of clinical and analytical validation data;
- availability of adequate reimbursement for testing services and procedures for healthcare providers using our products; and
- economic benefit accrued to hospitals based on the total cost to treat a patient for a health condition.

We cannot assure you that we will effectively compete or that we will be successful in the face of increasing competition from new products and technologies introduced by our existing competitors or new companies entering our markets. In addition, we cannot assure you that our future competitors do not have or will not develop products or technologies that enable them to produce competitive products with greater capabilities or at lower costs than our product candidates. Any failure to compete effectively could materially and adversely affect our business, financial condition and operating results.

Undetected errors or defects in our product candidates could harm our reputation, decrease market acceptance of our products or expose us to product liability claims.

Our product candidates may contain undetected errors or defects. Disruptions or other performance problems with our product candidates may damage our customers' businesses and could harm our reputation. If that occurs, we may incur significant costs, the attention of our key personnel could be diverted or other significant customer relations problems may arise. We may also be subject to warranty and liability claims for damages related to errors or defects in our product candidates. A material liability claim or other occurrence that harms our reputation or decreases market acceptance of our product candidates could harm our business and operating results.

The sale and use of product candidates or services based on our technologies, or activities related to our research and clinical studies, could lead to the filing of product liability claims if someone were to allege that one of our product candidates contained a design or manufacturing defect. A product liability claim could result in substantial damages and be costly and time consuming to defend, either of which could materially harm our business or financial condition. We cannot assure you that our product liability insurance would adequately protect our assets from the financial impact of defending a product liability claim. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing insurance coverage in the future.

We may not be able to develop new product candidates or enhance the capabilities of our systems to keep pace with our industry's rapidly changing technology and customer requirements, which could have a material adverse impact on our revenue, results of operations and business.

Our industry is characterized by rapid technological changes, frequent new product introductions and enhancements and evolving industry standards. Our success depends on our ability to develop new product candidates and applications for our technology in new markets that develop as a result of technological and scientific advances, while improving the performance and cost-effectiveness of our existing product candidates. New technologies, techniques or products could emerge that might offer better combinations of price and performance than the products and systems that we plan to sell. Existing markets for our intended diagnostic product candidates are characterized by rapid technological change and innovation. It is critical to our success that we anticipate changes in technology and customer requirements and physician, hospital and healthcare provider practices and successfully introduce new, enhanced and competitive technologies to meet our prospective customers' needs on a timely and cost-effective basis. At the same time, however, we must carefully manage our introduction of new products. If potential customers believe that such products will offer enhanced features or be sold for a more attractive price, they may delay purchases until such products are available. We may also have excess or obsolete inventory of older products as we transition to new products, and we have no experience in managing product transitions. If we do not successfully innovate and introduce new technology into our anticipated product lines or manage the transitions of our technology to new product offerings, our revenue, results of operations and business will be adversely impacted.

Competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We anticipate that we will face strong competition in the future as expected competitors develop new or improved products and as new companies enter the market with new technologies.

We are developing additional product candidates that we intend to be used with T2Dx, including T2Bacteria for detection of certain strains of sepsis-causing bacteria. We are also

developing T2Stat, to be used with our developmental T2HemoStat panel, which is designed to detect impaired hemostasis. We may have problems applying our technologies to these other areas and our new applications may not be as effective in detection as our initial applications. Any failure or delay in creating a customer base or launching new applications may compromise our ability to achieve our growth objectives.

We currently develop, manufacture and test our product candidates and some of their components in two facilities. If these or any future facility or our equipment were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed.

We currently develop our diagnostic product candidates exclusively in a facility in Lexington, Massachusetts and manufacture and test some components of our product candidates at a facility in Wilmington, Massachusetts. If these or any future facility were to be damaged, destroyed or otherwise unable to operate, whether due to fire, floods, hurricanes, storms, tornadoes, other natural disasters, employee malfeasance, terrorist acts, power outages, or otherwise, or if our business is disrupted for any other reason, we may not be able to develop our product candidates or test our product candidates as promptly as our potential customers expect, or possibly not at all.

The manufacture of components of our product candidates at our Wilmington facility involves complex processes, sophisticated equipment and strict adherence to specifications and quality systems procedures. Any unforeseen manufacturing problems, such as contamination of our facility, equipment malfunction, or failure to strictly follow procedures or meet specifications, could result in delays or shortfalls in production of our products. Identifying and resolving the cause of any manufacturing issues could require substantial time and resources. If we are unable to keep up with future demand for our products by successfully manufacturing and shipping our products in a timely manner, our revenue growth could be impaired and market acceptance of our product candidates could be adversely affected.

Currently, we maintain insurance coverage totaling $9.9 million against damage to our property and equipment, subject to deductibles and other limitations. If we have underestimated our insurance needs with respect to an interruption, or if an interruption is not subject to coverage under our insurance policies, we may not be able to cover our losses.

We may be adversely affected by fluctuations in demand for, and prices of, rare earth materials.

T2MR relies, in part, on rare earth materials and products. For example, T2Dx utilizes magnets which are extracted from the earth. Although there are currently multiple suppliers for these rare earth materials, changes in demand for, and the market price of, these magnets could significantly affect our ability to manufacture our T2MR-based instruments and, consequently, our profitability. Rare earth minerals and product prices may fluctuate and are affected by numerous factors beyond our control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand for rare earth minerals and products, and the political and economic conditions of countries that produce rare earth minerals and products.

Provisions of our debt instruments may restrict our ability to pursue our business strategies.

Our credit facilities require us, and any debt instruments we may enter into in the future may require us, to comply with various covenants that limit our ability to, among other things:

- convey, lease, sell, transfer, assign or otherwise dispose of assets;
- change the nature or location of our business;

- complete mergers or acquisitions;
- incur indebtedness;
- encumber assets;
- pay dividends or make other distributions to holders of our capital stock (other than dividends paid solely in common stock);
- make specified investments;
- change certain key management personnel; and
- engage in material transactions with our affiliates.

These restrictions could inhibit our ability to pursue our business strategies. If we default under our credit facilities, and such event of default was not cured or waived, the lenders could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross defaults under other debt instruments. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon a default.

We may incur additional indebtedness in the future. The debt instruments governing such indebtedness could contain provisions that are as, or more, restrictive than our existing debt instruments. If we are unable to repay, refinance or restructure our indebtedness when payment is due, the lenders could proceed against the collateral granted to them to secure such indebtedness or force us into bankruptcy or liquidation.

As part of our current business model, we will seek to enter into strategic relationships with third parties to develop and commercialize diagnostic products.

We intend to enter into strategic relationships with third parties for future diagnostic products. However, there is no assurance that we will be successful in doing so. Establishing strategic relationships can be difficult and time-consuming. Discussions may not lead to agreements on favorable terms, if at all. To the extent we agree to work exclusively with a party in a given area, our opportunities to collaborate with others or develop opportunities independently could be limited. Potential collaborators or licensors may elect not to work with us based upon their assessment of our financial, regulatory or intellectual property position. Even if we establish new strategic relationships, they may never result in the successful development or commercialization of future products.

Acquisitions or joint ventures could disrupt our business, cause dilution to our stockholders and otherwise harm our business.

We may acquire other businesses, products or technologies as well as pursue strategic alliances, joint ventures, technology licenses or investments in complementary businesses. We have not made any acquisitions to date, and our ability to do so successfully is unproven. Any of these transactions could be material to our financial condition and operating results and expose us to many risks, including:

- disruption in our relationships with future customers or with current or future distributors or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;

- diversion of management time and focus from operating our business to acquisition integration challenges;
- increases in our expenses and reductions in our cash available for operations and other uses;
- possible write-offs or impairment charges relating to acquired businesses; and
- inability to develop a sales force for any additional product candidates.

Foreign acquisitions involve unique risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Also, the anticipated benefit of any acquisition may not materialize. Future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of future joint ventures or acquisitions, or the effect that any such transactions might have on our operating results.

If treatment guidelines for sepsis change, or the standard of care evolves, we may need to redesign and seek new marketing authorization from the FDA for our product candidates.

If treatment guidelines for sepsis change, or the standard of care evolves, we may need to redesign and seek new marketing authorization from the FDA for our product candidates. For example, current treatment recommendations for *Candida* infections, including those published by the *Infectious Diseases Society of America*, call for identical treatment for two species of *Candida, C. albicans* and *C. tropicalis*, and identical treatment for two other species, *C. glabrata* and *C. krusei*. Although our T2Candida test is technically capable of distinguishing among these species, we have designed it based on current treatment guidelines and therefore it does not distinguish between two species if they are subject to the same recommended treatment. Our petition to the FDA requesting an order authorizing us to market T2Dx and T2Candida in the United States is also based on current treatment guidelines. If treatment guidelines change so that different treatments become desirable for the two species currently subject to the same recommended treatment, the clinical utility of our T2Candida test could be diminished and we could be required to seek marketing authorization from the FDA for a revised test that would distinguish between the two species.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2013, we had federal net operating loss carryforwards, or NOLs, to offset future taxable income of $56.0 million, which are available to offset future taxable income, if any, through 2023. Under Section 382 of the Internal Revenue Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. We may have already experienced one or more ownership changes. Depending on the timing of any future utilization of our carryforwards, we may be limited as to the amount that can be utilized each year as a result of such previous ownership changes. In addition, future changes in our stock ownership, including this or future offerings, as well as other changes that may be outside of our control, could result in additional ownership changes under Section 382 of the Internal Revenue Code. Our NOLs may also be impaired under similar provisions of state law. We have recorded a full valuation allowance related to our NOLs and other deferred tax assets due to the uncertainty of the ultimate realization of the future benefits of those assets.

We face risks related to handling hazardous materials and other regulations governing environmental safety.

Our operations are subject to complex and stringent environmental, health, safety and other governmental laws and regulations that both public officials and private individuals may seek to enforce. Our activities that are subject to these regulations include, among other things, our use of hazardous materials and the generation, transportation and storage of waste. We may not be in material compliance with these regulations. Existing laws and regulations may also be revised or reinterpreted, or new laws and regulations may become applicable to us, whether retroactively or prospectively, that may have a negative effect on our business and results of operations. It is also impossible to eliminate completely the risk of accidental environmental contamination or injury to individuals. In such an event, we could be liable for any damages that result, which could adversely affect our business.

We expect to generate a portion of our future revenue internationally and are subject to various risks relating to our international activities which could adversely affect our operating results.

We believe that a portion of our future revenue will come from international sources as we implement and expand overseas operations. Engaging in international business involves a number of difficulties and risks, including:

- required compliance with existing and changing foreign healthcare and other regulatory requirements and laws, such as those relating to patient privacy or handling of bio-hazardous waste;
- required compliance with anti-bribery laws, such as the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, data privacy requirements, labor laws and anti-competition regulations;
- export or import restrictions;
- various reimbursement and insurance regimes;
- laws and business practices favoring local companies;
- longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- political and economic instability;
- potentially adverse tax consequences, tariffs, customs charges, bureaucratic requirements and other trade barriers;
- foreign exchange controls;
- difficulties and costs of staffing and managing foreign operations; and
- difficulties protecting or procuring intellectual property rights.

As we expand internationally, our results of operations and cash flows will become increasingly subject to fluctuations due to changes in foreign currency exchange rates. Our expenses are generally denominated in the currencies in which our operations are located, which is in the United States. If the value of the U.S. dollar increases relative to foreign currencies in the future, in the absence of a corresponding change in local currency prices, our future revenue could be adversely affected as we convert future revenue from local currencies to U.S. dollars.

If we dedicate resources to our international operations and are unable to manage these risks effectively, our business, operating results and prospects will suffer.

Our employees, independent contractors, principal investigators, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk of fraud or other misconduct by our employees, independent contractors, principal investigators, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless or negligent failures to: comply with the regulations of the FDA and other similar foreign regulatory bodies; provide true, complete and accurate information to the FDA and other similar regulatory bodies; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws and regulations in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately, or disclose unauthorized activities to us. These laws may impact, among other things, our activities with principal investigators and research subjects, as well as our sales, marketing and education programs. In particular, the promotion, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information obtained in the course of clinical studies, which could result in regulatory sanctions and cause serious harm to our reputation. We currently have a code of conduct applicable to all of our employees, but it is not always possible to identify and deter employee misconduct, and our code of conduct and the other precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses, or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, disgorgement, individual imprisonment, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. Any of these actions or investigations could result in substantial costs to us, including legal fees, and divert the attention of management from operating our business.

We depend on our information technology systems, and any failure of these systems could harm our business.

We depend on information technology systems for significant elements of our operations, including the storage of data and retrieval of critical business information. We have installed, and expect to expand, a number of enterprise software systems that affect a broad range of business processes and functional areas, including systems handling human resources, financial controls and reporting, contract management, regulatory compliance and other infrastructure operations. These information technology systems may support a variety of functions, including laboratory operations, test validation, quality control, customer service support, billing and reimbursement, research and development activities and general administrative activities. Our clinical trial data is currently stored on a third party's servers.

Information technology systems are vulnerable to damage from a variety of sources, including network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautionary measures we have taken to prevent unanticipated problems that could affect our information technology

systems, failures or significant downtime of our information technology systems or those used by our third-party service providers could prevent us from conducting our general business operations. Any disruption or loss of information technology systems on which critical aspects of our operations depend could have an adverse effect on our business. Further, we store highly confidential information on our information technology systems, including information related to clinical data, product designs and plans to create new products. If our servers or the servers of the third party on which our clinical data is stored are attacked by a physical or electronic break-in, computer virus or other malicious human action, our confidential information could be stolen or destroyed.

Risks Related to Government Regulation and Diagnostic Product Reimbursement

Approval and clearance by the FDA and foreign regulatory authorities for our diagnostic tests will take significant time and require significant research, development and clinical study expenditures and ultimately may not succeed. Furthermore, our expectation of marketing authorization from the FDA is based in part on non-binding communications with the FDA about our clinical trial data and there can be no assurance that our clinical trial data will satisfy the FDA.

Before we begin to label and market our product candidates for use as clinical diagnostics in the United States, we are required to obtain clearance from the FDA under Section 510(k) of the Federal Food, Drug and Cosmetic Act, approval of a *de novo* reclassification petition for our product, or approval of pre-market approval, or PMA, application from the FDA, unless an exemption from pre-market review applies. In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a device legally on the market, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The PMA pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The PMA process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. However, some devices are automatically subject to the PMA pathway regardless of the level of risk they pose because they have not previously been classified into a lower risk class by the FDA. Manufacturers of these devices may request that FDA review such devices in accordance with the *de novo* classification procedure, which allows a manufacturer whose novel device would otherwise require the submission and approval of a PMA prior to marketing to request down-classification of the device on the basis that the device presents low or moderate risk. If the FDA agrees with the down-classification, the applicant will then receive approval to market the device. This device type can then be used as a predicate device for future 510(k) submissions. We intend to utilize the *de novo* classification procedures to seek marketing authorization for T2Dx and T2Candida. The process of obtaining regulatory clearances or approvals, or completing the *de novo* classification process, to market a medical device can be costly and time consuming, and we may not be able to successfully obtain pre-market reviews on a timely basis, if at all.

If the FDA requires us to go through a lengthier, more rigorous examination for our product candidates than we had expected, our product introductions or modifications could be delayed or canceled, which could cause our launch to be delayed or, in the future, our sales to decline. In addition, the FDA may determine that our product candidates require the more costly, lengthy and uncertain PMA process. For example, if the FDA disagrees with our determination that the *de novo* classification procedures are the appropriate path to obtain marketing authorizations for T2Dx and T2Candida product candidates, the FDA may require us to submit a PMA application, which is generally more costly and uncertain and can take from one to three years, or longer, from the time

the application is submitted to the FDA until an approval is obtained. Further, even with respect to those future products where a PMA is not required, we cannot assure you that we will be able to obtain 510(k) clearances with respect to those products.

The FDA can delay, limit or deny clearance or approval of a device for many reasons, including:

- we may not be able to demonstrate to the FDA's satisfaction that our product candidates are safe and effective, sensitive and specific diagnostic tests, for their intended users;
- the data from our pre-clinical studies and clinical trials may be insufficient to support clearance or approval, where required; and
- the manufacturing process or facilities we use may not meet applicable requirements.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently approved or cleared products on a timely basis. For example, in response to industry and healthcare provider concerns regarding the predictability, consistency and rigor of the 510(k) regulatory pathway, the FDA initiated an evaluation of the program, and in January 2011, announced several proposed actions intended to reform the review process governing the clearance of medical devices. The FDA intends these reform actions to improve the efficiency and transparency of the clearance process, as well as bolster patient safety. In addition, as part of the Food and Drug Administration Safety and Innovation Act, or FDASIA, Congress reauthorized the Medical Device User Fee Amendments with various FDA performance goal commitments and enacted several "Medical Device Regulatory Improvements" and miscellaneous reforms which are further intended to clarify and improve medical device regulation both pre- and post-approval. Any delay in, or failure to receive or maintain, clearance or approval for our product candidates could prevent us from generating revenue from these product candidates and adversely affect our business operations and financial results. Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could affect the perceived safety and efficacy of our product candidates and dissuade our customers from using our product candidates, if and when they are authorized for marketing.

Obtaining FDA clearance, *de novo* down classification, or approval for diagnostics can be expensive and uncertain, and generally takes from several months to several years, and generally requires detailed and comprehensive scientific and clinical data. Notwithstanding the expense, these efforts may never result in FDA clearance. Even if we were to obtain regulatory clearance, it may not be for the uses we believe are important or commercially attractive, in which case we would not be permitted to market our product for those uses.

Even if granted, a 510(k) clearance, *de novo* down classification, or PMA approval for any future product would likely place substantial restrictions on how our device is marketed or sold, and the FDA will continue to place considerable restrictions on our products and operations. For example, the manufacture of medical devices must comply with the FDA's Quality System Regulation, or QSR. In addition, manufacturers must register their manufacturing facilities, list the products with the FDA, and comply with requirements relating to labeling, marketing, complaint handling, adverse event and medical device reporting, reporting of corrections and removals, and import and export. The FDA monitors compliance with the QSR and these other requirements through periodic inspections. If our facilities or those of our manufacturers or suppliers are found to be in violation of applicable laws and regulations, or if we or our manufacturers or suppliers fail to

take satisfactory corrective action in response to an adverse inspection, the regulatory authority could take enforcement action, including any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- customer notifications or repair, replacement, refunds, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying requests for 510(k) marketing clearance or PMA approvals of new products or modified products;
- withdrawing 510(k) marketing clearances or PMA approvals that have already been granted;
- refusing to provide Certificates for Foreign Government;
- refusing to grant export approval for our products; or
- pursuing criminal prosecution.

Any of these sanctions could impair our ability to produce our product candidates in a cost-effective and timely manner in order to meet our customers' demands, and could have a material adverse effect on our reputation, business, results of operations and financial condition. We may also be required to bear other costs or take other actions that may have a negative impact on our future sales and our ability to generate profits.

Sales of our diagnostic product candidates outside the United States are subject to foreign regulatory requirements governing clinical studies, vigilance reporting, marketing approval, manufacturing, product licensing, pricing and reimbursement. These regulatory requirements vary greatly from country to country. As a result, the time required to obtain approvals outside the United States may differ from that required to obtain FDA clearance and we may not be able to obtain foreign regulatory approvals on a timely basis or at all. Clearance by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure clearance or approval by regulatory authorities in other countries or by the FDA. Foreign regulatory authorities could require additional testing. Failure to comply with these regulatory requirements, or to obtain required clearances or approvals, could impair our ability to commercialize our diagnostic product candidates outside of the United States.

Modifications to our products, if cleared or approved, may require new 510(k) clearances or pre-market approvals, or may require us to cease marketing or recall the modified products until clearances are obtained.

Any modification to a device authorized for marketing that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, requires a new 510(k) clearance or, possibly, approval of a PMA. The FDA requires every manufacturer to make this determination in the first instance, but the FDA may review any manufacturer's decision. The FDA may not agree with our decisions regarding whether new clearances or approvals are necessary. If the FDA disagrees with our determination and requires us to submit new 510(k) notifications or PMAs for modifications to previously cleared products for which we conclude that new clearances or approvals are unnecessary, we may be required to cease marketing or to recall the modified product until we obtain clearance or approval, and we may be subject to significant regulatory fines or penalties.

Furthermore, the FDA's ongoing review of the 510(k) program may make it more difficult for us to make modifications to any products for which we obtain clearance, either by imposing more strict requirements on when a manufacturer must submit a new 510(k) for a modification to a previously cleared product, or by applying more onerous review criteria to such submissions. For

example, in accordance with FDASIA, the FDA was obligated to prepare a report for Congress on the FDA's approach for determining when a new 510(k) will be required for modifications or changes to a previously cleared device. The FDA recently issued this report and indicated that manufacturers should continue to adhere to the FDA's 1997 Guidance on this topic when making a determination as to whether or not a new 510(k) is required for a change or modification to a device. However, the practical impact of the FDA's continuing scrutiny of the 510(k) program remains unclear.

If we obtain marketing authorization from the FDA, a recall of our products, either voluntarily or at the direction of the FDA, or the discovery of serious safety issues with our products that leads to corrective actions, could have a significant adverse impact on us.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by us or one of our distributors could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Under the FDA's medical device reporting regulations, we are required to report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. Repeated product malfunctions may result in a voluntary or involuntary product recall. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our reputation, results of operations and financial condition, which could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers' demands. Depending on the corrective action we take to redress a product's deficiencies or defects, the FDA may require, or we may decide, that we will need to obtain new approvals or clearances for the device before we may market or distribute the corrected device. Seeking such approvals or clearances may delay our ability to replace the recalled devices in a timely manner. Moreover, if we do not adequately address problems associated with our devices, we may face additional regulatory enforcement action, including FDA warning letters, product seizure, injunctions, administrative penalties, or civil or criminal fines. We may also be required to bear other costs or take other actions that may have a negative impact on our sales as well as face significant adverse publicity or regulatory consequences, which could harm our business, including our ability to market our products in the future.

Any adverse event involving our products could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection, mandatory recall or other enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, would require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

We may rely on third parties to conduct future studies of our product candidates that may be required by the FDA or other regulatory authorities, and those third parties may not perform satisfactorily.

We may rely on third parties, including medical investigators, to conduct such studies. Our reliance on these third parties for clinical development activities will reduce our control over these activities. These third parties may not complete activities on schedule or conduct studies in accordance with regulatory requirements or our study design. If applicable, our reliance on third parties that we do not control will not relieve us of any applicable requirement to prepare, and

ensure compliance with, various procedures required under good clinical practices. If these third parties do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, if the third parties need to be replaced or if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our studies may be extended, delayed, suspended or terminated, and we may not be able to obtain marketing authorization from the FDA or regulatory clearance for our product candidates.

Our future customers are highly dependent on payment from third-party payors, and inadequate coverage and reimbursement for diagnostic tests using our technology or procedures using our product candidates and the commercial success of our diagnostic product candidates would be compromised.

Successful commercialization of our diagnostic product candidates depends, in large part, to the extent the costs of our product candidates purchased by our customers are reimbursed, either separately or through bundled payment, by third-party private and governmental payors, including Medicare, Medicaid, managed care organizations and private insurance plans. There is significant uncertainty surrounding third-party coverage and reimbursement for the use of tests that incorporate new technology, such as T2MR.

Hospitals, clinical laboratories and other healthcare provider customers that may purchase our product candidates, if approved, generally bill various third-party payors to cover all or a portion of the costs and fees associated with diagnostic tests, including the cost of the purchase of our product candidates. We currently expect that the majority of our diagnostic tests will be performed in a hospital inpatient setting, where governmental payors, such as Medicare, generally reimburse hospitals a single bundled payment that is based on the patients' diagnosis under a classification system known as the Medicare severity diagnosis-related groups, classification for all items and services provided to the patient during a single hospitalization, regardless of whether our diagnostic tests are performed during such hospitalization. To the extent that our diagnostic tests will be performed in an outpatient setting, our product candidates may be eligible for separate payment, for example, under the Clinical Laboratory Fee Schedule using existing Current Procedural Terminology codes. Third-party payors may deny coverage, however, if they determine that the diagnostic tests using our products are not cost-effective compared to the use of alternative testing methods as determined by the payor, or is deemed by the third-party payor to be experimental or medically unnecessary. Even if third-party payors make coverage and reimbursement available, such reimbursement may not be adequate or these payors' reimbursement policies may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our customers' access to adequate coverage and reimbursement for inpatient procedures using our product candidates by government and private insurance plans is central to the acceptance of our products. We cannot predict at this time the adequacy of payments, whether made separately in an outpatient setting or with a bundled payment amount in an inpatient setting. We may be unable to sell our products, if approved, on a profitable basis if third-party payors deny coverage or reduce their current levels of payment, or if our costs of production increase faster than increases in reimbursement levels.

In many countries outside of the United States, various coverage, pricing and reimbursement approvals are required. We expect that it will take several years to establish broad coverage and reimbursement for testing services based on our products with payors in countries outside of the United States, and our efforts may not be successful.

We may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws and other federal and state laws applicable to our business activities. If we are unable to comply, or have not complied, with such laws, we could face substantial penalties.

Our operations are, and will continue to be, directly or indirectly subject to various federal and state fraud and abuse laws, including, without limitation, the federal and state anti-kickback statutes, physician payment transparency laws and false claims laws. These laws may impact, among other things, our proposed sales and marketing and education programs and require us to implement additional internal systems for tracking certain marketing expenditures and reporting them to government authorities. In addition, we may be subject to patient privacy and security regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly or willfully soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for or to induce either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or services for which payment may be made, in whole or in part, under a federal healthcare program such as the Medicare and Medicaid programs;

- federal false claims laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from or approval by a governmental payor program that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which established new federal crimes for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or making materially false statements in connection with the delivery of or payment for healthcare benefits, items or services;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information;

- the federal physician sunshine requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, ACA, which requires manufacturers of drugs, devices, biologicals, and medical supplies to report annually to the CMS information related to payments and other transfers of value to physicians and teaching hospitals, and ownership and investment interests held by physicians and their immediate family members; and

- state or foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require device companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require manufacturers to report information related to payments and other transfers of value to physicians, hospitals and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. In addition, recent healthcare reforms have strengthened these

laws. For example, the ACA, among other things, amends the intent requirement of the federal anti-kickback statute. A person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it. The ACA codified case law by amending the False Claims Act, such that violations of the anti-kickback statute are now deemed violations of the False Claims Act.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and individual imprisonment, any of which could adversely affect our ability to operate our business and our results of operations.

Healthcare policy changes, including legislation reforming the United States healthcare system, may have a material adverse effect on our financial condition and results of operations.

The ACA, enacted in March 2010, makes changes that are expected to significantly impact the pharmaceutical and medical device industries and clinical laboratories. Since 2013, certain medical device manufacturers have had to pay an excise tax in an amount equal to 2.3% of the price for which such manufacturer sells its medical devices. We expect that the excise tax will apply to some or all of our diagnostic product candidates. The ACA also mandates a reduction in payments for clinical laboratory services paid under the Medicare Clinical Laboratory Fee Schedule, or CLFS, of 1.75% for the years 2011 through 2015 and a productivity adjustment to the CLFS, further reducing payment rates. Some commercial payors are guided by the CLFS in establishing their reimbursement rates. Clinicians may decide not to order clinical diagnostic tests if third-party payments are inadequate, and we cannot predict whether third-party payors will offer adequate reimbursement for procedures utilizing our product candidates to make them commercially attractive. To the extent that the diagnostic tests using our product candidates are performed on an outpatient basis, these or any future proposed or mandated reductions in payments under the CLFS may apply to some or all of the clinical laboratory tests that our diagnostics customers may use our technology to deliver to Medicare beneficiaries and may indirectly reduce demand for our diagnostic product candidates.

Other significant measures contained in the ACA include coordination and promotion of research on comparative clinical effectiveness of different technologies and procedures, initiatives to revise Medicare payment methodologies, such as bundling of payments across the continuum of care by providers and physicians, and initiatives to promote quality indicators in payment methodologies. The ACA also includes significant new fraud and abuse measures, including required disclosures of financial arrangements with physician customers, lower thresholds for violations and increasing potential penalties for such violations. In addition, the ACA establishes an Independent Payment Advisory Board, or IPAB, to reduce the per capita rate of growth in Medicare spending. The IPAB has broad discretion to propose policies to reduce healthcare expenditures, which may have a negative impact on payment rates for services, including our tests. The IPAB proposals may impact payments for clinical laboratory services that our diagnostics customers use our technology to deliver beginning in 2016, and for hospital services beginning in 2020, and may indirectly reduce demand for our diagnostic product candidates. To the extent that the reimbursement amounts for sepsis decrease, it could adversely affect the market acceptance and hospital adoption of our technologies.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the

years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and will stay in effect through 2014 unless additional Congressional action is taken. 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.

The full impact on our business of the ACA and the other new laws is uncertain. Nor is it clear whether other legislative changes will be adopted or how such changes would affect our industry generally or our ability to successfully commercialize our product candidates, if approved. Changes in healthcare policy, such as the creation of broad test utilization limits for diagnostic products in general or requirements that Medicare patients pay for portions of clinical laboratory tests or services received, could substantially impact the sales of our tests, increase costs and divert management's attention from our business. Such co-payments by Medicare beneficiaries for laboratory services were discussed as possible cost savings for the Medicare program as part of the debt ceiling budget discussions in mid-2011 and may be enacted in the future. In addition, sales of our tests outside of the United States will subject us to foreign regulatory requirements, which may also change over time.

We cannot predict whether future healthcare initiatives will be implemented at the federal or state level or in countries outside of the United States in which we may do business, or the effect any future legislation or regulation will have on us. The taxes imposed by the new federal legislation and the expansion in government's effect on the United States healthcare industry may result in decreased profits to us, lower reimbursements by payors for our product candidates or reduced medical procedure volumes, all of which may adversely affect our business, financial condition and results of operations.

Risks Related to Intellectual Property

If we are unable to protect our intellectual property effectively, our business would be harmed.

We rely on patent protection as well as trademark, copyright, trade secret protection and confidentiality agreements to protect the intellectual property rights related to our proprietary technologies. The strength of patents in our field involves complex legal and scientific questions. Uncertainty created by these questions means that our patents may provide only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. As of March 31, 2014, we owned or exclusively licensed 19 issued U.S. patents and approximately 30 pending U.S. patent applications, including provisional and non-provisional filings. We also owned or licensed approximately 59 pending and granted counterpart applications worldwide. If we fail to protect our intellectual property, third parties may be able to compete more effectively against us and we may incur substantial litigation costs in our attempts to recover or restrict use of our intellectual property.

We cannot assure you that any of our currently pending or future patent applications will result in issued patents with claims that cover our products and technologies in the United States or in other foreign countries, and we cannot predict how long it will take for such patents to be issued. Further, issuance of a patent is not conclusive as to its inventorship or scope, and there is no guarantee that our issued patents will include claims that are sufficiently broad to cover our technologies or to provide meaningful protection from our competitors. Further, we cannot be certain that all relevant prior art relating to our patents and patent applications has been found. Accordingly, there may be prior art that can invalidate our issued patents or prevent a patent from

issuing from a pending patent application, at all or with claims that have a scope broad enough to provide meaningful protection from our competitors.

Even if patents do successfully issue and even if such patents cover our products and technologies, we cannot assure you that other parties will not challenge the validity, enforceability or scope of such issued patents in the United States and in foreign countries, including by proceedings such as reexamination, inter-partes review, interference, opposition, or other patent office or court proceedings. Moreover, we cannot assure you that if such patents were challenged in court or before a regulatory agency that the patent claims will be held valid, enforceable, to be sufficiently broad to cover our technologies or to provide meaningful protection from our competitors. Nor can we assure you that the court or agency will uphold our ownership rights in such patents. Accordingly, we cannot guarantee that we will be successful in defending challenges made against our patents and patent applications. Any successful third-party challenge to our patents could result in the unenforceability or invalidity of such patents, or narrowing of clam scope, such that we could be deprived of patent protection necessary for the successful commercialization of our products and technologies, which could adversely affect our business.

Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property, provide exclusivity for our products and technologies or prevent others from designing around our claims. Others may independently develop similar or alternative products and technologies or duplicate any of our products and technologies. These products and technologies may not be covered by claims of issued patents owned by our company. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business. In addition, competitors could purchase our products and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, design around our protected technology or develop their own competitive technologies that fall outside of the protections provided by our intellectual property rights. If our intellectual property, including licensed intellectual property, does not adequately protect our market position against competitors' products and methods, our competitive position could be adversely affected, as could our business.

Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to make the inventions covered by our pending patent applications, or that we were the first to file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications, an interference proceeding in the United States can be initiated by a third party to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. Various extensions may be available; however the life of a patent, and the protection it affords, is limited.

Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

We depend on certain technologies that are licensed to us. We do not control the intellectual property rights covering these technologies and any loss of our rights to these technologies or the rights licensed to us could prevent us from selling our products.

We are a party to a number of license agreements under which we are granted rights to intellectual property that is important to our business and we expect that we may need to enter into additional license agreements in the future. We rely on these licenses in order to be able to use various proprietary technologies that are material to our business, including an exclusive license to patents and patent applications from Massachusetts General Hospital, or MGH, and non-exclusive licenses from other third parties related to materials used currently in our research and development activities, and which we intend to use in our future commercial activities. Our rights to use these technologies and employ the inventions claimed in the licensed patents are subject to the continuation of and our compliance with the terms of those licenses. Our existing license agreements impose, and we expect that future license agreements will impose on us, various diligence obligations, payment of milestones or royalties and other obligations. If we fail to comply with our obligations under these agreements, or we are subject to a bankruptcy, the licensor may have the right to terminate the license, in which event we would not be able to market products covered by the license.

As we have done previously, we may need to obtain licenses from third parties to advance our research or allow commercialization of our products and technologies, and we cannot provide any assurances that third-party patents do not exist which might be enforced against our current products and technologies or future products in the absence of such a license. We may fail to obtain any of these licenses on commercially reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected products and technologies, which could materially harm our business and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties or other forms of compensation.

In some cases, we do not control the prosecution, maintenance, or filing of the patents that are licensed to us, or the enforcement of these patents against infringement by third parties. Some of our patents and patent applications were not filed by us, but were either acquired by us or are licensed from third parties. Thus, these patents and patent applications were not drafted by us or our attorneys, and we did not control or have any input into the prosecution of these patents and patent applications either prior to our acquisition of, or entry into a license with respect to, such patents and patent applications. With respect to the patents we license from MGH, although we have rights under our agreement to provide input into prosecution and maintenance activities, and are actively involved in such ongoing prosecution, ultimately MGH retains ultimate control over such prosecution and maintenance. We therefore cannot be certain that the same attention was given, or will continue to be given, to the drafting and prosecution of these patents and patent applications as we may have exercised if we had control over the drafting and prosecution of such patents and patent applications, or that we will agree with decisions taken by MGH in relation to ongoing prosecution activities. We also cannot be certain that drafting or prosecution of the patents and patent applications licensed to us have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents. Further, as MGH retains the right to enforce these patents against third-party infringement, we cannot be certain that MGH will elect to enforce these patents to the extent that we would choose to do so, or in a way that will ensure that we retain the rights we currently have under our license with MGH. If MGH fails to properly

enforce the patents subject to our license in the event of third-party infringement, our ability to retain our competitive advantage with respect to our product candidates may be materially affected.

In addition, certain of the patents we have licensed relate to technology that was developed with U.S. government grants. Federal regulations impose certain domestic manufacturing requirements and other obligations with respect to some of our products embodying these patents.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other rights to third parties under collaborative development relationships;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our products and technologies, and what activities satisfy those diligence obligations; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected products and technologies.

We may be involved in lawsuits to protect or enforce our patents and proprietary rights, to determine the scope, enforceability and validity of others' proprietary rights, or to defend against third-party claims of intellectual property infringement, any of which could be time-intensive and costly and may adversely impact our business or stock price.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the medical device and diagnostics industries, including patent infringement lawsuits, interferences, oppositions and inter partes review proceedings before the U.S. Patent and Trademark Office, or U.S. PTO, and corresponding foreign patent offices. While we have not received notices of claims of infringement or misappropriation or misuse of other parties' proprietary rights in the past, we may from time to time receive such notices in the future. Some of these claims may lead to litigation. Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, methods of manufacture or methods of use of our products and technologies. Because patent applications can take many years to issue, third parties may have currently pending patent applications which may later result in issued patents that our products and technologies may infringe, or which such third parties claim are infringed by the use of our technologies. We cannot assure you that we will prevail in such actions, or that other actions alleging misappropriation or misuse by us of third-party trade secrets or infringement by us of third-party patents, trademarks or other rights, or challenging the validity of our patents, trademarks or other rights, will not be asserted against us.

Litigation may be necessary for us to enforce our patent and proprietary rights or to determine the scope, enforceability or validity of the proprietary rights of others. There has been substantial

litigation and other proceedings regarding patent and other intellectual property rights in the medical diagnostics industry. Third parties may assert that we are employing their proprietary technology without authorization. Many of our competitors have significantly larger and more mature patent portfolios than we currently have. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents may provide little or no deterrence or protection. Parties making claims against us for infringement of their intellectual property rights may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our products and technologies. Further, defense of such claims in litigation, regardless of merit, could result in substantial legal fees and could adversely affect the scope of our patent protection, and would be a substantial diversion of employee, management and technical personnel resources from our business. The outcome of any litigation or other proceeding is inherently uncertain and might not be favorable to us. In the event of a successful claim of infringement against us, we could be required to redesign our infringing products or obtain a license from such third party to continue developing and commercializing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms, or at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could therefore incur substantial costs for licenses obtained from third parties, if such licenses were available at all, which could negatively affect our gross margins, or prevent us from commercializing our products and technologies. Further, we could encounter delays in product introductions, or interruptions in product sales, as we develop alternative methods or products to avoid infringing third-party rights. In addition, if we resort to legal proceedings to enforce our intellectual property rights or to determine the validity, enforceability or scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if we were to prevail. Any litigation that may be necessary in the future could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results or financial condition. Further, if the scope of protection provided by our patents or patent applications is threatened or reduced as a result of litigation, it could discourage third parties from entering into collaborations with us that are important to the commercialization of our products.

We cannot guarantee that we have identified all relevant third-party intellectual property rights that may be infringed by our technology, nor is there any assurance that patents will not issue in the future from currently pending applications that may be infringed by our technology or product candidates. We are aware of third parties that have issued patents and pending patent applications in the United States, Europe, Canada, and other jurisdictions in the field of magnetic resonance devices and methods for analyte detection. We currently monitor the intellectual property positions of some companies in this field that are potential competitors or are conducting research and development in areas that relate to our business, and will continue to do so as we progress the development and commercialization of our product candidates. We cannot assure you that third parties will not in the future have issued patents or other intellectual property rights that may be infringed by the practice of our technology or the commercialization of our product candidates.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this kind of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or you perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

In addition, certain of our agreements with suppliers, distributors, customers and other entities with whom we do business require us to defend or indemnify these parties to the extent they

become involved in infringement claims relating to our technologies or products, or rights licensed to them by us. We could also voluntarily agree to defend or indemnify third parties in instances where we are not obligated to do so if we determine it would be important to our business relationships. If we are required or agree to defend or indemnify any of these third parties in connection with any infringement claims, we could incur significant costs and expenses that could adversely affect our business, operating results, or financial condition.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to pursuing patents on our technology, we also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our products and technologies and discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents, in order to maintain our competitive position. We take steps to protect our intellectual property, proprietary technologies and trade secrets, in part, by entering into confidentiality agreements with our employees, consultants, corporate partners, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants that obligate them to assign to us any inventions developed in the course of their work for us. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. Our agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements, and we may not be able to prevent such unauthorized disclosure. Monitoring unauthorized disclosure is difficult, and we do not know whether the steps we have taken to prevent such disclosure are, or will be, adequate. If we were to enforce a claim that a third party had illegally obtained and was using our trade secrets, it would be expensive and time consuming, and the outcome would be unpredictable. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. If any of the technology or information that we protect as trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us. Misappropriation or unauthorized disclosure of our trade secrets could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information. For example, the FDA, as part of its Transparency Initiative, is currently considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all.

We may be subject to damages resulting from claims that we or our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Many of our employees were previously employed at universities or other medical device companies, including our competitors or potential competitors. Although we seek to protect our ownership of intellectual property rights by ensuring that our agreements with our employees, collaborators and other third parties with whom we do business include provisions requiring such parties to assign rights in inventions to us, we may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in our patents or other intellectual property. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of our employees' former employers, or we may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our products and technologies. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could hamper our ability to commercialize certain potential products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We may also be subject to claims that former employees, collaborators or other third parties have an ownership interest in our patents or other intellectual property. We may be subject to ownership disputes in the future arising, for example, from conflicting obligations of consultants or others who are involved in developing our products and technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law, including provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. The U.S. PTO is currently developing regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, were enacted March 16, 2013. However, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and applications will be due to be paid to the U.S. PTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and applications. We have systems in place to remind us to pay these fees, and we employ an outside firm and rely on our outside counsel to pay these fees due to non-U.S. patent agencies. The U.S. PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules, however there are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest, and our business may be adversely affected.

We have not yet registered certain of our trademarks, including T2Biosystems, T2Candida and T2HemoStat, in all of our potential markets, including in international markets. If we apply to register these trademarks, our applications may not be allowed for registration, and our registered trademarks may not be maintained or enforced. In addition, opposition or cancellation proceedings may be filed against our trademark applications and registrations, and our trademarks may not survive such proceedings. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would. Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential partners or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected.

We may not be able to protect our intellectual property rights throughout the world.

The laws of some non-U.S. countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to technologies relating to biotechnology, which could make it difficult for us to stop the infringement of our patents. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business. Also, because we have not pursued patents in all countries, there exist jurisdictions where we are not protected against third parties using our proprietary technologies. Further, compulsory licensing laws or limited enforceability of patents against government agencies or contractors in certain countries may limit our remedies or reduce the value of our patents in those countries.

We use third-party software that may be difficult to replace or cause errors or failures of our product candidates that could lead to lost customers or harm to our reputation.

We use software licensed from third parties in our product candidates. In the future, this software may not be available to us on commercially reasonable terms, or at all. Any loss of the right to use any of this software could result in delays in the production of our product candidates until equivalent technology is either developed by us, or, if available, is identified, obtained and integrated with our technologies and products, which could harm our business. In addition, any errors or defects in, or failures of, such third-party software could result in errors or defects in the operation of our product candidates or cause our product candidates to fail, which could harm our business and reputation and be costly to correct. Many of the licensors of the software we use in our product candidates attempt to impose limitations on their liability for such errors, defects or failures. If enforceable, such limitations would require us to bear the liability for such errors, defects or failures, which could harm our reputation and increase our operating costs.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make diagnostic products and technologies that are similar to our product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;
- we or our licensors or future collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed;
- we or our licensors or future collaborators might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or have exclusively licensed may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, they could significantly harm our business, results of operations and prospects.

Risks Related to Our Common Stock and this Offering

One of the underwriters has an interest in this offering beyond the customary underwriting discounts and, accordingly, this offering will be made in accordance with FINRA Rule 5121 with Morgan Stanley & Co. LLC acting as "qualified independent underwriter".

Certain affiliates of Goldman, Sachs & Co., an underwriter of this offering, beneficially own % of our common stock as of March 31, 2014, and are together entitled to designate one member of our board of directors prior to the closing of this offering. As a result, Goldman, Sachs & Co. is deemed to have a "conflict of interest" within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. FINRA Rule 5121 prohibits Goldman, Sachs & Co. from making sales to discretionary accounts without the prior written approval of the account holder and requires that a "qualified independent underwriter," as defined in FINRA Rule 5121, participate in the preparation of the registration statement and exercise its usual standards of due diligence with respect thereto. Morgan Stanley & Co. LLC has agreed to act as "qualified independent underwriter" for this offering. Although the "qualified independent underwriter" has participated in the preparation of this registration statement and conducted due diligence, we cannot assure you that this will adequately address any potential conflict of interest. See "Underwriting (Conflict of Interest)".

After this offering, our executive officers, directors and principal stockholders, if they choose to act together, will continue to have the ability to control all matters submitted to stockholders for approval.

Upon the closing of this offering, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering and their respective affiliates will, in the aggregate, hold shares representing approximately % of our outstanding voting stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership control may:

- delay, defer or prevent a change in control;
- entrench our management and the board of directors; or
- impede a merger, consolidation, takeover or other business combination involving us that other stockholders may desire.

If you purchase shares of common stock in this offering, you will suffer immediate dilution of your investment.

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent shares subsequently are issued under outstanding stock options, you will incur further dilution. Based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma net tangible book value per share, after giving effect to this offering, and the assumed initial public offering price. In addition, purchasers of common stock in this offering will have contributed approximately % of the aggregate price paid by all

purchasers of our stock but will own only approximately % of our common stock outstanding after this offering.

An active trading market for our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined through negotiations with the underwriters. Although we have applied to have our common stock approved for listing on The NASDAQ Global Market, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our common stock does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or at all.

The price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock in this offering.

Our stock price is likely to be volatile. The stock market in general has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above the initial public offering price. The market price for our common stock may be influenced by many factors, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- competition from existing products or new products that may emerge;
- development of new technologies that may address our markets and may make our technology less attractive;
- changes in physician, hospital or healthcare provider practices that may make our product candidates less useful;
- announcements by us, our partners or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes to reimbursement levels by commercial third-party payors and government payors, including Medicare, and any announcements relating to reimbursement levels;
- general economic, industry and market conditions; and
- the other factors described in this "Risk Factors" section.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. We intend to use the net proceeds from this offering to commercialize our T2Dx and T2Candida product candidates if they receive marketing authorization from the FDA to fund development of our other product candidates and for working capital and general corporate purposes. However, our use of these proceeds may differ substantially from our current plans. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business and cause the price of our common stock to decline. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

A significant portion of our total outstanding shares are eligible to be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding shares of common stock based on the number of shares outstanding as of March 31, 2014 and the conversion of our redeemable convertible preferred stock into 21,277,722 shares of common stock. This includes the shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates or existing stockholders. The remaining shares are currently restricted as a result of securities laws or lock-up agreements but will become eligible to be sold at various times after this offering. Moreover, after this offering, holders of an aggregate of shares of our common stock will have rights, subject to specified conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting (Conflict of Interest)" section of this prospectus.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and may remain an emerging growth company for up to five years. For so 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. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a

supplement to the auditor's report providing additional information about the audit and the financial statements;

- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have taken advantage of reduced reporting burdens in this prospectus. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we 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 reduced or more volatile. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of these accounting standards until they would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The NASDAQ Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors.

We are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we will be required to furnish a report by our management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and

document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our regulatory clearance timelines, clinical trial results or operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Provisions in our restated certificate of incorporation and amended and restated bylaws and under Delaware law could make an acquisition of our company, 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 restated certificate of incorporation and our amended and restated bylaws that will become effective upon the closing of this offering may discourage, delay or prevent a merger, acquisition or other change in control of our company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your 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 include those establishing:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from filling vacancies on our board of directors;
- the ability of our board of directors to authorize the issuance of shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without

stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;

- the ability of our board of directors to alter our amended and restated bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our amended and restated bylaws or repeal the provisions of our restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chief executive officer, the president or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, which prohibits a person who owns in excess of 15% 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 in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. Any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, prospective products and product candidates, their expected performance and impact on healthcare costs, marketing authorization from the FDA, regulatory clearance, reimbursement for our product candidates, research and development costs, timing of regulatory filings, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described under the sections in this prospectus entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. These forward looking statements are subject to numerous risks, including, without limitation, the following:

- our status as a development-stage company and our expectation to incur losses in the future;
- our ability to obtain marketing authorization from the FDA or regulatory clearance for our product candidates in the United States or any other jurisdiction;
- the market acceptance of our T2MR technology;
- our ability to timely and successfully develop and commercialize our existing and future product candidates;
- the length of our anticipated sales cycle;
- our ability to gain the support of leading hospitals and key thought leaders and publish the results of our clinical trials in peer-reviewed journals;
- our future capital needs and our need to raise additional funds;
- the performance of our diagnostics;
- our ability to successfully manage our growth;
- our ability to compete in the highly competitive diagnostics market;
- our ability to protect and enforce our intellectual property rights, including our trade secret-protected proprietary rights in T2MR; and
- federal, state, and foreign regulatory requirements, including FDA regulation of our product candidates.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not

rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

INDUSTRY AND OTHER DATA

We obtained the industry, statistical and market data in this prospectus from our own internal estimates and research as well as from industry and general publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified statistical, market and industry data from third-party sources. While we believe our internal company research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

USE OF PROCEEDS

We estimate that the net proceeds from our issuance and sale of shares of our common stock in this offering will be $ million (or $ million if the underwriters exercise in full their option to purchase additional shares), assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Each increase (decrease) of 1.0 million in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the estimated underwriting discount and estimated offering expenses payable by us, by $ million, assuming the assumed initial public offering price stays the same.

We currently intend to use the net proceeds from this offering as follows:

- approximately $ million to $ million to fund our research and development programs, which broaden our instrument and diagnostic applications utilizing T2MR technology;
- approximately $ million to $ million to obtain marketing authorization from the FDA for, and support the commercialization of, our T2Dx and T2Candida product candidates, including the hiring of additional sales, marketing and manufacturing personnel and related support costs associated with sales, marketing and manufacturing activities; and
- the balance for other general corporate purposes, including general and administrative expenses, working capital, capital expenditures to add equipment for laboratory and manufacturing-related purposes and to support expansion of facilities, and the repayment of indebtedness.

Our expected use of net proceeds from this offering represents our current intentions based upon our present plans and business condition. As of the date of this prospectus, we cannot predict with complete certainty all of the particular uses for the net proceeds from this offering or the actual amounts that we will spend on the uses set forth above. We may also use a portion of the net proceeds to in-license, acquire, or invest in additional businesses, technologies, products or assets, although currently we have no specific agreements, commitments or understandings in this regard. The amounts and timing of our actual expenditures will depend on numerous factors, including the progress of our clinical trials, our ability to obtain marketing authorization from the FDA for our product candidates and other development and commercialization efforts for T2Dx and T2Candida, as well as the amount of cash used in our operations. We may find it necessary or advisable to use the net proceeds from this offering for other purposes, and we will have broad discretion in the application of the net proceeds.

Pending the uses described above, we plan to invest the net proceeds from this offering in short-and intermediate-term, interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, our ability to pay cash dividends is currently prohibited by the terms of our credit facility with Silicon Valley Bank, unless Silicon Valley Bank provides prior written consent.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2014:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all outstanding shares of our preferred stock into 21,277,722 shares of common stock upon the closing of this offering, the issuance of shares of our common stock upon the net exercise of all outstanding warrants, which will occur upon the closing of this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the resulting reclassification of the related liability for warrants to purchase redeemable securities to additional paid-in capital; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discount and estimated offering expenses payable by us.

Our capitalization following the closing of this offering will depend on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other financial information contained in this prospectus.

	As of March 31, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
		(in thousands)	
Notes payable, net of current portion	$ 2,855	$	$
Warrants to purchase redeemable securities	1,152		
Redeemable convertible preferred stock:			
Series A-1 redeemable convertible preferred stock, $0.001 par value; 282,849 shares authorized, issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	885		
Series A-2 redeemable convertible preferred stock, $0.001 par value; 1,717,728 shares authorized, 1,703,959 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	7,824		
Series B redeemable convertible preferred stock, $0.001 par value; 3,523,765 shares authorized, 3,249,877 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	15,681		
Series C redeemable convertible preferred stock, $0.001 par value; 4,085,125 shares authorized, 4,055,125 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	19,401		

	As of March 31, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
		(in thousands)	
Series D redeemable convertible preferred stock, $0.001 par value; 5,074,725 shares authorized, 5,054,945 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	27,822		
Series E redeemable convertible preferred stock, $0.001 par value; 6,960,967 shares authorized, 6,930,967 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma or pro forma as adjusted	43,106		
Common stock, par value $0.001 per share; 28,254,907 shares authorized, 2,400,422 shares issued and outstanding, actual; shares authorized, pro forma and pro forma as adjusted; shares issued and outstanding, pro forma; shares issued and outstanding, pro forma as adjusted	2		
Preferred stock, par value $0.001 per share; no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted			
Additional paid-in capital	—		
Deficit accumulated during the development stage	(98,132)		
Total stockholders' (deficit) equity	(98,130)		
Total capitalization	$ 20,596	$	$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of additional paid-in capital, total stockholders' (deficit) equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of additional paid in capital, total stockholders' (deficit) equity and total capitalization by $ million.

The number of shares in the table above does not include:

- 3,880,504 shares of common stock issuable upon exercise of stock options outstanding as of March 31, 2014, at a weighted-average exercise price of $1.51 per share; or
- shares of our common stock reserved for future issuance under our incentive award plans.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock after this offering.

As of March 31, 2014, we had a net tangible book value of $(98.1) million, or $(40.88) per share of common stock. Our net tangible book value per share represents total tangible assets less total liabilities and redeemable convertible preferred stock, divided by the number of shares of our common stock outstanding as of March 31, 2014.

Our pro forma net tangible book value as of March 31, 2014 was $ million, or $ per share of our common stock. Pro forma net tangible book value per share represents total tangible assets less total liabilities, divided by the number of shares of our common stock outstanding as of March 31, 2014, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into common stock upon the closing of this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the issuance of shares of common stock upon the net exercise of all outstanding warrants, which will occur upon the closing of this offering and the resulting reclassification of the related liability for warrants to purchase redeemable securities to additional paid-in capital.

After giving further effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discount and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2014 would have been $ million, or $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of common stock. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Net tangible book value per share as of March 31, 2014	$ (40.88)	
Increase in net tangible book value per share attributable to the conversion of our preferred stock and net exercise of warrants		
Pro forma net tangible book value per share as of March 31, 2014		
Increase in pro forma net tangible book value per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by $, and dilution in pro forma net tangible book value per share to new investors by $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and

estimated offering expenses payable by us. Each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and decrease (increase) the dilution to new investors by $ per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discount and the estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our common stock in full, the pro forma as adjusted net tangible book value after this offering would be $ per share, the increase in pro forma net tangible book value per share would be $ and the dilution per share to new investors would be $ per share, in each case assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

The following table summarizes, on a pro forma as adjusted basis as described above, as of March 31, 2014, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing stockholders and new investors paid. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discount and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100%		100%	

The foregoing tables and calculations are based on the number of shares of our common stock outstanding as of March 31, 2014, after giving effect to the automatic conversion of all outstanding shares of our preferred stock into common stock upon the closing of this offering and the net exercise of all outstanding warrants, which will occur upon the closing of this offering, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and exclude:

- 3,880,504 shares of common stock issuable upon exercise of stock options outstanding as of March 31, 2014, at a weighted-average exercise price of $1.51 per share; and
- shares of our common stock reserved for future issuance under our incentive award plans.

To the extent any of the outstanding stock options are exercised, there will be further dilution to new investors. If all of such outstanding stock options had been exercised as of March 31, 2014, the pro forma as adjusted net tangible book value per share after this offering would have been $, and total dilution per share to new investors would have been $.

If the underwriters exercise in full their option to purchase additional shares of our common stock:

- the percentage of shares of common stock held by existing stockholders will decrease to % of the total number of shares of our common stock outstanding after this offering; and
- the number of shares held by new investors will increase to , or % of the total number of shares of our common stock outstanding after this offering.

SELECTED FINANCIAL DATA

The following tables set forth, for the periods and as of the dates indicated, our selected financial data. The statement of operations data for the years ended December 31, 2012 and 2013 and balance sheet data as of December 31, 2012 and 2013 are derived from our audited financial statements appearing elsewhere in this prospectus. The balance sheet data as of March 31, 2014 and the statement of operations data for the three months ended March 31, 2013 and 2014 and the statement of operations data for the period from our inception (April 27, 2006) to March 31, 2014 have been derived from our unaudited financial statements included elsewhere in this prospectus. These unaudited financial statements have been prepared on a basis consistent with our audited financial statements and, in our opinion, contain all adjustments, consisting of normal and recurring adjustments, necessary for the fair presentation of such financial data. You should read this data together with our financial statements and related notes included elsewhere in this prospectus and the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations". Our historical results are not necessarily indicative of our future results, and our operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014 or any other interim periods or any future year or period.

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
	(in thousands, except share and per share data)				
Statement of Operations Data:					
Research and grant revenue	$ 19	$ 266	$ —	$ —	$ 3,085
Operating expenses:					
Research and development	11,727	14,936	3,561	5,065	59,388
Selling, general and administrative	2,945	5,022	1,039	1,842	22,552
Total operating expenses	14,672	19,958	4,600	6,907	81,940
Interest expense, net	(154)	(403)	(105)	(86)	(937)
Other income (expense), net	352	(515)	125	73	611
Net loss	(14,455)	(20,610)	(4,580)	(6,920)	(79,181)
Accretion of redeemable convertible preferred stock to redemption value	(4,412)	(6,908)	(1,176)	(1,906)	(21,307)
Net loss applicable to common stockholders	$ (18,867)	$ (27,518)	$ (5,756)	$ (8,826)	$ (100,488)
Net loss per share applicable to common stockholders – basic and diluted[1]	$ (8.15)	$ (11.60)	$ (2.45)	$ (3.68)	$ (58.62)
Weighted-average number of common shares used in computing net loss per share applicable to common stockholders – basic and diluted[1]	2,314,832	2,372,542	2,346,601	2,400,422	1,714,171
Pro forma net loss per share applicable to common stockholders – basic and diluted (unaudited)[1]		$		$	$
Pro forma weighted-average number of common shares used in computing net loss per share applicable to common stockholders – basic and diluted (unaudited)[1]					

(1) See Note 2 to our financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the historical and pro forma basic and diluted net loss per share attributable to common stockholders.

	As of December 31,		As of March 31,
	2012	2013	2014
	(in thousands)		
Balance Sheet Data:			
Cash and cash equivalents	$ 9,709	$ 30,198	$ 23,698
Total assets	11,431	31,885	25,832
Notes payable, net of current portion	5,058	3,299	2,855
Current liabilities	2,129	4,046	5,201
Warrants to purchase redeemable securities	695	1,225	1,152
Redeemable convertible preferred stock	66,137	112,813	114,719
Total stockholders' deficit	(62,658)	(89,543)	(98,130)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes thereto included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are an *in vitro* diagnostics company that has developed an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing diagnostic methodologies. We are using our T2 Magnetic Resonance platform, or T2MR, to develop a broad set of applications aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. Our initial development efforts utilizing T2MR target sepsis and hemostasis, which are areas of significant unmet medical need where existing therapies could be more effective with improved diagnostics. Based on our non-binding communications with the FDA, we believe that the sensitivity and specificity achieved in the clinical trial meet or exceed the requirements for product clearance. Sensitivity is the percent concordance, or the percentage of sample results that agree with a reference, or comparative, method for positive results. Specificity is the percent concordance to a reference method for negative results. We have completed a pivotal clinical trial for T2Dx and T2Candida and, on May 27, 2014, we submitted a *de novo* petition to the U.S. Food and Drug Administration, or the FDA, requesting an order authorizing us to market T2Dx and T2Candida in the United States. Our goal is to launch T2Dx and T2Candida commercially in the United States in the first half of 2015. In addition, we expect to initiate clinical trials for our bacterial sepsis and hemostasis product candidates in the second half of 2015 and the first half of 2016, respectively, and are targeting to commercialize these product candidates in 2017. We believe our combined initial annual addressable market opportunity for sepsis and hemostasis is over $3 billion in the United States alone, when the market opportunity for T2Candida, T2Bacteria and our initial hemostasis diagnostic panel is combined.

Since our inception in 2006, we have devoted substantially all of our resources to the development of T2MR and applications of T2MR. We do not have marketing authorization or regulatory approval in any jurisdiction to sell any products and have not generated any revenue from product sales. Since our inception through March 31, 2014, we have raised an aggregate of $101.9 million to fund our operations, of which $93.4 million was from the sale of preferred stock, and $8.3 million and $0.2 million were from the issuance of debt and common stock, respectively.

We have never been profitable and have incurred net losses in each year since inception. Our net losses, for the period from April 27, 2006 (inception) to March 31, 2014, totaled $98.1 million. Substantially all our net losses resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years.

We do not expect to generate revenue from product sales unless and until we obtain marketing authorization from the FDA for T2Dx and T2Candida. If we obtain marketing authorization for T2Dx and T2Candida, or any of our other products, we expect to incur significant

commercialization expenses related to product sales, marketing, manufacturing and distribution. In addition, we expect that our expenses will increase substantially as we continue the research and development of our other products and maintain, expand and protect our intellectual property portfolio. Accordingly, we will seek to fund our operations through public or private equity or debt financings or other sources. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Our failure to raise capital or enter into such other arrangements as and when needed would have a negative impact on our financial condition and our ability to develop and commercialize our product candidates.

Financial Overview

Revenue

To date, we have generated revenue primarily from research and development agreements and government grants and have not generated any revenue from the sale of products. Revenue earned from activities performed pursuant to research and development agreements and grants is reported as revenue using the proportional performance method as the work is completed, and the related costs are expensed as incurred as research and development expense.

Our product candidate revenue will be derived from the sale of our instruments and related consumable diagnostic tests. In the majority of cases, we expect to place instruments in hospitals at minimal or no direct cost to customers in exchange for longer-term agreements and minimum commitments for the purchase of our consumable diagnostic tests. Under this business model, we believe we will recover the cost of placing our instruments in hospitals through the incremental price we charge for our consumable diagnostic tests. Our consumable diagnostic tests can only be used with our instruments, and accordingly, as the installed base of our instruments grows, we expect the following to occur:

- recurring revenue from our consumable diagnostic tests will increase and become subject to less period-to-period fluctuation;
- consumable revenue will become an increasingly predictable and important contributor to our total revenue; and
- we will gain economies of scale through the growth in our sales, resulting in improving gross margins and operating margins.

Revenue from consumables is expected to be based on the volume of tests sold and the price of each consumable unit. In the event that revenue arrangements contain multiple deliverables, revenue will be recognized upon the delivery of each of the elements once the appropriate revenue criteria is met.

We plan to continue to expand our capacity to support our growth, which will result in higher cost of revenue in absolute dollars. However, we expect cost of revenue, as a percentage of revenue, to decline as revenue grows.

Research and development expenses

Our research and development expenses consist primarily of costs incurred for development of our technology and product candidates, technology improvements and enhancements, clinical trials to evaluate the clinical utility of our product candidates, and laboratory development and expansion, and include salaries and benefits, including stock-based compensation, research-related facility and overhead costs, laboratory supplies, equipment and contract services. We expense all research and development costs as incurred.

We have incurred a total of $59.4 million in research and development expenses from inception through March 31, 2014, with a majority of the expenses being spent on the development of T2MR, and applications of T2MR, and the remainder being spent on clinical trials and research and development of additional applications using T2MR. We expect that our overall research and development expenses will continue to increase in absolute dollars. We have committed, and expect to commit, significant resources developing additional product candidates, improving product performance and reliability, conducting ongoing and new clinical trials and expanding our laboratory capabilities.

Selling, general and administrative expenses

Selling, general and administrative expenses consist primarily of costs for our sales and marketing, finance, human resources, business development and general management functions, as well as professional services, such as legal, consulting and accounting services. We expect selling, general and administrative expenses to increase in future periods as we commercialize product candidates that receive marketing authorization or regulatory clearance and as our needs for sales, marketing and administrative personnel grow. Other selling, general and administrative expenses include facility-related costs, fees and expenses associated with obtaining and maintaining patents, clinical and economic studies and publications, marketing expenses, and travel expenses. We also anticipate increased expenses related to audit, legal, regulatory and tax-related services associated with being a public company. We expense all selling, general and administrative expenses as incurred.

Interest expense, net

Interest expense, net, consists primarily of interest expense on our notes payable and the amortization of deferred financing costs, partially offset by interest earned on our cash and cash equivalents.

Other income (expense), net

Other income (expense), net, consists primarily of the gain or loss associated with the change in the fair value of our liability for warrants to purchase redeemable securities.

Results of Operations for the Three Months Ended March 31, 2013 and March 31, 2014

	Three Months Ended March 31,		
	2013	2014	Change
	(in thousands)		
Research and grant revenue	$ —	$ —	$ —
Operating expenses:			
Research and development	3,561	5,065	1,504
Selling, general and administrative	1,039	1,842	803
Total operating expenses	4,600	6,907	2,307
Loss from operations	(4,600)	(6,907)	(2,307)
Interest expense, net	(105)	(86)	19
Other income (expense), net	125	73	(52)
Net loss	$ (4,580)	$ (6,920)	$ (2,340)

Research and development expenses

Research and development expenses were $5.1 million for the three months ended March 31, 2014, compared to $3.6 million for the three months ended March 31, 2013, an increase of $1.5 million. The increase was primarily due to increased travel and site expenses of $0.8 million related to the pivotal clinical trial for T2Dx and T2Candida, increased payroll and payroll related expenses of $0.4 million, including stock compensation expenses, as we increased full-time and temporary headcount, increased lab expenses of $0.1 million and increased consulting expenses of $0.1 million to support product development.

Selling, general and administrative expenses

Selling, general and administrative expenses were $1.8 million for the three months ended March 31, 2014, compared to $1.0 million for the three months ended March 31, 2013. The increase of $0.8 million was due primarily to increased payroll and related expenses of $0.5 million, including stock compensation expenses, as we hired new sales and administrative employees, increased marketing program expenses of $0.1 million, including trade shows, website redesign and collateral, and increased consulting related expenses of $0.1 million.

Interest expense, net

Interest expense, net, decreased for the three months ended March 31, 2014, compared to the three months ended March 31, 2013, due to lower borrowing levels on our notes payable.

Other income (expenses), net

Other income (expense), net, for the three months ended March 31, 2014, declined when compared with the three months ended March 31, 2013, due to a decrease in income from the revaluation of the fair value of the liability for warrants to purchase redeemable securities.

Results of Operations for the Years Ended December 31, 2012 and 2013

	Year Ended December 31,		
	2012	2013	Change
	(in thousands)		
Research and grant revenue	$ 19	$ 266	$ 247
Operating expenses:			
Research and development	11,727	14,936	3,209
Selling, general and administrative	2,945	5,022	2,077
Total operating expenses	14,672	19,958	5,286
Loss from operations	(14,653)	(19,692)	(5,039)
Interest expense, net	(154)	(403)	(249)
Other income (expense), net	352	(515)	(867)
Net loss	$ (14,455)	$ (20,610)	$ (6,155)

Revenue

We recorded $0.3 million of research and grant revenue for the year ended December 31, 2013, which primarily consisted of revenue related to feasibility studies and co-development efforts with three companies. For the year ended December 31, 2012, we recorded $19,000 in research

and grant revenue, which primarily consisted of work completed under a third-party development agreement, offset by the fair value of warrants issued in conjunction with the agreement, which were recorded as a reduction to revenue.

Research and development expenses

Research and development expenses were $14.9 million for the year ended December 31, 2013, compared to $11.7 million for the year ended December 31, 2012, an increase of $3.2 million. The increase was primarily due to increased payroll and payroll related expenses of $1.1 million, including stock compensation expenses, as we hired new employees, increased lab expenses to support product development, increased travel and site expenses of $2.1 million related to the pivotal clinical trial for T2Dx and T2Candida.

Selling, general and administrative expenses

Selling, general and administrative expenses were $5.0 million for the year ended December 31, 2013, compared to $2.9 million for the year ended December 31, 2012. The increase of $2.1 million was due primarily to increased payroll and related expenses of $0.9 million, including stock compensation expense, as we hired new administrative employees, increased marketing program expenses of $0.5 million, including tradeshows and collateral, increased legal expenses of $0.2 million related to corporate and intellectual property matters, and increased consulting related expenses of $0.2 million.

Interest expense, net

Interest expense, net, increased for the year ended December 31, 2013, compared to the year ended December 31, 2012, due to higher borrowing levels in 2013 under our credit facility with Silicon Valley Bank.

Other income (expense), net

Other income (expense), net, for the year ended December 31, 2013 declined when compared with the year ended December 31, 2012, due to an increase in the fair value of the liability for warrants to purchase redeemable securities.

Liquidity and Capital Resources

We have incurred losses and cumulative negative cash flows from operations since our inception in April 2006, and as of March 31, 2014, we had a deficit accumulated in the development stage of $98.1 million. We anticipate that we will continue to incur losses for at least the next several years. We expect that our research and development and selling, general and administrative expenses will continue to increase and, as a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements.

We have funded our operations principally from the issuance of preferred stock, common stock and notes payable. Since our inception through March 31, 2014, we have raised an aggregate of $101.9 million to fund our operations, of which $93.4 million was from the sale of preferred stock, $8.3 million was from our debt instruments and $0.2 million was from the issuance of common stock. As of March 31, 2014, we had cash and cash equivalents of $23.7 million. Currently, our funds are primarily held in money market funds consisting of U.S. government-backed securities.

Indebtedness

On May 9, 2011, we entered into a promissory note with Massachusetts Development Finance Company to borrow up to $1.7 million for the purchase of laboratory equipment and office equipment. The amounts borrowed are collateralized by the associated equipment and bear interest at a fixed annual rate of 6.5%. Pursuant to the note, we are required to meet a liquidity covenant whereby we must maintain a cash balance of $0.3 million in cash and marketable securities. We paid interest only on the borrowings through December 2013 and will continue to make equal monthly payments of principal and interest through the maturity date of May 2018. In connection with the note, we issued a warrant that is exercisable for shares of our series C preferred stock.

On June 30, 2007, we entered into a loan and security agreement with Silicon Valley Bank, as amended on June 26, 2009 and June 25, 2012. Our outstanding borrowings as of March 31, 2014 relate to the June 25, 2012 amendment, which allowed us to borrow up to $4.5 million through December 31, 2012. We repaid this loan in full on July 11, 2014. The amounts borrowed were collateralized by our assets other than intellectual property and bore interest at the greater of a floating rate based on the prime rate or a fixed rate of 6.25%. Under the terms of the loan and security agreement, we paid interest only on the borrowings through June 30, 2013 and thereafter made monthly payments of principal plus monthly payments of accrued interest. In connection with the loan and security agreement and related amendments, we issued warrants exercisable for shares of our series A-2 preferred stock, series B preferred stock and series D preferred stock.

In addition, the promissory note with Massachussetts Development Finance Company contains a subjective acceleration clause whereby an event of default and immediate acceleration of the borrowing under the security and loan agreement occurs if we experience a material adverse change in the business, operations or condition (financial or otherwise) or a material impairment of the prospect of repayment of any portion of the obligations. The lender has not exercised its right under this clause, as there have been no such events. We believe that the likelihood of the lender exercising this right is remote.

As of March 31, 2014, we had $4.6 million outstanding under these debt instruments and were in compliance with all financial covenants.

On July 11, 2014, we entered into a loan and security agreement with Solar Capital Ltd., as collateral agent and lender, and Comerica Bank, as lender, for a $30.0 million senior secured term loan facility. The borrowings are available in two tranches; $20.0 million for tranche A and $10.0 million for tranche B. We drew $10.0 million under tranche A on July 11, 2014. We may draw the remaining $10.0 million of tranche A prior to December 31, 2014. We may also draw the $10.0 million for tranche B if, prior to June 30, 2015, we have received Section 510(k) clearance from the FDA for T2Dx and T2Candida and we have completed a public offering, private offering, equity raise or strategic partner arrangement which results in net proceeds to us of at least $30.0 million.

Interest on oustanding balances accrues at an annual rate equal to the one-month London Interbank Offered Rate, or LIBOR, plus 7.05%, which would have been 7.25% as of July 11, 2014. We are required to make interest-only payments through January 31, 2016, unless we satisfy the conditions required to draw Tranche B, in which case the interest-only period is extended until July 31, 2016. After the interest-only repayment period, we will repay the amounts borrowed in equal monthly installments until the maturity date of July 1, 2019. In connection with the term loan facility, we paid a closing fee of $125,000 and other transactional and legal costs. Upon the maturity, acceleration or prepayment of any or all of the loans made under the term loan facility, we will be required to pay a final fee equal to 4.75% of the aggregate amount of such loans. As of the date of this prospectus, we have $10.0 million outstanding under the term loan facility. We are permitted to prepay borrowed amounts, subject to the payment of a repayment premium of 1.5% of

amounts prepaid prior to July 2015, which premium decreases to 1.0% for amounts prepaid after July 2015 but before July 2016, and further decreases to 0.5% for amounts prepaid after July 2016 but before the maturity date.

Amounts borrowed under the loan facility are secured by substantially all of our existing assets, and assets we may acquire in the future, in each case other than capital stock, leased real property, licenses that are not assignable without the licensor's consent, leased equipment and intellectual property, except for proceeds from intellectual property.

Plan of operations and future funding requirements

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, costs related to clinical trials, laboratory and related supplies, supplies and materials used in manufacturing, legal and other regulatory expenses and general overhead costs.

We believe that our existing cash and cash equivalents, including the net proceeds of this offering, will be sufficient to fund our operating expenses and capital expenditure requirements through at least the next 18 months. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Additionally, the process of testing our product candidates in clinical trials is costly, and the timing of progress in these trials is uncertain. Because our product candidates have not received marketing authorization from the FDA and are in various stages of clinical and preclinical development and the outcome of these efforts is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates or whether, or when, we may achieve profitability.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings and revenue from potential research and development and other collaboration agreements. To the extent that we raise additional capital through the future sale of equity or debt, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our existing common stockholders. If we raise additional funds in the future, we may have to relinquish valuable rights to our technologies, future revenue streams or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant licenses to develop and market products that we would otherwise prefer to develop and market ourselves.

Cash flows

The following is a summary of cash flows for each of the periods set forth below:

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands)			
Net cash (used in) provided by:				
Operating activities	$ (13,303)	$ (18,053)	$ (3,867)	$ (5,791)
Investing activities	(283)	(433)	(35)	(263)
Financing activities	4,551	38,975	39,749	(446)
Net (decrease) increase in cash and cash equivalents	$ (9,035)	$ 20,489	$ 35,847	$ (6,500)

Net cash used in operating activities

Net cash used in operating activities was $5.8 million for the three months ended March 31, 2014, and consisted primarily of a net loss of $6.9 million adjusted for non-cash items including depreciation and amortization expense of $0.1 million, stock-based compensation expense of $0.2 million, a decrease in the fair value of warrants of $0.1 million and a net change in operating assets and liabilities of $0.8 million.

Net cash used in operating activities was $3.9 million for the three months ended March 31, 2013, and consisted primarily of a net loss of $4.6 million adjusted for non-cash items including depreciation and amortization expense of $0.1 million, stock-based compensation expense of $0.1 million, a decrease in the fair value of warrants of $0.1 million and a net change in operating assets and liabilities of $0.6 million.

Net cash used in operating activities was $18.1 million for the year ended December 31, 2013, and consisted primarily of a net loss of $20.6 million adjusted for non-cash items including depreciation and amortization expense of $0.6 million, stock-based compensation expense of $0.6 million, an increase in the fair value of warrants of $0.5 million and a net change in operating assets and liabilities of $0.8 million.

Net cash used in operating activities was $13.3 million for the year ended December 31, 2012, and consisted primarily of a net loss of $14.5 million adjusted for non-cash items including depreciation and amortization expense of $0.6 million, stock-based compensation expense of $0.4 million, decrease in the fair value of warrants of $0.1 million and a net change in operating assets and liabilities of $0.2 million.

Net cash used in investing activities

Net cash used in investing activities was $0.3 million for the three months ended March 31, 2014, and consisted of $0.3 million of purchases of laboratory equipment and computer software.

Net cash used in investing activities was $35,000 for the three months ended March 31, 2013, and consisted of $115,000 of purchases of laboratory equipment, partially offset by $80,000 of proceeds from restricted cash accounts related to an operating lease agreement.

Net cash used in investing activities was $0.4 million for the year ended December 31, 2013, and consisted primarily of capital expenditures of $0.5 million, for purchases of laboratory equipment and leasehold improvements, partially offset by $0.1 million of proceeds from restricted cash accounts related to an operating lease agreement.

Net cash used in investing activities was $0.3 million for the year ended December 31, 2012, and consisted primarily of purchases of laboratory equipment.

Net cash (used in) provided by financing activities

Net cash used in financing activities was $0.4 million for the three months ended March 31, 2014, and consisted of $0.4 million of repayments of notes payable.

Net cash provided by financing activities was $39.7 million for the three months ended March 31, 2013, and primarily related to the sale of 6.9 million shares of our series E preferred stock for net proceeds of $39.8 million, partially offset by repayments of notes payable of $0.1 million.

Net cash provided by financing activities during the year ended December 31, 2013 was primarily related to the sale of 6.9 million shares of our series E preferred stock for net proceeds of $39.8 million, partially offset by repayments of notes payable of $0.8 million.

Net cash provided by financing activities during the year ended December 31, 2012 was primarily related to the issuance of notes payable for net proceeds of $4.9 million, partially offset by repayments of notes payable of $0.4 million.

Contractual Obligations and Contingent Liabilities

The following summarizes our significant contractual obligations as of December 31, 2013:

	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
			(in thousands)		
Operating leases[1]	$ 1,273	$ 649	$ 624	$ —	$ —
Notes payable[2]	5,673	2,066	3,479	128	—
Total obligations	$ 6,946	$ 2,715	$ 4,103	$ 128	$ —

(1) Represents the leases of approximately 27,000 square feet for office, laboratory and manufacturing space in Lexington, Wilmington and Worcester, Massachusetts under noncancelable operating leases that expire in January 2016 and December 2015. On July 11, 2014, we entered into a lease amendment to add approximately 13,500 square feet of additional space in Lexington, Massachusetts. This lease amendment will increase our monthly lease obligation by approximately $39,000 per month through December 2015.

(2) Represents our promissory note with Massachusetts Development Finance Company and our loan and security agreement with Silicon Valley Bank that currently bear interest at annual rates of 6.5% and 6.25%, respectively, and have principal repayment dates through May 2018. The balance for these debt instruments includes interest payment obligations. On July 11, 2014, we entered into a loan and security agreement with Solar Capital, Ltd. We borrowed $10,000,000 of principal, and will be required to make interest-only payments through January 2016, which may be extended to July 2016 upon the satisfaction of specified conditions, and to repay principal and interest in equal monthly installments thereafter through July 2019. In addition, we repaid all outstanding obligations related to our loan and security agreement with Silicon Valley Bank totaling approximately $2,900,000.

Net operating loss carryforwards

We have deferred tax assets of $30.1 million as of December 31, 2013, which have been fully offset by a valuation allowance due to uncertainties surrounding our ability to realize these tax benefits. The deferred tax assets are primarily composed of federal net operating loss, or NOL, tax carryforwards and research and development tax credit carryforwards. As of December 31, 2013, we had federal NOL carryforwards of $56.0 million available to reduce future taxable income, if any. These federal NOL carryforwards are available to offset future taxable income, if any, through 2023. In general, if we experience a greater than 50% aggregate change in ownership of certain significant stockholders over a three-year period, or a Section 382 ownership change, utilization of our pre-change NOL carryforwards are subject to an annual limitation under Section 382 of the Internal Revenue Code of 1986, as amended. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization and may be substantial. We have not conducted an assessment to determine whether there may have been a Section 382 ownership change. If we experience a Section 382 ownership change in connection with this offering or as a result of future changes in our stock ownership, some of which changes are outside of our control, the tax benefits related to the NOL carryforwards may be limited or lost.

Critical Accounting Policies and Use of Estimates

This management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ materially from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in the notes to our financial statements included elsewhere in this prospectus, we believe that the following accounting policies are critical to the process of making significant judgments and estimates in the preparation of our financial statements and understanding and evaluating our reported financial results.

Revenue recognition

We have generated revenue primarily from research and development agreements and government grants. The timing of cash received from our research and development agreements generally differs from when revenue is recognized. Revenue is recognized when persuasive evidence that an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured. Revenue earned from activities performed pursuant to research and development agreements and grants are reported as revenue on a proportional performance basis as the work is completed, and the related costs are expensed as incurred as research and development expense.

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue.

Stock-based compensation

We issue stock-based awards to employees and non-employees, generally in the form of stock options and restricted stock. We account for our stock-based awards in accordance with FASB ASC Topic 718, *Compensation — Stock Compensation*, or ASC 718. ASC 718 requires all stock-based payments to employees, including grants of employee stock options and modifications to existing stock options, to be recognized in the consolidated statements of operations and comprehensive loss based on their grant date fair values. We account for stock-based awards to non-employees in accordance with FASB ASC Topic 505-50, *Equity-Based Payments to Non-Employees*, which requires the fair value of the award to be remeasured at fair value as the award vests. We recognize the compensation cost of stock-based awards to employees and non-employees on a straight-line basis over the vesting period. See below for a detailed description of how we estimate fair value for purposes of option grants and the methodology used in measuring stock-based compensation expense. Following the consummation of this offering, stock option and restricted stock values will be determined based on the market price of our common stock.

We estimate the fair value of our stock-based awards to employees and non-employees using the Black-Scholes-Merton option pricing model, which requires the input of highly subjective assumptions, including (a) the expected volatility of our stock, (b) the expected term of the award,

(c) the risk-free interest rate and (d) expected dividends. Due to the lack of a public market for the trading of our common stock and a lack of company specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. For these analyses, we have selected companies with comparable characteristics to ours, including enterprise value, risk profiles and position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. We compute the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of our stock-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available. We have estimated the expected life of our employee stock options using the "simplified" method, whereby the expected life equals the average of the vesting term and the original contractual term of the option. The risk-free interest rates for periods within the expected life of the option are based on the U.S. Treasury yield curve in effect during the period in which the options were granted.

We are also required to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from our estimates. We use historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. To the extent that actual forfeitures differ from our estimates, the difference is recorded as a cumulative adjustment in the period the estimates were revised. Stock-based compensation expense recognized in the financial statements is based on awards that are ultimately expected to vest. If our actual forfeiture rate is materially different from the estimate, our stock-based compensation expense could be different from what we have recorded in the current period.

We have computed the fair value of employee and non-employee stock options at date of grant using the following estimated assumptions:

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
Risk-free interest rate	1.35%	1.68%	1.02%	2.04%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	64%	63%	64%	62%
Expected term (in years)	6.25 - 10	5.77 - 6.08	6.08	6.02 - 6.08

These assumptions represent our best estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different.

We have recognized the following compensation cost related to employee and non-employee stock option and restricted stock activity:

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
	(in thousands)			
Research and development	$ 160	$ 169	$ 46	$ 56
Selling, general and administrative	243	409	76	183
Total stock-based compensation expense	$ 403	$ 578	$ 122	$ 239

Determination of the Fair Value of Common Stock on Grant Dates

The fair value of the common stock underlying our share-based awards was determined by our board of directors, with input from management and contemporaneous third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. However, the fair value of our common stock may vary significantly in the future and from the estimates previously made. As described below, the exercise price of our share-based awards was also generally determined by our board of directors based on the most recent contemporaneous third-party valuation.

Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants, or AICPA, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation Accounting and Valuation Guide*, or the Practice Aid, the board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- our capital structure, including the rights and preferences of our various classes of equity;
- lack of marketability of our common stock;
- our historical operating results, current business conditions and projections;
- our stage of development;
- likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of our company, given prevailing market conditions; and
- the market performance of comparable publicly traded companies.

In valuing our common stock, since 2011, our board of directors determined the equity value of our business using the income approach valuation method or, when applicable due to a recent offering of our redeemable convertible preferred stock, the back solve method of the option pricing model, or OPM, to determine the enterprise value. The income approach determines our enterprise value on the basis of the estimated present value of our projected future cash flows. These future cash flows are discounted to their present values using a discount rate derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar lines of business as of each valuation date and this discount rate is adjusted to reflect the risks inherent in our cash flows. Once calculated, the results of the income approach were relied upon to determine an estimated enterprise value.

The back solve method of the OPM estimates our enterprise value by considering any prior sales of our capital stock. When considering prior sales of our equity, the valuation considers the circumstances surrounding the sale, such as the size of the equity sale, the relationship of the parties involved in the transaction, the timing of the equity sale and the rights, preferences and privileges of the capital stock sold in the transaction.

Our peer group of publicly traded companies used for determination of the discount rate and market trading multiples consists of six companies that focus primarily on providing biotechnology diagnostic solutions that are similar to our current product candidates. There are, however, significant size and risk differences between our selected peer group of guideline public companies and us.

For valuations prior to December 31, 2013, after we determined an enterprise value, we utilized the OPM to allocate the equity value to each of our classes of stock. The OPM values each equity class by creating a series of call options on our equity value, with exercise prices based on the liquidation preferences, participation rights and strike prices of derivatives. This method is generally preferred when future outcomes are difficult to predict and dissolution or liquidation is not

imminent. In addition, we considered an appropriate discount adjustment to recognize the lack of marketability as a private company. The OPM uses the Black-Scholes-Merton option-pricing model to price the call option.

Because we believed there was greater clarity about potential exit scenarios, including a possible initial public offering, beginning with the December 31, 2013 valuation described below, we began using the probability weighted expected return method, or PWERM, to allocate our equity value among the various potential outcomes. Using the PWERM, the value of our common stock is estimated based upon an analysis of varying values for our common stock assuming the following possible future events for our company:

- the completion of an initial public offering;
- the completion of a sale of our company; and
- continuation as a private company.

We applied a percentage probability weighting to each of the above scenarios based on our expectations of the likelihood of each event. We then applied the PWERM in order to allocate the derived aggregate enterprise value to our common equity. The PWERM involves analyzing the probability weighted present value of expected future values considering the liquidity scenarios discussed above, as well as the respective rights of holders of our common stock and convertible preferred stock.

Stock Option Grants

The following table presents stock options granted between January 1, 2013 and July 15, 2014:

Date of Grant	Number of Shares Underlying Stock Options Granted	Exercise Price Per Common Share	Common Stock Fair Value Per Share on Grant Date
January 23, 2013	50,000	$ 1.32	$ 1.32
June 25, 2013	477,750	1.89	1.89
September 25, 2013	824,974	1.89	1.89
October 24, 2013	282,250	1.89	1.89
November 20, 2013	186,125	1.89	1.89
January 22, 2014	128,255	1.89	4.48
April 9, 2014	146,500	6.29	6.29
June 25, 2014	74,000	6.29	6.29
July 1, 2014	356,280	6.29	6.29

We completed contemporaneous valuations of our common stock on August 31, 2012, March 31, 2013, December 31, 2013 and March 31, 2014, when the board of directors determined business events or transactions may have resulted in a change in the fair value of our common stock. The dates of our contemporaneous valuations have not always coincided with the dates of our stock-based compensation grants. In determining the exercise price of the options set forth in the table above, our board of directors considered, among other things, the most recent contemporaneous valuations of our common stock and our assessment of additional objective and subjective factors it believed were relevant as of the grant date. The additional factors considered when determining any changes in fair value between the recent contemporaneous valuations and the grant dates included, when available, the prices paid in recent transactions involving our equity securities, our operating and financial performance and current business conditions.

Warrants to purchase redeemable securities

In September 2008, we issued warrants to In-Q-Tel, Inc. that were immediately exercisable for 174,530 and 3,612 shares of our series B preferred stock, at an exercise price per share of $3.3232 and $4.65, respectively. In addition, in connection with the loan and security agreement with Silicon Valley Bank, as amended, we issued Silicon Valley Bank warrants that are exercisable for 13,769 shares of series A-2 preferred stock, 9,036 shares of our series B preferred stock and 19,780 shares of series D preferred stock at an exercise price per share of $2.9050, $3.3232 and $4.55, respectively. In May 2011, in connection with a security agreement dated May 9, 2011 with Massachusetts Development Finance Agency, we issued a warrant to Massachusetts Development Finance Agency that is exercisable for 30,000 shares of our series C preferred stock, at an exercise price per share of $3.6608.

These warrants are exercisable into securities that are subject to redemption provisions that are outside of our control. Therefore, the warrants are classified as liabilities and recorded at fair value. The 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), net. We measure the fair value of our warrant liability based on input from management and the board of directors, which utilized an independent valuation of enterprise value utilizing an analytical valuation model. The valuations we obtained were prepared in accordance with the guidelines in the Practice Aid. We generally use an income approach to determine the enterprise value. We considered the various methods for allocating the enterprise value across our classes and series of capital stock to determine the fair value of our common stock at each valuation date. We used an OPM to determine the fair value of the warrant liability at December 31, 2012. We used a hybrid of an OPM and a PWERM to determine the fair value of the warrant liability at December 31, 2013 and March 31, 2014. Each valuation methodology includes estimates and assumptions that require our judgment. These estimates and assumptions include a number of objective and subjective factors, including external market conditions affecting the *in vitro* diagnostics industry sector, the prices at which we sold shares of preferred stock, the superior rights and preferences of securities at the time and the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company.

Pursuant to the terms of these warrants, in connection with the closing of this offering, the warrants will be automatically exercisable on a cashless "net exercise" basis, where the holder receives the net value of the warrant in shares of common stock based on a formula using the initial public offering price. The warrants otherwise terminate upon the closing of this offering.

Emerging Growth Company Status

In April 2012, the Jumpstart Our Business Startups Act, or the JOBS Act, was enacted in the United States. 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 of 1933, as amended, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under Securities and Exchange Commission, or SEC, rules.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related to changes in interest rates. As of March 31, 2014, we had cash and cash equivalents of $23.7 million held primarily in money market funds consisting of U.S. government-backed securities. 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 investments are in short-term securities. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate one percent change in interest rates would not have a material effect on the fair market value of our portfolio. We are also subject to interest rate risk from the loans under our credit facility with Silicon Valley Bank that bear interest at an annual rate equal to the greater of (a) the prime rate (as reported in the Wall Street Journal at the time of funding) plus 3.0% and (b) 6.25%.

BUSINESS

Overview

We are an *in vitro* diagnostics company that has developed an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing diagnostic methodologies. We are using our T2 Magnetic Resonance platform, or T2MR, to develop a broad set of applications aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. T2MR enables rapid detection of pathogens, biomarkers and other abnormalities in a variety of unpurified patient sample types, including whole blood, plasma, serum, saliva, sputum and urine, and can detect cellular targets at limits of detection as low as one colony forming unit per milliliter, or CFU/mL. Our initial development efforts utilizing T2MR target sepsis and hemostasis, which are areas of significant unmet medical need in which existing therapies could be more effective with improved diagnostics. We recently concluded an assessment of the conformity of T2Dx and T2Candida with the essential requirements of the European Union, or EU, *in vitro* diagnostic medical devices directive, allowing us to affix the CE mark to T2Dx and T2Candida. We have completed a pivotal clinical trial for our T2Dx diagnostic instrument and our T2Candida panel, which have the ability to rapidly identify the five clinically relevant species of *Candida*, a fungal pathogen known to cause sepsis. Based on our non-binding communications with the FDA, we believe that the sensitivity and specificity achieved in the clinical trial meet or exceed the requirements for product clearance. On May 27, 2014, we submitted a *de novo* petition to the U.S. Food and Drug Administration, or the FDA, requesting an order authorizing us to market T2Dx and T2Candida in the United States. Upon receipt of marketing authorization from the FDA, we intend to commercialize T2Dx and T2Candida and our goal is to launch these product candidates commercially in the United States in the first half of 2015. Our next two diagnostic applications are called T2Bacteria and T2HemoStat, which are focused on bacterial sepsis infections and hemostasis, respectively. We plan to initiate clinical trials in the second half of 2015 for T2Bacteria and in the first half of 2016 for T2HemoStat. We expect that existing reimbursement codes will support our sepsis and hemostasis product candidates, that we will have no need to seek new reimbursement codes, and that the anticipated economic savings associated with our sepsis products will be realized directly by hospitals.

Sepsis is one of the leading causes of death in the United States and the most expensive hospital-treated condition. Most commonly afflicting immunocompromised, critical care and elderly patients, sepsis is a severe inflammatory response to a bacterial or fungal infection with a mortality rate of approximately 30%. According to data published by the U.S. Department of Health and Human Services for 2011, the cost of sepsis is over $20 billion in the United States, or approximately 5% of the total aggregate costs associated with domestic hospital stays. Sepsis is typically caused by one or more of five *Candida* species or over 25 bacterial pathogens, and effective treatment requires the early detection and identification of these specific target pathogens in a patient's bloodstream. Today, sepsis is typically diagnosed through a series of blood cultures followed by post-blood culture species identification. This method has substantial diagnostic limitations that lead to a delay of up to several days in administration of targeted treatment and the incurrence of unnecessary hospital expense. Without the ability to rapidly identify pathogens, physicians typically start treatment of at-risk patients with broad-spectrum antibiotics, which can be ineffective and unnecessary and have contributed to the spread of antimicrobial resistance. According to a study published by *Critical Care Medicine* in 2006, in sepsis patients with documented hypotension, administration of effective antimicrobial therapy within the first hour of detection was associated with a survival rate of 79.9% and, over the ensuing six hours, each hour of delay in initiation of treatment was associated with an average decrease in survival of 7.6%.

We believe our sepsis product candidates will redefine the standard of care in sepsis management while lowering healthcare costs by improving both the precision and the speed of detection of sepsis-causing pathogens. According to a study published in the *Journal of Clinical Microbiology* in 2010, targeted therapy for patients with bloodstream infections can be delayed up to 72 hours due to the wait time for blood culture results, leading to the conclusion that more-rapid identification of the causative organism would be highly desirable to facilitate targeted treatment in the critical phase of septic illness. In another study published in *Clinical Infectious Diseases* in 2012, the delayed administration of appropriate anti-fungal therapy was associated with higher mortality among patients with septic shock attributed to *Candida* infection and, on that basis, the study stated that more rapid and accurate diagnostic techniques appear to be needed. Our pivotal clinical trial demonstrated that T2Candida can deliver actionable results as fast as three hours, with an average time to result during the trial of 4.2 hours, rather than the two to five days typically required for blood-culture-based diagnostics, which we believe will enable physicians to make treatment decisions and administer targeted treatment to patients on an accelerated basis. We believe that T2Bacteria will also deliver actionable results within these timeframes because this diagnostic panel is designed to run on the same instrument as T2Candida.

Candida has an average mortality rate of approximately 40%, and according to a study published in *Antimicrobial Agents and Chemotherapy* in 2010, this mortality rate can be reduced to 11% with the initiation of targeted therapy within 12 hours of presentation of symptoms. In a study published in the *American Journal of Respiratory and Critical Care Medicine* in 2009, providing targeted antifungal therapy within 24 hours of the presentation of symptoms decreased the average cost of care by approximately $30,000 per patient. We expect the anticipated economic savings associated with our sepsis product candidates will be realized directly by hospitals, as the diagnosis and treatment of sepsis patients in the United States in a hospital inpatient setting is currently reimbursed on an inpatient basis under existing diagnosis-related group, or DRG, codes. These codes provide hospitals with a fixed-sum reimbursement for all items and services provided to the patient during a single hospitalization. Therefore, we do not believe we will need to seek new reimbursement codes for our sepsis product candidates.

Another significant unmet clinical need that we believe can be addressed by T2MR is the timely diagnosis and management of impaired hemostasis, which is a potentially life-threatening condition in which a patient is unable to promote the formation of blood clots to stabilize excessive bleeding. For critical trauma patients with impaired hemostasis, diagnostic results are typically required in fewer than 30 minutes to aid clinicians in making the most effective treatment decisions. The need for rapid diagnosis is not met by current diagnostic methods, which typically involve multiple instruments and can take hours to process a patient specimen. As a result, physicians often make critical decisions for treatment of impaired hemostasis with limited or no diagnostic data.

We believe our combined initial annual addressable market opportunity for sepsis and hemostasis is over $3 billion in the United States alone, when the market opportunity for T2Candida, T2Bacteria and our initial hemostasis diagnostic panel is combined. Within the sepsis market in the United States, we estimate that there are approximately 6.75 million critical care and immunocompromised patients who present with symptoms and are at high risk for a bloodstream infection who would be appropriate to be tested by our T2Candida panel. These patients, along with approximately two million additional patients who receive treatment in the emergency room setting, are also highly susceptible to bacterial infections, for a total of approximately 8.75 million patients who would be appropriate to be tested by our T2Bacteria panel. Within the hemostasis market, for trauma alone, there are over three million patients in the United States annually who present with symptoms of impaired hemostasis. These patients often require rapid and frequent hemostasis assessments to determine the presence and severity of abnormal coagulation, or blood

clotting. As a result, the typical patient is tested at least three times during a hospital visit, which we estimate results in at least nine million diagnostic tests annually.

Our Strategy

T2MR enables rapid and sensitive direct detection of a range of targets, and we believe it can be used in a variety of diagnostic applications that will improve patient outcomes and reduce healthcare costs. Our objective is to establish T2MR as a standard of care for clinical diagnostics. To achieve this objective, our strategy is to:

- ***Seek Marketing Authorization from the FDA for T2Dx and T2Candida.*** We have completed a pivotal clinical trial for T2Dx and T2Candida and, on May 27, 2014, we submitted a *de novo* petition to the FDA for marketing authorization. We are targeting a commercial launch of both products in the first half of 2015. We also expect to seek regulatory clearance and approvals for these product candidates in European and other international markets beginning in the second half of 2014.

- ***Drive Commercial Adoption of Our Sepsis Products by Demonstrating Their Value to Physicians, Laboratory Directors and Hospitals***. We expect our product candidates to meaningfully improve patient outcomes while reducing costs to hospitals. We intend to establish a targeted, direct sales force in the United States, which will initially focus on educating physicians and demonstrating our clinical and economic value proposition to hospitals that have the highest populations of at-risk critical care and immunocompromised patients. We believe a sustained focus on these hospitals will drive adoption of T2Dx, T2Candida and future T2MR-based diagnostics. As a part of this effort, we will continue to work with thought leaders, conduct clinical and health economic studies and seek publication and presentation of these studies.

- ***Establish a Recurring, Consumables-Based Business Model.*** We intend to pursue a consumables-based business model for our products by securing placements of our T2Dx instrument at hospitals and driving utilization of our diagnostic panels starting with T2Candida. We believe this strategy will foster a sustainable and predictable business model with recurring revenue streams.

- ***Broaden Our Addressable Markets in Sepsis and Hemostasis.*** Our product development pipeline includes additional instruments and diagnostic panels that provide near-term and complementary market expansion opportunities. Our next sepsis product candidate will focus on bacterial infections, will run on T2Dx and is expected to address the same high-risk patients as T2Candida, while also expanding our reach to a new patient population at increased risk for bacterial sepsis infections. We also are utilizing T2MR to address the challenges of providing rapid hemostasis monitoring. We expect to initiate pivotal clinical trials for our bacterial diagnostic panel, T2Bacteria, and our hemostasis instrument and diagnostic panel, T2Stat and T2HemoStat in the second half of 2015 and the first half of 2016, respectively. We are targeting to commercialize these product candidates in 2017 after obtaining marketing authorization or regulatory clearance.

- ***Broaden Our Addressable Markets Beyond Sepsis and Hemostasis.*** We intend to expand our product offerings by applying T2MR to new applications beyond sepsis and hemostasis. We plan to conduct internal development and to work with thought leaders, physicians, clinical researchers and business development partners to pursue new applications for T2MR. We believe the benefits of our proprietary technology, including the ability to rapidly and directly detect a broad range of targets, in a wide variety of sample types, will have potential applications within and outside of the *in vitro* diagnostics market, including environmental, food safety, industrial and veterinary applications.

- ***Drive International Expansion.*** If we receive marketing authorization from the FDA or other regulatory approvals, we plan to commercialize our product candidates in European and other international markets. We are in the process of developing distribution and commercialization strategies for these markets.

Our Technology Platform

T2 Magnetic Resonance Platform Overview

We have built an innovative and proprietary technology platform that offers a rapid, sensitive and simple alternative to existing diagnostic methodologies. T2MR is a miniaturized, magnetic resonance-based approach that measures how water molecules react in the presence of magnetic fields. Our proprietary platform is capable of detecting a variety of targets, including:

- molecular targets, such as DNA;
- immunodiagnostics, such as proteins; and
- a broad range of hemostasis measurements.

For molecular and immunodiagnostics targets, T2MR utilizes advances in the field of nanotechnology by deploying particles with magnetic properties that enhance the magnetic resonance signals of specific targets. When particles coated with target-specific binding agents are added to a sample containing the target, the particles bind to and cluster around the target. This clustering changes the microscopic environment of water in that sample, which in turn alters the magnetic resonance signal, or the T2 relaxation signal that we measure, indicating the presence of the target.

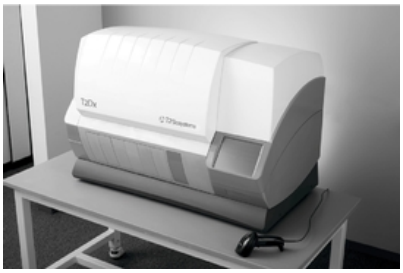
For hemostasis measurements, particles are not required because T2MR is highly sensitive to changes in viscosity in a blood sample, such as clot formation, stabilization or dissipation, which changes the T2 relaxation signal. This enables the rapid identification of clinically relevant hemostasis changes.

We also believe T2MR is the first technology that can rapidly and accurately detect the presence of molecular targets within samples without the need for time- and labor-intensive purification or extraction of target molecules from the sample, such as that required by traditional polymerase chain reaction, or PCR, where 90% or more of the target can be lost. We can eliminate these steps because the T2 relaxation signal is not compromised or disrupted by the sample background, even the highly complex sample background that is present after a target amplification process, such as thermocycling. This enables T2MR's low limit of detection, such as 1 CFU/mL, compared to the 100 to 1,000 CFU/mL typically required for PCR-based methods. Over 100 studies published in peer-reviewed journals have featured T2MR in a breadth of applications, including the direct detection and measurement of targets in various sample types, such as whole blood, plasma, serum, saliva, sputum and urine. We believe the potential applications for T2MR extend within and outside of the *in vitro* diagnostics market, including environmental, food safety, industrial and veterinary applications.

Our Instruments

Utilizing T2MR, we have developed T2Dx, a bench-top instrument for sepsis and other applications, and we are developing T2Stat, a compact, fully integrated instrument for hemostasis applications.

T2Dx



T2Dx is an easy-to-use, bench-top instrument that is capable of running a broad range of diagnostic tests and is fully automated from patient sample input to result, eliminating the need for manual work flow steps such as pipetting that can introduce risks of cross-contamination. To perform a diagnostic test, the patient sample tube is snapped onto our disposable test cartridge, which is pre-loaded with all necessary reagents. The cartridge is then inserted into T2Dx, which automatically processes the sample and then delivers a diagnostic test result.

The initial panels designed to run on T2Dx are T2Candida and T2Bacteria, which are focused on identifying life-threatening pathogens associated with sepsis. We recently completed our pivotal clinical trial for T2Dx and T2Candida, and expect to initiate pivotal clinical trials for T2Bacteria in the second half of 2015.

T2Stat

We are also applying T2MR to develop T2Stat, which we believe will be the first compact, fully integrated instrument capable of rapidly providing comprehensive hemostasis measurements. T2Stat will run our T2HemoStat panel, which includes a broad set of hemostasis measurements, including platelet function, clotting time and clot degradation, also known as fibrinolysis. We expect to initiate a pivotal clinical trial for T2Stat and T2HemoStat in the first half of 2016.

The following table reflects our product candidate pipeline currently in development:

Development	Validation	Pivotal Trial	Expected FDA Filing
Instruments			
T2Dx (infectious disease)			Submitted on May 27, 2014
T2Stat (hemostasis)		1H 2016	2017
Diagnostics			
T2Candida (sepsis)			Submitted on May 27, 2014
T2Bacteria (sepsis)		2H 2015	2016
T2HemoStat (hemostasis)		1H 2016	2017

Sepsis

Overview

Sepsis is an illness in which the body has a severe, inflammatory response to a bacterial or fungal infection. It is a life-threatening condition to which individuals with weakened immune systems or chronic illnesses are highly susceptible. Sepsis can lead to shock and organ failure, and is a leading cause of death in the United States with a mortality rate of approximately 30%, almost double the mortality rate of acute myocardial infarction, or heart attack.

In 2013, the U.S. Department of Health and Human Services reported that sepsis is the most expensive hospital-treated condition in the United States, with an economic burden to hospitals exceeding $20 billion annually, almost double that of acute myocardial infarction. The high cost of treating sepsis is primarily driven by the extended hospitalization of patients. We believe there are many effective, targeted therapeutic choices that could reduce overall hospitalization costs if applied earlier, but clinicians need to more rapidly identify the specific sepsis-causing pathogens in order to make more informed, targeted treatment decisions. Today, the diagnostic standard to identify these pathogens is blood culture-based, despite typically requiring two to five days to generate results.

The following table reflects key statistics from the 2013 U.S. Department of Health and Human Services study regarding the five most expensive hospital-treated conditions:

Rank	Condition	U.S. hospital costs (in billions)	Percentage of total inpatient costs
1	Sepsis	$ 20.3	5.2%
2	Osteoarthritis	14.8	3.8
3	Complication of device, implant or graft	12.9	3.3
4	Liveborn	12.4	3.2
5	Acute myocardial infarction (heart attack)	11.5	3.0

Over 1.6 million individuals are diagnosed with sepsis each year, 1.35 million of whom are at high risk for infection due to their suppressed immune system or their presence in critical care units. Virtually all of these patients are rapidly treated with broad-spectrum antibiotic drugs because there is no diagnostic manner for determining the type of infection. Of these 1.35 million patients with sepsis and at high risk for infection, approximately 40% do not respond to broad-spectrum antibiotic treatment. Of these patients that are non-responsive, approximately 25% of them have a *Candida* infection, with the remaining patients having a bacterial infection. Broad-spectrum antibiotics do not treat these *Candida* and bacterial infections as more targeted drugs are required.

We estimate that approximately 15 million patients are tested for blood stream infections in the United States annually. Of these, approximately 6.75 million are at high risk for a *Candida* infection and an additional two million, or approximately 8.75 million, in total are at high risk for a bacterial infection. We believe that our sepsis product candidates have the potential to enable clinicians to make earlier therapeutic decisions that can reduce the mortality rate for sepsis by over 50% and save the hospitals an estimated $12 billion annually by testing all high risk patients with T2Candida and T2Bacteria.

There is also a significant market opportunity outside the United States for improved sepsis diagnosis, as this disease burdens other countries with similarly high mortality rates and high costs. Each year, over 18 million cases of sepsis are diagnosed worldwide, with estimated mortalities exceeding five million patients, making it a leading cause of death worldwide.

Limitations of Traditional In Vitro Diagnostics for Sepsis

The current standard for identifying bloodstream infections that cause sepsis requires a series of lengthy and labor-intensive analyses that begin with blood culture. Completing a blood culture requires a large volume of a patient's blood, typically 20 mLs or more, which is obtained in two 10 mL draws and placed into two blood culture bottles containing nutrients formulated to grow fungi and bacteria. Before blood culture indicates if a patient is infected, pathogens typically must reach a concentration of 1,000,000 to 100,000,000 CFU/mL. This growth process typically takes two to five days because the pathogen's initial concentration in the blood specimen is often less than 10 CFU/mL. A negative test result always requires a minimum of five days. A positive blood culture typically means that some pathogen is present, but additional steps must be performed to identify the specific pathogen in order to provide targeted therapy. These additional steps, which typically must be performed by a highly trained technician, may involve any of (i) a staining procedure for inspection on a microscope slide, (ii) PCR amplification and (iii) mass spectrometry. These steps require a preceding positive blood culture specimen because they need a high concentration of cells generated by the blood culture process for analysis.

For PCR-based diagnostics, there is a requirement for extraction of target cells from the sample into a clear solution, where 90% or more of the cells can be lost. Extraction into a clear solution is needed because existing diagnostic detection methods cannot detect the targeted pathogen due to the complex background of the sample itself. While PCR amplifies the target signal, this loss of target cells impairs the ability to detect, resulting in typical limits of detection of 100 to 1,000 CFU/mL, which is insufficient for species-specific sepsis diagnostics.

Blood culture-based diagnostics have substantial limitations, including:

- **Time to Result Delays Targeted Treatment.** Blood culture-based diagnostics typically require a minimum of two and as many as five or more days to identify a pathogen species, and blood culture always requires at least five days to generate a negative test result.

- **Antimicrobial Therapy Can Cause False Negative Results.** Antimicrobial therapies may be administered to a patient prior to taking a blood sample. As a result, the therapeutic agent is contained in the blood sample and its ability to stop or slow the growth of pathogens can delay or completely inhibit the growth of the pathogen during the blood culture process leading to time delays in detection or false negative results.

- **Slow-Growing Pathogens Can Cause False Negative Results.** Some sepsis pathogens grow slowly or not at all and can require up to five or more days to reach sufficient concentrations to be detected by blood culture-based diagnostics. Blood culture procedures are typically stopped after five days and declared negative. Often, pathogens that grow too slowly are not detected by blood culture during this time frame, leading to a false negative diagnosis. For example, *C. glabrata*, one of the most lethal species of *Candida* due to its growing resistance to antifungal therapy, often requires more than five days of growth to reach a detectable concentration, and therefore is frequently undetected by blood culture.

- **Labor-Intensive Workflow Increases Costs and May Delay Targeted Treatment.** Blood culture is only the first step in identifying a pathogen that causes sepsis. After a blood culture is determined to be positive, highly trained technicians are required to perform multiple post-culture procedures on the blood culture specimen to identify the specific pathogen. These additional procedures can be expensive and time-consuming and may delay targeted treatment.

Given the typical two- to five-day time to result for blood culture-based diagnostics, the first therapy for a patient at risk of sepsis is often broad-spectrum antibiotics, which treat some but not all bacteria types and do not address fungal infections. Some physicians may use first-line, antifungal therapy for patients at very high risk for fungal infection, or use antifungal therapy if the

patient is not responding to broad-spectrum antibiotics while they are still awaiting the blood culture-based result. This therapeutic approach may still not treat the growing number of patients infected with the antimicrobial-resistant species nor may it be the best choice, as the type of therapy is dependent on the specific pathogen causing the infection, which is unknown.

This inefficient therapeutic approach has resulted in unnecessary treatment of a significant number of high-risk patients with expensive and often toxic therapies that can worsen a patient's condition. Such treatments may extend for many days while clinicians await blood culture-based diagnostic results. The overuse of ineffective, or even unnecessary, antimicrobial therapy is also the driving force behind the spread of antimicrobial-resistant pathogens, which the U.S. Centers for Disease Control and Prevention, or the CDC, recently called "one of our most serious health threats." The CDC has specifically noted increasing incidence of *Candida* infections due to azole- and echinocandin-resistant strains and considers it a "serious" threat level. According to the CDC, at least two million people in the United States acquire serious infections each year that are resistant to one or more of the antimicrobial therapies used to treat these patients. At least 23,000 of these people are estimated to die as a direct result of the resistant infections and many more may die from other conditions that are complicated by a resistant infection. Further, antimicrobial-resistant infections add considerable and avoidable costs to the already overburdened U.S. healthcare system, with the total economic cost estimated to be as high as $20 billion in excess of direct healthcare costs, with additional costs to society as high as $35 billion, due to lost productivity.

Our Solution

T2MR delivers what we believe no other technology can: a rapid, sensitive and simple diagnostic platform that enables sepsis applications, including T2Candida and T2Bacteria, that can identify specific sepsis pathogens directly from an unpurified blood sample in hours instead of days at a level of accuracy equal to or better than blood culture-based diagnostics. We believe T2MR sepsis applications provide a pathway for more rapid and targeted treatment of infections, potentially reducing the mortality rate by as much as 75% if a patient is treated within 12 hours of suspicion of infection and significantly reducing the cost burden of sepsis. Each year, approximately 500,000 patients in the United States die from sepsis. According to a study published by *Critical Care Medicine* in 2006, in sepsis patients with documented hypotension, administration of effective antimicrobial therapy within the first hour of detection was associated with a survival rate of 79.9% and, over the ensuing six hours, each hour of delay in initiation of treatment was associated with an average decrease in survival of 7.6%; the survival rate for septic patients who remained untreated for greater than 36 hours was approximately 5%.

We believe T2MR sepsis applications address a significant unmet need in *in vitro* diagnostics by providing:

- **Limits of Detection as Low as 1 CFU/mL.** T2MR is the only technology that can enable identification of sepsis pathogens directly from a patient's blood sample at limits of detection as low as 1 CFU/mL.

- **Rapid and Specific Results As Fast As Three Hours.** T2MR is the only technology that can enable species-specific results for pathogens associated with sepsis, directly from a patient's blood sample, without the need for blood culture, to deliver actionable results as fast as three hours.

- **Accurate Results Even in the Presence of Antimicrobial Therapy.** T2MR is the only technology that can reliably detect pathogens associated with sepsis, including slow-growing pathogens, such as *C. glabrata*, directly from a patient's blood sample, even in the presence of an antimicrobial therapy.

- **Easy-to-Use Platform.** T2MR eliminates the need for sample purification or extraction of target pathogens, enabling sample-to-result instruments that can be operated on-site by hospital staff, without the need for highly skilled technicians.

Our first product candidates, T2Dx and T2Candida, focus on the most lethal form of common blood stream infections that cause sepsis, *Candida*, which has an average mortality rate of approximately 40%, and according to a 2005 report published in *Antimicrobial Agents and Chemotherapy*, this high mortality rate can be reduced to 11% with the initiation of targeted therapy within 12 hours of presentation of symptoms. Currently, a typical patient with a *Candida* infection averages 40 days in the hospital, including nine days in intensive care, resulting in an average cost per hospital stay of over $130,000 per patient. In a study published in the *American Journal of Respiratory and Critical Care Medicine* in 2009, providing targeted antifungal therapy within 24 hours of the presentation of symptoms decreased the length of hospital stay by approximately ten days and decreased the average cost of care by approximately $30,000 per patient. In addition, many hospitals initiate antifungal drugs, such as Caspofungin or Micafungin, while waiting for blood culture-based diagnostic results. We estimate this practice costs approximately $500 per patient and is currently in use for over 40% of high-risk patients on average and for all high-risk patients in some hospitals. A negative result from T2Candida can provide timely data allowing physicians to avoid unnecessary antifungal treatment and potentially reduce the treatment cost further.

We believe that by identifying the specific species of *Candida*, physicians can administer the most effective therapy, which will significantly improve patient outcomes and reduce hospital costs. We further believe that the adoption of T2Dx and T2Candida can decrease both the high mortality rate and excessive costs of *Candida* infections because these products can enable clinicians to make earlier and more informed decisions by providing positive test results to direct therapy and negative test results to reduce the use of antifungal drugs.

In a quantitative market research survey that we commissioned, a third-party market research group surveyed 111 decision-makers involved with laboratory purchasing, including laboratory directors, hospital administrators and infectious disease physicians, to seek their views on acceptable pricing for T2Candida. Based on the study results, we believe that the average selling price for T2Candida is likely to be between $150 and $250 per test. Additionally, in this study, 95% of laboratory directors and hospital administrators, along with 89% of infectious disease physicians, either "strongly agreed" or "agreed" that initiating appropriate antifungal therapy within 12 hours of the patient presenting with symptoms would be likely to provide the following benefits:

- reduction in the mortality rate from an average of 40% to approximately 10% for candidemia patients;
- direct cost-savings as a result of an average of nine fewer days of hospitalization for each candidemia patient, including two fewer days of stay in the intensive care unit; and
- a meaningful decrease in antifungal therapy utilization in a hospital due to cessation of therapy based on a negative test result.

The surveyed physicians also indicated that, on average, they would order T2Candida for approximately 75% of their patients considered at-risk for *Candida* infections.

We are also developing T2Bacteria, a multiplex diagnostic panel that detects the major bacterial pathogens associated with sepsis that are frequently not covered by first-line antibiotics. T2Bacteria will also run on T2Dx, and is expected to address the same approximately 6.75 million symptomatic high-risk patients, as T2Candida while also expanding our reach to a new population of patients who are at increased risk for bacterial infections, including an additional two million people presenting with symptoms of infection in the emergency room setting. We expect that T2Bacteria will achieve similar performance capabilities and provide similar benefits as T2Candida.

Clinical Utility

direcT2 Clinical Trial

We recently completed a pivotal clinical trial for our T2Dx diagnostic instrument and our T2Candida panel, or the direcT2 trial, and have provided the results of that trial to the FDA in conjunction with our *de novo* petition requesting an order authorizing us to market T2Dx and T2Candida. Our direcT2 trial consisted of two patient arms. The first arm, known as the Prospective Arm, consisted of 1,501 samples from patients with a possible infection. The second arm, known as the Contrived Arm, consisted of 300 samples, of which 250 patient specimens were labeled contrived because each contained a known quantity of *Candida* CFUs that were manually added to each sample, or spiked, at clinically relevant concentrations, while the remaining 50 patient specimens were specifically known not to contain *Candida*. The direcT2 trial was designed to evaluate the sensitivity and specificity of T2Candida on the T2Dx instrument.

Sensitivity is the percent concordance, or the percentage of sample results that agree with a reference, or comparative, method for positive results. Specificity is the percent concordance to a reference method for negative results. If a sample does not agree with the result of a referenced method, it is considered discordant. In our clinical trial, the Prospective Arm was compared to blood culture and the Contrived Arm was compared to the known state, which means that it was in the known presence or absence of added *Candida* organisms.

The design of the direcT2 trial was reviewed by the FDA as part of pre-submission communications. The purpose of the direcT2 trial was to determine the clinical performance of T2Candida running on the T2Dx by identifying the following:

- clinical specificity of T2Candida results as compared to *Candida* negative blood culture results in specimens collected from patients in the Prospective Arm;
- clinical specificity of T2Candida results as compared to *Candida* negative samples collected from patients in the Contrived Arm;
- clinical sensitivity of T2Candida results as compared to the known *Candida*-positive specimens collected from patients in the Contrived Arm; and
- clinical sensitivity calculations of T2Candida results compared to the *Candida*-positive blood culture results in specimens collected from patients in the Prospective Arm.

Key findings from the direcT2 trial are:

- the overall sensitivity (Prospective and Contrived Arm combined) of T2Candida was 91.1%;
- the average specificity of the three test results for the Prospective and Contrived Arms combined was 99.4% (see Table A) with the specificity by test result ranging from 98.9% to 99.9% (see Table B);
- in the Contrived Arm of the study, the average specificity was 99.8%, with the specificity by test result ranging from 99.6% to 100% (see Table C);
- in the Prospective Arm of the study, the average specificity was 99.3%, with the specificity by test result ranging from 98.8% to 99.9% (see Table C);
- in the Contrived Arm of the study, the average sensitivity was 91.6%, with the sensitivity by test result ranging from 88.0% to 94.0% (see Table C); and
- in the Prospective Arm of the study, the average sensitivity was 71.4% (see Table C).

In this study, we also observed the following:

- within the Prospective Arm, T2Candida accurately detected a rare co-infection in one study patient with *C. albicans* and *C. parapsilosis* in their bloodstream;
- T2Candida detected at least one infection that was not identified by blood culture, which was determined to be a *Candida* infection seven days after the T2Candida result was obtained. This case is considered a discordant result for the purposes of the FDA filing because of the disagreement between T2Candida and the blood culture-based results, despite the accurate identification by T2Candida, and it indicates that the true sensitivity and specificity of T2Candida may be higher than the reported values;
- the limit of detection, or LoD, of T2Candida was demonstrated to be 1 to 3 CFU/mL depending upon the species of *Candida* (see Table D). In the Contrived Arm of the study, T2Candida positively detected 97.9% of the samples spiked at and above the LoD while also detecting 72.6% of all samples spiked at concentration levels below the LoD (see Table E);
- in the Contrived Arm of the study, T2Candida detected 97% of cases at or above 1 CFU/mL and 70% of cases below 1 CFU/mL (see Table F);
- in the Contrived Arm of the study, T2Candida detected 98% of cases at or above clinically relevant concentrations of *Candida*, ranging from 95% to 100% detection depending on the *Candida* species (see Table G); and
- T2Candida demonstrated an average time to result during the trial of 4.2 hours.

50 known negative samples and 250 contrived samples (50 samples for each of the five *Candida* species included in the T2Candida panel) were prepared and run in a blinded manner at the same clinical sites used for processing the prospective samples. The positive contrived samples were prepared by spiking clinical isolates into individual patient specimens at concentrations determined through publications and discussions with the FDA to be equivalent to the clinical state of patients who presented with symptoms of a *Candida* infection. 20% of the positive contrived samples were spiked at concentrations levels of less than 1 CFU/mL. The contrived samples were collected from patients referred for a diagnostic blood culture per routine standard of care — the same population of patients from whom prospective samples were collected. Unique isolates of the species were used for each patient sample, which means a total of 50 unique isolates were tested for each of the five species of *Candida* for a total of 250 unique isolates.

In addition to the pivotal clinical trial data that we have submitted to the FDA, we provided data from an analytical verification study to determine the LoD for each species identified by our T2Candida panel. The LoD was defined as the lowest concentration of *Candida* that can be detected in 95% of at least 20 samples tested at a single concentration.

The T2Candida panel reports three results, where species are grouped together according to their responsiveness to therapy. *Candida albicans* and/or *Candida tropicalis* are reported as a single result, *Candida parapsilosis* is a single result, and *Candida krusei* and/or *Candida glabrata* are reported as a single result. Specificity and sensitivity are calculated for each reported result.

There are five relevant species of *Candida*, each of which were analyzed in the direcT2 trial. Each are listed in abbreviated form in the tables below. These species are *Candida albicans*, *Candida tropicalis*, *Candida parapsilosis*, *Candida krusei*, and *Candida glabrata*. The typical naming convention for a species is to abbreviate by using the first letter of the first word and the full second word, for example, *Candida krusei* is abbreviated as *C. krusei*. In the tables below, we also abbreviate each species name by the first letter of the second word, for example, *Candida albicans* and *Candida tropicalis* is A/T.

The following tables illustrate the results of the direcT2 trial. The primary sensitivity and specificity analysis is presented in Table A, followed by sub-analyses in Tables B and C. Additional data on the LoD and the time to results of T2Candida and T2Dx are included in the remaining tables.

Table A
T2Candida Performance Characteristics

	Overall Sensitivity	Overall Specificity
Number of Tests (%)	234/257 (91.1%)	5114/5146 (99.4%)

Table B
Overall Sensitivity and Specificity by Test

		95% Confidence Interval
Specificity:		
A/T (*C. albicans/C. tropicalis*)	1679/1697 (98.9%)	98.3-99.4%
P (*C. parapsilosis)*	1736/1749 (99.3%)	98.7-99.6%
K/G (*C. krusei/C. glabrata)*	1699/1700 (99.9%)	99.7-100.0%
Total:	5114/5146 (99.4%)	99.1-99.6%
Sensitivity:		
A/T (*C. albicans/C. tropicalis)*	96/104 (92.3%)	85.4-96.6%
P (*C. parapsilosis)*	49/52 (94.2%)	84.1-98.8%
K/G (*C. krusei/C. glabrata)*	89/101 (88.1%)	80.2-93.7%
Total:	234/257 (91.1%)	86.9-94.2%

Table C
Study Arm Sensitivity and Specificity by Test

		95% Confidence Interval
Specificity (Prospective tests):		
A/T (*C. albicans/C. tropicalis*)	1479/1497 (98.8%)	98.1-99.3%
P (*C. parapsilosis)*	1487/1499 (99.2%)	98.6-99.6%
K/G (*C. krusei/C. glabrata)*	1499/1500 (99.9%)	99.6-100.0%
Total:	4465/4496 (99.3%)	99.0-99.5%
Sensitivity (Prospective tests):		
A/T (*C. albicans/C. tropicalis)*	2/4 (50.0%)	6.8-93.2%
P (*C. parapsilosis)*	2/2 (100.0%)	15.8-100.0%
K/G (*C. krusei/C. glabrata)*	1/1 (100.0%)	2.5-100.0%
Total:	5/7 (71.4%)	29.0-96.3%
Specificity (Contrived tests):		
A/T (*C. albicans/C. tropicalis)*	200/200 (100.0%)	98.2-100.0%
P (*C. parapsilosis)*	249/250 (99.6%)	97.8-100.0%
K/G (*C. krusei/C. glabrata)*	200/200 (100.0%)	98.2-100.0%
Total:	649/650 (99.8%)	99.1-100.0%
Sensitivity (Contrived tests):		
A/T (*C. albicans/C. tropicalis)*	94/100 (94.0%)	87.4-97.8%
P (*C. parapsilosis)*	47/50 (94.0%)	83.5-98.7%
K/G (*C. krusei/C. glabrata)*	88/100 (88.0%)	80.0-93.6%
Total:	229/250 (91.6%)	87.4-94.7%

Table D
T2Candida Limit of Detection

Species	Final LoD CFU/mL
C. albicans	2
C tropicalis	1
C. parapsilosis	3
C. glabrata	2
C. krusei	1

Table E
Sensitivity Sub-Analysis: Sensitivity by Species Relative to LoD

		³ LoD		< LoD	
	LoD (CFU/ml)	Sensitivity	95% Confidence Interval	Sensitivity	95% Confidence Interval
C. albicans	2	39/39 (100.0%)	91.0-100.0%	9/11 (81.8%)	48.2-97.7%
C. glabrata	2	35/37 (94.6%)	81.8-99.3%	7/13 (53.8%)	25.1-80.8%
C. krusei	1	40/40 (100.0%)	91.2-100.0%	6/10 (60.0%)	26.2-87.8%
C. parapsilosis	3	32/32 (100.0%)	89.1-100.0%	15/18 (83.3%)	58.6-96.4%
C. tropicalis	1	38/40 (95.0%)	83.1-99.4%	8/10 (80.0%)	44.4-97.5%
Total:		184/188 (97.9%)	94.6-99.4%	45/62 (72.6%)	59.8-83.1%

Table F
Sensitivity Sub-Analysis: Sensitivity by Titer Level

	<1 CFU/ml Sensitivity	1 - 10 CFU/ml Sensitivity	11 - 30 CFU/ml Sensitivity	31 - 100 CFU/ml Sensitivity
C. albicans	8/10 (80.0%)	18/18 (100.0%)	17/17 (100.0%)	5/5 (100.0%)
C. glabrata	5/10 (50.0%)	16/18 (88.9%)	16/17 (94.1%)	5/5 (100.0%)
C. krusei	6/10 (60.0%)	18/18 (100.0%)	17/17 (100.0%)	5/5 (100.0%)
C. parapsilosis	8/10 (80.0%)	17/18 (94.4%)	17/17 (100.0%)	5/5 (100.0%)
C. tropicalis	8/10 (80.0%)	16/18 (88.9%)	17/17 (100.0%)	5/5 (100.0%)
Total:	35/50 (70.0%)	85/90 (94.4%)	84/85 (98.8%)	25/25 (100.0%)

Table G
Sensitivity Sub-Analysis: Sensitivity by Species Relative to Clinically Relevant Concentrations

Species	Clinically Relevant Concentration	Sensitivity £ Relevant CFU	Sensitivity [3] Relevant CFU
C. tropicalis	1-10 CFU/mL	80%	95%
C. krusei	11-30 CFU/mL	85.7%	100%
C. glabrata	11-30 CFU/mL	75%	96%
C. albicans	1-10 CFU/mL	80%	100%
C. parapsilosis	11-30 CFU/mL	89.3%	100%
Total		82.7%	98%

Table H
Time to species identification or negative result for T2MR and Blood Culture

	Blood Culture	T2Dx
Time to Results (hours)		
Mean ± SD (N)	126.5 ± 27.3 (1470)	4.2 ± 0.9 (1470)
Median	121.0	4.1
(Min, Max)	(12.4, 247.2)	(3.0, 7.5)
Time to Positive Results[(1,2)] (hours)		
Mean ± SD (N)	43.6 ± 11.1 (4)	4.4 ± 1.0 (4)
Median	46.1	4.6
(Min, Max)	(28.1, 54.1)	(3.2, 5.4)
Time to Negative Results[(1,2)] (hours)		
Mean ± SD (N)	126.7 ± 27.0 (1466)	4.2 ± 0.9 (1466)
Median	121.1	4.1
(Min, Max)	(12.4, 247.2)	(3.0, 7.5)

(1) Includes samples that are 100% concordant for both methods (i.e. does not include discordant results). We do not include discordant results because a comparison of the duration of time to positive result requires that both the blood culture result and the T2Candida result be positive for a given specimen. Similarly, a comparison of the duration of time to negative result requires that both the blood culture result and the T2Candida result be negative for a given specimen. We therefore would exclude any sample with a discordant result where blood culture yields one result and T2Candida yields the opposite result.

(2) Refers to time to species identification or final negative result.

Massachusetts General Hospital Study — Science Translational Medicine

We co-authored a study with investigators from Massachusetts General Hospital, or MGH, to evaluate the sensitivity and specificity of T2MR to detect *Candida* compared to blood culture-based diagnostics. Results from the study were published in an article entitled "T2 Magnetic Resonance Enables Nanoparticle-Mediated Rapid Detection of Candidemia in Whole Blood" in *Science Translational Medicine* in 2013. In this study:

- T2MR was tested across 320 contrived whole blood samples, each containing one of the five clinically relevant species of *Candida*, and was able to detect each of the species at an LoD ranging from 1 to 3 CFU/mL.
- T2MR was tested across 24 whole blood specimens from patients exhibiting symptoms of sepsis, with eight *Candida* positive, eight bacteria positive and eight negative samples. Results showed 100% sensitivity and 100% specificity of T2MR when compared with blood culture results for identification of *Candida*.
- In patients with *Candida* treated with antifungal therapy, T2MR detected the presence of *Candida* in patient samples drawn up to four days after antifungal administration, while blood culture failed to identify the infection upon administration of antifungal therapy.

University of Houston Study — Diagnostic Microbiology and Infectious Disease

We sponsored an independent study at the University of Houston to directly compare the sensitivity and time to result of T2Candida running on T2Dx and blood culture-based diagnostics. In this study, contrived blood samples were split between T2Candida using T2Dx and standard blood culture. The study showed improved performance of T2Candida over blood culture in terms of speed and sensitivity. The following findings were published in an article entitled "Comparison of the T2Dx instrument with T2Candida Diagnostic Panel and Automated Blood Culture in the Detection of *Candida* Species Using Seeded Blood Samples" in *Diagnostic Microbiology and Infectious Disease* in 2013:

- T2Candida detected all of the samples of *C. glabrata* at concentrations of 2.8 CFU/mL, while blood culture was not able to detect *C. glabrata* in any of the samples, even at a higher concentration of 11 CFU/mL and with the standard five-day run time.
- T2Candida detected all of the samples for all of the species of *Candida* at concentration levels of 3.1 to 11 CFU/mL.
- The average time to species identification was approximately three hours for T2Candida, as opposed to over 60 hours for blood culture.

The following table summarizes the results of our University of Houston study. The five relevant species of *Candida* were analyzed in the University of Houston study.

Contrived blood samples at concentrations between 3.1 - 11 CFU/mL

	Blood Culture (n=20 per species)		T2Candida (n=13-20 per species)	
Average time to positive result	63.23 ± 30.27 hours		3 hours	
Detection rate	*C. albicans*	= 100%	*C. albicans*	= 100%
	C. tropicalis	= 100%	*C. tropicalis*	= 100%
	C. parapsilosis	= 100%	*C. parapsilosis*	= 100%
	C. glabrata	= 0%	*C. glabrata*	= 100%
	C. krusei	= 100%	*C. krusei*	= 100%
Sensitivity			100%	
Specificity			98%	

Hemostasis

Another significant unmet clinical need is the diagnosis and management of impaired hemostasis, which is a life-threatening condition in which a patient is unable to promote the formation of blood clots to stabilize excessive bleeding. Within the broader population of patients with symptoms of impaired hemostasis, there are over three million trauma patients in the United States annually. These trauma patients typically face life-threatening injuries or invasive surgical procedures. Approximately 25% of trauma patients have impaired hemostasis, which frequently goes undetected during the initial hospitalization. According to a study in the *Journal of the American College of Surgeons*, for trauma patients with symptoms of impaired hemostasis, mortality was reduced from 45% to 19% with more rapid delivery of therapy. Today, there is no hemostasis diagnostic method that can rapidly provide comprehensive results. We estimate that rapid, targeted treatment for trauma patients with impaired hemostasis can reduce healthcare costs in the United States by nearly $2 billion each year due to more efficient utilization of scarce and expensive blood products and more rapid patient stabilization, reducing length of hospital stays by approximately 20%.

Because the hemostasis status of trauma patients changes frequently, patients are on average tested three times per trauma episode, which we estimate results in approximately nine million hemostasis tests performed annually on trauma patients in the United States alone. We believe this unmet need represents a nearly $500 million annual market opportunity, which will be the initial focus for T2Stat and T2HemoStat.

Existing hemostasis screening methods have a range of limitations. Such screening can require:

- up to 24 hours to provide a diagnosis;
- large volumes of blood from patients;
- as many as five separate instruments to provide comprehensive results;
- highly skilled technicians; and
- specialty laboratories.

T2Stat and T2HemoStat utilize T2MR and are designed to provide hemostasis measurements in less than 20 minutes. T2HemoStat is a comprehensive panel of diagnostic tests that can provide data across the hemostasis spectrum, including measurements of clotting time, platelet activity, clot contraction and clot lysis. We believe that T2HemoStat will be the first panel capable of rapidly

identifying key coagulation, platelet and other hematologic factors directly from whole blood on a single, easy to operate, compact instrument that will provide all of the following benefits:

- comprehensive results in 20 minutes or less;
- results from clinical samples as small as a finger stick of blood;
- replacement of up to five instruments with one compact instrument;
- easy-to-use system, not requiring highly skilled technicians to operate; and
- small, tabletop instrument that can be used at the point of care.

We expect that existing DRG and Current Procedural Terminology, or CPT codes, will be used to facilitate reimbursement of our hemostasis diagnostic products.

While the panel of HemoStat diagnostic tests currently in development is focused on addressing the unmet need for trauma patients, T2HemoStat can be expanded to add diagnostic tests that can address the needs of the broader population of patients with impaired hemostasis.

We also believe T2MR will be able to identify novel biomarkers with important clinical utility. For example, in a 2014 peer-reviewed article featured on the cover of the journal, *Blood*, T2MR was used to identify a new clot structure that has potential as a novel biomarker which could provide additional actionable information to manage patients with impaired hemostasis after trauma.

Sales, Marketing and Distribution

We intend to drive awareness and adoption of our T2MR technology and related products, if they achieve marketing authorization from the FDA or regulatory clearance, by building a direct sales force in the United States, initially targeting high-volume hospitals, and continuing to educate physicians, key decision makers and thought leaders through publishing scientific data in peer-reviewed journals, presenting at major industry conferences and conducting and supporting clinical studies.

The foundation of our commercialization strategy is to build an experienced, direct sales force consisting of approximately 15 commissioned representatives in the first year of launch. Our sales representatives, employing a clinical data-driven sales approach, will focus on the clinical performance of our products, if approved, the improved outcomes for patients and the economic value for hospitals, including customizable budgetary impact analysis. They will demonstrate the ease-of-use of our products and the advantages of our products over blood culture-based diagnostics. We will continue to invest in our direct sales force as we expand both the array of diagnostic panels and our customer reach.

Our sales force will sell T2Dx and T2Candida, if these product candidates receive marketing authorization from the FDA, directly to hospitals in the United States, initially targeting the 450 hospitals treating the largest number of high-risk patients. We estimate that these 450 centers annually treat an average of over 5,000 symptomatic patients at high risk for a *Candida* infection, representing over one-third of the expected market for T2Candida. If these leading institutions adopt our technology, we expect a positive network effect in the hospital community, accelerating adoption of T2Candida. We believe key aspects of Healthcare Reform, including the focus on cost containment, risk-sharing, and outcomes-based treatment and reimbursement, align with the value proposition of our sepsis products, contributing positively to their adoption. We believe the key decision-makers at hospitals will be infectious disease physicians, laboratory directors, the hospital pharmacy and hospital administrators. In response to the severity and complexity of managing bloodstream infections, a growing number of hospitals have instituted antimicrobial stewardship committees to control hospital practices related to infections, including the use of antibiotic and

antifungal therapy. These committees typically include the key decision-makers, and we believe they will provide a central forum to present the benefits of our products. In addition, we plan to continue to publish scientific data in peer-reviewed journals, present at major industry conferences and conduct and support clinical trials to provide additional data relative to the performance of T2Candida to these decision-makers.

Outside of the United States, we expect to seek regulatory approvals in European and other international markets and to launch our platform through distributor partners who will deploy a similar model to our sales approach in the United States.

Manufacturing

We manufacture our proprietary T2Dx instrument and our T2Candida reagent trays at our approximately 6,500 square foot manufacturing facility in Wilmington, Massachusetts. We perform all instrument and tray manufacturing and packaging of final components in accordance with applicable guidelines for medical device manufacturing. We outsource manufacturing of our T2Candida consumable cartridge to a contract manufacturing organization. Our particles are supplied by a sole source supplier, GE Healthcare. We believe we can secure arrangements with other suppliers on commercially reasonable terms for the products and parts we outsource.

We have implemented a quality management system designed to comply with FDA regulations and International Standards Organization, or ISO, standards governing medical device products. These regulations govern the design, manufacture, testing and release of diagnostic products as well as raw material receipt and control. We recently completed an ISO 13485 assessment and have been recommended for certification for our facilities and operations. Our key outsourcing partners are ISO-certified.

We plan to continue to manufacture components that we determine are proprietary or require special processes to produce, while outsourcing the manufacture of more commodity-like components. We expect to establish additional outsourcing partnerships as we manufacture more products. We believe our facility in Wilmington, Massachusetts is adequate to meet our current manufacturing needs and that additional manufacturing space is readily available for future expansion.

Intellectual Property

We strive to protect and enhance the proprietary technologies that we believe are important to our business, and seek to obtain and maintain patents for any patentable aspects of our product candidates, including their methods of use and any other inventions that are important to the development of our business. Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for commercially important proprietary technology, inventions and know-how related to our business, including our methods, processes and product candidate designs, and our ability to defend and enforce our patents, maintain our licenses to use intellectual property owned by third parties, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and other proprietary rights of third parties. We also rely on trademarks, copyrights, know-how, continuing technological innovation and in-licensing opportunities to develop, strengthen, and maintain our proprietary position in the fields targeted by our product candidates. Protecting these rights is a primary focus in our relationships with other parties, and we seek to protect such rights, in part, by entering into confidentiality and non-disclosure agreements with such third parties and including protections for such proprietary information and intellectual property rights in our other contracts with such third parties, including material transfer agreements, licenses and research agreements.

We are the owner or licensee of an extensive portfolio of patents and patent applications and possess substantial know-how and trade secrets which protect various aspects of our business and product candidates. The patent families comprising our patent portfolio are primarily focused on protection of a range of general and specific attributes of our proprietary assay architecture and assay instrumentation for our T2Candida and T2Bacteria products, as well as protection of certain aspects of the conduct of the assays and detection of analytes. We also own several patent families covering various aspects of our T2HemoStat assay, including the assay architecture and conduct of the analysis. The issued patents in our patent families that cover T2Candida and T2Bacteria are expected to expire between 2023 and 2031, while additional pending applications in these families would be expected to expire, if issued, between 2023 and 2033. Our patent families covering T2HemoStat, if issued, will be expected to expire, between 2026 and 2033. In all cases, the expiration dates are subject to any extension that may be available under applicable law.

Patents

We own 22 patent families, including 16 issued United States patents, 15 issued patents outside of the U.S., 27 pending U.S. patent applications, five pending Patent Cooperation Treaty, or PCT applications, and 33 pending patent applications outside of the U.S. We also hold an exclusive license to three patent families from MGH, including three issued U.S. patents, five issued patents outside of the U.S., three pending U.S. patent applications, and one pending application outside the U.S., which cover various aspects of our T2MR, T2Candida and T2Bacteria products.

T2Candida and T2Bacteria

We are the owner or exclusive licensee of 11 issued U.S. patents and 11 pending U.S. patent applications, as well as 13 issued patents, two pending PCT applications and 11 pending patent applications in jurisdictions outside of the U.S., covering various aspects of T2Candida or T2Bacteria. In particular, U.S. Patent 8,569,078 (the '078 Patent), which is included within the patent rights covered by our exclusive license from MGH, covers our assay method architecture for our T2Candida and T2Bacteria product candidates. We are also the sole owner of issued U.S. patents and pending applications, including foreign counterparts in Australia, Canada, Europe, and Japan that are directed to the device instrumentation and certain components that are specific to the assay itself, including reagents and methods of detection of analytes. Our issued U.S. patents that cover aspects of our T2Candida and/or T2Bacteria product candidates are expected to expire between 2023 and 2031, with the '078 Patent expiring in 2023. In addition to the utility patents included in our patent portfolio, we are also the sole owner of issued design patents and pending applications in the U.S. and foreign jurisdictions that cover certain aspects of the design of our device cartridge and assay tubes.

T2HemoStat

We are the owner of three pending U.S. patent applications, two pending PCT applications and nine pending patent applications in foreign jurisdictions covering various aspects of T2HemoStat, including the device and methods for determining coagulation times and evaluating coagulopathies using the assay. If these applications proceed to issue, the U.S. claims that cover our T2HemoStat product candidates are expected to expire between 2026 and 2033.

Patent Term

The term of individual patents and patent applications listed in previous sections will depend upon the legal term of the patents in the countries in which they are obtained. In most countries, the patent term is 20 years from the date of filing of the patent application (or parent application, if applicable). For example, if an international PCT application is filed, any patent issuing from the

PCT application in a specific country generally expires 20 years from the filing date of the PCT application.

Proprietary Rights and Processes

We rely, in some circumstances, on proprietary technology and processes (including trade secrets) to protect our technology. However, these can be difficult to protect. We require all full-time and temporary employees, scientific advisors, contractors and consultants working for us who have access to our confidential information to execute confidentiality agreements in order to safeguard our proprietary technologies, methods, processes, know-how, and trade secrets. We also seek to preserve the integrity and confidentiality of our proprietary technology and processes by maintaining physical security of our premises and physical and electronic security of our information technology systems. All of our full-time and temporary employees and independent contractors and consultants are also bound by invention assignment obligations, pursuant to which rights to all inventions and other types of intellectual property conceived by them during the course of their employment are assigned to us.

While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. To the extent that our employees, consultants, scientific advisors, contractors, or any future collaborators use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Further, any of our intellectual property and proprietary rights could be challenged, invalidated, circumvented, infringed or misappropriated, or such intellectual property and proprietary rights may not be sufficient to provide competitive advantages. For more information, please see "Risks Related to Intellectual Property."

Trademarks

We seek trademark and service mark protection in key markets to safeguard our brand and the brands of our product candidates. We intend to file trademark registration applications in the U.S. and foreign jurisdictions to continue to strengthen our brand.

License Agreements

License Agreement with Massachusetts General Hospital

In 2006, we entered into an exclusive license agreement with MGH, pursuant to which MGH granted to us an exclusive, worldwide, sublicensable license under certain patent rights to make, use, import and commercialize products and processes for diagnostic, industrial and research and development purposes. In 2008 and 2011, we amended our agreement with MGH to add patent rights and to modify, among other things, our diligence and payment obligations.

We are required to use reasonable commercial efforts to develop and make available to the public products and processes covered by the agreement, and to achieve specified organizational, development and commercialization milestones by specified dates. To date, we have met all of our diligence obligations pursuant to this agreement.

We paid MGH an upfront fee and issued to MGH shares of our common stock equal to a low single-digit percentage of our then-outstanding common stock, subject to limited adjustments to prevent dilution in certain circumstances. In addition, we are responsible for reimbursing MGH's costs associated with prosecution and maintenance of the patent rights licensed to us under the agreement. We will also be required to make payments for achievement of specified regulatory milestones with respect to products and processes covered by the agreement. In addition, we are

required to pay an annual license maintenance fee, which is creditable against any royalty payments we are obligated to make to MGH under the agreement.

We will be required to pay royalties to MGH on net sales of products and processes that are covered by patent rights licensed to us under the agreement at percentages in the low single digits, subject to reductions and offsets in specified circumstances. The products and processes covered by the agreement include T2Candida, T2Bacteria and other particle-based T2MR panels that we may develop in the future. Our royalty obligations, if any, and their duration, will depend on the specific patent rights covering the product or process being sold, and the particular category of product or process, as noted above. With respect to T2Candida and T2Bacteria and other potential particle-based T2MR panels we may develop in the future, our obligation to pay royalties to MGH will expire upon the later of ten years after the first commercial sale of the first product or process in the particular category and the expiration of the patent rights licensed to us under the agreement. We will also be required to pay to MGH a low double-digit percentage of specified gross revenue that we receive from our sublicensees. In addition, we will be required to pay royalties to MGH of less than one percent on net sales of specified products and processes that are not covered by the patent rights licensed to us under the agreement. Our obligation to pay royalties to MGH with respect to such products and processes will expire upon the earlier of 12 years after the first commercial sale of the first such product or process and the termination by MGH of all of the licenses granted to us under the agreement.

We have the right to terminate our agreement with MGH for any reason upon 90 days' written notice to MGH. MGH may terminate our agreement in its entirety if we fail to make a payment required under the agreement and do not cure such failure within a specified time period, if we fail to maintain adequate insurance coverage or if we become insolvent. MGH may also terminate our agreement, with respect to a given category of products or processes, on 60 days' notice for our uncured breach with respect to such category of products or processes. Absent earlier termination, our agreement with MGH will remain in force until the later of the expiration or abandonment of the licensed patents and patent applications, and the expiration of our obligations under the agreement.

Sales Agreement with GE Healthcare

We are currently party to a supply and license agreement with GE Healthcare for the manufacture and supply by GE Healthcare of its proprietary superparamagnetic particles to be used in connection with our product candidates. This agreement with GE Healthcare also grants to us a non-exclusive, worldwide, non-royalty bearing, sublicensable license to use the supplied products for the purposes of research, development, manufacture and sale of our product candidates for *in vitro* industrial diagnostics, human diagnostics and veterinary diagnostics purposes, but not for use in therapeutics. The agreement contains other terms and conditions generally consistent with an agreement for the manufacture and supply of materials or products for use in the development and commercialization of biotechnology products such as our product candidates, including with respect to ordering, supply of such product in accordance with specifications, and quality assurance and quality control activities. We are obligated to meet certain minimum purchase requirements in each contract year of the agreement during the five-year term.

Either party may terminate the agreement immediately upon the insolvency of the other party, or for uncured breach of the agreement where termination is effective on receipt by the breaching party of a termination notice not less than 30 days after receipt of written notice of a breach. Absent earlier termination, our agreement with GE Healthcare will remain in force until December 31, 2015.

Competition

We believe we are currently the only diagnostic company developing products with the potential to identify pathogens associated with bloodstream infections in a variety of unpurified patient sample types at limits of detection as low as 1 CFU/mL. Our principal competition will be from a number of companies that offer platforms and applications in our target sepsis and hemostasis markets, most of which are more established commercial organizations with considerable name recognition and significant financial resources.

Companies that currently provide traditional blood culture-based diagnostics include Becton Dickinson & Co. and bioMerieux, Inc. In addition, companies offering post-culture species identification using both molecular and non-molecular methods include bioMerieux, Inc., Bruker Corporation, Cepheid and Siemens AG. These post-culture competitors rely on a positive result from blood culture in order to perform their tests, significantly prolonging their results when compared to T2MR. Some of the products offered by our competitors require hours of extensive hands-on labor by an operator, while some rely on high concentrations of pathogens present in a positive blood culture, which can require a final concentration of at least 1,000,000 CFU/mL. In addition, there may be a number of new market entrants in the process of developing competing technologies.

We believe that we have a number of competitive advantages, including:

- T2MR's ability to detect targets directly in complex and high volume samples, eliminating the need for sample extraction and purification;
- T2MR's ability to detect a broad range of targets, providing a wide variety of potential applications both within and outside of the *in vitro* diagnostics market;
- T2MR's ability to provide rapid and highly-sensitive diagnostic results, which can provide timely information to assist physicians and hospitals to make therapeutic decisions that can improve patient outcomes and reduce healthcare costs;
- our ability to develop easily operable products for end users;
- our initial applications in the field of sepsis that we believe will not require separate reimbursement codes due to the established payment and reimbursement structure in place; and
- our initial applications may provide substantial economic benefits to hospitals that can accrue the savings related to the rapid treatment of sepsis patients.

Government Regulation

Our products under development and our operations are subject to significant government regulation. In the United States, our products are regulated as medical devices by the FDA and other federal, state, and local regulatory authorities.

FDA Regulation of Medical Devices

The FDA and other U.S. and foreign governmental agencies regulate, among other things, with respect to medical devices:

- design, development and manufacturing;
- testing, labeling, content and language of instructions for use and storage;
- clinical trials;
- product safety;
- marketing, sales and distribution;

- pre-market clearance and approval;
- record keeping procedures;
- advertising and promotion;
- recalls and field safety corrective actions;
- post-market surveillance, including reporting of deaths or serious injuries and malfunctions that, if they were to recur, could lead to death or serious injury;
- post-market approval studies; and
- product import and export.

In the United States, numerous laws and regulations govern all the processes by which medical devices are brought to market and marketed. These include the Federal Food, Drug and Cosmetic Act, or FDCA, and the FDA's implementing regulations, among others.

FDA Pre-market Clearance and Approval Requirements

Each medical device we seek to commercially distribute in the United States must first receive 510(k) clearance, *de novo* down classification, or pre-market approval from the FDA, unless specifically exempted by the FDA. The FDA classifies all medical devices into one of three classes. Devices deemed to pose the lowest risk are categorized as either Class I or II, which requires the manufacturer to submit to the FDA a 510(k) pre-market notification submission requesting clearance of the device for commercial distribution in the United States. Some low risk devices are exempted from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a previously 510(k) cleared device are categorized as Class III. These devices require submission and approval of a premarket approval, or PMA, application.

510(k) Clearance Process

To obtain 510(k) clearance, we must submit a pre-market notification to the FDA demonstrating that the proposed device is substantially equivalent to a previously-cleared 510(k) device, a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of pre-market approval applications, or is a device that has been reclassified from Class III to either Class II or I. In rare cases, Class III devices may be cleared through the 510(k) process. The FDA's 510(k) clearance process usually takes from three to 12 months from the date the application is submitted and filed with the FDA, but may take significantly longer and clearance is never assured. Although many 510(k) pre-market notifications are cleared without clinical data, in some cases, the FDA requires significant clinical data to support substantial equivalence. In reviewing a pre-market notification submission, the FDA may request additional information, including clinical data, which may significantly prolong the review process.

After a device receives 510(k) clearance, any subsequent modification of the device that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k) clearance or could require pre-market approval. The FDA requires each manufacturer to make this determination initially, but the FDA may review any such decision and may disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA may require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or approval of a PMA is obtained. Under these circumstances, the FDA may also subject a manufacturer to significant regulatory fines or other penalties. In addition, the FDA is currently evaluating the 510(k) process and may make substantial changes to industry requirements, including which devices are eligible for 510(k) clearance, the ability to rescind previously granted 510(k)s and additional requirements that may significantly impact the process.

Pre-market Approval Process

A PMA application must be submitted if the medical device is in Class III (although the FDA has the discretion to continue to allow certain pre-amendment Class III devices to use the 510(k) process) or cannot be cleared through the 510(k) process. A PMA application must be supported by, among other things, extensive technical, preclinical, clinical trials, manufacturing and labeling data to demonstrate to the FDA's satisfaction the safety and effectiveness of the device.

After a PMA application is submitted and filed, the FDA begins an in-depth review of the submitted information, which typically takes between one and three years, but may take significantly longer. During this review period, the FDA may request additional information or clarification of information already provided. Also during the review period, an advisory panel of experts from outside the FDA will usually be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a pre-approval inspection of the manufacturing facility to ensure compliance with Quality System Regulation, or QSR, which imposes elaborate design development, testing, control, documentation and other quality assurance procedures in the design and manufacturing process. The FDA may approve a PMA application with post-approval conditions intended to ensure the safety and effectiveness of the device including, among other things, restrictions on labeling, promotion, sale and distribution and collection of long-term follow-up data from patients in the clinical study that supported approval. Failure to comply with the conditions of approval can result in materially adverse enforcement action, including the loss or withdrawal of the approval. New PMA applications or supplements are required for significant modifications to the manufacturing process, labeling of the product and design of a device that is approved through the PMA process. PMA supplements often require submission of the same type of information as an original PMA application, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA application, and may not require as extensive clinical data or the convening of an advisory panel.

De novo Classification Process

Medical device types that the FDA has not previously classified as Class I, II, or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernization Act of 1997 established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *de novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. Prior to the enactment of the Food and Drug Administration Safety and Innovation Act, or FDASIA, in July 2012, a medical device could only be eligible for *de novo* classification if the manufacturer first submitted a 510(k) premarket notification and received a determination from the FDA that the device was not substantially equivalent. FDASIA streamlined the *de novo* classification pathway by permitting manufacturers to request *de novo* classification directly without first submitting a 510(k) premarket notification to the FDA and receiving a not substantially equivalent determination. Under FDASIA, FDA is required to classify the device within 120 days following receipt of the *de novo* application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, the FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would be appropriate for a 510(k) or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed. We plan to utilize the *de novo* classification process

to obtain marketing authorization for our T2Dx and T2Candida devices under development, which we believe will be placed within Class II.

Clinical Trials

A clinical trial is typically required to support a PMA application and is sometimes required for a 510(k) pre-market notification. Clinical trials generally require submission of an application for an Investigational Device Exemption, or IDE, to the FDA. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the investigational protocol is scientifically sound. The IDE application must be approved in advance by the FDA for a specified number of patients, unless the product is deemed a non-significant risk device and eligible for more abbreviated IDE requirements. Clinical trials for a significant risk device may begin once the IDE application is approved by the FDA as well as the appropriate institutional review boards, or IRBs, at the clinical trial sites, and the informed consent of the patients participating in the clinical trial is obtained. After a trial begins, the FDA may place it on hold or terminate it if, among other reasons, it concludes that the clinical subjects are exposed to an unacceptable health risk. Any trials we conduct must be conducted in accordance with FDA regulations as well as other federal regulations and state laws concerning human subject protection and privacy. Moreover, the results of a clinical trial may not be sufficient to obtain clearance or approval of the product.

Pervasive and Continuing U.S. Food and Drug Administration Regulation

After a medical device is placed on the market, numerous FDA regulatory requirements apply, including, but not limited to the following:

- the QSR, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process;
- establishment registration, which requires establishments involved in the production and distribution of medical devices, intended for commercial distribution in the United States, to register with the FDA;
- medical device listing, which requires manufacturers to list the devices they have in commercial distribution with the FDA;
- labeling regulations, which prohibit "misbranded" devices from entering the market, as well as prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling; and
- post-market surveillance including Medical Device Reporting, which requires manufacturers 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.

The FDA enforces these requirements by inspection and market surveillance. Failure to comply with applicable regulatory requirements may result in enforcement action by the FDA, which may include one or more of the following sanctions:

- untitled letters or warning letters;
- fines, injunctions and civil penalties;
- mandatory recall or seizure of our products;
- administrative detention or banning of our products;
- operating restrictions, partial suspension or total shutdown of production;

- refusing our request for 510(k) clearance or pre-market approval of new product versions;
- revocation of 510(k) clearance or pre-market approvals previously granted; and
- criminal prosecution and penalties.

International Regulation

Sales of medical devices outside the United States are subject to foreign government regulations, which vary substantially from country to country. In order to market our products in other countries, we must obtain regulatory approvals and comply with extensive safety and quality regulations in other countries. The time required to obtain approval by a foreign country may be longer or shorter than that required for FDA clearance or approval, and the requirements may differ significantly.

In the European Economic Area, or EEA, which comprises the 28 Member States of the EU plus Liechtenstein, Norway and Iceland, *in vitro* medical devices are required to conform with the essential requirements of the EU Directive on *in vitro* diagnostic medical devices (Directive 98/79/EC, as amended). To demonstrate compliance with the essential requirements, the manufacturer must undergo a conformity assessment procedure. The conformity assessment varies according to the type of medical device and its classification. For low-risk devices, the conformity assessment can be carried out internally, but for higher risk devices (self-test devices and those included in List A and B of Annex II of Directive 98/79/EC) it requires the intervention of an accredited EEA Notified Body. If successful, the conformity assessment concludes with the drawing up by the manufacturer of an EC Declaration of Conformity entitling the manufacturer to affix the CE mark to its products and to sell them throughout the EEA. We have recently concluded an assessment of the conformity of T2Dx and T2Candida with the EU *in vitro* diagnostic medical devices directive, based upon a EC Declaration of Conformity dated July 7, 2014, allowing us to affix the CE mark to these product candidates.

Other Healthcare Laws

Although we currently do not have any products on the market, our current and future business activities are subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which we conduct our business. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physician sunshine laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce either the referral of an individual, for an item or service or the purchasing, leasing ordering, or arranging for or recommending the purchase, lease or order of any good, facility, item or service, for which payment may be made, in whole or in part, under federal healthcare programs such as the Medicare and Medicaid programs. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all its facts and circumstances. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the Anti-Kickback Statute has been violated.

Further, the recently enacted Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act, among other things, amends the intent requirement of the federal Anti-Kickback Statute and certain criminal statute governing healthcare fraud statutes to a stricter standard. A person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them. In addition, the Affordable Care Act codifies case law that the government 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 federal False Claims Act. The majority of states also have anti-kickback laws which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Additionally, the civil False Claims Act prohibits, among other things, knowingly presenting or causing the presentation of a false or fraudulent claim for payment to, or approval by, the U.S. government. In addition to actions initiated by the government itself, the statute authorizes actions to be brought on behalf of the federal government by a private party having knowledge of the alleged fraud. Because the complaint is initially filed under seal, the action may be pending for some time before the defendant is even aware of the action. If the government intervenes and is ultimately successful in obtaining redress in the matter, or if the plaintiff succeeds in obtaining redresss without the government's involvement, then the plaintiff will receive a percentage of the recovery. The federal government is using the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of life sciences companies throughout the country, for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created new federal criminal statutes that prohibit, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Like the Anti-Kickback Statute, the Affordable Care Act amended the intent standard for certain healthcare fraud under HIPAA such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

The civil monetary penalties statute imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

Also, as stated above, many states have similar fraud and abuse laws that may be broader in scope and may apply regardless of payor.

Moreover, Section 6002 of the Affordable Care Act included new requirements for device manufacturers, among others, to report certain payments or "transfers of value" provided to physicians and teaching hospitals, and to report ownership and investment interests held by physicians and their immediate family members during the preceding calendar year. Section 6002 of PPACA includes in its reporting requirements a broad range of transfers of value including, but not limited to, consulting fees, speaker honoraria, charitable contributions, research payments and grants. The Centers for Medicare & Medicaid Services, or CMS, issued its final rule implementing Section 6002 of the Affordable Care Act in February 2013, and required data collection commenced

as of August 1, 2013. Manufacturers were required to report aggregated data for August through December of 2013 to CMS by March 31, 2014, and more detailed information regarding the specific payments and transfers of value in the second quarter of 2014. CMS will release the data on a public website by September 30, 2014. Failure to report could subject companies to significant financial penalties. Tracking and reporting the required payments and transfers of value may result in considerable expense and additional resources. Several states currently have similar laws and more states may enact similar legislation, some of which may be broader in scope. For example, certain states require the implementation of compliance programs, compliance with industry ethics codes, implementation of gift bans and spending limits, and/or reporting of gifts, compensation and other remuneration to healthcare professionals.

We also may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations, including the final omnibus rule published on January 25, 2013, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH, through its implementing regulations, makes certain of HIPAA's privacy and security standards directly applicable to business associates, defined as a person or organization, other than a member of a covered entity's workforce, that creates, receives, maintains or transmits protected health information for or on behalf of a covered entity for a function or activity regulated by HIPAA. In addition to HIPAA criminal penalties, HITECH created four new tiers of civil and monetary penalties and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

The shifting commercial compliance environment and the need to build and maintain robust and expandable systems to comply with different compliance and/or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may violate one or more of the requirements. If our future operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, exclusion from participation in federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to operate our business and our financial results.

Coverage and Reimbursement

Maintaining and growing sales of our product candidates, if approved, depends in large part on the availability of adequate coverage and reimbursement from third-party payors, including government programs such as Medicare and Medicaid, private insurance plans and managed care programs. These third-party payors are increasingly limiting coverage and reducing reimbursement for medical products and services. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls and restrictions on coverage and reimbursement. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net revenue and results. Decreases in third-party reimbursement for our product candidates or a decision by a third-party payor to not cover our product candidates could reduce physician utilization of our products, if approved, and have a material adverse effect on our sales, results of operations and financial condition.

Hospitals, clinical laboratories and other healthcare provider customers that may purchase our product candidates, if approved, generally bill various third-party payors to cover all or a portion of

the costs and fees associated with diagnostic tests, including the cost of the purchase of our product candidates. We currently expect that the majority of our diagnostic tests will be performed in a hospital inpatient setting, where governmental payors, such as Medicare, general reimburse hospitals a single bundled payment that is based on the patients' diagnosis under a classification system known as the Medicare severity diagnosis-related groups, or MS-DRGs, classification for all items and services provided to the patient during a single hospitalization, regardless of whether our diagnostic tests are performed during such hospitalization. To the extent that our diagnostic tests will be performed in an outpatient setting, our product candidates may be eligible for separate payment using existing Current Procedural Terminology, or CPT, codes. Third-party payors may deny coverage, however, if they determine that our products are not cost-effective as determined by the payor, or is deemed by the third-party payor to be experimental or medically unnecessary. We are unable to predict at this time whether our product candidates, if approved, will be covered by third-party payors. Nor can we predict at this time the adequacy of payments, whether made separately in an outpatient setting or with a bundled payment amount in an inpatient setting. Our customers' access to adequate coverage and reimbursement for our product candidates by government and private insurance plans is central to the acceptance of our products. We may be unable to sell our products, if approved, on a profitable basis if third-party payors deny coverage or reduce their current levels of payment, or if our costs of production increase faster than increases in reimbursement levels.

Healthcare Reform

In the United States and foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system seeking, among other things, to reduce healthcare costs that could affect our future results of operations as we begin to directly commercialize our products.

By way of example, in the United States, the Affordable Care Act was signed into law in March 2010, which is expected to substantially change the way healthcare is delivered and financed by both governmental and private insurers. Among other things, the Affordable Care Act:

- imposed an annual excise tax of 2.3% on any entity that manufactures or imports medical devices offered for sale in the United States;
- established 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;
- implemented 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
- created an independent payment advisory board that will submit recommendations to reduce Medicare spending if projected Medicare spending exceeds a specified growth rate.

In addition, other legislative changes have been proposed and adopted since the Affordable Care Act was enacted. On August 2, 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. 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 reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and will stay in effect through 2014 unless additional congressional action is taken. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, including hospitals.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates, if approved, or additional pricing pressure.

Research and Development

We have committed, and expect to commit, significant resources to developing new technologies and products, improving product performance and reliability and reducing costs. We have assembled an experienced research and development team with the scientific, engineering, software and process talent that we believe is required to successfully grow our business. As of June 30, 2014, our research and development team was comprised of 29 employees, of which nine hold a Ph.D. degree, seven hold a master of science and 12 hold a bachelor of science or equivalent. We are currently focused on several product candidates and enhancements utilizing our T2MR platform. We incurred research and development expenses of $5.1 million for the three months ended March 31, 2014, $14.9 million for the year ended December 31, 2013 and $11.7 million for the year ended December 31, 2012. Research and development expenses represented 73.3% of our operating expenses for the three months ended March 31, 2014, 74.8% of our operating expenses for the year ended December 31, 2013 and 79.9% of our operating expenses for the year ended December 31, 2012. Major components of the research and development expenses were salaries and benefits, research-related facility and overhead costs, laboratory supplies, equipment and contract services.

We continuously seek to improve T2MR, including improvements in its technology and accessibility. As we make improvements, we anticipate we will make available new and improved generations of our diagnostic instruments and panels. Our technology developmental efforts are focused on applying T2MR to additional potential applications in the *in vitro* diagnostic area. We are continuing our development of T2Bacteria and expect to initiate clinical trials for T2Bacteria in the second half of 2015. We believe that technical advantage is important to sustainable competitive advantage, and therefore our research and development efforts are focused on the continued enhancement of our T2MR platform. We are dedicated to ongoing innovation to T2MR and expanding our pipeline of product candidates. Our goal is for T2MR to become a standard of care by providing technology that offers a rapid, sensitive and simple diagnostic alternative to existing methodologies for identifying both sepsis and impaired hemostasis, with a long-term objective of targeting the broader *in vitro* diagnostics market.

Employees

As of June 30, 2014, we had 68 full-time permanent employees, of which 24 work in operations, 29 in research and development, 11 in general and administrative and four in sales and marketing.

Facilities

Our corporate headquarters is located in Lexington, Massachusetts, where we currently lease approximately 17,900 square feet of office space and 15,700 square feet of laboratory space. Our base rent under this lease, which expires in 2016, is $1.1 million annually. We also lease approximately 6,500 square feet in Wilmington, Massachusetts for our manufacturing facility, under a lease that expires in 2015 for $52,500 of base rent annually.

Legal Proceedings

We are not party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name and position of each of our executive officers and directors and their age as of June 30, 2014.

Name	Age	Position
Executive Officers		
John McDonough	54	President and Chief Executive Officer and Director
Marc R. Jones	38	Chief Financial Officer
Sarah O. Kalil	55	Chief Operating Officer
Thomas J. Lowery, Ph.D.	36	Chief Scientific Officer
Michael A. Pfaller, M.D.	63	Chief Medical Officer
Non-employee Directors		
David B. Aronoff[5]	50	Director
Joshua Bilenker, M.D.[3]	42	Director
Thomas J. Carella[2]	39	Director
Michael J. Cima, Ph.D.[4]	54	Director
Alan Crane[2]	50	Director
John W. Cumming[1][3]	68	Director
David B. Elsbree[1]	67	Director
Stacy A. Feld[6]	41	Director
Robert S. Langer, Sc.D.[4]	65	Director
Stanley N. Lapidus[2]	65	Director
Harry W. Wilcox[1]	60	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(3) Member of the nominating and corporate governance committee.

(4) Member of the technology committee.

(5) Mr. Aronoff will resign from our board of directors prior to the effectiveness of the registration statement relating to this offering, of which this prospectus forms a part.

(6) Ms. Feld will resign from our board of directors prior to the effectiveness of the registration statement relating to this offering, of which this prospectus forms a part.

Executive Officers

John McDonough has served as our President and Chief Executive Officer and a member of our board of directors since November 2007. From 2003 to 2007, Mr. McDonough held various positions at Cytyc Corporation, a company engaged in the design, development, manufacturing and marketing of clinical products that focus on women's health, where he ultimately served as President of Cytyc Development Corporation. Mr. McDonough received his B.S.B.A. from Stonehill College. Mr. McDonough's extensive management experience as a senior executive and his diagnostic company experience contributed to our board of directors' conclusion that he should serve as a director of our company.

Marc R. Jones has served as our Chief Financial Officer since April 2013. From January 2013 to March 2013, Mr. Jones was Chief Financial Officer of Crashlytics, a mobile device software company, until its acquisition by Twitter. From January 2012 to January 2013, Mr. Jones was Chief

Financial Officer of Fluidnet, a medical device company. From June 2007 to August 2011, Mr. Jones was Chief Financial Officer of CHiL Semiconductor, a power management solutions company until its acquisition by International Rectifier. Mr. Jones received his M.S. in finance from Northeastern University and his B.S. in economics and finance from Southern New Hampshire University.

Sarah O. Kalil has served as our Chief Operating Officer since August 2013. From August 2010 to August 2013, Ms. Kalil was Chief Operating Officer of Interlace Medical, a medical device company, which was acquired by Hologic, Inc., a diagnostics company. From April 2009 to August 2010, Ms. Kalil was President and Chief Operating Officer of Boston Endo-Surgical Technologies, a medical device company. From 2002 to 2009, Ms. Kalil was Operations Director of Innovend, a medical molding company. Ms. Kalil is a member of the Massachusetts General Hospital Cancer Patient and Family Advisory Council and on the board of the Pleiades Foundation. Ms. Kalil received her B.S. in engineering from the University of Vermont.

Thomas J. Lowery, Ph.D. has served as our Chief Scientific Officer since September 2013. Since joining our company in 2007, Dr. Lowery has held various technical leadership roles in the assay, methods, reagents and detector development programs. Prior to joining our company, Dr. Lowery conducted research at the University of California Berkeley focused on developing innovative magnetic resonance based biosensors for molecular imaging. Dr. Lowery received his Ph.D. in chemistry from the University of California, Berkeley and his B.S. in biochemistry from Brigham Young University.

Michael A. Pfaller, M.D. has served as our Chief Medical Officer since March 2014. From 2005 until he joined our company, Dr. Pfaller was a consultant to JMI Laboratories, managing the *in vitro* testing of fungal and bacterial isolates. From 1983 to 2005, he was Clinical Director of Clinical Microbiology Laboratory at the University of Iowa, as well as Interim Director of Clinical Laboratories from 1984 to 1985. He currently serves as Co-Editor in Chief of the *American Society for Microbiology Manual of Clinical Microbiology*, 11th edition and as co-editor of the 8th edition of *Medical Microbiology*. Dr. Pfaller received his M.D. from the Washington University School of Medicine and his B.A. in chemistry from Linfield College.

Directors

David B. Aronoff has served as a member of our board of directors since January 2014. Mr. Aronoff is a General Partner at Flybridge Capital Partners, a venture capital firm, a position he has held since 2005. From 1996 to 2005, Mr. Aronoff was a General Partner at Greylock Partners, a venture capital firm, and held management roles at Chipcom, an enterprise network equipment and software vendor, and AT&T Bell Laboratories. Mr. Aronoff received his B.S. in computer science from the University of Vermont, his M.S. in computer science from the University of Southern California and his M.B.A. from Harvard Business School. Mr. Aronoff's experience working in the venture capital industry and experience working with and serving on the boards of directors of numerous technology companies contributed to our board of directors' conclusion that he should serve as a director of our company.

Joshua Bilenker, M.D. has served as a member of our board of directors since 2011. Dr. Bilenker is Chief Executive Officer of Loxo Oncology, a biotechnology company focused on cancer therapeutics. He is also a partner at Aisling Capital, a position he has held since 2006. Prior to Aisling Capital, Dr. Bilenker was a Medical Officer in the Office of Oncology Drug Products at the FDA from 2004 to 2006. Dr. Bilenker received his M.D. from The Johns Hopkins School of Medicine and his B.A. from Princeton. Dr. Bilenker's extensive experience at the FDA and as an investor in life science companies contributed to our board of directors' conclusion that he should serve as a director of our company.

Thomas J. Carella has served as a member of our board of directors since March 2013. Mr. Carella is a Managing Director in the Merchant Banking Division of Goldman, Sachs & Co. and Global Head of the division's private equity activities in the healthcare sector, a position he has held since 2012. He previously served on the board of directors of KAR Auction Services, a provider of vehicle auction services in North America, from 2007 to 2013. Mr. Carella received his B.A. from Harvard College and his M.B.A. from Harvard Business School. Mr. Carella's management experience, including his extensive experience in business strategy for healthcare companies, contributed to our board of directors' conclusion that he should serve as a director of our company.

Michael J. Cima, Ph.D. is one of our founders and has served as a member of our board of directors since 2006. Since 1986, Dr. Cima has been a Professor of Materials Science and Engineering at Massachusetts Institute of Technology, or MIT, and he currently holds the David H. Koch Engineering Chair and an appointment at the Koch Institute for Integrative Cancer Research. Dr. Cima received his B.S. in chemistry and his Ph.D. in chemical engineering, both from the University of California at Berkeley. Dr. Cima's extensive life science experience and knowledge of the diagnostics industry contributed to our board of directors' conclusion that he should serve as a director of our company.

Alan Crane has served as a member of our board of directors since November 2007. Mr. Crane joined Polaris Partners in 2002 and is a partner and entrepreneur focused on building and investing in healthcare companies. From 2006 to 2009, he served as Chief Executive Officer and co-founder of Cerulean Pharma, Inc., an oncology company. From 2002 to 2006, Mr. Crane served as Chief Executive Officer and, from 2001 to 2010, a director of Momenta Pharmaceuticals, a biotechnology company. Prior to Momenta, Mr. Crane held the position of Senior Vice President of Corporate Development at Millennium Pharmaceuticals, Inc. Mr. Crane received his M.B.A., M.A. and B.A. from Harvard University. Mr. Crane's breadth of management experience in the life science industry contributed to our board of directors' conclusion that he should serve as a director of our company.

John W. Cumming has served as a member of our board of directors since July 2014. Mr. Cumming currently serves as Chief Executive Officer and Managing Director of Cumming & Associates LLC, a strategic advisory firm serving the healthcare industry. From August 2000 until December 2013, Mr. Cumming served in a number of leadership roles at Hologic Inc., a diagnostics company, including as Chief Executive Officer from 2001 through 2009 and again from July 2013 through December 2013, as President from 2001 until 2003, as Chairman of the Board from 2002 until 2007 and again from 2008 through 2011, and as Global Strategic Advisor from 2011 through July 2013. Mr. Cumming attended the University of South Carolina. Mr. Cumming's extensive knowledge of and experience with diagnostic product companies and expertise as a strategic advisor focused on the healthcare industry contributed to our board of directors' conclusion that he should serve as a director of our company.

David Elsbree has served as a member of our board of directors since July 2014. From 1970 until 2004, Mr. Elsbree was employed by Deloitte & Touche, most recently as a former senior partner. Mr. Elsbree served in a number of leadership roles in the firm's high technology practice, including partner-in-charge of the New England High Technology Practice. Mr. Elsbree served on the board of directors of Art Technology Group, Inc. from June 2004 until January 2011 and on the board of directors of Acme Packet, Inc. from November 2006 until March 2013. Mr. Elsbree received his B.A. from Northeastern University. Mr. Elsbree's extensive knowledge of and experience with technology companies and financial expertise contributed to our board of directors' conclusion that he should serve as a director of our company.

Stacy A. Feld has served as a member of our board of directors since May 2010. Ms. Feld has been a Partner at Physic Ventures, a venture capital firm, since 2009. From 2004 to 2008, Ms. Feld

was Associate Director of Business Development at Genentech, Inc., a biotechnology company. Ms. Feld received her B.A. in sociology from the University of Pennsylvania and her J.D. from Vanderbilt Law School. Ms. Feld's experience working with and investing in life science companies and her experience in the venture capital industry contributed to our board of directors' conclusion that she should serve as a director of our company.

Robert S. Langer, Sc.D. is one of our founders and has served as a member of our board of directors since 2006. Dr. Langer has been an Institute Professor at MIT since 2005, and prior to that was an Assistant Professor at MIT since 1978. Dr. Langer served as a member of the FDA's SCIENCE Board, the FDA's highest advisory board, from 1995 until 2002 and as its Chairman from 2002 until 2009. Dr. Langer has received the National Medal of Science, National Medal of Technology and Innovation, Wolf Prize in Chemistry, Charles Stark Draper Prize, Albany Medical Center Prize in Medicine and Biomedical Research and the Lemelson-MIT prize. Dr. Langer was elected to the Institute of Medicine, the National Academy of Engineering and the National Academy of Sciences. Dr. Langer currently serves on the board of directors of Advanced Cell Technology and Bind Therapeutics. He previously served as a director of Momenta Pharmaceuticals from 2001 to 2009, Wyeth from 2004 to 2009, Fibrocell Science from 2010 to 2012 and Millipore Corporation from 2009 to 2010. Dr. Langer received his B.A. from Cornell University and his Sc.D. from MIT, both in chemical engineering. Dr. Langer's extensive experience with the FDA and in academic medicine, including as the recipient of numerous awards in recognition of his research, contributed to our board of directors' conclusion that he should serve as a director of our company.

Stanley N. Lapidus has served as a member of our board of directors since August 2008. Mr. Lapidus is President and Chief Executive Officer of SynapDx, an autism early detection company he founded in 2009. From 2003 to 2008, Mr. Lapidus was Chief Executive Officer of Helicos Biosciences, a life science company he co-founded in 2003. From 1995 to 2001, he was Chief Executive Officer of EXACT Sciences, a colorectal cancer diagnostics company he founded in 1995. From 1987 to 1994, he was Chief Executive Officer of Cytyc Corp., a cervical cancer diagnostics company he founded in 1987. Mr. Lapidus holds academic appointments at Tufts University and MIT. He received his B.S. in engineering from Cooper Union. Mr. Lapidus' experience as a senior executive and his knowledge of life science companies contributed to our board of directors' conclusion that he should serve as a director of our company.

Harry W. Wilcox has served as a member of our board of directors since January 2011. Mr. Wilcox has been Chief Operating Officer and General Partner of Flagship Ventures, a venture capital firm, since 2013. From 2006 to 2013, he was Chief Financial Officer and Partner of Flagship Ventures. From 2004 to 2006, he was Chief Financial Officer and Senior Vice President of Corporate Development of EXACT Sciences. Mr. Wilcox received his M.B.A. from Boston University and his B.S. in Finance from the University of Arizona. Mr. Wilcox's experience leading successful healthcare and technology companies, and his experience as a venture investor, contributed to our board of directors' conclusion that he should serve as a director of our company.

Board Composition and Election of Directors

Board Composition

Our board of directors is currently comprised of 12 members. Two of our directors, David Aronoff and Stacy Feld, will resign from our board of directors prior to the effectiveness of the registration statement relating to this offering of which this prospectus forms a part. The members of our board of directors were elected in compliance with the provisions of the voting agreement among us and our major stockholders. The voting agreement will terminate upon the closing of this offering, and we will have no further contractual obligations regarding the election of our directors.

See "Certain Relationships and Related Person Transactions." Our directors hold office until their successors have been elected and qualified or until their earlier death, resignation or removal.

Our restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering provide that the authorized number of directors may be changed only by resolution of our board of directors. Our restated certificate of incorporation and amended and restated bylaws also provide that our directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the votes that all our stockholders would be entitled to cast in an annual election of directors, and that any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

In accordance with the terms of our restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering, our board of directors will be divided into three classes, class I, class II and class III, with members of each class serving staggered three-year terms. Upon the closing of this offering, the members of the classes will be divided as follows:

- the class I directors will be Michael J. Cima, Ph.D., Alan Crane, John McDonough and Harry W. Wilcox, and their terms will expire at our first annual meeting of stockholders following this offering;
- the class II directors will be Joshua Bilenker, M.D., Thomas J. Carella and Robert S. Langer, Sc.D., and their terms will expire at our second annual meeting of stockholders following this offering; and
- the class III directors will be John W. Cumming, David B. Elsbree and Stanley N. Lapidus, and their terms will expire at the third annual meeting of stockholders following this offering.

Upon the expiration of the term of a class of directors, directors in that class will be eligible to be elected for a new three-year term at the annual meeting of stockholders in the year in which their term expires.

In selecting board members, our board may consider many factors, such as personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held company; experience as a board member or executive officer of another publicly held company; diversity of expertise and experience in substantive matters pertaining to our business relative to other board members; and diversity of background and perspective, including, but not limited to, with respect to age, gender, race, place of residence and specialized experience.

Director Independence

Applicable rules of the NASDAQ Stock Market, or NASDAQ, require 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 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 compensation committee members meet a heightened independence test and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under applicable NASDAQ rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, 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

of directors 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. In order to be considered independent for purposes of the compensation committee, the board of directors must consider all factors specifically relevant to determining whether a director has a relationship with us which 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: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by us to such director; and (ii) whether such director is affiliated with us, one of our subsidiaries or an affiliate of a subsidiary of ours.

Our board of directors has determined that Joshua Bilenker, M.D., Thomas J. Carella, Michael J. Cima, Ph.D., Alan Crane, John W. Cumming, David B. Elsbree, Robert S. Langer, Sc.D., Stanley N. Lapidus and Harry W. Wilcox are "independent directors" as defined under applicable NASDAQ rules. In making such determination, our board of directors considered the relationships that each such non-employee director has with our company and all other facts and circumstances that our board of directors deemed relevant in determining his or her independence, including the beneficial ownership of our capital stock by each non-employee director. Mr. McDonough is not an independent director under these rules because he is our Chief Executive Officer. Please see the section of this prospectus titled "Certain Relationships and Related Person Transactions".

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

Board Committees

Our board has established four standing committees — audit, compensation, nominating and corporate governance and technology — each of which operates under a charter that has been approved by our board. Current copies of each committee's charter will be posted on the Corporate Governance section of our website at *www.t2biosystems.com*. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Audit Committee

Our audit committee is composed of Michael J. Cima, Ph.D., David B. Elsbree and Harry W. Wilcox, with Mr. Elsbree serving as chairman of the committee. Under Rule 10A-3 under the Exchange Act, we are permitted to phase in our compliance with the independent audit committee requirements set forth in NASDAQ Rule 5605(c) and Rule 10A-3 under the Exchange Act as follows: (1) one independent member at the time of listing, (2) a majority of independent members within 90 days of listing and (3) all independent members within one year of listing. Our board of directors has determined that Messrs. Elsbree and Wilcox meet the independence requirements of the Sarbanes-Oxley Act of 2002, Rule 10A-3 under the Exchange Act and the applicable listing standards of NASDAQ. While our board has determined that Dr. Cima does not meet the requirements of Rule 10A-3 under the Exchange Act, we are relying on the independence phase-in rules for newly listed companies. Our board of directors has determined that Mr. Elsbree is an "audit committee financial expert" within the meaning of the SEC regulations and applicable listing standards of NASDAQ. The audit committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;

- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and our code of business conduct and ethics;
- discussing our risk management policies;
- establishing policies regarding hiring employees from the registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our internal auditing staff, if any, registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules.

Compensation Committee

Our compensation committee is composed of Thomas J. Carella, Alan Crane and Stanley N. Lapidus, each of whom is a non-employee member of our board of directors as defined in Rule 16b-3 under the Exchange Act and an "outside director" as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Lapidus will serve as chairman of the committee. Our board of directors has determined that each member of the compensation committee is "independent" as defined under the applicable listing standards of NASDAQ, including the standards specific to members of a compensation committee. The compensation committee's responsibilities include:

- determining our Chief Executive Officer's compensation;
- reviewing and approving, or making recommendations to our board with respect to, the compensation of our other executive officers;
- overseeing an evaluation of our senior executives;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board with respect to director compensation;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis," if applicable; and
- preparing the annual compensation committee report required by SEC rules, if applicable.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee is composed of Joshua Bilenker, M.D., and John W. Cumming. Dr. Bilenker will serve as chairman of the committee. Our board of directors has determined that each member of the nominating and corporate governance committee is "independent" as defined under the applicable listing standards of NASDAQ. The nominating and corporate governance committee's responsibilities include:

- identifying individuals qualified to become board members;
- recommending to our board the persons to be nominated for election as directors and to each of the board's committees;

- reviewing and making recommendations to the board with respect to management succession planning;
- developing and recommending to the board corporate governance principles; and
- overseeing an annual evaluation of the board.

Technology Committee

Our technology committee is composed of Dr. Cima and Dr. Langer. The technology committee meets periodically to discuss scientific and technological developments that may affect our business.

Compensation Committee Interlocks and Insider Participation

During 2013, the members of our compensation committee were Messrs. Carella, Crane and Lapidus. Messrs. Carella and Crane are affiliated with certain of our principal stockholders. See "Certain Relationships and Related Person Transactions" for additional information on the securities acquired by such principal stockholders and related agreements such stockholders are party to with us. None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee. None of the members of our compensation committee has ever been employed by us. For a description of transactions between us and members of our compensation committee and affiliates of such members, please see the section of this prospectus titled "Certain Relationships and Related Person Transactions".

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Upon the closing of this offering, our code of business conduct and ethics will be available on our website. We intend to disclose any amendments to the code, or any waivers of its requirements, as required by NASDAQ or SEC rules, on our website.

EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program offered to our named executive officers, or our NEOs, identified below. For 2013, our NEOs were:

- John McDonough, President and Chief Executive Officer;
- Marc R. Jones, Chief Financial Officer; and
- Sarah O. Kalil, Chief Operating Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the closing of this offering may differ materially from the currently planned programs summarized in this discussion.

We are an "emerging growth company," within the meaning of the JOBS Act, and have elected to comply with the reduced compensation disclosure requirements available to emerging growth companies under the JOBS Act.

Summary Compensation Table

The following summarizes the total compensation awarded to, earned by or paid to our NEOs for their service to us in 2013:

Name and Principal Position	Year	Salary ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	Total ($)
John McDonough President and Chief Executive Officer	2013	350,000	310,942	66,000	726,942
Marc R. Jones Chief Financial Officer	2013	171,881	312,411	26,500	510,792
Sarah O. Kalil Chief Operating Officer	2013	89,789	311,780	26,500	428,069

(1) Represents base salary earned during 2013. Mr. Jones joined our company on April 8, 2013, and Ms. Kalil joined our company on August 12, 2013.

(2) Represents the aggregate grant date fair value of the option awards granted during 2013 computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a description of the assumptions used in valuing these awards, see note 9 to our audited financial statements included elsewhere in this prospectus.

(3) Represents awards earned under our annual cash incentive bonus program. For additional information regarding these amounts, see the section titled "Narrative Disclosure to Summary Compensation Table — Cash Bonuses" below.

Narrative Disclosure to Summary Compensation Table

The primary elements of compensation for our NEOs are base salary, cash bonuses and long-term equity-based compensation awards. The NEOs also participate in employee benefit plans and programs that we offer to our other full-time employees on the same basis.

Base Salary

Our NEOs receive base salary to compensate them for the satisfactory performance of duties to our company. The base salary payable to each NEO is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Base salaries for our NEOs have generally been set at levels deemed necessary to attract and retain individuals with superior talent. Base salaries for Mr. Jones and Ms. Kalil were negotiated in connection with their commencing employment with us during 2013. Mr. McDonough did not receive a base salary increase during 2013.

Cash Bonuses

Each of our NEOs is eligible to participate in an annual cash incentive bonus program which provides participants with an opportunity to earn cash bonus awards based on individual and company performance. The target annual bonus levels for Mr. Jones and Ms. Kalil are 15% of their respective annual base salaries. Mr. McDonough's target annual bonus for 2013 was $110,000.

Objectives for the 2013 annual bonus program were established in January 2013 by our compensation committee and generally related to attaining clinical, business development and financing milestones and publication, commercialization and operational goals.

In January 2014, our board of directors reviewed the performance of our NEOs against the applicable goals and, based on its evaluation and the recommendation of our compensation committee, determined to award each NEO an annual cash incentive bonus in the amount set forth in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above.

Equity-Based Compensation

We generally offer stock options to our employees, including our NEOs, as the long-term incentive component of our compensation program. We typically grant options to employees when they commence employment with us and may thereafter grant additional options in the discretion of our board of directors. Our stock options generally allow employees to purchase shares of our common stock at a price equal to the fair market value of our common stock on the date of grant, as determined by the board of directors, and may be intended to qualify as "incentive stock options" under the Internal Revenue Code.

Our stock options typically vest as to 25% of the shares subject to the option on the first anniversary of the date of grant and in equal monthly installments over the ensuing 36 months, subject to the holder's continued employment with us. From time to time, our board of directors may also construct alternate vesting schedules as it determines are appropriate to motivate particular employees. Stock options granted to our employees may be subject to accelerated vesting in certain circumstances, including as described below for our NEOs in the sections titled "Employment Letter Agreements" and "Potential Payments upon a Change in Control".

We awarded stock options to our NEOs during 2013 in the following amounts:

Named Executive Officer	2013 Options Granted (#)
John McDonough	282,250
Marc R. Jones	282,250
Sarah O. Kalil	282,250

These options were granted with exercise prices equal to the fair market of our common stock on the date of grant, as determined by our board of directors. The options granted to Ms. Kalil and Mr. Jones vest as to 25% of the shares subject to the option on the first anniversary of their

respective employment commencement dates and in equal monthly installments over the ensuing 36 months. The option granted to Mr. McDonough vests as to 25% of the shares subject to the option on September 25, 2014 and in equal monthly installments over the ensuing 36 months.

In July 2014, we granted Mr. McDonough an additional option to purchase 112,900 shares of our common stock at an exercise price of $6.29 per share. This option vests in 48 equal monthly installments following the date of grant.

In connection with this offering, we intend to adopt a new incentive plan to facilitate the grant of cash and equity incentives to our directors, employees and consultants and to enable our company to obtain and retain the services of these individuals. Additional information about our new incentive plan is provided in the section titled "2014 Incentive Award Plan" below.

Retirement, Health, Welfare and Additional Benefits

Our NEOs are eligible to participate in our employee benefit plans and programs, including medical and dental benefits, flexible spending accounts and short- and long-term disability and life insurance, to the same extent as our other full-time employees, subject to the terms and eligibility requirements of those plans. Our NEOs are also eligible to participate in a tax-qualified 401(k) defined contribution plan to the same extent as all of our other full-time employees. Currently, we do not match contributions made by participants in the 401(k) plan or make other contributions to participant accounts.

Outstanding Equity Awards at 2013 Fiscal Year-End

The following table summarizes the outstanding equity awards held by our NEOs as of December 31, 2013.

		Option Awards			
Name	**Vesting Commencement Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)[1]**	**Option Exercise Price ($)**	**Option Expiration Date**
John McDonough	9/25/2013	—	282,250	1.89	10/24/2023
	1/17/2012	158,484	172,266	1.44	1/17/2022
	6/24/2010	210,559	30,082	1.15	9/14/2020
	2/27/2009	19,940	—	0.68	2/27/2019
	1/16/2009	79,571	—	0.68	1/16/2019
Marc R. Jones	4/8/2013	—	282,250	1.89	6/25/2023
Sarah O. Kalil	8/12/2013	—	282,250	1.89	9/25/2023

(1) All unvested options vest as to 25% of the total shares subject to the option on the first anniversary of the vesting commencement date and in equal monthly installments over the ensuing 36 months, subject to the holder's continued employment with us through the applicable vesting date and potential accelerated vesting as described in the sections titled "Employment Letter Agreements" and "Potential Payments upon a Change in Control" below.

Employment Letter Agreements

We have entered into employment letter agreements with each of our NEOs. Certain key terms of these agreements are described below.

John McDonough

We entered into an employment letter agreement with Mr. McDonough on March 14, 2008. This agreement entitles Mr. McDonough to receive an initial annual base salary of $300,000, subject to periodic increases at the discretion of the board of directors, and an annual bonus opportunity of up to $75,000, with the amount of any such bonus based primarily on the overall performance of our company, measured against goals that are mutually agreed between Mr. McDonough and our compensation committee early in each applicable year. If Mr. McDonough's employment is terminated without cause (other than in connection with a change in control), he is entitled to receive six months of base salary continuation and a lump-sum payment in an amount equal to 50% of the maximum annual bonus which he could have earned for the year of termination. If Mr. McDonough's employment is terminated by us without cause within the three months preceding or the 12 months following a change in control or if Mr. McDonough resigns his employment for good reason within the 12 months following a change in control, he will be entitled to receive 12 months of base salary continuation and a lump-sum payment in an amount equal to 50% of the maximum annual bonus which he could have earned for the year of termination.

Mr. McDonough's employment letter agreement also contains restrictive covenants pursuant to which he has agreed to refrain from competing with us or soliciting our customers or prospective customers for one year following his termination of employment.

Marc R. Jones

We entered into an employment letter agreement with Mr. Jones on March 8, 2013. This agreement entitles him to an initial annual base salary of $235,000 and an annual bonus up to 15% of his annual base salary. This agreement further provides that if a change in control occurs after which Mr. Jones is no longer employed by the surviving entity following the change in control, (i) he will be entitled to receive six months of base salary continuation and six months of company paid healthcare continuation pursuant to COBRA and (ii) 50% of the unvested stock options held by him will immediately vest if the change in control occurs within 12 months of his employment commencement date or 100% of the unvested stock options held by him will immediately vest if the change in control occurs more than 12 months following his employment commencement date.

Mr. Jones has also entered into a non-compete, non-disclosure and invention assignment agreement with us pursuant to which he has agreed to refrain from disclosing our confidential information indefinitely and from competing with us or soliciting our employees or consultants for 12 months following termination of his employment.

Sarah O. Kalil

We entered into employment letter agreement with Ms. Kalil on July 19, 2013. This agreement entitles her to an initial annual base salary of $230,000 and an annual bonus up to 15% of her annual base salary. This agreement further provides that if a change in control occurs and Ms. Kalil is no longer employed by the surviving entity following the change in control, 50% of the unvested stock options held by her will immediately vest if the change in control occurs within 12 months of her employment commencement date or 100% of the unvested stock options held by her will immediately vest if the change in control occurs more than 12 months following her employment commencement date.

Ms. Kalil has also entered into a non-compete, non-disclosure and invention assignment agreement with us pursuant to which she has agreed to refrain from disclosing our confidential information indefinitely and from competing with us or soliciting our employees or consultants for 12 months following termination of her employment.

Potential Payments upon a Change in Control

As described above, under the terms of their employment letter agreements, Mr. McDonough, Mr. Jones and Ms. Kalil may become entitled to certain payments or benefits for certain terminations of employment that occur in connection with a change in control.

The agreements governing Mr. McDonough's unvested stock options provide for full accelerated vesting if his employment is terminated without cause or if he resigns for good reason within 12 months following a change in control.

Incentive Plans

2014 Incentive Award Plan

In connection with this offering, we intend to adopt a 2014 Incentive Award Plan, or the 2014 Plan, subject to approval by our stockholders, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2014 Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the 2014 Plan and, accordingly, this summary is subject to change.

Eligibility and Administration

Our employees, consultants and directors, and the employees, consultants and directors of our subsidiaries, will be eligible to receive awards under the 2014 Plan. Following our initial public offering, the 2014 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act and stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2014 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2014 Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available

An aggregate of shares of our common stock will initially be available for issuance under awards granted pursuant to the 2014 Plan. The number of shares initially available for issuance will be increased by (i) the number of shares represented by awards outstanding under our Amended and Restated 2006 Employee, Director and Consultant Stock Plan, or the 2006 Plan, that are forfeited, lapse unexercised or are settled in cash and which following the effective date of the 2014 Plan are not issued under the 2006 Plan and (ii) an annual increase on January 1 of each calendar year beginning in 2015 and ending in 2024, equal to the lesser of (A) shares, (B) % of the shares of common stock outstanding (on an as converted basis) on the final day of the immediately preceding calendar year and (C) such smaller number of shares as determined by our board of directors. No more than shares of common stock may be issued upon the exercise of incentive stock options. Shares issued under the 2014 Plan may be authorized but unissued shares, or shares purchased in the open market.

If an award under the 2014 Plan is forfeited, expires or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2014 Plan. Awards granted under the 2014 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by

an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2014 Plan. The maximum number of shares of our common stock that may be subject to one or more awards granted to any non-employee director for services as a director pursuant to the 2014 Plan during any calendar year will be , provided that a non-employee director may be granted awards under the 2014 Plan for services as a director for any one year in excess of such amount if the total awards granted to the director under the 2014 Plan for services as a director in the year do not have a grant date fair value, as determined in accordance with FASB ASC Topic 718 (or any successor thereto) in excess of $.

Awards

The 2014 Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance shares, other incentive awards, stock appreciation rights, or SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2014 Plan. Certain awards under the 2014 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Internal Revenue Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2014 Plan will be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options.* Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Internal Revenue Code are satisfied. The exercise price of a stock option generally will not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and other conditions.

- *SARs.* SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR will generally not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction), and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and other conditions.

- *Restricted Stock, RSUs and Performance Shares.* Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Performance shares are contractual rights to receive a range of shares of our common stock in the future based on

the attainment of specified performance goals, in addition to other conditions which may apply to these awards. Conditions applicable to restricted stock, RSUs and performance shares may be based on continuing service, the attainment of performance goals and such other conditions as the plan administrator may determine.

- *Stock Payments, Other Incentive Awards and Cash Awards.* Stock payments are awards of fully vested shares of our common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met. Cash awards are cash incentive bonuses subject to performance goals.

- *Dividend Equivalents.* Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

Performance Awards

Performance awards include any of the foregoing awards that are granted subject to vesting or payment based on the attainment of specified performance goals or other criteria the plan administrator may determine, which may or may not be objectively determinable. Performance criteria upon which performance goals are established by the plan administrator may include but are not limited to: (i) net earnings (either before or after one or more of (A) interest, (B) taxes, (C) depreciation and (D) amortization); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs; (xiv) expenses; (xv) working capital; (xvi) earnings per share; (xvii) adjusted earnings per share; (xviii) price per share; (xix) regulatory body approval for commercialization of a product; (xx) implementation, completion or attainment of objectives relating to research, development, regulatory, commercial, or strategic milestones or developments; (xxi) market share; (xxii) economic value; (xxiii) revenue and (xxiv) revenue growth.

Certain Transactions

The plan administrator has broad discretion to take action under the 2014 Plan, as well as to make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the plan administrator will make equitable adjustments to the 2014 Plan and outstanding awards. In the event of a change of control of our company (as defined in the 2014 Plan) or a reorganization, merger, liquidation or similar corporate transaction, or any other unusual or non-recurring transactions affecting us or our financial statements, or a change in applicable accounting principles or law, the plan administrator may (i) terminate awards for cash or replace awards with other property or rights; (ii) provide that outstanding awards will be assumed or substituted by a successor entity; (iii) adjust the number and types of shares subject to outstanding awards; (iv) provide that outstanding awards will be fully vested and exercisable; or (v) terminate any

outstanding awards. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability and Participant Payments

The plan administrator may modify award terms, establish subplans and adjust other terms and conditions of awards, subject to the share limits described above. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2014 Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2014 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

Plan Amendment and Termination

Our board of directors may amend or terminate the 2014 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2014 Plan. The plan administrator will have the authority, without the approval of our stockholders, to amend any outstanding stock option or SAR to reduce its price per share. No award may be granted pursuant to the 2014 Plan after the tenth anniversary of the date on which our board of directors adopts the 2014 Plan

Amended and Restated 2006 Employee, Director and Consultant Stock Plan

Our board of directors and stockholders have approved the 2006 Plan, under which we may grant stock options and other stock-based awards to employees, directors and consultants of our company or its affiliates. We have reserved a total of 6,332,882 shares of our common stock for issuance under the 2006 Plan.

Following the effectiveness of the 2014 Plan, we will not make any further grants under the 2006 Plan. However, the 2006 Plan will continue to govern the terms and conditions of the outstanding awards granted under it. As discussed above, we anticipate that shares of our common stock subject to awards granted under the 2006 Plan that are forfeited, lapse unexercised or are settled in cash and which following the effective date of the 2014 Plan are not issued under the 2006 Plan will be available for issuance under the 2014 Plan.

Administration

Our board of directors administers the 2006 Plan and has the authority to determine recipients of awards and the terms of awards granted under the 2006 Plan, to interpret the 2006 Plan and awards outstanding thereunder, to buy out awards outstanding under the 2006 Plan for a payment in cash or shares of our common stock or cancel any such awards and substitute other awards therefor, including awards with an exercise price per share that is less than the exercise price per share of the replaced award, and to make changes to awards outstanding under the 2006 Plan, provided that such changes may not impair a participant's rights under the plan without the participant's consent. All such powers are exercised in the context of preserving the tax status of options granted under the plan that are intended to be ISOs. The board of directors may delegate its authority under the 2006 Plan to a committee. Following the effectiveness of this offering, our

board of directors may delegate its general administrative authority under the 2006 Plan to its compensation committee.

Types of Awards

The 2006 Plan provides for the grant of non-qualified and incentive stock options, stock grants and other stock-based awards to employees, directors and consultants of our company or its affiliates. As of the date of this prospectus, awards of incentive stock options and non-qualified stock options are outstanding under the 2006 Plan.

Certain Transactions

If certain changes are made in, or events occur with respect to, our common stock, the 2006 Plan and outstanding awards will be appropriately adjusted in the class, number and, as applicable, exercise price of securities as determined by the plan administrator. In the event of certain corporate transactions of our company, including a consolidation, merger, sale of all or substantially all of our assets or a liquidation, our board of directors (or the board of a surviving entity assuming our company's obligations under the 2006 Plan) may make appropriate provision for the continuation or equitable substitution of outstanding awards, provide for the assumption or replacement of outstanding stock options, terminate awards for a cash payment equal to the excess of the fair market value of the underlying shares over the exercise or purchase price of the applicable award or provide that all stock options will terminate if not exercised within a specified number of days. The vesting and exercisability of awards may accelerate in connection with such a transaction, either by action of the plan administrator or under the terms of the applicable award agreements.

Amendment and Termination

The plan administrator may terminate, modify or amend the 2006 Plan from time to time, provided that any amendment or modification may not adversely affect a participant's rights under the 2006 Plan without the participant's consent. Any amendment the plan administrator determines is of a scope that requires stockholder approval will be subject to approval by our stockholders. The 2006 Plan will terminate on July 20, 2016, if not earlier terminated by the board of directors or our stockholders.

Director Compensation

We have not historically provided annual cash retainers or other compensation to our directors but have, from time to time, granted stock option awards to certain directors as compensation for their service on our board. Mr. McDonough, our President and Chief Executive Officer, also serves as a member of our board of directors but does not receive any additional compensation for providing these services.

The following table provides information regarding the compensation earned by our non-employee directors during the year ended December 31, 2013.

Name	Option Awards ($) (1)	All Other Compensation ($)(2)	Total ($)
David B. Aronoff	—	—	—
Joshua Bilenker, M.D.	—	—	—
Thomas J. Carella	—	—	—
Michael J. Cima, Ph.D.	108,374	40,000	148,374
Alan Crane	—	—	—
Stacy A. Feld	—	—	—
Robert S. Langer, Sc.D.	108,374	40,000	148,374
Stanley N. Lapidus	27,622	—	27,622
Harry W. Wilcox	—	—	—

(1) Represents the aggregate grant date fair value of the option awards granted during 2013 computed in accordance with FASB ASC Topic 719 excluding the effect of estimated forfeitures. For a description of the assumptions used in valuing these awards, see note 9 to our audited financial statements included elsewhere in this prospectus. As of December 31, 2013, Drs. Langer and Cima each held options to purchase a total of 200,000 shares of our common stock, and Mr. Lapidus held options to purchase 175,000 shares of our common stock. No other non-employee director held any option awards and none of our non-employee directors held any stock awards as of December 31, 2013.

(2) Represents consulting fees earned by Drs. Langer and Cima for 2013 under their respective consulting agreements with our company. See "Certain Relationships and Related Person Transactions — Consulting Agreements" for a description of these agreements.

Our board of directors anticipates adopting a compensation program for our non-employee directors that will be effective upon the effectiveness of the registration statement of which this prospectus is a part. The program provides for each non-employee director to receive an annual retainer of $35,000 for service on our board of directors and for the following additional annual retainers for non-employee directors providing the services specified:

- $30,000 for service as the chairman of the board of directors or Lead Independent Director;
- $15,000 for service as the chairman of the audit committee of the board of directors;
- $10,000 for service as the chairman of the compensation committee of the board of directors; and
- $7,500 for service as the chairman of the nominating and corporate governance committee of the board of directors.

Annual retainers will be earned on a quarterly basis and paid in arrears following the end of each calendar quarter. Retainers will be prorated for partial quarters of service.

In addition, the non-employee director compensation program provides for the grant of equity awards under our 2014 Plan to our non-employee directors as follows:

- an option to purchase shares of our common stock at an exercise price per share equal to the fair market value of our common stock on the date of grant, which we refer to as an Initial Award, on the date of initial election or appointment to the board of directors

that occurs following the effective date of the non-employee director compensation program; and

- an option to purchase shares of our common stock at an exercise price per share equal to the fair market value of our common stock on the date of grant, which we refer to as a Subsequent Award, automatically on the date of our annual meeting of stockholders if a non-employee director has been serving as a non-employee director on the board of directors for at least six months as of the date of the annual meeting and will continue to serve as a non-employee director immediately following such meeting.

Subject to the non-employee director's continued service, Initial Awards will vest and become exercisable in substantially equal installments on each of the first three anniversaries of the date of grant and Subsequent Awards will vest and become exercisable in 12 substantially equal monthly installments following the date of grant. All outstanding Initial Awards and Subsequent Awards will vest in full immediately prior to the occurrence of a change in control. The board of directors may amend, modify or terminate the non-employee director compensation program at any time.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since January 1, 2011 to which we have been a party in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under "Executive and Director Compensation". We also describe below certain other transactions with our directors, executive officers and stockholders.

Preferred Stock Financings

Series D Preferred Stock Financing

In August 2011, we sold 5,054,945 shares of series D preferred stock to new and existing investors at a price of $4.55 per share, resulting in proceeds of $23.0 million.

Series E Preferred Stock Financing

In March 2013, we sold 6,930,967 shares of series E preferred stock to new and existing investors at a price of $5.7712 per share, resulting in proceeds of $40.0 million.

The following table sets forth the aggregate number of these securities acquired by the listed holders of more than 5% of our capital stock or their affiliated entities and one member of our board of directors. Each share of our preferred stock identified in the following table will convert into one share of common stock upon the closing of this offering.

Participant	Series D	Series E
5% or Greater Stockholders(1)		
Broad Street Principal Investments, LLC	—	4,331,858
Polaris Partners	629,852	631,133
Flagship Ventures Fund	629,851	631,133
Aisling Capital III, L.P.	2,967,033	549,851
Flybridge Capital Partners	369,792	370,544
Physic Ventures	247,934	248,437
Member of our Board of Directors(2)		
Michael Cima, Ph.D.	—	4,332

(1) Additional details regarding these stockholders and their equity holdings are provided under the caption "Principal Stockholders".

(2) Additional details regarding this member of our board of directors and his equity holdings are provided under the caption "Principal Stockholders".

The following directors are associated with our 5% or greater stockholders:

Director	Principal Stockholder
Thomas J. Carella	Broad Street Principal Investments, LLC
Alan Crane	Polaris Partners
Harry W. Wilcox	Flagship Ventures Fund
Joshua Bilenker, M.D.	Aisling Capital III, L.P.
David B. Aronoff	Flybridge Capital Partners
Stacy A. Feld	Physic Ventures

Employment Letter Agreements

We have entered into employment letter agreements with our named executive officers. For more information regarding the agreements with our named executive officers, see "Executive and Director Compensation — Employment Letter Agreements".

Investors' Rights Agreement

In connection with our series E preferred stock financing, we entered into a fourth amended and restated investors' rights agreement with holders of our preferred stock, including certain holders of 5% of our capital stock and entities affiliated with certain of our directors. The investors' rights agreement, among other things, grants these stockholders specified registration rights with respect to shares of our common stock, including shares of common stock issued or issuable upon conversion of the shares of preferred stock held by them. For more information regarding the registration rights provided in these agreements, please refer to the section entitled "Description of Capital Stock — Registration Rights".

Consulting Agreements

In June 2006, we entered into consulting agreements with Drs. Langer and Cima, pursuant to which we agreed to pay Drs. Langer and Cima quarterly compensation for their services to our company. The annual compensation increased to $40,000 each upon the achievement of raising $20.0 million in equity financing, license transaction payments, corporate research/partnership or licensing deals of such value, grants of such value, sales of such value or any combination of the foregoing. The total compensation expense for the years ended December 31, 2013 and 2012 and from April 27, 2006 (inception) to December 31, 2013 was $80,000, $80,000 and $385,000, respectively. For more information regarding the compensation paid to Drs. Langer and Cima, see "Executive and Director Compensation — Director Compensation".

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us or will require us to indemnify each director (and in certain cases their related venture capital funds) and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Stock Option Grants to Executive Officers and Directors

We have granted stock options to our executive officers and certain of our directors as more fully described in the section entitled "Executive and Director Compensation".

Policies and Procedures for Related Person Transactions

Our board of directors has adopted a written related person transaction policy, to be effective upon the closing of this offering, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds $120,000 in any fiscal year and a related person had, has or will have a direct or indirect material interest, including without limitation, purchases of goods or services by or from the related person or entities in which the related person

has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee considers all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock, as of June 30, 2014, and as adjusted to reflect the sale of shares of common stock in this offering, by:

- each person or group of affiliated persons known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors and persons who will be directors upon the closing of this offering; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. Applicable percentage ownership is based on shares of common stock outstanding as of June 30, 2014, assuming the conversion of all outstanding shares of preferred stock into common stock and the net exercise of all outstanding warrants into common stock, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options held by such person that are currently exercisable or will become exercisable within 60 days of June 30, 2014 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Unless noted otherwise, the address of all listed stockholders is 101 Hartwell Avenue, Lexington, Massachusetts. Each of the stockholders listed has sole voting and investment power with respect to the shares beneficially owned by the stockholder unless noted otherwise, subject to community property laws where applicable.

Name of Beneficial Owner	Number of Shares Beneficially Owned Prior to Offering	Percentage of Shares Beneficially Owned	
		Prior to Offering	After Offering
5% or Greater Stockholders			
Entities affiliated with Broad Street Principal Investments, LLC(1)	4,331,858		
Entities affiliated with Polaris Partners(2)	4,036,773		
Entities affiliated with Flagship Ventures Fund(3)	4,036,772		
Aisling Capital III, L.P.(4)	3,516,884		
Entities affiliated with Flybridge Capital Partners(5)	2,370,029		
Physic Ventures, L.P.(6)	1,589,028		
Named Executive Officers and Directors			
John McDonough(7)	825,091		
Marc R. Jones(8)	94,083		
Sarah O. Kalil(9)	70,562		
David B. Aronoff(5)	2,370,029		
Joshua Bilenker, M.D.(4)	3,516,884		
Thomas J. Carella(1)	4,331,858		
Michael J. Cima, Ph.D.(10)	434,887		
Alan Crane(2)	4,036,773		
John W. Cumming	—		
David B. Elsbree	—		
Stacy A. Feld(6)	1,589,028		
Robert S. Langer, Sc.D.(11)	430,555		
Stanley N. Lapidus(12)	134,895		
Harry W. Wilcox(3)	4,036,772		
All executive officers and directors as a group (16 persons)(13)	22,044,178		

* Less than 1%.

(1) Includes (a) 3,638,761 shares of common stock held by Broad Street Principal Investments, LLC, (b) 537,150 shares of common stock held by Bridge Street 2013 Holdings, L.P. and (c) 155,947 shares of common stock held by MBD 2013 Holdings, L.P., collectively the GS Entities. The GS Entities, of which affiliates of the Goldman Sachs Group, Inc. are the general partner, managing general partner or investment manager, share voting and investment power with certain of its respective affiliates. Mr. Thomas J. Carella is a Managing Director of Goldman, Sachs & Co. and may be deemed to have beneficial ownership of the shares held by the GS Entities. The Goldman Sachs Group, Inc., Goldman, Sachs & Co. and Mr. Carella each disclaim beneficial ownership of the shares held directly or indirectly by the GS Entities, except to the extent of its pecuniary interest therein, if any. The address of the GS Entities, the Goldman Sachs Group, Inc., Goldman, Sachs & Co. and Mr. Carella is c/o The Goldman Sachs Group, 200 West Street, New York, New York 10282.

(2) Includes (a) 3,895,222 shares of common stock held by Polaris Venture Partners V, L.P., or Polaris V, (b) 75,917 shares of common stock held by Polaris Venture Partners Entrepreneurs' Fund V, L.P., or Polaris EFund V, (c) 38,952 shares of common stock held by Polaris Venture Partners Special Founders' Fund V, L.P., or Polaris SFFund V, and (d) 26,682 shares of common stock held by Polaris Venture Partners Founders' Fund V, L.P., or Polaris FFund,

collectively, the Funds. Each of the Funds has the sole voting and investment power with respect to the shares directly held by it. The general partner of each of the Funds is Polaris Venture Management Co. V, LLC, or Polaris Management. Polaris Management may be deemed to have sole voting and investment power with respect to the shares held by the Funds and disclaims beneficial ownership of all the shares held by the Funds except to the extent of its proportionate pecuniary interest therein. The members of North Star Venture Management 2000, LLC, Terrence McGuire and Jonathan Flint, collectively the Management Members, are also members of Polaris Management, and as members of the general partner, they may be deemed to share voting and investment power over the shares held by the Funds. The Management Members disclaim beneficial ownership of such shares, except to the extent of their proportionate pecuniary interest therein. Alan Crane, one of our directors, is a partner of Polaris Management. Mr. Crane disclaims beneficial ownership of all the shares held by the Funds except to the extent of his proportionate pecuniary interest therein. The mailing address of the beneficial owner is c/o Polaris Partners, 1000 Winter Street, Suite 3350, Waltham, MA 02451.

(3) Includes (a) 2,775,788 shares of common stock held by Flagship Ventures Fund 2004, L.P. and (b) 1,260,984 shares of common stock held by Flagship Ventures Fund IV, L.P., or, collectively, Flagship. The general partner of Flagship is Flagship Ventures General Partner LLC, or Flagship LLC. Harry W. Wilcox, one of our directors, is a Member of Flagship LLC. As a result, each of Flagship LLC and Mr. Wilcox may be deemed to possess voting and investment control over, and may be deemed to have indirect beneficial ownership with respect to, all shares held by Flagship. Neither Flagship LLC nor Mr. Wilcox owns directly any of the shares. Each of Flagship LLC and Mr. Wilcox disclaims beneficial ownership of the shares held by Flagship except to the extent of their pecuniary interest therein. The mailing address of the beneficial owner is One Memorial Drive, 7th Floor, Cambridge, MA 02142.

(4) The general partner of Aisling Capital III, L.P., or AC III, is Aisling Capital Partners III, L.P., or ACP III. The investment manager of ACP III is Aisling Capital, LLC, or Aisling Capital. Joshua Bilenker, M.D., a member of our board of directors, is a managing member of Aisling Capital. Each of Aisling Capital, ACP III and Dr. Bilenker may be deemed to beneficially own the shares held by AC III. Each of Aisling Capital, ACP III and Dr. Bilenker disclaims any beneficial ownership of the shares owned by AC III except to the extent of their pecuniary interest in such entity. The mailing address of the beneficial owner is 888 Seventh Avenue, 29th Floor, New York, NY 10016.

(5) Includes (a) 2,279,720 shares of common stock held by Flybridge Capital Partners II, L.P., or FCP II, and (b) 90,309 shares of common stock held by Flybridge Capital Partners I, L.P., or FCP I, collectively the Flybridge Entities. The general partner of the Flybridge Entities is Flybridge Capital Partners GP I, LLC and Flybridge Capital Partners GP II, LLC (collectively the "Flybridge General Partners"). David Aronoff, one of our directors, is a managing member of the Flybridge General Partners. As a result, each of the Flybridge General Partners and Mr. Aronoff may be deemed to possess voting and investment control over, and may be deemed to have indirect beneficial ownership with respect to, all shares held by the Flybridge Entities. Each of Flybridge General Partners and Mr. Aronoff disclaims any beneficial ownership of the shares held by the Flybridge Entities except to the extent of their pecuniary interest therein. The mailing address of the beneficial owner is c/o Flybridge Capital Partners, 500 Boylston Street, 18th Floor, Boston, MA 02116.

(6) Stacy A. Feld, one of our directors, is a partner of Physic Ventures. As a result, Ms. Feld may be deemed to beneficially own the shares held by Physic Ventures. Ms. Feld disclaims any beneficial ownership of the shares owned by Physic Ventures except to the extent of her

pecuniary interest in such entity. The mailing address of the beneficial owner is c/o Physic Ventures, 548 Market Street #70998, San Francisco, CA 94104.

(7) Consists of (a) 263,098 shares of common stock and (b) 561,993 shares of common stock which Mr. McDonough has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(8) Consists of 94,083 shares of common stock which Mr. Jones has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(9) Consists of 70,562 shares of common stock which Ms. Kalil has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(10) Consists of (a) 304,332 shares of common stock and (b) 130,555 shares of common stock which Dr. Cima has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(11) Consists of (a) 300,000 shares of common stock and (b) 130,555 shares of common stock which Dr. Langer has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(12) Consists of 134,895 shares of common stock which Mr. Lapidus has the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

(13) Consists of (a) 20,748,774 shares of common stock and (b) 1,295,404 shares of common stock which our directors and executive officers as a group have the right to acquire pursuant to outstanding stock options which are or will be immediately exercisable within 60 days of June 30, 2014.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes some of the terms of our restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering, our outstanding warrants, the investors' rights agreement and of the General Corporation Law of the State of Delaware. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our restated certificate of incorporation, amended and restated bylaws, warrants and investors' rights agreement, copies of which have been or will be filed as exhibits to the registration statement of which this prospectus is a part, as well as the relevant provisions of the General Corporation Law of the State of Delaware. The description of our common stock and preferred stock reflects changes to our capital structure that will occur upon the closing of this offering.

Following the closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share.

As of June 30, 2014, we had issued and outstanding:

- 2,471,113 shares of our common stock held of record by 31 stockholders;
- 282,849 shares of our series A-1 preferred stock that are convertible into 282,849 shares of our common stock as of such date;
- 1,703,959 shares of our series A-2 preferred stock that are convertible into 1,703,959 shares of our common stock as of such date;
- 3,249,877 shares of our series B preferred stock that are convertible into 3,249,877 shares of our common stock as of such date;
- 4,055,125 shares of our series C preferred stock that are convertible into 4,055,125 shares of our common stock as of such date;
- 5,054,945 shares of our series D preferred stock that are convertible into 5,054,945 shares of our common stock as of such date; and
- 6,930,967 shares of our series E preferred stock that are convertible into 6,930,967 shares of our common stock as of such date.

In connection with this offering, all of the outstanding shares of our preferred stock will automatically convert into an aggregate of 21,277,722 shares of our common stock.

Common Stock

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. An election of directors by our stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Subject to the supermajority votes for some matters, other matters shall be decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter. Our restated certificate of incorporation and amended and restated bylaws also will provide that our directors may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon. In addition, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon is required to amend or repeal, or to

adopt any provision inconsistent with, several of the provisions of our restated certificate of incorporation. See below under "— Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws — Amendment of Charter Provisions". Holders of common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of any series of preferred stock that we may designate and issue in the future.

In the event of our liquidation or dissolution, the holders of common stock are entitled to receive proportionately our net assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. Our outstanding shares of common stock are, and the shares offered by us in this offering will be, when issued and paid for, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Under the terms of our restated certificate of incorporation that will become effective upon the closing of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Stock Options

As of June 30, 2014, we had outstanding stock options to purchase an aggregate of 4,003,306 shares of our common stock under our 2006 Plan.

Warrants

In connection with the Loan and Security Agreement dated August 20, 2007, as amended on June 26, 2009 and June 25, 2012, with Silicon Valley Bank, or SVB, we issued warrants to SVB that are exercisable for 13,769 shares of series A-2 preferred stock, 9,036 shares of our series B preferred stock and 19,780 shares of series D preferred stock at an exercise price per share of $2.9050, $3.3232 and $4.55, respectively. If unexercised, these warrants will expire upon the closing of this offering.

In September 2008, we issued warrants to In-Q-Tel, Inc. that are immediately exercisable for 174,530 and 3,612 shares of our series B preferred stock, at an exercise price per share of $3.3232 and $4.65, respectively. If unexercised, these warrants will expire upon the closing of this offering.

In May 2011, in connection with a Security Agreement dated May 9, 2011 with Massachusetts Development Finance Agency, or MDF, we issued a warrant to MDF that is immediately exercisable for 30,000 shares of our series C preferred stock, at an exercise price per share of $3.6608. Immediately prior to the closing of this offering, this warrant will automatically convert into shares of series C preferred stock pursuant to a cashless net exercise provision, as described below.

Each of the above warrants has a net exercise provision under which the holder may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares of the applicable series of our preferred stock based on the fair market value of such preferred stock at the time of the net exercise of the warrant after deduction of the aggregate exercise price. These warrants also contain provisions for the adjustment of the exercise price and the aggregate number of shares issuable upon the exercise of the warrants in the event of stock dividends, stock splits, reorganizations and reclassifications and consolidations.

Registration Rights

As of June 30, 2014, upon the closing of this offering, holders of shares of our common stock, including shares issuable upon the exercise of warrants, or their transferees, will be entitled to the following rights with respect to the registration of such shares for public resale under the Securities Act, pursuant to a fourth amended and restated investors' rights agreement by and among us and certain of our stockholders, until such shares can otherwise be sold without restriction under Rule 144, or until the rights otherwise terminate pursuant to the terms of the investors' rights agreement. The registration of shares of common stock as a result of the following rights being exercised would enable holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective.

Demand Registration Rights

If at any time beginning 180 days after the closing date of this offering the holders of at least 30% of the registrable securities request in writing that we effect a registration of an aggregate amount of at least $10,000,000 with respect to all or part of such registrable securities then outstanding, we may be required to register their shares. We are obligated to effect at most two registrations in response to these demand registration rights. If the holders requesting registration intend to distribute their shares by means of an underwriting, the managing underwriter of such offering will have the right to limit the numbers of shares to be underwritten for reasons related to the marketing of the shares.

Piggyback Registration Rights

If at any time after this offering we propose to register any shares of our common stock under the Securities Act, subject to certain exceptions, the holders of registrable securities will be entitled to notice of the registration and to include their shares of registrable securities in the registration. If our proposed registration involves an underwriting, the managing underwriter of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares.

Form S-3 Registration Rights

If, at any time after we become entitled under the Securities Act to register our shares on a registration statement on Form S-3, the holders of registrable securities request in writing that we effect a registration with respect to registrable securities at an aggregate price to the public in the offering of at least $3,000,000, we will be required to effect such registration; provided, however,

that we will not be required to effect such a registration if, within a given six-month period, we have already effected one registration on Form S-3 for the holders of registrable securities.

Expenses

Ordinarily, other than underwriting discounts and commissions, we will be required to pay all expenses incurred by us related to any registration effected pursuant to the exercise of these registration rights. These expenses may include all registration and filing fees, printing expenses, fees and disbursements of our counsel, reasonable fees and disbursements of a counsel for the selling securityholders and blue sky fees and expenses.

Termination of Registration Rights

The registration rights terminate upon the earlier of five years after the effective date of the registration statement of which this prospectus is a part, or, with respect to the registration rights of an individual holder, when the holder can sell all of such holder's registrable securities in a 90-day period without restriction under Rule 144 of the Securities Act.

Waiver of Registration Rights

Holders of a majority of the shares of common stock entitled to registration rights under the fourth amended and restated investors rights agreement have waived the right of all of such holders to exercise such registration rights for a period of not less than 180 days after the date of this prospectus.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Some provisions of Delaware law, our restated certificate of incorporation and our amended and restated bylaws could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions which provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability of our board of directors, without action by the stockholders, to issue up to shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Stockholder Meetings

Our amended and restated bylaws provide that a special meeting of stockholders may be called only by our chief executive officer or president (in the absence of a chief executive officer), or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors.

Elimination of Stockholder Action by Written Consent

Our restated certificate of incorporation eliminates the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors is divided into three classes. The directors in each class will serve for a three-year term, one class being elected each year by our stockholders. For more information on the classified board, see "Management — Board Composition and Election of Directors." This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our restated certificate of incorporation provides that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of the holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our restated certificate of incorporation does not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of our preferred stock may be entitled to elect.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the General Corporation Law of the State of Delaware, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a

financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by the board of directors.

Choice of Forum

Our restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative form, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders; (3) any action asserting a claim against us arising pursuant to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws; (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or (5) any action asserting a claim governed by the internal affairs doctrine. Our restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our restated certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock and the provision prohibiting cumulative voting, would require approval by holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote thereon.

The provisions of Delaware law, our restated certificate of incorporation and our amended and restated bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be .

Listing

We have applied to have our common stock listed on The NASDAQ Global Market under the symbol "TTOO".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock.

Upon the closing of this offering, we will have outstanding an aggregate of shares of common stock, assuming the issuance of shares of common stock offered by us in this offering, the automatic conversion of all outstanding shares of our preferred stock into 21,277,722 shares of our common stock, the issuance of shares of common stock upon the net exercise of all outstanding warrants, and no exercise of options after March 31, 2014. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. We expect that substantially all of these shares will be subject to the 180-day lock-up period under the lock-up agreements described below. Upon expiration of the lock-up period, we estimate that approximately shares will be available for sale in the public market, subject in some cases to applicable volume limitations under Rule 144.

In addition, of the 4,008,347 shares of our common stock that were subject to stock options outstanding as of June 30, 2014, options to purchase 1,784,690 shares of common stock were vested as of June 30, 2014 and, upon exercise, these shares will be eligible for sale subject to the lock-up agreements described below and Rules 144 and 701 under the Securities Act.

Lock-Up Agreements

We and each of our directors and executive officers and holders of substantially all of our outstanding capital stock, have agreed that, without the prior written consent of Goldman, Sachs & Co. and Morgan Stanley & Co. LLC, on behalf of the underwriters, we and they will not, subject to limited exceptions described below, during the period ending 180 days after the date of this prospectus:

- offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, or publicly disclose an intention to take any such actions with respect to, any shares of our common stock, or any options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of our common stock, whether now owned or hereinafter acquired, owned directly or indirectly; or

- request, make any demand for or exercise any right with respect to, the registration of any of our common stock or any security convertible into or exercisable or exchangeable for our common stock;

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

In the case of our officers, directors and stockholders, these lock-up restrictions are subject to certain exceptions, including transfers (i) made as bona fide gifts; (ii) for the primary purpose of satisfying exercise price and/or tax withholding obligations upon the vesting or exercise of an option

or other award granted under a stock incentive plan or stock purchase plan of the Company; (iii) acquired in open market transactions; (iv) as part of a distribution, transfer or disposition without consideration to a holder's limited or general partners; and (v) in connection with the establishment of a trading plan pursuant to 10b5-1 under the Exchange Act.

Upon the expiration of the lock-up period, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale, who has beneficially owned shares of our common stock for at least six months would be entitled to sell in "broker's transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three-month period that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume in our common stock on The NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Affiliate resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the Securities and Exchange Commission and NASDAQ concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to the manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in

reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The Securities and Exchange Commission has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock plans. We expect to file the registration statement covering shares offered pursuant to our stock plans shortly after the date of this prospectus, permitting the resale of such shares by nonaffiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market, subject to compliance with the resale provisions of Rule 144.

Registration Rights

Upon the closing of this offering, the holders of shares of common stock, which includes all of the shares of common stock issuable upon the automatic conversion of our preferred stock upon the closing of this offering, or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration statement, except for shares purchased by affiliates. See "Description of Capital Stock — Registration Rights" for additional information. Holders of a majority of the shares of common stock entitled to such registration rights have waived the right of all of such holders to exercise such registration rights for a period of not less than 180 days after the date of this prospectus. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the United States Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's particular circumstances, including the impact of the unearned income Medicare contribution tax. In addition, it does not address consequences relevant to non-U.S. holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons deemed to sell our common stock under the constructive sale provisions of the Code; and
- tax-qualified retirement plans.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND

DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "non-U.S. holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor a partnership for United States federal income tax purposes. A U.S. person is any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more United States persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has made a valid election under applicable Treasury Regulations to continue to be treated as a United States person.

Distributions

As described in the section entitled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions on our common stock, such distributions of cash or property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below in the section relating to the sale or disposition of our common stock.

Subject to the discussion below on backup withholding and foreign accounts, dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty).

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being paid in connection with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable withholding agent with a properly executed (a) IRS Form W-8BEN or W-8BEN-E claiming an exemption from or reduction of the withholding tax under the benefit of an income tax treaty between the United States and the country in which the non-U.S. holder resides or is established, or (b) IRS Form W-8ECI stating that the dividends are not subject to withholding tax because they are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Subject to the discussions below on backup withholding and foreign accounts, if dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular graduated U.S. federal income tax rates. In addition, a non-U.S. holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Taxable Disposition

Subject to the discussions below on backup withholding and foreign accounts, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest, or USRPI, by reason of our status as a U.S. real property holding corporation, or a USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) of a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if such class of stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owned, actually or constructively, 5% or less of such class of our stock throughout the shorter of the five-year period ending on the date of the sale or other disposition or the non-U.S. holder's holding period for such stock.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Subject to the discussion below on foreign accounts, a non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a United States person and the holder certifies its non-U.S. status, such as by providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable certification. However, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale of our common stock within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder on IRS Form W-8BEN, W-8BEN-E or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or such owner otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders.

The withholding provisions described above will generally apply to payments of dividends made on or after July 1, 2014 and to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2017. Because we may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules we may treat the entire distribution as a dividend. Prospective investors should consult their tax advisors regarding these withholding provisions.

UNDERWRITING (CONFLICT OF INTEREST)

We and the underwriters named below will enter into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter will severally agree to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and Morgan Stanley & Co. LLC are acting as representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Morgan Stanley & Co. LLC	
Leerink Partners LLC	
Janney Montgomery Scott LLC	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to purchase up to an additional shares from us. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representative may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our common stock have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representative. See "Shares Eligible for Future Sale — Lock-Up Agreements".

Goldman, Sachs & Co. has agreed that for a period of 180 days immediately following the date of this prospectus, 4,331,858 shares of our series E preferred stock, together with any shares of our common stock issuable upon conversion of such shares, shall be subject to the lock-up restrictions set forth in FINRA Rule 5110(g)(1) (which provides that in any public equity offering, any securities of the issuer acquired by an underwriter or related person during the 180 days prior to the required filing date of such offering shall not be sold during the offering or sold, transferred,

assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the public offering, except as provided in FINRA Rule 5110(g)(2)).

Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list the common stock on The NASDAQ Global Market under the symbol "TTOO".

In connection with this offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Shorts sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from us in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the closing of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our common stock, and, together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of our common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on The NASDAQ Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, certain of the underwriters or

securities dealers may facilitate Internet distribution for this offering to certain of its Internet subscription customers. Certain of the underwriters may allocate a limited number of shares for sale to online brokerage customers. An electronic prospectus is available on the Internet websites maintained by certain of the underwriters. Other than the prospectus in electronic format, the information on the underwriters' websites are not part of this prospectus.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that the total expenses of this offering payable by us, excluding the underwriting discount, will be approximately $. We have agreed to reimburse the underwriters for certain expenses in an amount up to $.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Conflict of Interest

Certain affiliates of Goldman, Sachs & Co., an underwriter of this offering, beneficially own % of our common stock as of June 30, 2014, and are together entitled to designate one member of our board of directors prior to the closing of this offering. As a result, Goldman, Sachs & Co. is deemed to have a "conflict of interest" within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, or FINRA. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. FINRA Rule 5121 prohibits Goldman, Sachs & Co. from making sales to discretionary accounts without the prior written approval of the account holder and requires that a "qualified independent underwriter," as defined in FINRA Rule 5121, participate in the preparation of the registration statement, of which this prospectus forms a part, and exercise its usual standards of due diligence with respect thereto. Morgan Stanley & Co. LLC has agreed to act as "qualified independent underwriter" for this offering. Morgan Stanley & Co. LLC will not receive any additional fees for serving as "qualified independent underwriter" in connection with this offering. We have agreed to indemnify Morgan Stanley & Co. LLC against certain liabilities incurred in connection with acting as "qualified independent underwriter," including liabilities under the Securities Act and to contribute to payments that Morgan Stanley & Co. LLC may be required to make in that respect.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial banking and investment banking services for the issuer or its affiliates, for which they received or will receive customary fees and expenses. Certain affiliates of Goldman, Sachs & Co. own interests in our company as described in " — Conflict of Interest" above.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by the Issuer for any such offer; or

(3) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive;

provided that no such offer of shares shall require the Issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies

Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Latham & Watkins LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the underwriters by Cooley LLP, New York, New York.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements at December 31, 2012 and 2013, and for the years then ended and for the period from April 27, 2006 (inception) to December 31, 2013, as set forth in their report. We have included our financial statements in the prospectus in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference rooms by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the Securities and Exchange Commission. The address of that site is *www.sec.gov*.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
T2 Biosystems, Inc.

We have audited the accompanying balance sheets of T2 Biosystems, Inc. (a development stage enterprise) (the Company) as of December 31, 2012 and 2013, and the related statements of operations and comprehensive loss, redeemable convertible preferred stock and stockholders' (deficit) equity and cash flows for the years then ended and the period from April 27, 2006 (inception) to December 31, 2013. 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 audit 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 financial position of T2 Biosystems, Inc. (a development stage enterprise) as of December 31, 2012 and 2013 and the results of its operations and its cash flows for the years then ended and the period from April 27, 2006 (inception) to December 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Boston, Massachusetts
April 24, 2014, except for Note 17(b),
as to which the date is July 15, 2014

T2 Biosystems, Inc.
(A Development Stage Company)

Balance Sheets

(In thousands, except share and per share data)

	December 31, 2012	December 31, 2013	March 31, 2014 Actual (unaudited)	March 31, 2014 Pro forma (unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 9,709	$ 30,198	$ 23,698	$
Prepaid expenses and other current assets	60	195	247	
Restricted cash, current portion	80	—	—	
Total current assets	9,849	30,393	23,945	
Property and equipment, net	1,195	1,118	1,237	
Restricted cash, net of current portion	340	340	340	
Other assets	47	34	310	
Total assets	$ 11,431	$ 31,885	$ 25,832	$
Liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity				
Current liabilities:				
Accounts payable	$ 571	$ 943	$ 1,035	$
Accrued expenses	733	1,319	2,372	
Current portion of notes payable	820	1,759	1,764	
Current portion of deferred rent	5	25	30	
Total current liabilities	2,129	4,046	5,201	
Notes payable, net of current portion	5,058	3,299	2,855	
Deferred rent, net of current portion	70	45	35	
Warrants to purchase redeemable securities	695	1,225	1,152	
Commitments and contingencies *(Note 14)*				
Redeemable convertible preferred stock (*Note 7*)	66,137	112,813	114,719	
Stockholders' (deficit) equity:				
Common stock, $0.001 par value; 19,926,408, 28,254,907 and 28,254,907 shares authorized at December 31, 2012 and 2013 and March 31, 2014 (unaudited), respectively; 2,315,512, 2,400,422 and 2,400,422 shares issued and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited), respectively; shares issued and outstanding pro forma (unaudited)	2	2	2	
Additional paid-in capital	—	—	—	
Deficit accumulated during the development stage	(62,660)	(89,545)	(98,132)	
Total stockholders' (deficit) equity	(62,658)	(89,543)	(98,130)	
Total liabilities, redeemable convertible preferred stock and stockholders' (deficit) equity	$ 11,431	$ 31,885	$ 25,832	$

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)

Statements of Operations and Comprehensive Loss

(In thousands, except share and per share data)

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31,
	2012	2013	2013	2014	2014
			(unaudited)	(unaudited)	(unaudited)
Research and grant revenue	$ 19	$ 266	$ —	$ —	$ 3,085
Operating expenses:					
Research and development	11,727	14,936	3,561	5,065	59,388
Selling, general and administrative	2,945	5,022	1,039	1,842	22,552
Total operating expenses	14,672	19,958	4,600	6,907	81,940
Loss from operations	(14,653)	(19,692)	(4,600)	(6,907)	(78,855)
Interest expense, net	(154)	(403)	(105)	(86)	(937)
Other income (expense), net	352	(515)	125	73	611
Net loss	$ (14,455)	$ (20,610)	$ (4,580)	$ (6,920)	$ (79,181)
Comprehensive loss	$ (14,455)	$ (20,610)	$ (4,580)	$ (6,920)	$ (79,181)
Reconciliation of net loss to net loss applicable to common stockholders:					
Net loss	$ (14,455)	$ (20,610)	$ (4,580)	$ (6,920)	$ (79,181)
Accretion of redeemable convertible preferred stock to redemption value	$ (4,412)	$ (6,908)	$ (1,176)	$ (1,906)	$ (21,307)
Net loss applicable to common stockholders	$ (18,867)	$ (27,518)	$ (5,756)	$ (8,826)	$ (100,488)
Net loss per share applicable to common stockholders – basic and diluted	$ (8.15)	$ (11.60)	$ (2.45)	$ (3.68)	$ (58.62)
Weighted-average number of common shares used in computing net loss per share applicable to common stockholders – basic and diluted	2,314,832	2,372,542	2,346,601	2,400,422	1,714,171
Pro forma net loss per share applicable to common stockholders — basic and diluted (unaudited)		$		$	$
Pro forma weighted-average number of common shares used in computing pro forma net loss per share applicable to common stockholders — basic and diluted (unaudited)					

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)
Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity
(In thousands, except share and per share data)

	Series A-1 Redeemable Convertible Preferred Stock		Series A-2 Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of April 27, 2006	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Issuance of common stock	—	—	—	—	—	—	—	—	—	—	—	—	18,180	—	—	—	—
Issuance of Series A-1 redeemable convertible preferred stock, net of issuance costs of $0	282,849	533	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of Series A-2 redeemable convertible preferred stock, net of issuance costs of $0	—	—	1,703,959	4,845	—	—	—	—	—	—	—	—	—	—	—	—	—
Accretion of Series A-1 and A-2 redeemable convertible preferred stock to redemption value	—	20	—	21	—	—	—	—	—	—	—	—	—	—	(31)	(10)	(41)
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	590,610	1	5	—	6
Issuance of common stock for services	—	—	—	—	—	—	—	—	—	—	—	—	49,903	—	9	—	9
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	17	—	17
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(496)	(496)
Balance at December 31, 2006	282,849	553	1,703,959	4,866	—	—	—	—	—	—	—	—	658,693	1	—	(506)	(505)
Accretion of Series A-1 and A-2 redeemable convertible preferred stock to redemption value	—	48	—	418	—	—	—	—	—	—	—	—	—	—	(80)	(386)	(466)
Issuance of common stock for services	—	—	—	—	—	—	—	—	—	—	—	—	34,775	—	7	—	7
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	337,464	—	3	—	3
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	70	—	70
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,842)	(2,842)
Balance at December 31, 2007	282,849	601	1,703,959	5,284	—	—	—	—	—	—	—	—	1,030,932	1	—	(3,734)	(3,733)

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)
Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity (Continued)
(In thousands, except share and per share data)

	Series A-1 Redeemable Convertible Preferred Stock		Series A-2 Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Issuance of Series B redeemable convertible preferred stock, net of issuance costs of $0	—	$ —	—	$ —	3,249,877	$10,722	—	$ —	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Accretion of Series A-1, A-2, and B redeemable convertible preferred stock to redemption value	—	46	—	411	—	369	—	—	—	—	—	—	—	—	(133)	(693)	(826)
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	28,623	—	8	—	8
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	415,750	—	25	—	25
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100	—	100
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,964)	(5,964)
Balance at December 31, 2008	282,849	647	1,703,959	5,695	3,249,877	11,091	—	—	—	—	—	—	1,475,305	1	—	(10,391)	(10,390)
Accretion of Series A-1, A-2, and B redeemable convertible preferred stock to redemption value	—	46	—	411	—	880	—	—	—	—	—	—	—	—	(243)	(1,094)	(1,337)
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	11,770	—	3	—	3
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	409,728	1	23	—	24
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	217	—	217
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,390)	(5,390)
Balance at December 31, 2009	282,849	693	1,703,959	6,106	3,249,877	11,971	—	—	—	—	—	—	1,896,803	2	—	(16,875)	(16,873)

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)
Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity (Continued)
(In thousands, except share and per share data)

	Series A-1 Redeemable Convertible Preferred Stock		Series A-2 Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Issuance of Series C redeemable convertible preferred stock, net of issuance costs of $154	—	$ —	—	$ —	—	$ —	4,055,125	$14,691	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —
Accretion of Series A-1, A-2, B, and C redeemable convertible preferred stock to redemption value	—	46	—	408	—	876	—	775	—	—	—	—	—	—	(284)	(1,821)	(2,105)
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	16,493	—	7	—	7
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	269,262	—	22	—	22
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	255	—	255
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,234)	(7,234)
Balance at December 31, 2010	282,849	739	1,703,959	6,514	3,249,877	12,847	4,055,125	15,466	—	—	—	—	2,182,558	2	—	(25,930)	(25,928)
Issuance of Series D redeemable convertible preferred stock, net of issuance costs of $147	—	—	—	—	—	—	—	—	5,054,945	22,853	—	—	—	—	—	—	—
Accretion of Series A-1, A-2, B, C, and D redeemable convertible preferred stock to redemption value	—	45	—	404	—	873	—	1,215	—	769	—	—	—	—	(309)	(2,997)	(3,306)
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	62,718	—	19	—	19
Vesting of restricted common stock	—	—	—	—	—	—	—	—	—	—	—	—	66,284	—	18	—	18
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	272	—	272
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(15,270)	(15,270)
Balance at December 31, 2011	282,849	784	1,703,959	6,918	3,249,877	13,720	4,055,125	16,681	5,054,945	23,622	—	—	2,311,560	2	—	(44,197)	(44,195)

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)
Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity (Continued)
(In thousands, except share and per share data)

	Series A-1 Redeemable Convertible Preferred Stock		Series A-2 Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholde (Deficit) Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Accretion of Series A-1, A-2, B, C, and D redeemable convertible preferred stock to redemption value	—	$ 46	—	$ 404	—	$ 874	—	$ 1,214	—	$ 1,874	—	$ —	—	$ —	$ (404)	$ (4,008)	$ (4,4
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	3,952	—	1	—	
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	403	—	4
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(14,455)	(14,4
Balance at December 31, 2012	282,849	830	1,703,959	7,322	3,249,877	14,594	4,055,125	17,895	5,054,945	25,496	—	—	2,315,512	2	—	(62,660)	(62,6
Issuance of Series E redeemable convertible preferred stock, net of issuance costs of $232	—	—	—	—	—	—	—	—	—	—	6,930,967	39,768	—	—	—	—	
Accretion of Series A-1, A-2, B, C, D, and E redeemable convertible preferred stock to redemption value	—	44	—	402	—	870	—	1,205	—	1,861	—	2,526	—	—	(633)	(6,275)	(6,9
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	84,910	—	55	—	
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	578	—	5
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(20,610)	(20,6
Balance at December 31, 2013	282,849	$ 874	1,703,959	$ 7,724	3,249,877	$15,464	4,055,125	$19,100	5,054,945	$27,357	6,930,967	$42,294	2,400,422	$ 2	$ —	$ (89,545)	$ (89,5

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)
Statements of Redeemable Convertible Preferred Stock and Stockholders' (Deficit) Equity (Continued)
(In thousands, except share and per share data)

	Series A-1 Redeemable Convertible Preferred Stock		Series A-2 Redeemable Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholde (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Accretion of Series A-1, A-2, B, C, D, and E redeemable convertible preferred stock to redemption value	—	$ 11	—	$ 100	—	$ 217	—	$ 301	—	$ 465	—	$ 812	—	—	$ (239)	$ (1,667)	$ (1,
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	—	—	239	—	
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,920)	(6,
Balance at March 31, 2014 (unaudited)	282,849	$ 885	1,703,959	$ 7,824	3,249,877	$15,681	4,055,125	$19,401	5,054,945	$27,822	6,930,967	$43,106	2,400,422	$ 2	—	$ (98,132)	$ (98,
Conversion of convertible preferred stock into common stock (unaudited)		$		$		$		$		$		$		$	$	$	$
Issuance of common stock upon net exercise of and reclassification of warrants to purchase redeemable convertible preferred stock (unaudited)																	
Pro forma balance at March 31, 2014 (unaudited)		$		$		$		$		$		$		$	$	$	$

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)

Statements of Cash Flows

(In thousands)

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
			(unaudited)		(unaudited)
Operating activities					
Net loss	$ (14,455)	$ (20,610)	$ (4,580)	$ (6,920)	$ (79,181)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	571	584	138	144	3,180
Stock-based compensation expense	403	578	122	239	2,150
Noncash interest expense	46	44	11	11	245
Noncash warrant expense	81	—	—	—	598
Change in fair value of warrants	(132)	530	(110)	(73)	346
Loss on disposal of asset	—	6	—	—	6
Stock-based license fees	—	—	—	—	16
Deferred rent	15	(5)	—	(6)	64
Changes in operating assets and liabilities:					
Prepaid expenses and other current assets	(2)	(138)	(108)	(52)	(233)
Accounts payable	(88)	372	38	93	1,036
Accrued expenses	258	586	622	773	2,092
Net cash used in operating activities	(13,303)	(18,053)	(3,867)	(5,791)	(69,681)
Investing activities					
Purchases of property and equipment	(283)	(513)	(115)	(263)	(4,423)
Decrease (increase) in restricted cash	—	80	80	—	(340)
Net cash used in investing activities	(283)	(433)	(35)	(263)	(4,763)
Financing activities					
Proceeds from issuance of redeemable convertible preferred stock, net	—	39,768	39,768	—	93,412
Proceeds from issuance of common stock and stock options exercises, net	1	55	33	—	93
Proceeds from issuance of restricted stock	—	—	—	—	99
Proceeds from issuance of note payable, net	4,924	—			8,331
Repayments of note payable	(374)	(848)	(52)	(446)	(3,793)
Net cash provided by (used in) financing activities	4,551	38,975	39,749	(446)	98,142
Net (decrease) increase in cash and cash equivalents	(9,035)	20,489	35,847	(6,500)	23,698
Cash and cash equivalents at beginning of period	18,744	9,709	9,709	30,198	—
Cash and cash equivalents at end of period	$ 9,709	$ 30,198	$ 45,556	$ 23,698	$ 23,698

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)

Statements of Cash Flows (Continued)

(In thousands)

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
			(unaudited)		(unaudited)
Supplemental disclosures of cash flow information					
Cash paid for interest	$ 101	$ 345	$ 62	$ 51	$ 910
Supplemental disclosures of noncash investing and financing activities					
Accretion of Series A-1, A-2, B, C, D and E redeemable convertible preferred stock to redemption value	$ 4,412	$ 6,908	$ 1,176	$ 1,906	$ 21,307
Warrants issued in connection with debt	$ 64	$ —	$ —	$ —	$ 280
Warrants issued in connection with development agreement	$ —	$ —	$ —	$ —	$ 598
Initial public offering costs incurred but unpaid at period end	$ —	$ —	$ —	$ 280	$ 280

See accompanying notes to financial statements.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements

Years Ended December 31, 2012 and 2013, Three Months Ended March 31, 2013 and 2014 and the Period from April 27, 2006 (Inception) to March 31, 2014

1. Nature of Business

T2 Biosystems, Inc. (the "Company") was incorporated on April 27, 2006 as a Delaware corporation with operations based in Lexington, Massachusetts. The Company is an *in vitro* diagnostic company that has developed an innovative and proprietary platform that enables rapid, sensitive and simple direct detection of pathogens, biomarkers and other abnormalities across a variety of unpurified patient sample types. The Company is using its T2 Magnetic Resonance platform ("T2MR") to develop a broad set of applications aimed at reducing mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. The Company's initial development efforts target sepsis and hemostasis, areas of significant unmet medical need in which existing therapies could be more effective with improved diagnostics. The Company has completed a pivotal clinical trial for T2Dx and T2Candida.

Since inception, the Company has devoted substantially all of its efforts to research and development, business planning, recruiting management and technical staff, acquiring operating assets and raising capital. The Company has not recognized any revenue from its planned principal operations, and as a result, is considered to be in the development stage.

Liquidity

At December 31, 2013 and March 31, 2014, the Company has a deficit accumulated in the development stage of $89,545,000 and $98,132,000, respectively. The future success of the Company is dependent on its ability to obtain additional capital to develop its product candidates and ultimately upon its ability to attain profitable operations. To date, the Company has funded its operations primarily through private placements of its redeemable convertible preferred stock and through debt financing arrangements. Management believes that its cash resources of $30,198,000 at December 31, 2013 will be sufficient to allow the Company to fund its current operating plan and continue as a going concern through at least January 1, 2015. Thereafter, the Company will be required to obtain additional funding, alternative means of financial support, or both, in order to continue to fund its operations. There can be no assurances, however, that the current operating plan will be achieved or that additional funding will be available on terms acceptable to the Company, or at all.

The Company is subject to a number of risks similar to other life science companies in the development stage, including, but not limited to, raising additional capital, development by its competitors of new technological innovations, development and market acceptance of the Company's product candidates, and protection of proprietary technology.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

Use of Estimates

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company utilizes certain estimates in the determination of the fair value of its common stock and stock options, the fair value of liability-classified warrants, deferred tax valuation allowances, revenue recognition, and to record expenses relating to research and development contracts. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. Actual results could differ from such estimates.

The Company utilizes significant estimates and assumptions in determining the fair value of its common stock. The Company utilized various valuation methodologies in accordance with the framework of the 2004 American Institute of Certified Public Accountants Technical Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, to estimate the fair value of its common stock. Each valuation methodology includes estimates and assumptions that require the Company's judgment. These estimates and assumptions include a number of objective and subjective factors, including external market conditions, the prices at which the Company sold shares of preferred stock, the superior rights and preferences of securities senior to the Company's common stock at the time and the likelihood of achieving a liquidity event, such as an initial public offering or sale. Significant changes to the key assumptions used in the valuations could result in different fair values of common stock at each valuation date.

Unaudited Interim Financial Information

The accompanying interim balance sheet as of March 31, 2014, the statements of operations and comprehensive loss and statements of cash flows for the three months ended March 31, 2013 and 2014 and for the period from April 27, 2006 (inception) to March 31, 2014, the statement of redeemable convertible preferred stock and stockholders' equity (deficit) for the three months ended March 31, 2014, and the financial data and other information disclosed in these notes related to the three months ended March 31, 2013 and 2014 and for the period from April 27, 2006 (inception) to March 31, 2014 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the audited annual financial statements, and, in the opinion of management, reflect all adjustments, consisting of normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of March 31, 2014, and the results of its operations and its cash flows for the three months ended March 31, 2013 and 2014 and for the period from April 27, 2006 (inception) to March 31, 2014. The results for the three months ended

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

March 31, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014, any other interim periods, or any future year or period.

Unaudited Pro Forma Presentation

In 2014, the Company's board of directors authorized the management of the Company to file a registration statement with the U.S. Securities and Exchange Commission ("SEC") for the Company to sell shares of its common stock to the public. Upon the closing of a qualified (as defined in the Company's Articles of Incorporation) initial public offering ("IPO") or otherwise upon the election of the holders of the specified percentage of redeemable convertible preferred stock, all outstanding shares of redeemable convertible preferred stock will automatically convert into common stock. The unaudited pro forma balance sheet and statement of redeemable convertible preferred stock and stockholders' (deficit) equity as of March 31, 2014 assumes the automatic conversion of all outstanding redeemable convertible preferred stock into shares of common stock and reflects the issuance of shares of common stock associated with the expected net exercise of outstanding warrants exercisable for redeemable convertible preferred stock, including the resulting reclassification of the related liability for warrants to purchase redeemable securities to additional paid-in capital, upon the completion of the proposed offering. Additionally, the unaudited pro forma balance sheet and statement of redeemable convertible preferred stock and stockholders' (deficit) equity as of March 31, 2014 reflects the assumed allocation of value to occur upon the automatic conversion of all outstanding redeemable convertible preferred stock into shares of common stock whereupon deficit accumulated during the development stage has been restored for the cumulative accretion to redemption value of redeemable convertible preferred stock recorded through March 31, 2014, while the remainder of value is reflected within common stock and additional paid-in capital.

Unaudited pro forma basic and diluted net loss per share was calculated by dividing net loss applicable to common stockholders, excluding accretion to redemption value of redeemable convertible preferred stock and changes in the fair value of the liability for warrants to purchase redeemable securities, by the pro forma weighted-average number of common shares outstanding. The unaudited pro forma weighted-average number of common shares outstanding was computed after giving effect to the assumed conversion of the redeemable convertible preferred stock into shares of common stock and the expected issuance of common stock upon the cashless exercise of warrants to purchase redeemable convertible preferred stock, as if such conversion and net exercise had occurred at the beginning of the period presented, or the date of original issuance, if later. Upon conversion of the redeemable convertible preferred stock into shares of the Company's common stock in the event of an initial public offering, the holders of the redeemable convertible preferred stock are not entitled to receive undeclared dividends.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Company's chief operating decision maker is the Chief Executive Officer. The Company views its operations and manages its business in one operating segment, which is the business of developing and, upon regulatory clearance, launching commercially its diagnostic products aimed at reducing mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier.

Off-Balance Sheet Risk and Concentrations of Credit Risk

The Company has no significant off-balance sheet risks, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Cash and cash equivalents are financial instruments that potentially subject the Company to concentrations of credit risk. At December 31, 2012 and 2013, and March 31, 2014, substantially all of the Company's cash was deposited in accounts at one financial institution, with a significant amount invested in money market funds that are invested in short-term U.S. Treasury bills. The Company maintains its cash and cash equivalents, which at times may exceed the federally insured limits, with a large financial institution and, accordingly, the Company believes such funds are subject to minimal credit risk.

Cash Equivalents

Cash equivalents include all highly liquid investments maturing within 90 days from the date of purchase. Cash equivalents consist of money market funds invested in short-term U.S. Treasury bills as of December 31, 2012 and 2013, and March 31, 2014.

Revenue Recognition

The Company generates revenue primarily from research and development agreements with government agencies and other third parties. Revenues earned from activities performed pursuant to development agreements is reported as revenue in the statements of operations and comprehensive loss, using the proportional performance method as the work is completed, and the related costs are expensed as incurred as research and development expense.

The timing of cash received from the Company's research and development agreements generally differs from when revenue is recognized. The Company recognizes revenue in accordance with FASB ASC Topic 605, *Revenue Recognition* ("ASC 605"). Accordingly, the Company recognizes revenue when all of the following criteria have been met:

i. Persuasive evidence of an arrangement exists

ii. Delivery has occurred or services have been rendered

iii. The seller's price to the buyer is fixed or determinable

iv. Collectability is reasonably assured

Amounts received prior to satisfying the revenue recognition criteria are recorded as deferred revenue. Criterion (i) is satisfied when the Company has a written agreement or contract in place. Criterion (ii) is satisfied when the Company performs the services. Determination of criteria (iii) and

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

(iv) are based on management's judgments regarding whether the fee is fixed or determinable and the collectability of the fee is reasonably assured.

Revenue from fixed-fee government grants is recognized as the activities are performed in accordance with the terms of the grant.

The Company evaluates consideration given to its customers in accordance with ASC Topic 605-50, *Customer Payments and Incentives* ("ASC 605-50"). Consideration given to a customer is recorded as an expense in the statement of operations in those limited cases when the Company both receives an identifiable benefit in exchange for the consideration and the Company can reasonably estimate the fair value of the identified benefit. Otherwise, the consideration is recorded as a reduction of revenue.

Fair Value Measurements

The Company is required to disclose information on all assets and liabilities reported at fair value that enables an assessment of the inputs used in determining the reported fair values. ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), establishes a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported fair value of the investments and is not a measure of the investment credit quality. The hierarchy defines three levels of valuation inputs:

Level 1 — Quoted unadjusted prices for identical instruments in active markets.

Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all observable inputs and significant value drivers are observable in active markets.

Level 3 — Model derived valuations in which one or more significant inputs or significant value drivers are unobservable, including assumptions developed by the Company.

The fair value hierarchy prioritizes valuation inputs based on the observable nature of those inputs. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability (See Note 3).

Financial instruments measured at fair value on a recurring basis include cash, money market funds, restricted cash (See Note 3) and warrants to purchase redeemable securities (See Note 10).

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

For certain financial instruments, including accounts payable and accrued expenses, the carrying amounts approximate their fair values as of December 31, 2012 and 2013 and March 31, 2014 because of their short-term nature. At December 31, 2013 and March 31, 2014, the carrying value of the Company's debt approximated fair value, which was determined using Level 3 inputs, including a quoted rate.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Repairs and maintenance costs are expensed as incurred, whereas major improvements are capitalized as additions to property and equipment.

Research and Development Costs

Costs incurred in the research and development of the Company's product candidates are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities and include salaries and benefits, research-related facility and overhead costs, laboratory supplies, equipment and contract services.

Deferred IPO Issuance Costs

Deferred IPO issuance costs, which primarily consist of direct and incremental legal and accounting fees relating to the IPO, are capitalized. The deferred IPO issuance costs will be offset against IPO proceeds upon the consummation of the offering. In the event the offering is terminated, or delayed more than 90 days, deferred offering costs will be expensed. No amounts were deferred as of December 31, 2012 and 2013. As of March 31, 2014, $0.3 million of deferred IPO issuance costs were recorded in other assets and accrued expenses in the accompanying balance sheet.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During this review, the Company reevaluates the significant assumptions used in determining the original cost and estimated lives of long-lived assets. Although the assumptions may vary from asset to asset, they generally include operating results, changes in the use of the asset, cash flows and other indicators of value. Management then determines whether the remaining useful life continues to be appropriate or whether there has been an impairment of long-lived assets based primarily upon whether expected future undiscounted cash flows are sufficient to support the assets' recovery. If impairment exists, the Company would adjust the carrying value of the asset to fair value, generally determined by a discounted cash flow analysis. No impairment charges have been recorded in any of the periods presented.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Comprehensive loss consists of net loss and other comprehensive loss, which includes certain changes in equity that are excluded from net loss. The Company's comprehensive loss equals reported net loss for all periods presented.

Stock-Based Compensation

The Company has a stock-based compensation plan which is more fully described in Note 9. The Company records stock-based compensation for options granted to employees and to members of the board of directors for their services on the board of directors, based on the grant date fair value of awards issued, and the expense is recorded on a straight-line basis over the applicable service period, which is generally four years. The Company accounts for non-employee stock-based compensation arrangements based upon the fair value of the consideration received or the equity instruments issued, whichever is more reliably measurable. The measurement date for non-employee awards is generally the date that the performance of services required for the non-employee award is complete. Stock-based compensation costs for non-employee awards is recognized as services are provided, which is generally the vesting period, on a straight-line basis.

The Company expenses restricted stock awards based on the fair value of the award on a straight-line basis over the associated service period of the award.

The Company uses the Black-Scholes-Merton option pricing model to determine the fair value of stock options. The use of the Black-Scholes-Merton option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected life of the option, risk-free interest rates and expected dividend yields of the common stock. The expected term was determined according to the simplified method, which is the average of the vesting tranche dates and the contractual term. Due to the lack of a public market for the trading of the Company's common stock and a lack of company-specific historical and implied volatility data, the Company based its estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. For these analyses, companies with comparable characteristics were selected, including enterprise value and position within the industry, and with historical share price information sufficient to meet the expected life of the stock-based awards. The Company computed the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of its stock-based awards. The risk-free interest rate is determined by reference to U.S. Treasury zero-coupon issues with remaining maturities similar to the expected term of the options. The Company has not paid, and does not anticipate paying, cash dividends on shares of common stock; therefore, the expected dividend yield is assumed to be zero. The Company is required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

Warrants to Purchase Redeemable Securities

The Company has issued warrants to purchase shares of the Company's series A-2 redeemable convertible preferred stock, series B redeemable convertible preferred stock, series C redeemable convertible preferred stock, and series D redeemable convertible preferred stock.

The Company accounts for warrant instruments that either conditionally or unconditionally obligate the issuer to transfer assets as liabilities regardless of the timing of the redemption feature or price, even though the underlying shares may be classified as permanent or temporary equity. Consequently, the warrants to purchase shares of series A-2 preferred stock, series B preferred stock, series C preferred stock, and series D preferred stock are accounted for as liabilities and adjusted to fair value at the end of each reporting period. The liability for warrants to purchase redeemable securities is remeasured at each balance sheet date with changes to fair value being recognized as a component of other income (expense) in the statement of operations and comprehensive loss. The Company will continue to remeasure the fair value of the liability for warrants to purchase redeemable securities at the end of each reporting period until the earlier of the exercise or expiration of the applicable warrants or until such time that the underlying redeemable convertible preferred stock is converted into common stock and reclassified to permanent equity.

Income Taxes

The Company provides for income taxes using the liability method. The Company provides deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the Company's financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse. A valuation allowance is provided to reduce the deferred tax assets to the amount that will more likely than not be realized.

The Company applies ASC 740 *Income Taxes* ("ASC 740") in accounting for uncertainty in income taxes. The Company does not have any material uncertain tax positions for which reserves would be required. The Company will recognize interest and penalties related to uncertain tax positions, if any, in income tax expense.

Guarantees

As permitted under Delaware law, the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The term of the indemnification is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make is unlimited; however, the Company has directors' and officers' insurance coverage that limits its exposure and enables it to recover a portion of any future amounts paid.

The Company leases office, laboratory and manufacturing space under noncancelable operating leases. The Company has standard indemnification arrangements under the leases that require it to indemnify the landlord against all costs, expenses, fines, suits, claims, demands,

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Notes to Financial Statements (Continued)

2. Summary of Significant Accounting Policies (Continued)

liabilities, and actions directly resulting from any breach, violation or nonperformance of any covenant or condition of the Company's leases.

As of December 31, 2013 and March 31, 2014, the Company had not experienced any material losses related to these indemnification obligations, and no material claims with respect thereto were outstanding. The Company does not expect significant claims related to these indemnification obligations and, consequently, concluded that the fair value of these obligations is negligible, and no related reserves were established.

Net Loss Per Share

Basic net loss per share is calculated by dividing net loss applicable to common stockholders by the weighted-average number of shares outstanding during the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by adjusting the weighted-average number of shares outstanding for the dilutive effect of common stock equivalents outstanding for the period, determined using the treasury-stock method. For purposes of the diluted net loss per share calculation, redeemable convertible preferred stock, warrants to purchase redeemable convertible preferred stock, stock options and unvested restricted stock are considered to be common stock equivalents, but have been excluded from the calculation of diluted net loss per share, as their effect, including the related impact to the numerator of the fair value adjustment of the warrant and the impact to the denominator of the warrant shares, would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share applicable to common stockholders were the same for all periods presented.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

3. Fair Value Measurements

The Company measures the following financial assets and liabilities at fair value on a recurring basis. Except for the valuation methodology used to measure the liability for warrants to purchase redeemable securities (see Note 10), during the periods presented, the Company has not changed the manner in which it values assets and liabilities that are measured at fair value using Level 3 inputs. There were no transfers between levels of the fair value hierarchy during any of the periods presented. The following tables set forth the Company's financial assets and liabilities carried at fair

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

3. Fair Value Measurements (Continued)

value categorized using the lowest level of input applicable to each financial instrument as of December 31, 2012 and 2013 and March 31, 2014 (in thousands):

	Balance at December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 398	$ 398	$ —	$ —
Money market funds	9,311	9,311	—	—
Restricted cash	420	420	—	—
	$ 10,129	$ 10,129	$ —	$ —
Liabilities:				
Warrants to purchase redeemable securities	$ 695	$ —	$ —	$ 695
	$ 695	$ —	$ —	$ 695

	Balance at December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 2,631	$ 2,631	$ —	$ —
Money market funds	27,567	27,567	—	—
Restricted cash	340	340	—	—
	$ 30,538	$ 30,538	$ —	$ —
Liabilities:				
Warrants to purchase redeemable securities	$ 1,225	$ —	$ —	$ 1,225
	$ 1,225	$ —	$ —	$ 1,225

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

3. Fair Value Measurements (Continued)

	Balance at March 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash	$ 2,130	$ 2,130	$ —	$ —
Money market funds	21,568	21,568	—	—
Restricted cash	340	340	—	—
	$ 24,038	$ 24,038	$ —	$ —
Liabilities:				
Warrants to purchase redeemable securities	$ 1,152	$ —	$ —	$ 1,152
	$ 1,152	$ —	$ —	$ 1,152

The following table sets forth a summary of changes in the fair value of the Company's preferred stock warrant liability (See Note 10), which represents a recurring measurement that is classified within Level 3 of the fair value hierarchy, wherein fair value is estimated using significant unobservable inputs (in thousands):

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
Beginning balance	$ 763	$ 695	$ 695	$ 1,225
Additional warrants issued	64	—	—	—
Change in fair value, recorded as a component of other income (expense)	(132)	530	(110)	(73)
Ending balance	$ 695	$ 1,225	$ 585	$ 1,152

4. Restricted Cash

The Company is required to maintain a security deposit for its operating lease agreement for the duration of the lease agreement and for its credit cards as long as they are in place. At December 31, 2012 and 2013 and March 31, 2014, the Company had certificates of deposit for $420,000, $340,000 and $340,000, respectively, which represented collateral as security deposits for its operating lease agreement for its facility and its credit card. In accordance with the operating lease agreement, the Company reduced its security deposit by $80,000 to $320,000 on January 14, 2013.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

5. Supplemental Balance Sheet Information

Property and Equipment

Property and equipment consists of the following (in thousands):

	Estimated Useful Life (Years)	December 31, 2012	December 31, 2013	March 31, 2014
Office and computer equipment	3	$ 300	$ 302	$ 303
Software	3	186	186	199
Laboratory equipment	5	2,440	2,770	2,879
Furniture	5 - 7	171	179	179
Leasehold improvements	Lesser of useful life or lease term	175	332	332
Construction in progress	n/a	—	—	140
		3,272	3,769	4,032
Less accumulated depreciation and amortization		(2,077)	(2,651)	(2,795)
Property and equipment, net		$ 1,195	$ 1,118	$ 1,237

Construction in progress is primarily comprised of capitalized internal use software costs related to projects that have not been placed in service.

Depreciation and amortization expense of $571,000, $584,000, $138,000, $144,000 and $3,180,000 was charged to operations for the years ended December 31, 2012 and 2013, the three months ended March 31, 2013 and 2014 and for the period from April 27, 2006 (inception) to March 31, 2014, respectively.

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 2012	December 31, 2013	March 31, 2014
Accrued payroll and compensation	$ 384	$ 496	$ 388
Accrued professional services	120	101	517
Accrued research and development expenses	101	422	916
Other accrued expenses	128	300	551
Total accrued expenses	$ 733	$ 1,319	$ 2,372

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

6. Debt

Secured Notes Payable

On August 30, 2007, the Company entered into a loan and security agreement ("Note Agreement 1") with a lender to borrow up to $2,000,000 for the purchase of laboratory equipment and office equipment through August 30, 2008. On June 26, 2009, the Company entered into a loan modification agreement with the lender which provided additional borrowing of up to $1,500,000 through June 25, 2010.

The amounts borrowed are collateralized by the assets of the Company, bear interest between 5.5% and 10.3%, and are payable in 36 or 48 monthly installments. Note Agreement 1 requires a final payment of 1.6% to 3.75% of the aggregate original principal amount of each borrowing. This final payment is recorded as deferred financing cost and amortized to interest expense over the term of the borrowing. No amounts remain outstanding under Note Agreement 1 as of December 31, 2013.

On May 9, 2011, the Company entered into a promissory agreement ("Note Agreement 2") with a separate lender to borrow up to $1,688,000 for the purchase of laboratory equipment and office equipment through December 2013. The amounts borrowed are collateralized by the associated equipment and bear interest at 6.5%. The Company paid interest only on the borrowings through December 2013 and will make equal monthly payments of principal and interest through the maturity date of May 2018. During 2012 the Company borrowed $451,000 under the agreement.

The Note Agreement 2 includes financial covenants that require the Company to maintain a minimum cash balance of $300,000.

On June 25, 2012, the Company entered into a loan and security agreement ("Note Agreement 3") with the same lender as Note Agreement 1 to borrow up to $4,500,000 for operations through December 31, 2012. The amounts borrowed are collateralized by the assets of the Company and bear interest at 6.25%. The Company paid interest only on the borrowings through June 30, 2013 and then makes 36 equal month payments of principal plus monthly payments of accrued interest. During 2012, the Company borrowed $4,500,000 under the agreement. The debt can be prepaid at the option of the Company, and is subject to a prepayment premium of 2% if it is repaid prior the first anniversary of the borrowing date, and 1% if the debt is prepaid prior to the second anniversary of the borrowing date.

In addition, Note Agreement 2 contains a subjective acceleration clause whereby an event of default and immediate acceleration of the borrowing under the security and loan agreement occurs if there is a material adverse change in the business, operations, or condition (financial or otherwise) of the Company or a material impairment of the prospect of repayment of any portion of the obligations. The lender has not exercised its right under this clause, as there have been no such events. The Company believes that the likelihood of the lender exercising this right is remote.

Interest expense for the years ended December 31, 2012 and 2013, was $156,000 and $410,000, respectively, and for the three months ended March 31, 2013 and 2014 was $106,000 and $87,000, respectively, and was $1,181,000 for the cumulative period from April 27, 2006 (inception) to March 31, 2014.

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

6. Debt (Continued)

During 2007, the Company issued a fully vested warrant to purchase 13,769 shares of the Company's series A-2 preferred stock in connection with Note Agreement 1. In 2009, the Company issued a fully vested warrant to purchase 9,036 shares of the Company's series B preferred stock in connection with the modification of Note Agreement 1. In 2011, the Company issued a fully vested warrant to purchase 30,000 shares of the Company's series C preferred stock in connection with Note Agreement 2. In 2012, the Company issued a fully vested warrant to purchase 19,780 shares of the Company's series D preferred stock in connection with Note Agreement 3. The fair market value of the warrants at issuance, in the aggregate amount of $208,000, was recorded as a debt discount and is being amortized as additional interest expense over the term of the notes. The Company recognized $25,000, $29,000, $7,000, and $7,000 of additional interest expense for the years ended December 31, 2012 and 2013 and for the three months ended March 31, 2013 and 2014, respectively, and $121,000 for the cumulative period from April 27, 2006 (inception) to March 31, 2014, associated with the amortization of the debt discount related to the warrants issued.

Future principal payments on the notes payable as of December 31, 2013 are as follows (in thousands):

Year ended December 31,	
2014	$ 1,788
2015	1,808
2016	1,079
2017	351
2018	126
Total debt payments	5,152
Less current portion	(1,759)
Less debt discount	(94)
Notes payable, net of current portion	$ 3,299

T2 Biosystems, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

7. Redeemable Convertible Preferred Stock

The Company's Preferred Stock consisted of the following (in thousands, except share and per share data):

	December 31,		March 31, 2014	
	2012	2013	Actual	Pro Forma (unaudited)
Series A-1 redeemable convertible preferred stock $0.001 par value; 282,849 shares authorized, issued, and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $877 at December 31, 2013 and $888 at March 31, 2014)	$ 830	$ 874	$ 885	$ —
Series A-2 redeemable convertible preferred stock $0.001 par value; 1,717,728 shares authorized; 1,703,959 shares issued and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $7,744 at December 31, 2013 and $7,843 at March 31, 2014)	7,322	7,724	7,824	—
Series B redeemable convertible preferred stock $0.001 par value; 3,523,765 shares authorized; 3,249,877 shares issued and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $15,485 at December 31, 2013 and $15,701 at March 31, 2014)	14,594	15,464	15,681	—
Series C redeemable convertible preferred stock $0.001 par value; 4,085,125 shares authorized; 4,055,125 shares issued and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $19,166 at December 31, 2013 and $19,463 at March 31, 2014)	17,895	19,100	19,401	—
Series D redeemable convertible preferred stock $0.001 par value; 5,074,725 shares authorized; 5,054,945 shares issued and outstanding at December 31, 2012 and 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $27,441 at December 31, 2013 and $27,901 at March 31, 2014)	25,496	27,375	27,822	—
Series E redeemable convertible preferred stock $0.001 par value; no shares authorized at December 31, 2012 and 6,960,967 shares authorized at December 31, 2013 and March 31, 2014; no shares issued and outstanding at December 31, 2012 and 6,930,967 shares issued and outstanding at December 31, 2013 and March 31, 2014 (unaudited); no shares issued and outstanding pro forma (unaudited); (liquidation preference of $42,490 at December 31, 2013 and $43,290 at March 31, 2014)	—	42,294	43,106	—
Total redeemable convertible preferred stock	$ 66,137	$ 112,831	$ 114,719	$ —

As of December 31, 2013 and March 31, 2014, the authorized capital stock of the Company included 21,645,159 shares of preferred stock, $0.001 par value, of which 282,849 shares are

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

7. Redeemable Convertible Preferred Stock (Continued)

designated series A-1 preferred stock, 1,717,728 shares are designated series A-2 preferred stock, 3,523,765 are designated series B preferred stock, 4,085,125 shares are designated series C preferred stock, 5,074,725 shares are designated series D preferred stock and 6,960,967 shares are designated series E preferred stock (collectively, "Preferred Stock").

On March 22, 2013, the Company sold and issued 6,930,967 shares of series E preferred stock at $5.7712 per share to investors for total consideration of $40,000,000.

On August 3, 2011, the Company issued 5,054,945 shares of series D preferred stock at $4.55 per share to investors for total consideration of $23,000,000.

In May 2010, the Company issued 4,055,125 shares of series C preferred stock at $3.6608 per share to investors for total consideration of $14,845,000.

In July 2008, the Company issued 3,159,603 shares of series B preferred stock at $3.3232 per share to investors for total consideration of $10,500,000. The total consideration included the conversion of $505,000 of convertible promissory notes ("Convertible Notes") with a face value of $500,000. In accordance with the terms of the Convertible Notes, 151,964 shares of series B preferred stock were issued to note holders upon the conversion of the Convertible Notes. In September 2008, in connection with a development agreement (see Note 12), the Company issued an additional 90,274 shares of series B preferred stock at $3.3232 per share for total consideration of $300,000.

In December 2006, the Company issued 1,703,959 shares of series A-2 preferred stock at $2.905 per share for total consideration of $4,950,000.

In July 2006, the Company issued 282,849 shares of series A-1 preferred stock at $1.9445 per share for total consideration of $550,000.

The Company performs assessments of all terms and features of its redeemable convertible preferred stock in order to identify any potential embedded features that would require bifurcation or any beneficial conversion features. As part of this analysis, the Company assessed the economic characteristics and risks of its Preferred Stock, including conversion, liquidation and redemption features, as well as dividend and voting rights. Based on the Company's determination that each series of its Preferred Stock is an "equity host," the Company determined that the conversion features of the Preferred Stock are clearly and closely related to the equity host, and such conversion features do not require bifurcation as a derivative liability. In addition, the embedded put options related to the liquidation and redemption features do not meet the definition of a derivative and also do not require bifurcation as a derivative liability.

The Company accounts for potential beneficial conversion features under ASC 470-20, *Debt with Conversion and other Options*. At the time of each of the issuances of Preferred Stock, the common stock into which the Preferred Stock is convertible had a fair value less than the effective conversion price of the Preferred Stock and, accordingly, there was no intrinsic value on the respective commitment dates.

The rights, preferences, and privileges of the preferred stock are as follows:

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

7. Redeemable Convertible Preferred Stock (Continued)

Voting

The holders of the Preferred Stock are entitled to vote, together with the holders of common stock, on all matters submitted to stockholders for a vote, except with respect to matters on which Delaware General Corporation Law requires that a vote will be by a separate class. Each preferred stockholder is entitled to the number of votes equal to the number of shares of common stock into which each share of Preferred Stock is convertible at the time of such vote.

A majority vote of the holders of Preferred Stock is required in order to amend the certificate of incorporation and the bylaws, create or authorize additional shares of Preferred Stock, effect a sale, liquidation or merger of the Company, or effect an acquisition.

A majority vote of the holders of Preferred Stock or approval of the board of directors, including the affirmative vote of the majority of board members designated by the holders of Preferred Stock, is required in order to incur debt, create a new plan for the grant of stock options or issuance of restricted stock, increase or decrease the authorized number of board members, pay or declare any dividends (except dividends payable solely in shares of common stock) or repurchase or redeem any capital stock (except redemptions of Preferred Stock or certain repurchases of common stock).

For each series of Preferred Stock, a majority vote (or, in the case of series A and series B, a 66% vote, or, in the case of the series C, a 75% vote) of the holders of that series of Preferred Stock is required to adversely amend the rights of that series of Preferred Stock.

Dividends

Dividends accrue on Preferred Stock from the date of issuance at a rate of 8% per annum per share. Dividends will accrue from day to day, whether or not earned or declared, and shall be cumulative and non-compounding.

Liquidation Preference

In the event of any liquidation, dissolution or winding up of the affairs of the Company, the holders of the then-outstanding Preferred Stock shall receive on a pari passu basis, before any payment shall be made to the holders of common stock, the greater of (1) $1.9445 per share for series A-1 preferred stock, $2.905 per share for series A-2 preferred stock, $3.3232 per share for series B preferred stock, $3.6608 per share for series C preferred stock, $4.55 per share for series D preferred stock, and $5.7712 per share for series E preferred stock, plus all unpaid accrued dividends, or (2) such amount per share of preferred stock payable as if converted into common stock. If the assets or surplus funds to be distributed to the holders of the Preferred Stock are insufficient to permit the payment to such holders of their full preferential amount, the assets and surplus funds legally available for distribution shall be distributed ratably among the holders of the Preferred Stock in proportion to the full preferential amount that each holder is otherwise entitled to receive. After the payment of any preferential amount to preferred stockholders, any remaining assets of the Company shall be distributed ratably among the holders of common stock.

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

7. Redeemable Convertible Preferred Stock (Continued)

Conversion

Each share of Preferred Stock, at the option of the holder, is convertible into a number of fully paid shares of common stock as determined by dividing $1.9445 for series A-1 preferred stock, $2.905 for series A-2 preferred stock, $3.3232 for series B preferred stock, $3.6608 for series C preferred stock, $4.55 for series D preferred stock and $5.7712 for series E preferred stock by the conversion price in effect at the time. The initial conversion prices of series A-1, series A-2, series B, series C, series D, and series E preferred stock are $1.9445, $2.905, $3.3232, $3.6608, $4.55 and $5.7712 per share, respectively, and are subject to adjustment in accordance with antidilution provisions contained in the Company's articles of incorporation. Conversion is automatic immediately upon the closing of a firm commitment underwritten public offering in which the public offering price equals or exceeds $12.4211 per share and the gross proceeds are not less than $40,000,000, or upon the written consent of the holders of a majority of the then-outstanding shares of Preferred Stock.

Redemption

Commencing on March 22, 2018, the holders of at least a majority of the outstanding shares of Preferred Stock may require the Company to redeem one-third of the Preferred Stock within 60 days of the redemption election, and on each of the first and second anniversaries thereof, at $1.9445 per share for series A-1 preferred stock, $2.905 per share for series A-2 preferred stock, $3.3232 per share for series B preferred stock, $3.6608 per share for series C preferred stock, $4.55 per share for series D preferred stock and $5.7712 for series E preferred stock, plus accrued but unpaid dividends. The Company is accreting the shares to the redemption values over the period from issuance to the redemption date. The accretion amounts are recorded as an increase to the carrying value of the Preferred Stock with a corresponding charge to additional paid-in capital or deficit accumulated during the development stage, which amounted to $4,412,000 and $6,908,000 for the years ended December 31, 2012 and 2013, respectively, $1,176,000 and $1,906,000 for the three months ended March 31, 2013 and 2014, respectively, and $21,307,000 for the period from April 27, 2006 (inception) to March 31, 2014. The annual accretion related to the Preferred Stock is expected to be $7,624,000 per year during the years ending December 31, 2014, 2015, 2016 and 2017, and $1,692,000 for the year ending December 31, 2018.

As the preferred stock may become redeemable upon an event that is outside of the control of the Company, the Preferred Stock has been classified outside of permanent equity.

8. Stockholders' (Deficit) Equity

Common Stock

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the board of directors, subject to the prior rights of holders of all classes of stock outstanding.

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

8. Stockholders' (Deficit) Equity (Continued)

The Company has reserved the following shares of common stock as of the periods presented:

	December 31,		March 31,
	2012	2013	2014
Conversion of Series A-1 preferred stock	282,849	282,849	282,849
Conversion of Series A-2 preferred stock	1,703,959	1,703,959	1,703,959
Conversion of Series B preferred stock	3,249,877	3,249,877	3,249,877
Conversion of Series C preferred stock	4,055,125	4,055,125	4,055,125
Conversion of Series D preferred stock	5,054,945	5,054,945	5,054,945
Conversion of Series E preferred stock	—	6,930,967	6,930,967
Warrants to purchase redeemable convertible preferred stock	250,727	250,727	250,727
Options to purchase common stock	2,378,501	3,852,257	3,880,504
Shares available for future issuance under stock incentive plan	548,203	357,069	328,822
	17,524,186	25,737,775	25,737,775

9. Stock-Based Compensation

Stock Incentive Plan

The Company's 2006 Stock Option Plan (the "Plan") provides for the issuance of shares of common stock in the form of incentive stock options, non-qualified stock options, awards of stock and direct stock purchase opportunities to directors, officers, employees and consultants of the Company. Generally, stock options are granted with exercise prices equal to or greater than the fair value of the common stock as determined by the board of directors, expire no later than 10 years from the date of grant, and vest over various periods not exceeding 4 years.

The board of directors has approved increases in the number of shares that may be issued under the Plan as follows:

Date	Additional Shares	Total Shares
January 2008	266,100	610,334
August 2008	500,000	1,110,334
May 2010	750,000	1,860,334
April 2011	400,000	2,260,334
August 2011	1,079,024	3,339,358
March 2013	1,367,532	4,706,890

As of December 31, 2013 and March 31, 2014, 357,069 and 328,822 shares, respectively, were available for future grant under the Plan.

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Notes to Financial Statements (Continued)

9. Stock-Based Compensation (Continued)

Stock Options

During the years ended December 31, 2012 and 2013, the three months ended March 31, 2013 and 2014 and for the period from April 27, 2006 (inception) to March 31, 2014, the Company granted options with an aggregate fair value of $702,000, $1,991,000, $38,000, $432,000 and $4,529,000, respectively, which are being amortized into compensation expense over the vesting period of the options as the services are being provided. The following is a summary of option activity under the Plan (in thousands, except share and per share amounts):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding at December 31, 2012	2,378,501	$ 1.15	7.96	$ 505
Granted	1,821,099	1.87		
Exercised	(84,910)	0.64		71
Cancelled	(262,433)	1.34		
Outstanding at December 31, 2013	3,852,257	1.49	8.23	11,510
Granted	128,255	1.89		
Cancelled	(100,008)	1.37		
Outstanding at March 31, 2014	3,880,504	1.51	8.06	18,555
Exercisable at December 31, 2013	1,530,134	1.09	6.70	5,216
Vested or expected to vest at December 31, 2013	3,436,934	1.45	8.06	10,427
Exercisable at March 31, 2014	1,641,933	1.12	6.60	8,482
Vested or expected to vest at March 31, 2014	3,446,506	1.45	7.88	16,643

The weighted-average fair values of options granted in the years ended December 31, 2012 and 2013 and in the three month periods ending March 31, 2013 and 2014 were $0.85, $1.09,

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Notes to Financial Statements (Continued)

9. Stock-Based Compensation (Continued)

$0.77 and $3.37 per share, respectively, and were calculated using the following estimated assumptions:

	Year Ended December 31,		Three Months Ended March 31,	
	2012	2013	2013	2014
Weighted-average risk-free interest rate	1.35%	1.68%	1.02%	2.04%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	64%	63%	64%	62%
Expected terms	6.25 - 10 years	5.77 - 6.08 years	6.08 years	6.02 - 6.08 years

The total fair values of stock options that vested during the years ended December 31, 2012 and 2013 and during the three months ended March 31, 2013 and 2014 were $302,000, $476,000, $219,000 and $137,000, respectively, and $1,355,000 for the cumulative period from April 27, 2006 (inception) to March 31, 2014.

Restricted Stock

In May 2006, the Company authorized the sale of 1,800,000 shares of restricted common stock to its six founders for $0.01 per share, for total proceeds of $18,000, which represented the fair market value of the Company's common stock as determined by management and the board of directors on the date of issuance. The sale agreements are dated June 25, 2006. These awards of restricted common stock were made outside of the 2006 Stock Option Plan. In the event of termination of the founders' relationship with the Company, the Company has the right to repurchase any unvested shares at their original purchase price. On July 25, 2006, 450,000, or 25% of the shares, were immediately vested. The remaining 75% of the shares vested over the next 36 calendar months and the Company's right to repurchase the shares lapsed at a rate of 2.777% per calendar month.

In March 2008, the Company issued 289,098 shares of restricted stock at $0.28 per share to an executive of the Company for a total purchase price of $81,000. The shares vested over a four-year period.

At December 31, 2013, all restricted shares were vested and no longer subject to repurchase and are considered outstanding on the Company's statement of redeemable convertible preferred stock and stockholders' (deficit) equity.

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

9. Stock-Based Compensation (Continued)

Stock-Based Compensation Expense

The following table summarizes the stock-based compensation expense for stock options granted and restricted stock issued to employees and nonemployees that was recorded in the Company's results of operations for the years ended December 31, 2012 and 2013, and for the period from April 27, 2006 (inception) to December 31, 2013 (in thousands):

	Year Ended December 31,		Three Months Ended March 31,		Period From April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
Research and development	$ 160	$ 169	$ 46	$ 56	$ 700
Selling, general and administrative	243	409	76	183	1,450
Total stock-based compensation expense	$ 403	$ 578	$ 122	$ 239	$ 2,150

As of December 31, 2013 and March 31, 2014, there was $2,247,000 and $2,447,000 of total unrecognized compensation cost related to non-vested stock options granted under the 2006 Stock Option Plan. Total unrecognized compensation cost will be adjusted for future changes in the estimated forfeiture rate. The Company expects to recognize that cost over a remaining weighted-average period of 3.06 years and 3.03 years as of December 31, 2013 and March 31, 2014, respectively.

10. Warrants

Below is a summary of warrants outstanding as of the dates presented:

	December 31,		March 31,
	2012	2013	2014
Warrants to purchase Series A-2 preferred stock	13,769	13,769	13,769
Warrants to purchase Series B preferred stock	187,178	187,178	187,178
Warrants to purchase Series C preferred stock	30,000	30,000	30,000
Warrants to purchase Series D preferred stock	19,780	19,780	19,780
Total warrants to purchase preferred stock	250,727	250,727	250,727

In August 2007, the Company issued warrants to purchase 13,769 shares of series A-2 preferred stock to a lender at an exercise price of $2.905 per share. At issuance, the warrants had a fair value of $2.3238 per share. The warrants were issued in connection with the Company's secured notes payable (See Note 6). The warrants are exercisable through 2017.

In September 2008, the Company issued warrants to purchase 174,530 shares of series B preferred stock at an exercise price of $3.3232 and 3,612 shares of series B preferred stock at an exercise price of $4.65 in connection with a development agreement (See Note 12). At issuance,

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

10. Warrants (Continued)

the warrants for 174,530 and 3,612 shares had a fair value of $2.3219 and $2.1348 per share, respectively. The warrants for 174,530 shares become exercisable on a pro rata basis as payments are received on Phase I of the development agreement. The warrants for 3,612 shares become exercisable on a pro rata basis as payments are received on Phase II of the development agreement. The warrants are exercisable through 2015. Any unexercised warrants will expire upon an initial public offering.

In June 2009, the Company issued warrants to purchase 9,036 shares of series B preferred stock to a lender at an exercise price of $3.3232 per share. At issuance, the warrants had a fair value of $2.6695 per share. The warrants were issued in connection with the Company's loan modification agreement related to Note Agreement 1 (See Note 6). The warrants are exercisable through 2019.

In May 2011, the Company issued warrants to purchase 30,000 shares of series C preferred stock to a lender at an exercise price of $3.6608 per share. At issuance, the warrants had a fair value of $2.9273 per share. The warrants were issued in connection with the Company's promissory note agreement related to Note Agreement 2 (See Note 6). The warrants are exercisable through 2021. The warrants automatically convert into shares of common stock upon an initial public offering in accordance with a net exercise formula.

In June 2012, the Company issued warrants to purchase 19,780 shares of series D preferred stock to a lender at an exercise price of $4.55 per share. At issuance, the warrants had a fair value of $3.2451 per share. The warrants were issued in connection with the Company's promissory note agreement related to Note Agreement 3 (See Note 6). The warrants are exercisable through 2022.

No warrants have been exercised as of December 31, 2013 and March 31, 2014.

Below is a summary of the terms and accounting treatment for the warrants outstanding:

			Balance Sheet Classification		
			December 31,		
	Shares	Weighted-Average Exercise Price Per Share	2012	2013	March 31, 2014
Warrants to purchase Series A-2 preferred stock	13,769	$ 2.91	Liability	Liability	Liability
Warrants to purchase Series B preferred stock	187,178	3.76	Liability	Liability	Liability
Warrants to purchase Series C preferred stock	30,000	3.66	Liability	Liability	Liability
Warrants to purchase Series D preferred stock	19,780	4.55	Liability	Liability	Liability
	250,727				

The Company determined the fair value of the warrants to purchase redeemable convertible preferred stock based on input from management and the board of directors, which utilized an independent valuation of the Company's enterprise value, determined utilizing an analytical valuation model. Each valuation methodology includes estimates and assumptions that require the Company's judgment. These estimates and assumptions include a number of objective and subjective factors, including external market conditions affecting the *in vitro* diagnostics industry sector, the prices at which the Company sold shares of preferred stock, the superior rights and

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Notes to Financial Statements (Continued)

10. Warrants (Continued)

preferences of securities at the time and the likelihood of achieving a liquidity event, such as an initial public offering or a sale of the Company. Any changes in the assumptions used in the valuation could materially affect the financial results of the Company. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement.

The analytical valuation model used for the years ended December 31, 2012 and 2013 and the three months ended March 31, 2014 are as follows:

	Analytical Valuation Model Used
December 31, 2012	Option Pricing Model (OPM)
December 31, 2013	Hybrid approach based on an OPM method and the Probability Weighted Expected Return Method (PWERM)
March 31, 2014	Hybrid approach based on an OPM method and the PWERM

11. Net Loss Per Share

The following table presents the calculation of basic and diluted net loss per share applicable to common stockholders (in thousands, except share and per share data):

	Year Ended December 31,		Three Months Ended March 31,		Period From April 27, 2006 (Inception) to March 31, 2014
	2012	2013	2013	2014	
Numerator:					
Net loss	$ (14,455)	$ (20,610)	$ (4,580)	$ (6,920)	$ (79,181)
Accretion of redeemable convertible preferred stock to redemption value	(4,412)	(6,908)	(1,176)	(1,906)	(21,307)
Net loss applicable to common stockholders	$ (18,867)	$ (27,518)	$ (5,756)	$ (8,826)	$ (100,488)
Denominator:					
Weighted-average number of common shares outstanding — basic and diluted	2,314,832	2,372,542	2,346,601	2,400,422	1,714,171
Net loss per share applicable to common stockholders — basic and diluted	$ (8.15)	$ (11.60)	$ (2.45)	$ (3.68)	$ (58.62)

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Notes to Financial Statements (Continued)

11. Net Loss Per Share (Continued)

The following shares were excluded from the calculation of diluted net loss per share applicable to common stockholders, prior to the application of the treasury stock method, because their effect would have been anti-dilutive for the periods presented:

	Year Ended December 31,		Three Months Ended March 31,		Period from April 27, 2006 (Inception) to March 31,
	2012	2013	2013	2014	2014
Redeemable convertible preferred stock	14,346,755	21,277,722	21,277,722	21,277,722	21,277,722
Options to purchase common shares	2,378,501	3,852,257	2,363,001	3,880,504	3,880,504
Warrants to purchase redeemable convertible preferred stock	250,727	250,727	250,727	250,727	250,727
Total	16,975,983	25,380,706	23,891,450	25,408,953	25,408,953

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

11. Net Loss Per Share (Continued)

The following table presents the calculation of basic and diluted pro forma net loss per share applicable to common stockholders (in thousands, except share and per share data):

	Year Ended December 31, 2013 (unaudited)	Three Months Ended March 31, 2014 (unaudited)
Numerator:		
Net loss applicable to common stockholders	$	$
Accretion of redeemable convertible preferred stock to redemption value		
Change in fair value of liability for warrants to purchase redeemable securities		
Pro forma net loss applicable to common stockholders (unaudited)	$	$
Denominator:		
Weighted-average number of common shares used in computing net loss per share applicable to common stockholders — basic and diluted		
Pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock to occur upon consummation of initial public offering (unaudited)		
Pro forma adjustment to reflect assumed net exercise of warrants to purchase redeemable convertible preferred stock to occur upon consummation of initial public offering (unaudited)		
Pro forma weighted-average number of common shares used in computing pro forma net loss per share applicable to common stockholders — basic and diluted (unaudited)		
Pro forma net loss per share applicable to common stockholders — basic and diluted (unaudited)	$	$

T2 Biosystems, Inc.
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Notes to Financial Statements (Continued)

12. Development Agreement

In September 2008, the Company entered into a development agreement with a third party, whereby the third party: (i) invested $300,000 through the purchase of 90,274 shares of series B preferred stock, (ii) received a warrant for the purchase of up to 178,142 shares of series B preferred stock at exercise prices of $3.3232 and $4.65, and (iii) agreed to pay the Company up to $2,500,000 for the development of certain products as defined in the development agreement. The development work under the development agreement included two potential phases, with Phase 2 dependent to occur only on the election of the third party. Phase I was initiated on October 31, 2008. The Company received payments and recognized revenue of $1,450,000 related to Phase I during the year ended December 31, 2009 under the proportional performance method. During 2012, the Company received and recognized as revenue an additional $100,000 from the third party. The third party did not elect to proceed with Phase 2 of the development agreement.

The fair market value of the warrants issued in connection with the development agreement was recognized as an offset to revenue as the revenue associated with the development agreement was recognized. The value of the warrants was recorded as a deferred charge that was proportionally offset against revenue earned over the development period through 2012. The Company recognized $81,000, and $598,000 as an offset to revenue associated with these warrants for the year ended December 31, 2012 and for the period from April 27, 2006 (inception) to March 31, 2014, respectively.

13. Income Taxes

In 2012 and 2013, the Company did not record a benefit for income taxes related to its operating losses incurred since inception. In assessing the ability to realize the net deferred tax assets, management considered whether it is more likely than not that some portion or all of the net deferred tax assets will not be realized. Based upon the level of historical U.S. losses and future projections over the period in which the net deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences. The Company has provided a full valuation allowance against its net deferred tax assets as of December 31, 2012 and 2013. The increase in the valuation allowance from 2012 to 2013 of $9.0 million principally related to the current year taxable loss.

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Notes to Financial Statements (Continued)

13. Income Taxes (Continued)

The reconciliation of the U.S. federal statutory rate to the Company's effective tax rate is as follows:

	Year Ended December 31,	
	2012	2013
Tax at statutory rates	34.0%	35.0%
State income taxes	5.3	5.2
Change in tax rate	(0.2)	0.0
Permanent differences	(0.5)	(0.7)
Research and development credits	1.6	2.3
Change in valuation allowance	(40.2)	(41.8)
Effective tax rate	0.0%	0.0%

The significant components of the Company's deferred tax asset consist of the following at December 31, 2012 and 2013 (in thousands):

	December 31,	
	2012	2013
Net operating loss carryforwards	$ 14,184	$ 22,280
Tax credits	1,318	2,189
Other temporary differences	49	180
Start-up expenditures	5,449	5,318
Stock option expenses	70	179
Net deferred tax assets	21,070	30,146
Deferred tax asset valuation allowance	(21,070)	(30,146)
Net deferred tax assets	$ —	$ —

As of December 31, 2013, the Company had federal and state net operating losses of $56,036,828 and $51,405,945, respectively, which are available to offset future taxable income, if any, through 2023. The Company also had federal and state research and development tax credits of $1,738,000 and $694,000, respectively, which expire at various dates beginning in 2016 through 2023.

Under the provisions of the Internal Revenue Code, the net operating loss and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. Net operating loss and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in

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Notes to Financial Statements (Continued)

13. Income Taxes (Continued)

future years. The Company has completed several financings since its inception which may have resulted in a change in control as defined by Sections 382 and 383 of the Internal Revenue Code, or could result in a change in control in the future. The Company has not conducted an assessment to determine whether there may have been a Section 382 or 383 ownership change.

The Company has no unrecognized tax benefits. The Company has not conducted a study of its net operating loss carryforwards or its research and development credit carryforwards. A study could result in an adjustment to the Company's research and development credit carryforwards; however, until a study is completed and any adjustment is known, no amounts will be presented as an uncertain tax position under ASC 740-10. A full valuation allowance has been provided against the Company's research and development credits and, if an adjustment is required, this adjustment would be offset by an adjustment to the valuation allowance. Thus, there would be no impact to the balance sheets or statements of operations if an adjustment were required. Interest and penalty charges, if any, related to uncertain tax positions would be classified as income tax expenses in the accompanying consolidated statements of operations. At December 31, 2012 and 2013, the Company had no accrued interest or penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. federal tax jurisdiction and various state jurisdictions. Since the Company is in a loss carryforward position, the Company is generally subject to examination by the U.S. federal, state and local income tax authorities for all tax years in which a loss carryforward is available. The open tax years subject to future audit in the United States of America are for the years ended December 31, 2010 through 2012. The Company does not have any international operations through December 31, 2013.

14. Commitments and Contingencies

In August 2010, the Company entered into a five-year, noncancelable operating lease for office and laboratory space. The Company has the option to extend the lease for one additional term of two years. The lease commenced on January 1, 2011, with the Company providing a security deposit of $400,000. In accordance with the operating lease agreement, the Company reduced its security deposit by $80,000 to $320,000 on January 14, 2013.

On May 1, 2013, the Company entered into a six month operating lease for laboratory space with an option to extend the lease an additional six months. In September 2013, the Company exercised the extension.

On May 6, 2013, the Company entered into a two-year operating lease for additional office, laboratory and manufacturing space.

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Notes to Financial Statements (Continued)

14. Commitments and Contingencies (Continued)

Future minimum lease payments under the Company's three operating leases are as follows (in thousands):

Year ending December 31,	
2014	$ 649
2015	624
	$ 1,273

Rent expense for the years ended December 31, 2012 and 2013 was $558,000 and $628,000, respectively, and for the three months ended March 31, 2013 and 2014 was $140,000 and $169,000, respectively, and for the period from April 27, 2006 (inception) to March 31, 2014 was $2,122,000.

In 2006, the Company entered into a license agreement with a third party, pursuant to which the third party granted the Company an exclusive, worldwide, sublicenseable license under certain patent rights to make, use, import and commercialize products and processes for diagnostic, industrial and research and development purposes. The Company agreed to pay an annual license fee ranging from $5,000 to $25,000 for the royalty-bearing license to certain patents. For the years ended December 31, 2012 and 2013, and for the period from April 27, 2006 (inception) to December 31, 2013, the Company paid $65,000, $46,000 and $521,000, respectively, for license fees and reimbursed patent costs under the agreement. The Company also issued a total of 84,678 shares of common stock pursuant to the agreement in 2006 and 2007, which were recorded at fair value at the date of issuance. The Company is required to make payments for achievement of certain regulatory milestones with respect to products and processes covered by the agreement of up to $300,000 in the aggregate. The Company will be required to pay royalties on net sales of products and processes that are covered by patent rights licensed under the agreement at a percentage ranging in the low single digits, subject to reductions and offsets in certain circumstances, as well as a royalty on net sales of products that the Company sublicenses at a low double-digit percentage of specified gross revenue.

15. Related-Party Transactions

In June 2006, the board of directors voted to pay quarterly compensation to two of the Company's founders, who are also members of the board of directors, for their services to the Company. The annual compensation was initially $0 and automatically increased to $10,000 to $40,000 upon the achievement of certain equity financing milestones, as defined in the consulting agreement. The total compensation expense for the years ended December 31, 2012 and 2013, for the three months ended March 31, 2013 and 2014 and the period from April 27, 2006 (inception) to March 31, 2014 was $80,000, $80,000, $20,000, $20,000 and $405,000, respectively.

16. 401(k) Savings Plan

In March, 2008, the Company established a retirement savings plan under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). The 401(k) Plan covers substantially all employees of the Company who meet minimum age and service requirements, and allows participants to defer

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Notes to Financial Statements (Continued)

16. 401(k) Savings Plan (Continued)

a portion of their annual compensation on a pretax basis. Company contributions to the 401(k) Plan may be made at the discretion of the board of directors. No contributions were made in the years ended December 31, 2012 and 2013, and for the three months ended March 31, 2013 and 2014.

17. Subsequent Events

The Company has completed an evaluation of all subsequent events after the audited balance sheet date of December 31, 2013 through the date this amendment to the Registration Statement on Form S-1 was filed with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of December 31, 2013 and March 31, 2014, and events which occurred subsequently but were not recognized in the financial statements. The Company has concluded that no subsequent events have occurred that require disclosure, except as described below.

(a) Increase in Authorized Shares (Unaudited)

On July 1, 2014, the Board approved the following actions, which were approved by the stockholders on the same day:

- To amend the Company's 2006 Stock Option Plan to increase the number of shares reserved for future issuance from 4,706,890 to 6,332,882.
- To approve an amendment to the Restated Certificate of Incorporation to increase the authorized number of shares of common stock from 28,254,907 to 29,880,899.

(b) Commitments

Loan and Security Agreement

On July 11, 2014, the Company entered into a loan and security agreement ("Note Agreement 4") with two lenders to borrow up to $30,000,000 for operations. Note Agreement 4 allows the Company to borrow amounts in two tranches, up to $20,000,000 (drawn in amounts not less than $10,000,000 upon closing and the remainder drawn in amounts not less than $5,000,000 draws) by December 31, 2014 for tranche A and up to $10,000,000 by June 30, 2015 for tranche B. Borrowings under tranche B are only available to the Company if both of the following conditions are met by June 30, 2015: (a) the Company receives Section 510(k) clearance from the FDA on the Company's T2Dx and T2Candida products and (b) the Company completes a public or private stock offering, equity raise or strategic partner arrangement resulting in the receipt of at least $30,000,000 in aggregate net proceeds by the Company. The Company received proceeds of $9.8 million under tranche A, net of deferred financing costs.

The amounts borrowed under Note Agreement 4 are collateralized by substantially all of the assets of the Company and bear interest at the one-month LIBOR plus 7.05%, currently 7.25%. The Company will pay interest only payments on the amounts borrowed under the Note Agreement 4 through January 31, 2016, unless the conditions for borrowings under tranche B are met, in which case the interest only payment period extends to July 31, 2016. After the interest only period, the

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Notes to Financial Statements (Continued)

17. Subsequent Events (Continued)

Company will repay the amounts borrowed in equal monthly installments until the maturity date of July 1, 2019. Note Agreement 4 requires payment of a final fee of 4.75% of the aggregate original principal amount of amounts borrowed. In addition, amounts borrowed may be prepaid at the option of the Company in denominations of not less than $1,000,000, and any amounts prepaid are subject to a prepayment premium of 1.5% if prepaid prior to the first anniversary of the borrowing date, 1.0% if prepaid prior to the second anniversary of the borrowing date and after the first anniversary of the borrowing date, and 0.5% if prepaid prior to the maturity date and after the second anniversary of the borrowing date.

Note Agreement 4 does not include any financial covenants, but does contain a subjective acceleration clause whereby upon an event of default, which includes a material adverse change in the business, operations, or conditions (financial or otherwise) of the Company or a material impairment of the prospect of repayment of any portion of the obligations, there can be an immediate acceleration of the borrowings under Note Agreement 4.

In connection with the closing of the Note Agreement 4, the Company repaid all amounts outstanding under Note Agreement 3, totaling approximately $2,900,000.

Lease Amendment

On July 11, 2014, the Company entered into the Second Amendment to Lease to expand facilities at the Company's headquarters in Lexington, MA. The term of the Second Amendment to Lease ends concurrently with the original lease entered into in August 2010 (Note 14) and will increase the monthly base rent by approximately $39,000 per month through December 2015. The Company retains the option to extend the lease for one additional term of two years.

Shares

Common Stock

Goldman, Sachs & Co.

Morgan Stanley

Leerink Partners

Janney Montgomery Scott

Through and including , 2014 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with this offering described in this registration statement, other than the underwriting discount, all of which will be paid by us. All amounts are estimated except the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and The NASDAQ Global Market fee.

	Amount
SEC Registration fee	$ 8,887.20
FINRA filing fee	10,850.00
NASDAQ Global Market initial listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Blue Sky fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be provided by amendment

Item 14. Indemnification of Directors and Officers.

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our restated certificate of incorporation provides that no director of the Registrant shall be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation

unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our restated certificate of incorporation provides that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our restated certificate of incorporation provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We have entered into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any other company or enterprise to which the person provides services at our request.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended, or the Securities Act, against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding shares of capital stock issued by us within the past three years. Also included is the consideration received by us for such shares and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

(a) Issuance of Securities.

1. In August 2011, we issued an aggregate of 5,054,945 shares of series D preferred stock to investors at a price per share of $4.55 for aggregate gross consideration of $23.0 million. These shares will automatically convert into 5,054,945 shares of our common stock upon the closing of this offering.

2. In March 2013, we issued an aggregate of 6,930,967 shares of series E preferred stock to investors at a price per share of $5.7712 for aggregate gross consideration of $40.0 million. These shares will automatically convert into 6,930,967 shares of our common stock upon the closing of this offering.

(b) Stock Option Grants. From January 1, 2011 through July 15, 2014, we granted stock options to purchase an aggregate of 3,934,584 shares of our common stock at a weighted-average exercise price of $2.33 per share, to certain of our employees, directors and consultants in connection with services provided to us by such persons. Of these, options to purchase 76,834 shares of common stock have been exercised through July 15, 2014 for aggregate consideration of $107,388, at a weighted-average exercise price of $1.40 per share.

(c) Warrants. Since May 2011, we issued one warrant to SVB and one to MDF in connection with various loan and security agreements. These warrants are immediately exercisable for the purchase of 49,780 shares of preferred stock. If none of these warrants are exercised, upon the closing of this offering, SVB's warrant for 19,780 shares of preferred stock will terminate while MDF's warrant for the purchase of 30,000 shares of preferred stock will automatically convert to common stock pursuant to a cashless net exercise.

The issuances of stock options, warrants and the shares of common stock issuable upon the exercise of the options described in this Item 15 were issued pursuant to written compensatory plans or arrangements with our employees, directors and consultants, in reliance on the exemption provided by Rule 701 promulgated under the Securities Act, or pursuant to Section 4(a)(2) under the Securities Act, relative to transactions by an issuer not involving any public offering, to the extent an exemption from such registration was required.

All of the foregoing securities are deemed restricted securities for purposes of the Securities Act. All certificates representing the issued shares of capital stock described in this Item 15 included appropriate legends setting forth that the securities have not been registered and the applicable restrictions on transfer.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement
3.1**	Restated Certificate of Incorporation of the Registrant, as amended (currently in effect)
3.2**	Bylaws of the Registrant (currently in effect)
3.3*	Form of Restated Certificate of Incorporation of the Registrant (to be effective upon the closing of this offering)
3.4*	Form of Amended and Restated Bylaws of the Registrant (to be effective upon the closing of this offering)
4.1*	Specimen Stock Certificate evidencing the shares of common stock
4.2**	Fourth Amended and Restated Investors' Rights Agreement, dated as of March 22, 2013
5.1*	Opinion of Latham & Watkins LLP
10.1#**	Amended and Restated 2006 Employee, Director and Consultant Stock Plan, as amended, and form of option agreements thereunder
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10.3#*	Non-Employee Director Compensation Program
10.4*	Form of Indemnification Agreement for Directors and Officers
10.5#**	Employment Letter Agreement, dated as of March 14, 2008, by and between the Registrant and John McDonough
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10.11#**	Consulting Agreement, dated as of July 20, 2006 by and between the Registrant and Robert S. Langer, as amended on March 20, 2013
10.12†**	Sales Agreement, dated as of February 11, 2011, by and between GE Healthcare Bio-Sciences Corp. and the Registrant
10.13†**	Exclusive License Agreement, dated as of November 7, 2006, as amended on December 2, 2008 and February 21, 2011, by and between The General Hospital Corporation d/b/a Massachusetts General Hospital and the Registrant

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23.1	Consent of Ernst & Young LLP
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
24.1**	Power of Attorney

* To be filed by amendment.

** Previously filed.

# Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment pursuant to Rule 406 under the Securities Act of 1933.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriter, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification

by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) In a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Amendment No. 1 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lexington, Commonwealth of Massachusetts, on this 16th day of July, 2014.

T2 BIOSYSTEMS, INC.

By: /s/ JOHN MCDONOUGH

John McDonough
President and Chief Executive Officer

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to Registration Statement on Form S-1 has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/s/ JOHN MCDONOUGH John McDonough	President, Chief Executive Officer and Director (principal executive officer)	July 16, 2014
/s/ MARC R. JONES Marc R. Jones	Chief Financial Officer (principal financial and accounting officer)	July 16, 2014
* David B. Aronoff	Director	July 16, 2014
* Joshua Bilenker, M.D.	Director	July 16, 2014
* Thomas J. Carella	Director	July 16, 2014
* Michael J. Cima, Ph.D.	Director	July 16, 2014
* Alan Crane	Director	July 16, 2014
* John W. Cumming	Director	July 16, 2014
* David Elsbree	Director	July 16, 2014
* Stacy A. Feld	Director	July 16, 2014

Signature	Title	Date
*		
Robert S. Langer, Sc.D.	Director	July 16, 2014
*		
Stanley N. Lapidus	Director	July 16, 2014
*		
Harry W. Wilcox	Director	July 16, 2014

By: /s/ JOHN MCDONOUGH

John McDonough
Attorney-in-Fact

Exhibit Index

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23.1	Consent of Ernst & Young LLP
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
24.1**	Power of Attorney

* To be filed by amendment.

** Previously filed.

# Indicates management contract or compensatory plan.

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment pursuant to Rule 406 under the Securities Act of 1933.

101 HARTWELL AVENUE
LEXINGTON, MASSACHUSETTS

LEASE SUMMARY SHEET

Execution Date:	August 6, 2010
Tenant:	T2 Biosystems, Inc., a Delaware corporation
Tenant's Mailing Address Prior to Occupancy:	286 Cardinal Medeiros Avenue Cambridge, MA 02141
Landlord:	King 101 Hartwell LLC, a Massachusetts limited liability company
Building:	101 Hartwell Avenue, Lexington, Massachusetts. The Building consists of approximately 41,269 rentable square feet. The land on which the Building is located (the **"Land"**) is more particularly described in Exhibit 2 attached hereto and made a part hereof (such land, together with the Building, are hereinafter collectively referred to as the **"Property"**).
Premises:	Approximately Twenty Thousand One Hundred Thirty-Five (20,135) rentable square feet of space in the Building, as more particularly shown as hatched, highlighted or outlined on the plan attached hereto as Exhibit 1 and made a part hereof (the **"Lease Plan"**).
Term Commencement Date:	The date on which Landlord delivers exclusive possession of the Premises to Tenant in the condition required by Section 3.1 below, with Landlord's Work substantially complete. The Term Commencement Date is estimated to occur on or about January 1, 2011.
Rent Commencement Date:	Subject to Section 3.6, the date on which Landlord delivers exclusive possession of the Premises to Tenant in the condition required by Section 3.1 below, with Landlord's Work substantially complete; provided, however, if there are any Tenant Delays, the Rent Commencement Date shall occur on the date on which Landlord would have delivered exclusive possession of the Premises to Tenant in such condition but for any Tenant Delays.
Expiration Date:	Unless earlier extended or terminated pursuant to the terms hereof, the last day of the fifth (5th) Rent Year (hereinafter defined)
Extension Term:	Subject to Section 1.2 below, one (1) extension term of two (2) years.
Permitted Uses:	Subject to Legal Requirements, general office, research, development and laboratory use, including without limitation a BL-2 laboratory for diagnosing blood and other human products, a radiation lab, and other ancillary uses related to the foregoing.

Base Rent:

RENT YEAR(1)	ANNUAL BASE RENT	MONTHLY PAYMENT
1	$ 520,000.00	$ 43,333.33
2	$ 540,000.00	$ 45,000.00
3	$ 560,000.00	$ 46,666.67
4	$ 580,000.00	$ 48,333.33
5	$ 600,000.00	$ 50,000.00

Operating Costs and Taxes:	See Sections 5.2 and 5.3
Tenant's Share:	A fraction, the numerator of which is the number of rentable square feet in the Premises, and the denominator of which is the number of rentable square feet in the Building. As of the Execution Date, Tenant's Share is 48.79%
Security Deposit/ Letter of Credit:	$400,000.00

EXHIBIT 1	LEASE PLAN
EXHIBIT 2	LEGAL DESCRIPTION
EXHIBIT 3	LANDLORD'S WORK
EXHIBIT 3A	EXTERIOR WORK
EXHIBIT 4	SITE PLAN
EXHIBIT 5	FORM OF LETTER OF CREDIT
EXHIBIT 6	TENANT'S HAZARDOUS MATERIALS
EXHIBIT 6A	LIST OF ENVIRONMENTAL REPORTS
EXHIBIT 7	RULES AND REGULATIONS
EXHIBIT 8	LANDLORD'S SERVICES

(1) For the purposes of this Lease, the first **"Rent Year"** shall be defined as the period commencing as of the Commencement Date and ending on the fast day of the month in which the first (1st) anniversary of the Commencement Date occurs; provided, however, that if the Commencement Date occurs on the first day of a calendar month, then the first Rent Year shall expire on the day immediately preceding the first (1st) anniversary of the Commencement Date. Thereafter, "Rent Year" shall be defined as any subsequent twelve (12) month period during the term of this Lease,

THIS INDENTURE OF LEASE (this **"Lease"**) is hereby made and entered into on the Execution Date by and between Landlord and Tenant.

Each reference in this Lease to any of the terms and titles contained in any Exhibit attached to this Lease shall be deemed and construed to incorporate the data stated under that term or title in such Exhibit. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease Summary Sheet which is attached hereto and incorporated herein by reference.

1. LEASE GRANT; TERM; APPURTENANT RIGHTS; EXCLUSIONS

1.1 Lease Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises upon and subject to terms and conditions of this Lease, for a term of years commencing on the Term Commencement Date and, unless earlier terminated or extended pursuant to the terms hereof, ending on the Expiration Date (the **"Initial Term";** the Initial Term and the Extension Term, if duly exercised, are hereinafter collectively referred to as the **"Term"**).

1.2 Extension Term.

(a) Provided (i) Tenant, an Affiliated Entity (hereinafter defined) and/or a Successor (hereinafter defined) is/are then occupying one hundred percent (100%) of the Premises; and (ii) no Event of Default nor an event which, with the passage of time and/or the giving of notice would constitute an Event of Default has occurred (1) as of the date of the Extension Notice (hereinafter defined), and (2) at the commencement of the applicable Extension Term (hereinafter defined), Tenant shall have the option to extend the Term for one (1) additional term of two (2) years (the **"Extension Term"**), commencing as of the expiration of the Initial Term. Tenant must exercise such option to extend by giving Landlord written notice (the **"Extension Notice"**) on or before the date that is nine (9) months prior to the expiration of the then-current term of this Lease, *time being of the essence*. Upon the timely giving of such notice, the Term shall be deemed extended upon all of the terms and conditions of this Lease, except that Base Rent during the Extension Term shall be calculated in accordance with this Section 1.2, Landlord shall have no obligation to construct or renovate the Premises and Tenant shall have no further right to extend the Term. If Tenant fails to give timely notice, as aforesaid, Tenant shall have no further right to extend the Term. Notwithstanding the fact that Tenant's proper and timely exercise of such option to extend the Term shall be self-executing, the parties shall promptly execute a lease amendment reflecting such Extension Term after Tenant exercises such option. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Section 1.2.

(b) The Base Rent during the Extension Term (the **"Extension Term Base Rent"**) shall be determined in accordance with the process described hereafter. Extension Term Base Rent shall be the fair market rental value of the Premises then demised to Tenant as of the commencement of the Extension Term as determined in accordance with the process described below, for renewals of combination laboratory and office space in the Lexington/Bedford area of equivalent quality, size, utility and location, with the length of the Extension Term and the credit standing of Tenant to be taken into account. Within thirty (30) days after receipt of the Extension Notice, Landlord shall deliver to Tenant written notice of its determination of the Extension Term Base Rent for the Extension Term, Tenant shall, within thirty (30) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Extension Term Base Rent (**"Tenant's Response Notice"**). If Tenant fails timely to deliver Tenant's Response Notice, Landlord's determination of the Extension Term Base Rent shall be binding on Tenant.

(c) If and only if Tenant's Response Notice is timely delivered to Landlord and indicates both that Tenant rejects Landlord's determination of the Extension Term Base Rent and desires

to submit the matter to arbitration, then the Extension Term Base Rent shall be determined in accordance with the procedure set forth in this Section 1.2(c). In such event, within ten (10) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's desire to submit the determination of the Extension Term Base Rent to arbitration, Tenant and Landlord shall each notify the other, in writing, of their respective selections of an appraiser (respectively, **"Landlord's Appraiser"** and **"Tenant's Appraiser"**). Landlord's Appraiser and Tenant's Appraiser shall then jointly select a third appraiser (the **"Third Appraiser"**) within ten (10) days of their appointment. All of the appraisers selected shall be individuals with at least five (5) consecutive years' commercial appraisal experience in the area in which the Premises are located, shall be members of the Appraisal Institute (M.A.I.), and, in the case of the Third Appraiser, shall not have acted in any capacity for either Landlord or Tenant within five (5) years of his or her selection. The three appraisers shall determine the Extension Term Base Rent in accordance with the requirements and criteria set forth in Section 1.2(b) above, employing the method commonly known as *Baseball Arbitration*, whereby Landlord's Appraiser and Tenant's Appraiser each sets forth its determination of the Extension Term Base Rent as defined above, and the Third Appraiser must select one or the other (it being understood that the Third Appraiser shall be expressly prohibited from selecting a compromise figure). Landlord's Appraiser and Tenant's Appraiser shall deliver their determinations of the Extension Term Base Rent to the Third Appraiser within five (5) days of the appointment of the Third Appraiser and the Third Appraiser shall render his or her decision within ten (10) days after receipt of both of the other two determinations of the Extension Term Base Rent. The Third Appraiser's decision shall be binding on both Landlord and Tenant. Each party shall bear the cost of its own appraiser and shall share equally in the cost of the Third Appraiser.

1.3 No recording. Tenant shall not record this Lease or any portion hereof, a memorandum of this Lease and/or a notice of this Lease.

1.4 Appurtenant Rights.

(a) Common Areas. Subject to the terms of this Lease and the Rules and Regulations (hereinafter defined), Tenant shall have, as appurtenant to the Premises, rights to use in common with others entitled thereto, the following areas (such areas are hereinafter referred to as the **"Common Areas"**): (i) common rooftop areas within which the Rooftop Premises (hereinafter defined) are located and other common rooftop areas necessary for access thereto, and (ii) areas designated by Landlord for common use of the tenants of the Building which areas are exterior to the Building but within the Land, such as landscaped areas, parking areas, driveways and walkways necessary for access to the Premises; and no other appurtenant rights or easements.

(b) Parking. During the Term, Landlord shall, subject to the terms hereof, make available four parking spaces per 1,000 rentable square feet of the Premises for Tenant's use in the parking areas serving the Building. The number of parking spaces in the parking areas reserved for Tenant, as modified pursuant to this Lease or as otherwise permitted by Landlord, are hereinafter referred to as the **"Parking Spaces."** The number of Parking Spaces as of the Execution Date is eighty (80). Other than with respect to ten (10) Parking Spaces that Landlord shall designate as being reserved for Tenant's visitors, which spaces are more particularly shown on the site plan attached hereto as Exhibit 4 and made a part hereof (the **"Site Plan"**), Tenant shall have no right to hypothecate or encumber the Parking Spaces, and shall not sublet, assign, or otherwise transfer the Parking Spaces other than to employees of Tenant occupying the Premises or to a Successor (hereinafter defined), an Affiliated Entity (hereinafter defined) or a transferee pursuant to an approved Transfer under Section 13 of this Lease. Said Parking Spaces will be on an unassigned, non-reserved basis, and shall be subject to such reasonable rules and regulations as may be in effect for the use of the parking areas from time to time.

(c) Dumpster. During the Term, Tenant shall have the right, at Tenant's sole cost and expense, to use, maintain and replace a dumpster or trash compactor reasonably approved by

Landlord, which dumpster or trash compactor shall be located as shown on the Site Plan, Such dumpster or trash compactor shall be dedicated to Tenant's exclusive use for trash and garbage. In no event shall any Hazardous Materials (including without limitation any biohazards) be placed in such dumpster or trash compactor. Tenant shall cause any such dumpster to be emptied by a reputable trash removal company reasonably approved by Landlord on a weekly basis or more frequently if reasonably necessary. Tenant shall cause any such trash compactor to be emptied, as necessary, by a reputable trash removal company reasonably approved by Landlord.

(d) Rooftop Premises. During the Term, Tenant shall have the right to use a portion of the rooftop of the Building designated by Landlord (the **"Rooftop Premises"**) for (i) certain equipment purchased and installed by Landlord as part of Landlord's Work (the **"Provided Rooftop Equipment"**) and (ii) the installation of certain equipment approved by Landlord and purchased and installed by Tenant in accordance with Section 11 (**"Tenant's Additional Rooftop Equipment"** and collectively with the Provided Rooftop Equipment, as the same may be modified, altered or replaced during the Term, is collectively referred to herein as **"Tenant's Rooftop Equipment"**). Landlord's approval of Tenant's Additional Rooftop Equipment shall not be unreasonably withheld, conditioned or delayed provided Tenant demonstrates to Landlord's reasonable satisfaction that the proposed equipment (i) does not interfere with any base building equipment operated by Landlord on the roof; (ii) will not affect the structural integrity of the Building or impact the roof or the roof membrane in any manner; (iii) shall be adequately screened so as to minimize the visibility of such equipment; and (iv) shall be adequately sound-proofed to meet all Legal Requirements. Tenant shall not install or operate Tenant's Additional Rooftop Equipment until Tenant has obtained and submitted to Landlord copies of all required governmental permits, licenses, and authorizations necessary for the installation and operation thereof. Landlord shall have no obligation to provide any services including, without limitation, electric current or gas service, to Tenant's Additional Rooftop Equipment. Tenant shall be responsible for the cost of repairing and maintaining Tenant's Rooftop Equipment and the cost of repairing any damage to the Building, or the cost of any necessary improvements to the Building, caused by or as a result of the installation, replacement and/or removal of Tenant's Additional Rooftop Equipment and/or the replacement and/or removal of Tenant's Rooftop Equipment. Landlord makes no warranties or representations to Tenant as to the suitability of the Rooftop Premises for the installation and operation of Tenant's Additional Rooftop Equipment. If any of Tenant's Work on the roof of the Building, including without limitation the installation of Tenant's Additional Rooftop Equipment and the maintenance, repair or replacement of Tenant's Rooftop Equipment, damages the roof or invalidates or adversely affects any warranty, Tenant shall be fully responsible for the cost of repairs (and any subsequent repairs to the roof to the extent that any warranty is invalidated or adversely affected); it being acknowledged and agreed that, notwithstanding anything to the contrary contained herein, Landlord's waiver contained in Section 14.5 below shall not apply to the cost of any such repairs. In the event that at any time during the Term, Landlord determines, in its sole but bona fide business judgment, that the operation and/or periodic testing of Tenant's Additional Rooftop Equipment interferes with the operation of the Building or the business operations of any of the occupants of the Building, then Tenant shall, upon notice from Landlord, cease operation of Tenant's Additional Rooftop Equipment and cause testing thereof to occur after normal business hours (hereinafter defined). In the event that at any time during the Term, Landlord determines, in its sole but bona fide business judgment, that, as a result of the misuse of the Provided Rooftop Equipment by any of the Tenant Parties or the failure of Tenant to maintain the Provided Rooftop Equipment in good order, condition and repair, the operation and/or periodic testing of the Provided Rooftop Equipment interferes with the operation of the Building or the business operations of any of the occupants of the Building, then Tenant shall, upon notice from Landlord, cease operation of the Provided Rooftop Equipment and cause testing thereof to occur after normal business hours (hereinafter defined). Tenant shall have the right to access the Rooftop Premises and shall maintain an access log which shall list all Tenant Parties who access the roof, the dates and times of such access, and the purpose therefor.

1.5 Tenant's Access.

(a) From and after the Term Commencement Date and until the end of the Term, Tenant shall have access to the Premises twenty-four (24) hours a day, seven (7) days a week, subject to Legal Requirements, the Rules and Regulations, the terms of this Lease and matters of record.

(b) Subject to Section 11, Tenant shall have the right to access the Premises, at Tenant's sole risk, after December 10, 2010 but prior to the Term Commencement Date for purposes of moving Tenant's Property (hereinafter defined) into the Premises, subject to reasonable coordination with Landlord to ensure that such moving in will not interfere with inspections of Landlord's Work and does not materially interfere with the preparation for or performance of Landlord's Work (hereinafter defined). Tenant shall, prior to the first entry to the Premises pursuant to this Section 1.5(b), provide Landlord with certificates of insurance evidencing that the insurance required in Section 14 hereof is in full force and effect and covering any person or entity entering the Building. Except to the extent caused by the negligence or willful misconduct of any of the Landlord Parties, Tenant shall defend, indemnify and hold the Landlord Parties (hereinafter defined) harmless from and against any and all Claims (hereinafter defined) for injury to persons or property resulting from or relating to Tenant's access to and use of the Premises prior to the Term Commencement Date as provided under this Section 1.5(b). Tenant shall coordinate any access to the Premises prior to the Term Commencement Date with Landlord's designee.

1.6 Exclusions. The following are expressly excluded from the Premises and reserved to Landlord: all the perimeter walls of the Premises (except the inner surfaces thereof), the Common Areas, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, wires and appurtenant fixtures, fan rooms, ducts, electric or other utilities, or other Building facilities, and the use of all of the foregoing, except as expressly permitted pursuant to Section 1.4(a) above.

2. RIGHTS RESERVED TO LANDLORD

2.1 Additions and Alterations. Landlord reserves the right, at any time and from time to time, to make such changes, alterations, additions, improvements, repairs or replacements in or to the Property and the fixtures and equipment therein, as well as in or to the street entrances and/or the Common Areas (but for purposes of this Section 2.1 expressly excluding the Premises) as it may deem necessary or desirable, provided, however, that there be no material obstruction of access to, or material interference with the use and enjoyment of, the Premises by Tenant. If any such changes, alterations, additions, improvements, repairs or replacements affect the entrance to the Premises, Landlord shall provide Tenant with as much advance notice as reasonably practicable; provided, however, that no notice shall be required in the event of an emergency. Subject to the foregoing provisions of this Section 2.1, Landlord expressly reserves the right to temporarily close any portion, of the Common Areas for the purposes of making repairs or changes thereto.

2.2 Additions to the Property. Upon reasonable prior written notice to Tenant (except that no notice shall be required in an emergency), Landlord may at any time or from time to time construct additional improvements in all or any part of the Property outside of the Premises, including, without limitation, adding additional buildings or changing the location or arrangement of any improvement in or on the Property or all or any part of the Common Areas, or add or deduct any land to or from the Property; provided that in connection with the exercise of the foregoing reserved rights, there shall be no material increase in Tenant's obligations (including without limitation Operating Costs or Taxes charged to Tenant under Section 5) or material interference with Tenant's rights under this Lease, including, without limitation, with Tenant's access to or use and enjoyment of the Premises.

2.3 Name and Address of Building. Landlord reserves the right at any time and from time to time to change the name or address of the Building and/or the Property, provided Landlord gives

Tenant at least twelve (12) months' prior written notice thereof.

2.4 Landlord's Access. Subject to the terms hereof; Tenant shall (a) upon as much advance notice as is practical under the circumstances, and in any event at least two (2) business days' prior written notice (except that no notice shall be required in emergency situations), permit Landlord and any holder of a Mortgage (hereinafter defined) (each such holder, a **"Mortgagee"**), and their agents, employees and contractors, to have reasonable access to the Premises at all reasonable hours for the purposes of inspection, making repairs, replacements or improvements in or to the Premises or the Building or equipment therein (including, without limitation, sanitary, electrical, heating, air conditioning or other systems), complying with all applicable laws, ordinances, rules, regulations, statutes, by-laws, court decisions and orders and requirements of all public authorities (collectively, **"Legal Requirements"**), accessing the Building electrical room and the internal ladder to the Building's roof hatch, or exercising any right reserved to Landlord under this Lease (including without limitation the right to take upon or through, all necessary materials, tools and equipment); (b) upon as much advance notice as is practical under the circumstances, and in any event at least two (2) business days' prior written notice (except that no notice shall be required in emergency situations), permit Landlord, any Mortgagee and any other occupant of the Building (so long as such occupant shall be accompanied by a representative of Landlord), and their agents, employees and contractors, to have reasonable access to the Premises at all reasonable hours for the purposes of accessing the internal ladder to the Building's roof hatch; (c) permit Landlord and its agents and employees, at reasonable times, upon reasonable advance notice, to show the Premises during normal business hours (i.e. Monday — Friday 8 A.M. - 6 P.M., Saturday 8 A.M. — 1 P.M., excluding holidays) to any prospective Mortgagee or purchaser of the Building and/or the Property or of the interest of Landlord therein, and during the last nine (9) months of the Term, prospective tenants; and (d) upon reasonable prior written notice from Landlord, permit Landlord and its agents, at Landlord's sole cost and expense, to perform environmental audits, environmental site investigations and environmental site assessments (**"Site Assessments"**) in, on, under and at the Premises and the Land, it being understood that Landlord shall repair any damage arising as a result of the Site Assessments, and such Site Assessments may include both above and below the ground testing and such other tests as may be necessary or appropriate to conduct the Site Assessments. Tenant shall have the right to have a representative present during any such access pursuant to this Section 2.4. Landlord and any other party accessing the Premises pursuant to this Section 2.4 shall be required to comply with Tenant's reasonable security and safety protocols of which Landlord has received reasonable prior notice, provided in no event shall such protocols prohibit access to any portion of the Premises. The parties agree and acknowledge that, despite reasonable and customary precautions (which Landlord agrees it shall exercise), any property or equipment in the Premises of a delicate, fragile or vulnerable nature may nevertheless be damaged in the course of performing Landlord's obligations. Accordingly, Tenant shall take reasonable protective precautions with unusually fragile, vulnerable or sensitive property and equipment.

2.5 Pipes, Ducts and Conduits. Tenant shall permit Landlord to use, maintain and relocate the pipes, ducts and conduits located as of the Term Commencement Date in and through the Premises. Landlord shall use all commercially reasonable efforts to avoid the need to erect new pipes, ducts and conduits in the Premises, but if Landlord determines that it is necessary to erect the same, Landlord shall permit Landlord to erect, use, maintain and relocate new pipes, ducts and conduits in and through the Premises provided the same do not materially reduce the floor area or materially adversely affect the appearance thereof.

2.6 Minimize Interference. Except in the event of an emergency, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business operations and use and occupancy of the Premises in connection with the exercise any of the foregoing rights under this Section 2. In connection with the exercise of Landlord's rights set forth in this Section 2, (i) Landlord shall promptly return the Premises to broom-clean condition following the completion of any work

conducted in the Premises; (ii) subject to Section 14.5 below, Landlord shall be responsible for the prompt and complete repair of any damage caused to the Premises as a result of Landlord's exercise of its rights in this Section 2, and (iii) the provisions of Section 5.6 shall specifically apply.

3. CONDITION OF PREMISES; CONSTRUCTION.

3.1 Condition of Premises. Landlord shall deliver the Premises to Tenant in broom-clean condition with the Landlord's Work substantially complete, the Building roof and structure (including without limitation exterior windows), Common Areas, and mechanical, electrical, plumbing, HVAC and life/safety systems serving the Building, and equipment provided by Landlord in good working order, condition and repair. Subject to the foregoing and Section 3.5 below, and subject further to Landlord's obligation to perform Landlord's Work (hereinafter defined), Tenant acknowledges and agrees that Tenant is leasing the Premises in their **"AS IS," "WHERE IS"** condition and with all faults on the Execution Date, without representations or warranties, express or implied, in fact or by law, of any kind, and without recourse to Landlord.

3.2 Landlord's Work.

(a) Subject to delays due to governmental regulation, unusual scarcity of or inability to obtain labor or materials, labor difficulties, casualty or other causes reasonably beyond Landlord's control (collectively **"Landlord's Force Majeure"**) and subject to any act or omission by Tenant and/or Tenant's agents, servants, employees, consultants, contractors, subcontractors, licensees and/or subtenants (collectively with Tenant, the **"Tenant Parties"**) which causes an actual delay in the performance of Landlord's Work, and with respect to which Landlord has provided Tenant with written notice that such act or omission is likely to result in an actual delay, and within five (5) days after its receipt of such notice Tenant has failed to alter its

actions in such a manner as to avoid the actual delay in the performance of Landlord's Work, (a **"Tenant Delay"**), Landlord, at Landlord's sole cost and expense, shall diligently perform the work (**"Landlord's Work"**) more particularly described in Exhibit 3 attached hereto and will substantially complete Landlord's Work prior to the Term Commencement Date. Landlord's Work will be deemed substantially complete if it is complete except for Punchlist Items (hereinafter defined). After completion of Landlord's Work, Landlord shall provide Tenant with "as built" drawings of Landlord's Work (in CAD format and one paper set).

(b) Tenant shall have the right, in accordance herewith, to submit for Landlord's approval (which approval shall not be unreasonably withheld) change proposals to increase the scope of Landlord's Work (each, a **"Change Proposal"**). Landlord agrees to respond to any such Change Proposal within three (3) business days after the submission thereof by Tenant (unless Landlord has previously advised Tenant that a longer time period for such response is reasonably necessary due to the nature and scope of the Change Proposal, together with Landlord's good faith estimate as to the amount of additional time that will be necessary, or the fact that the information provided by Tenant in the Change Proposal is insufficient for the purposes of enabling Landlord to make the determination set forth herein), and if approved by Landlord, advising Tenant of any anticipated increase in costs associated with such Change Proposal (**"Anticipated Costs"**), as well as an estimate of any delay which would likely result in the completion of Landlord's Work if a Change Proposal is made pursuant thereto (**"Landlord's Change Order Response"**). Tenant shall have the right to then approve or withdraw such Change Proposal within five (5) business days after receipt of Landlord's Change Order Response. If Tenant fails to respond to Landlord's Change Order Response within such five (5) business day period, such Change Proposal shall be deemed withdrawn. If Tenant approves Landlord's Change Order Response, then (a) such Change Proposal shall be deemed a "Change Order" hereunder, (b) Tenant shall reimburse Landlord for the actual increase in costs associated with the Change Order within thirty (30) days after demand therefor, as Additional Rent, provided, however, that in the event that the Anticipated Costs associated with such Change Order, when added to the costs of previously approved Change Proposals, exceeds Ten Thousand

Dollars ($10,000) (the **"Maximum Amount"),** then Tenant shall pay to Landlord, as Additional Rent, at the time that Tenant approves Landlord's Change Order Response, the Anticipated Costs in excess of the Maximum Amount, (c) any delay in the substantial completion of Landlord's Work due to such Change Order shall be deemed a Tenant Delay, and (d) Landlord shall perform the work described in the Change Order as part of Landlord's Work on all the terms and conditions applicable to Landlord's Work except as expressly set forth herein with respect to Tenant's payment obligation.

3.3 Punchlist Items. Promptly following delivery of the Premises to Tenant with Landlord's Work substantially complete, Landlord and Tenant shall inspect the Premises and mutually prepare a list (the **"Punchlist"**) of outstanding items which do not materially interfere with Tenant's use and occupancy of the Premises but which need to be performed to complete Landlord's Work (the **"Punchlist Items"**). Subject to Landlord's Force Majeure and Tenant Delays, Landlord shall, unless otherwise specified on the Punchlist, complete all Punchlist Items at Landlord's sole cost and expense within sixty (60) days of the date of the Punchlist.

3.4 Exterior Work. Subject to Landlord's Force Majeure and Tenant Delays, Landlord, at Landlord's sole cost and expense, shall diligently perform the work (**"Exterior Work"**) more particularly described in Exhibit 3A attached hereto. Landlord shall use commercially reasonable efforts to substantially complete the Exterior Work on or before May 31, 2011. From and after the Term Commencement Date, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's business operations and use and occupancy of the Premises in connection with the performance of the Exterior Work.

3.5 Landlord's Warranty. Subject to the terms of this Section 3.5, Landlord warrants that the materials and workmanship comprising Landlord's Work will be free from defects or deficiencies. Any portion of Landlord's Work not conforming to the previous sentence may be considered defective. Landlord's warranty excludes remedy for damage caused by abuse by any of the Tenant Parties or modifications not made by Landlord or any Landlord Party or improper or insufficient maintenance to the extent that such maintenance is not the responsibility **o**f Landlord hereunder, it being understood and agreed that normal wear and tear and normal usage are not deemed defects or deficiencies. Landlord agrees that it shall, without cost to Tenant, correct any portion of Landlord's Work which is found to be defective promptly following the date that Tenant gives Landlord written notice (a **"Defect Notice"**) of such defective condition, provided that the Defect Notice is delivered to Landlord on or before the date (the **"Warranty Expiration Date"**) that is ninety (90) days following the Term Commencement Date, *time being of the essence.* Landlord's obligations under this Section 3.5 shall expire on the Warranty Expiration Date and be of no further force and effect except with respect to any defects or deficiencies in Landlord's Work disclosed in any Defect Notice delivered before the Warranty Expiration Date. In addition to and notwithstanding the foregoing, Landlord hereby agrees, at no cost to Tenant, to enforce its warranties against any contractor performing any portion of Landlord's Work.

3.6 Delays.

(a) Subject to Landlord's Force Majeure and Tenant Delays, (i) if Landlord's Work is not substantially complete on or before January 7, 2011, the Rent Commencement Date shall be delayed one (1) day for each one (1) day after such date that Landlord's Work is not substantially complete, and (ii) if Landlord's Work is not substantially complete on or before February 1, 2011, the Rent Commencement Date shall be delayed two (2) days for each one (1) day after such date that Landlord's Work is not substantially complete. The remedies set forth in this Section 3.6 are Tenant's sole and exclusive right and remedy based upon any delay in the performance of Landlord's Work.

(b) In the event that Landlord anticipates that Landlord's Work may not be substantially complete by January 1, 2011 for reasons other than Landlord's Force Majeure or Tenant

Delays, then at Landlord's request Tenant shall use commercially reasonable efforts to determine if arrangements or alternative plans may be made or implemented so as to minimize the impact on Tenant of such delayed substantial completion, which efforts shall include exploring the possibility of remaining in Tenant's current location beyond January 1, 2011 without penalty. If such arrangements or alternative plans may be implemented in a manner that reduces the cost to Tenant resulting from the delayed substantial completion of Landlord's Work, then Landlord and Tenant shall negotiate in good faith appropriate modifications to Section 3.6(a) above.

3.7 Wiring and Cabling Reimbursement. Within thirty (30) days after Landlord's receipt of a reasonably detailed invoice from Tenant, Landlord shall reimburse Tenant for up to Twenty-Five Thousand Dollars ($25,000) of the reasonable out of pockets costs and expenses incurred by Tenant in connection with the purchase and installation of Tenant's wiring and cabling in the Premises; provided, however, that such invoice must be delivered to Landlord no later than the date which is ninety (90) days after the Term Commencement Date.

4. USE OF PREMISES

4.1 Permitted Uses. During the Term, Tenant shall use the Premises only for the Permitted Uses and for no other purposes. Service and utility areas (whether or not a part of the Premises) shall be used only for the particular purpose for which they are designed.

4.2 Prohibited Uses.

(a) Notwithstanding any other provision of this Lease, Tenant shall not use the Premises or the Building, or any part thereof, or suffer or permit the use or occupancy of the Premises or the Building or any part thereof by any of the Tenant Parties (i) in a manner which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or otherwise applicable to or binding upon the Premises; (ii) for any unlawful purposes or in any unlawful manner; (iii) which, in the reasonable judgment of Landlord (taking into account the use of the Building as a combination laboratory, research and development and office building and the Permitted Uses) shall (a) impair the appearance or reputation of the Building; (b) impair, interfere with or otherwise diminish the quality of any of the Building services or the proper and economic heating, cleaning, ventilating, air conditioning or other servicing of the Building or Premises, or the use or occupancy of any of the Common Areas; (c) occasion discomfort, inconvenience or annoyance in any material respect (and Tenant shall not install or use any electrical or other equipment of any kind which, in the reasonable judgment of Landlord, will cause any such impairment, interference, discomfort, inconvenience, annoyance or injury), or cause any injury or damage to any occupants of the Premises or other tenants or occupants of the Building or their property; or (d) cause harmful air emissions, laboratory odors or noises or any unusual or other objectionable odors, noises or emissions to emanate from the Premises; (iv) in a manner which is inconsistent with the operation and/or maintenance of the Building as a first-class combination office, research, development and laboratory facility; or (v) in a manner which shall increase such insurance rates on the Building or on property located therein over that applicable when Tenant first took occupancy of the Premises hereunder (which initial insurance rates were set with due consideration for the Permitted Uses).

(b) With respect to the use and occupancy of the Premises and the Common Areas, Tenant will not: (i) place or maintain any signage (except as set forth in Section 12.2 below), trash, refuse or other articles (other than an access card reader installed in accordance with the terms hereof and a rug during inclement weather) in any vestibule or entry of the Premises, on the footwalks or corridors adjacent to the Premises or elsewhere on the exterior of the Premises, nor obstruct any driveway, corridor, footwalk, parking area, mall or any other Common Areas; (ii) permit undue accumulations of or burn garbage, trash, rubbish or other refuse within or without the Premises; (iii) permit the parking of vehicles so as to interfere with the use of any driveway, corridor, footwalk, parking

area, or other Common Areas; (iv) receive or ship articles of any kind outside of those areas reasonably designated by Landlord; (v) conduct or permit to be conducted any auction, going out of business sale, bankruptcy sale (unless directed by court order), or other similar type sale in or connected with the Premises; or (vi) except in connection with Alterations (hereinafter defined) approved by Landlord or the hanging of pictures, white boards and the like, cause or permit any hole to be drilled or made in any part of the Building.

5. RENT; ADDITIONAL RENT

5.1 Base Rent. Commencing on the Rent Commencement Date and thereafter throughout the Term, Tenant shall pay to Landlord Base Rent in equal monthly installments, in advance and without demand on the first day of each month for and with respect to such month. The payment of Base Rent, additional rent and other charges reserved and covenanted to be paid under this Lease with respect to the Premises (collectively, **"Rent"**) shall be prorated for any partial months based on a 365-day year. Rent shall be payable to Landlord or, if Landlord shall so direct in writing, to Landlord's agent or nominee, in lawful money of the United States which shall be legal tender for payment of all debts and dues, public and private, at the time of payment.

5.2 Operating Costs.

(a) "**Operating Costs**" shall mean all costs incurred and expenditures of whatever nature made by Landlord in the operation, management, repair, replacement, maintenance and insurance of the Property or allocated to the Property, including without limitation any costs for utilities supplied to the Common Areas, any costs for repair and replacements, cleaning and maintenance of the Common Areas, related equipment, facilities, appurtenances and HVAC equipment and the Back-up Generator, the cost of personnel, including, without limitation, the property manager, if any, staff, office rentals, wages, unemployment taxes, social security taxes and benefits, personal property taxes and assessments, fees for required licenses and permits, the cost of Property inspections required by Legal Requirements, a management fee paid to Landlord's property manager (which management fee shall not exceed four (4%) of gross revenues for the Property) and the costs of Landlord's management office for the Property. Operating Costs shall not include Excluded Costs (hereinafter defined).

(b) "**Excluded Costs**" shall be defined as (i) any mortgage charges (including interest, principal, points and fees); (ii) brokerage commissions; (iii) salaries of executives and owners not directly employed in the management/operation of the Property and salaries of personnel above the grade of senior property manager; (iv) the cost of work done by any of the Landlord Parties for a particular tenant, including without limitation the costs of relocating a tenant or renovating or otherwise improving or decorating space for another tenant (which shall include without limitation the cost of utilities expended during any such renovation); (v) subject to Subsection 5.2(h) below, such portion of expenditures as are not properly chargeable against income; (vi) the costs of Landlord's Work, repairing any defects in Landlord's Work pursuant to Section 3.5 above, and any contributions made by Landlord to any tenant of the Property in connection with the build-out of its premises; (vii) franchise or income taxes imposed on Landlord; (viii) electricity, telephone and other utility costs, including without limitation, water, for any portion of the Property other than the Common Areas; (ix) increases in premiums for insurance or increases in real estate taxes when such increase is caused by the use of the Building by Landlord or any other tenant of the Building; (x) maintenance, repair and replacement of capital items not a part of the Building or the Property; (xi) depreciation of the Building; (xii) costs relating to maintaining Landlord's existence as a corporation, partnership or other entity; (xiii) advertising, legal and other fees and costs incurred in procuring tenants and/or in selling the Property; (xiv) the cost of any items for which Landlord is reimbursed by insurance, condemnation awards, refund, rebate or otherwise, and any expenses for repairs, replacements or maintenance to the extent covered by warranties, guaranties and service contracts (Landlord hereby agreeing to use commercially reasonable

efforts to adjust insurance proceeds and enforce warranties, guaranties and service contracts); (xv) costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants; (xvi) the proportionate share of the costs of any personnel not dedicated exclusively to the Property, (xvii) legal fees and expenses incurred in connection with enforcing leases with tenants in the Building; (xviii) costs and expenses arising from the negligence or willful misconduct of the Landlord Parties; (xix) subject to Section 15.1 regarding the insurance deductible, costs and expenses arising from a Casualty or Taking (as such terms are defined in Section 15); (xx) the cost of testing, remediation or removal, transportation or storage of Hazardous Materials (hereinafter defined) in the Building or on the Property required by Environmental Laws (hereinafter defined), provided however, that with respect to the testing, remediation or removal that may not be lawfully delayed beyond the Expiration Date of (A) any material or substance located in, on, at or under the Building or the Property on the Execution Date and which, as of the Execution Date, is not considered, as a matter of law, to be a Hazardous Material, but which is subsequently determined to be a Hazardous Material as a matter of law, and (B) any material or substance located in, on, at or under the Building or the Property after the Execution Date and which, when placed in the Building or Property, was not considered, as a matter of law, to be a Hazardous Material, but which is subsequently determined to be a Hazardous Material as a matter of law, the costs thereof may be included in Operating Costs, subject, however, to Section 5.2(h), to the extent that such cost is treated as a capital expenditure; (xxi) expense reserves; (xxii) payments for rented equipment, the cost of which equipment would constitute a capital expenditure if the equipment were purchased, to the extent that such payments exceed the amount which otherwise could have been included in Operating Costs had Landlord purchased such equipment rather than leasing such equipment; and (xxiii) costs of repairs or alterations to the Building structural system, including without limitation costs of correcting defects in the design and construction of, or latent defects in, the Building.

(c) "**Capital Interest Rate**" shall be defined as an annual rate of either one percentage point over the AA Bond rate (Standard & Poor's corporate composite or, if unavailable, its equivalent) as reported in the financial press at the time the capital expenditure is made or, if the capital item is acquired through third-party financing, then the actual (including fluctuating) rate paid by Landlord in financing the acquisition of such capital item,

(d) "**Annual Charge-Off**" shall be defined as the annual amount of principal and interest payments which would be required to repay a loan ("**Capital Loan**") in equal monthly installments over the Useful Life (hereinafter defined), of the capital item in question on a direct reduction basis at an annual interest rate equal to the Capital Interest Rate, where the initial principal balance is the cost of the capital item in question.

(e) "**Useful Life**" shall be reasonably determined by Landlord in accordance with generally accepted accounting principles.

(f) Payment of Operating Costs. Tenant shall pay to Landlord, as additional rent, Tenant's Share of Operating Costs, Landlord may make a good faith estimate of Tenant's Share of Operating Costs for any fiscal year or part thereof during the term, and Tenant shall pay to Landlord, on the Rent Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Share of Operating Costs for such fiscal year and/or part thereof divided by the number of months therein. Landlord may re-estimate Tenant's Share of Operating Costs once each Rent Year and deliver a copy of the re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Share of Operating Costs shall be appropriately adjusted in accordance with the estimations so that, by the end of the fiscal year in question, Tenant shall have paid all of Tenant's Share of Operating Costs as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each fiscal year. As of the Execution Date, the Property's fiscal year is January 1 — December 31.

(g) Annual Reconciliation. Landlord shall, within one hundred twenty (120) days after the end of each fiscal year, deliver to Tenant a reasonably detailed statement of the actual amount of Operating Costs for such fiscal year, which statement shall include line-item detail consistently applied throughout the Term ("**Year End Statement**"). Failure of Landlord to provide the Year End Statement within the time prescribed shall not relieve Tenant from its obligations hereunder. If the total of such monthly remittances on account of any fiscal year is greater than Tenant's Share of Operating Costs actually inclined for such fiscal year, then, provided no Event of Default has occurred nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder (provided, however, if Tenant cures any default prior to the expiration of applicable cure periods set forth in Section 20 below, then Tenant shall then be entitled to take such credit), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If the total of such remittances is less than Tenant's Share of Operating Costs actually incurred for such fiscal year, Tenant shall pay the difference to Landlord, as additional rent hereunder, within sixty (60) days of Tenant's receipt of an invoice therefor. Landlord's estimate of Operating Costs for the next fiscal year shall be based upon the Operating Costs actually incurred for the prior fiscal year as reflected in the Year-End Statement plus a reasonable adjustment based upon estimated increases in Operating Costs. The provisions of this Section 5.2(g) shall survive the expiration or earlier termination of this Lease.

(h) Capital Expenditures. If, during the Term, Landlord shall replace any capital items (collectively, "**Capital Expenditures**") the total amount of which is properly capitalized in accordance with generally accepted accounting principles in effect at the time of such replacement or purchase, the price of such Capital Expenditure shall be excluded from Operating Costs. There shall nevertheless be included in such Operating Costs (and in Operating Costs for each succeeding fiscal year) the amount, if any, by which the Annual Charge-Off (determined as hereinafter provided) of such Capital Expenditure (less insurance proceeds, if any, collected by Landlord by reason of damage to, or destruction of the capital item being replaced) exceeds the Annual Charge-Off of the Capital Expenditure for the item being replaced. If a new capital item is acquired which does not replace another capital item, and such new capital item will

be utilized within or serve any portion of the Building which includes the Premises and is either (i) required by any Legal Requirements enacted after the Execution Date or (ii) reasonably projected (based on engineering design and analysis) to reduce Operating Costs, then there shall be included in Operating Costs for each fiscal year in which and after such capital expenditure is made the Annual Charge-Off of such capital expenditure.

(i) Part Years. If the Rent Commencement Date or the Expiration Date occurs in the middle of a fiscal year, Tenant shall be liable for only that portion of the Operating Costs with respect to such fiscal year within the Term.

(j) Audit Right. Provided no Event of Default has occurred nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may, upon at least ten (10) days' prior written notice, inspect or audit Landlord's records relating to Operating Costs for any periods of time within the previous fiscal year before the audit or inspection. Landlord shall provide Tenant with access to such records in accordance with this Section 5.2(j) within ten (10) days after receipt of notice from Tenant. However, no audit or inspection shall extend to periods of time before the Term Commencement Date. If Tenant fails to object to the calculation of Tenant's Share of Operating Costs on the Year-End Statement within thirty (30) days after such statement has been delivered to Tenant and/or fails to complete any such audit or inspection within ninety (90) days after receipt of the Year End Statement, then Tenant shall be deemed to have waived its right to object to the calculation of Tenant's Share of Operating Costs for the year in question and the calculation thereof as set forth on such statement shall be final. Tenant's audit or inspection shall be conducted only at Landlord's offices or the offices of Landlord's property manager during business hours reasonably designated by

Landlord. Tenant shall pay the cost of such audit or inspection, provided, however, that if such audit discloses that Tenant has been overcharged by more than five percent (5%), Landlord shall reimburse Tenant for up to $5,000 of Tenant's reasonable out-of pocket costs incurred in connection with such audit. Tenant may not conduct an inspection or have an audit performed more than once during any fiscal year. If such inspection or audit reveals that an error was made in the calculation of Tenant's Share of Operating Costs previously charged to Tenant, then, provided no Event of Default has occurred nor an event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder (provided, however, if Tenant cures any default prior to the expiration of applicable cure periods set forth in Section 20 below, then Tenant shall then be entitled to take such credit), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If such inspection or audit reveals an underpayment by Tenant, then Tenant shall pay to Landlord, as additional rent hereunder, any underpayment of any such costs, after deducting the reasonable out of pocket costs of such inspection or audit, within thirty (30) days after such underpayment is determined. Tenant shall maintain the results of any such audit or inspection confidential and shall not be permitted to use any third party to perform such audit or inspection, other than an independent firm of certified public accountants (A) reasonably acceptable to Landlord, (B) which is not compensated on a contingency fee basis or in any other manner which is dependent upon the results of such audit or inspection, and (C) which executes Landlord's standard confidentiality agreement whereby it shall agree to maintain the results of such audit or inspection confidential. The provisions of this Section 5.2(j) shall survive the expiration or earlier termination of this Lease.

5.3 Taxes.

(a) **"Taxes"** shall mean the real estate taxes and other taxes, levies and assessments imposed upon the Property, and upon any personal property of Landlord used exclusively in the operation of the Property, or on Landlord's interest in the Property or such personal property; charges, fees and assessments for transit, housing, police, fire or other services or purported benefits to the Property (including without limitation any community preservation assessments); service or user payments in lieu of taxes; and any and all other taxes, levies, betterments, assessments and charges arising from the ownership, leasing, operation, use or occupancy of the Property or based upon rentals derived therefrom, which are or shall be imposed by federal, state, county, municipal or other governmental authorities. Taxes shall not include any inheritance, estate, succession, gift, franchise, rental, income or profit tax, capital stock tax, capital levy or excise, or any income taxes arising out of or related to the ownership and operation of the Property, provided, however, that any of the same and any other tax, excise, fee, levy, charge or assessment, however described, that may in the future be levied or assessed as a substitute for or an addition to, in whole or in part, any tax, levy or assessment which would otherwise constitute Taxes, whether or not now customary or in the contemplation of the parties on the Execution Date of this Lease, shall constitute Taxes, but only to the extent calculated as if the Property were the only real estate owned by Landlord. "Taxes" shall also include reasonable expenses (including without limitation legal and consultant fees) of tax abatement or other proceedings contesting assessments or levies. Taxes shall also not include any interest, fines or penalties incurred as a result of the late payment of Taxes. In the case of any special or betterment assessment, Landlord shall elect to pay such assessment in installments, over the longest period permitted by law, and only such installments as are due and payable during the applicable Tax Period shall be included in Taxes.

(b) "**Tax Period**" shall be any fiscal/tax period in respect of which Taxes are due and payable to the appropriate governmental taxing authority (i.e., as mandated by the governmental taxing authority), any portion of which period occurs during the Term of this Lease.

(c) Payment of Taxes. Tenant shall pay to Landlord, as additional rent, Tenant's

Share of Taxes. Landlord may make a good faith estimate of the Taxes to be due by Tenant for any Tax Period or part thereof during the Term, and Tenant shall pay to Landlord, on the Rent Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Share of Taxes for such Tax Period or part thereof divided by the number of months therein. Landlord may re-estimate Tenant's Share of Taxes once per Rent Year and deliver a copy of the re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Share of Taxes shall be appropriately adjusted in accordance with the estimations so that, by the end of the Tax Period in question, Tenant shall have paid all of Tenant's Share of Taxes as estimated by Landlord. Upon Tenant's reasonable request, Landlord shall provide Tenant with copies of the tax bills and other documents, if any, reasonably evidencing the amount of Taxes. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Taxes are available for each Tax Period. If the total of such monthly remittances is greater than Tenant's Share of Taxes actually due for such Tax Period, then, provided no Event of Default has occurred nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Taxes due hereunder (provided, however, if Tenant cures any default prior to the expiration of applicable cure periods set forth in Section 20 below, then Tenant shall then be entitled to take such credit), except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If the total of such remittances is less than Tenant's Share of Taxes actually due for such Tax Period, Tenant shall pay the difference to Landlord, as additional rent hereunder, within thirty (30) days of Tenant's receipt of an invoice therefor. Landlord's estimate for the next Tax Period shall be based upon actual Taxes for the prior Tax Period plus a reasonable adjustment based upon estimated increases in Taxes. The provisions of this Section 5.3(c) shall survive the expiration or earlier termination of this Lease.

(d) Effect of Abatements. Appropriate credit against Taxes shall be given for any refund obtained by reason of a reduction in any Taxes by the assessors or the administrative, judicial or other governmental agency responsible therefor after deduction of Landlord's expenditures for reasonable legal fees and for other reasonable expenses incurred in obtaining the Tax refund.

(e) Part Years. If the Rent Commencement Date or the Expiration Date occurs in the middle of a Tax Period, Tenant shall be liable for only that portion of the Taxes, as the case may be, with respect to such Tax Period within the Term.

5.4 Late Payments.

(a) Any payment of Rent due hereunder not paid when due shall bear interest for each month or fraction thereof from the due date until paid in full at the annual rate of ten percent (10%), or at any applicable lesser maximum legally permissible rate for debts of this nature (the **"Default Rate"**). Landlord agrees to waive the interest due hereunder for the first late payment by Tenant under this Lease in any twelve (12) month period, provided that Landlord receives such payment from Tenant within five (5) business days from the due date (but if payment is not received within said 5-business day period, interest shall accrue as of the due date).

(b) Additionally, if Tenant fails to make any payment within five (5) days after the due date therefor, Landlord may charge Tenant a fee, which shall constitute liquidated damages, equal to One Thousand and NO/100 Dollars ($1,000.00) for each such late payment. Landlord agrees to waive the late charge due hereunder for the first late payment by Tenant under this Lease in any twelve (12) month period, provided that Landlord receives such payment from Tenant within ten (10) days from the due date (but if payment is not received within said 10-day period, such late fee shall be payable by Tenant).

(c) For each Tenant payment check to Landlord that is returned by a bank for any reason, Tenant shall pay a returned check charge equal to the amount as shall be customarily charged by

Landlord's bank at the time.

(d) Money paid by Tenant to Landlord shall be applied to Tenant's account in the following order: first, to any unpaid additional rent, including without limitation late charges, returned check charges, legal fees and/or court costs chargeable to Tenant hereunder; and then to unpaid Base Rent.

(e) The parties agree that the late charge referenced in Section 5.4(b) represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment by Tenant, and the payment of late charges and interest are distinct and separate in that the payment of interest is to compensate Landlord for the use of Landlord's money by Tenant, while the payment of late charges is to compensate Landlord for Landlord's processing, administrative and other costs incurred by Landlord as a result of Tenant's delinquent payments. Acceptance of a late charge or interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

(f) If Tenant during any six (6) month period shall be more than ten (10) days delinquent in the payment of any undisputed installment of Rent on three (3) or more occasions, then, notwithstanding anything herein to the contrary, Landlord may, by written notice to Tenant, elect to require Tenant to pay all Base Rent and Additional Rent on account of Operating Costs and Taxes quarterly in advance. Such right shall be in addition to and not in lieu of any other right or remedy available to Landlord hereunder or at law on account of Tenant's default hereunder.

5.5 No Offset; Independent Covenants; Waiver. Rent shall be paid without notice or demand, and without setoff, counterclaim, defense, abatement, suspension, deferment, reduction or deduction, except as expressly provided herein. **TENANT WAIVES ALL RIGHTS (I) TO ANY ABATEMENT, SUSPENSION, DEFERMENT, REDUCTION OR DEDUCTION OF OR FROM RENT, AND (II) TO QUIT, TERMINATE OR SURRENDER THIS LEASE OR THE PREMISES OR ANY PART THEREOF, EXCEPT AS EXPRESSLY PROVIDED HEREIN. TENANT HEREBY ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS OF TENANT HEREUNDER SHALL BE SEPARATE AND INDEPENDENT COVENANTS AND AGREEMENTS, THAT RENT SHALL CONTINUE TO BE PAYABLE IN ALL EVENTS AND THAT THE OBLIGATIONS OF TENANT HEREUNDER SHALL CONTINUE UNAFFECTED, UNLESS THE REQUIREMENT TO PAY OR PERFORM THE SAME SHALL HAVE BEEN TERMINATED PURSUANT TO AN EXPRESS PROVISION OF THIS LEASE. LANDLORD AND TENANT EACH ACKNOWLEDGES AND AGREES THAT THE INDEPENDENT NATURE OF THE OBLIGATIONS OF TENANT HEREUNDER REPRESENTS FAIR, REASONABLE, AND ACCEPTED COMMERCIAL PRACTICE WITH RESPECT TO THE TYPE OF PROPERTY SUBJECT TO THIS LEASE, AND THAT THIS AGREEMENT IS THE PRODUCT OF FREE AND INFORMED NEGOTIATION DURING WHICH BOTH LANDLORD AND TENANT WERE REPRESENTED BY COUNSEL SKILLED IN NEGOTIATING AND DRAFTING COMMERCIAL LEASES IN MASSACHUSETTS, AND THAT THE ACKNOWLEDGEMENTS AND AGREEMENTS CONTAINED HEREIN ARE MADE WITH FULL KNOWLEDGE OF THE HOLDING IN WESSON V. LEONE ENTERPRISES, INC., 437 MASS. 708 (2002). SUCH ACKNOWLEDGEMENTS, AGREEMENTS AND WAIVERS BY TENANT ARE A MATERIAL INDUCEMENT TO LANDLORD ENTERING INTO THIS LEASE.**

5.6 Rent Abatement for Interruptions. Notwithstanding anything to the contrary in this Lease contained, if the Premises or a portion thereof are substantially untenantable such that, for the duration of the Interruption Cure Period (hereinafter defined), the continued operation in the ordinary course of Tenant's business in any portion of the Premises is materially and adversely affected, and if

Tenant ceases to use the affected portion of the Premises (the **"Affected Portion"**) during the period of untenantability then, provided that such untenantability and Landlord's inability to cure such condition is not caused by the fault or neglect of any of the Tenant Parties, Base Rent, Operating Costs and Taxes shall thereafter be abated in proportion to such untenantability until the day such condition is completely corrected. For purposes hereof; the **"Interruption Cure Period"** shall be defined as five (5) consecutive business days after Landlord's receipt of written notice from Tenant of the condition causing untenantability in the Affected Portion. The provisions of this Section 5.6 shall not apply in the event of untenantability caused by fire or other casualty, or Taking (hereinafter defined), which shall be governed by Section 15 below, or in the event of untenantability caused by causes beyond Landlord's control or, so long as such untenantability was not caused by the negligence or willful misconduct of any of the Landlord Parties, if Landlord is unable to cure such condition as the result of causes beyond Landlord's control.

5.7 Survival. Any obligations under this Section 5 which shall not have been paid at the expiration or earlier termination of the Term shall survive such expiration or earlier termination and shall be paid when and as the amount of same shall be determined and be due.

6. INTENTIONALLY OMITTED.

7. LETTER OF CREDIT

7.1 Amount.

(a) Contemporaneously with the execution of this Lease, Tenant shall deliver either (i) cash in the amount of Four Hundred Thousand Dollars ($400,000) (the **"Cash Security Deposit"**), which shall be held by Landlord in accordance with Section 7.5 below, or (ii) an irrevocable letter of credit to Landlord which shall (a) be in the amount of Four Hundred Thousand Dollars ($400,000) and otherwise in the form attached hereto as Exhibit 5; (b) issued by a bank with a rating of A or better and otherwise reasonably acceptable to Landlord upon which presentment may be made in Boston, Massachusetts; and (c) be for a term of one (1) year, subject to extension in accordance with the terms hereof (the **"Letter of Credit"**). The Letter of Credit shall be held by Landlord, without liability for interest, as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease by the Tenant to be kept and performed during the Term. In no event shall the Letter of Credit be deemed to be a prepayment of Rent nor shall it be considered a measure of liquidated damages. Unless the Letter of Credit is automatically renewing, at least thirty (30) days prior to the maturity date of the Letter of Credit (or any replacement Letter of Credit), Tenant shall deliver to Landlord a replacement Letter of Credit which shall have a maturity date no earlier than the next anniversary of the Term Commencement Date or one (1) year from its date of delivery to Landlord, whichever is later.

(b) If, as of the effective date of each reduction of the face amount of the Letter of Credit as herein described, no Event of Default has occurred and no event has occurred which, with the passage of time and/or the giving of notice, would constitute an Event of Default then (i) if Tenant receives an aggregate of Twenty Million Dollars ($20,000,000) from equity sales and/or partnering transactions and/or license grants, as evidenced by a written certification (in form and substance reasonably acceptable to Landlord) from Tenant's Chief Financial Officer, Treasurer or Controller to Landlord, the face amount of the Letter of Credit may be reduced by $80,000 on or after the first day of the third Rent Year, (ii) if at the end of the third Rent Year, Tenant has cash available to fund its operations for a minimum of two (2) years (based on Tenant's operating expenses during the third (3rd) Rent Year), as evidenced by a written certification (in form and substance reasonably acceptable to Landlord) from Tenant's Chief Financial Officer, Treasurer or Controller to Landlord, to which certification shall be attached Tenant's audited financial statements for the previous fiscal year, the face amount of the Letter of Credit may be reduced by $80,000, and (iii) if at the end of the fourth Rent Year, Tenant has cash available to fund its operations for a minimum of one (1) year (based on Tenant's operating expenses during the fourth (4th) Rent Year), as

evidenced by a written certification (in form and substance reasonably acceptable to Landlord) from Tenant's Chief Financial Officer, Treasurer or Controller to Landlord, to which certification shall be attached Tenant's audited financial statements for the previous fiscal year, the face amount of the Letter of Credit may be reduced by $80,000. For clarity, if the conditions necessary for Tenant to make all of the reductions described in Sections 7.1(b)(i)(ii) and (iii) are met, the face amount of the Letter of Credit for the 5th Rent Year shall be $160,000. Landlord shall, at no cost to Landlord, cooperate with Tenant and the issuer of the Letter of Credit in connection with such reduction(s). If any such reduction is effectuated by delivery of a new Letter of Credit rather than an amendment, then upon receipt of a replacement Letter of Credit in the reduced face amount, Landlord shall return the Letter of Credit in the previous amount to the issuer thereof, with a copy to Tenant.

(c) If Tenant delivers a Cash Security Deposit, then the amount of the Cash Security Deposit shall be reduced to the amounts and upon satisfaction of the conditions set forth in Section 7.1(b) above. Within thirty (30) days following the effective date of any reduction in the amount of the Cash Security Deposit, Landlord shall return to Tenant such portion of the Cash Security Deposit then in excess of the required amount.

7.2 Application of Proceeds of Letter of Credit. Upon an Event of Default, or if any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors (and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within thirty (30) days) or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding, Landlord at its sole option may draw down all or a part of the Letter of Credit. The balance of any Letter of Credit cash proceeds shall be held in accordance with Section 7.5 below. Should the entire Letter of Credit, or any portion thereof, be

drawn down by Landlord, Tenant shall, upon the written demand of Landlord, deliver a replacement Letter of Credit in the amount drawn, and Tenant's failure to do so within ten (10) days after receipt of such written demand shall constitute an additional Event of Default hereunder. The application of all or any part of the cash proceeds of the Letter of Credit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have nor shall such application by Landlord constitute a waiver by Landlord.

7.3 Transfer of Letter of Credit. In the event that Landlord transfers its interest in the Premises, Tenant shall upon notice from and at no cost to Landlord, deliver to Landlord an amendment to the Letter of Credit or a replacement Letter of Credit naming Landlord's successor as the beneficiary thereof. If Tenant fails to deliver such amendment or replacement within ten (10) days after written notice from Landlord, Landlord shall have the right to draw down the entire amount of the Letter of Credit and hold the proceeds thereof in accordance with Section 7.5 below.

7.4 Credit of Issuer of Letter of Credit. In event of a material adverse change in the financial position of any bank or institution which has issued the Letter of Credit or any replacement Letter of Credit hereunder, Landlord reserves the right to require that Tenant change the issuing bank or institution to another bank or institution reasonably approved by Landlord. Tenant shall, within ten (10) days after receipt of written notice from Landlord, which notice shall include the basis for Landlord's reasonable belief that there has been a material adverse change in the financial position of the issuer of the Letter of Credit, replace the then-outstanding letter of credit with a like Letter of Credit from another bank or institution approved by Landlord.

7.5 Cash Proceeds of Letter of Credit. Landlord shall hold the Cash Security Deposit and/or the balance of proceeds remaining after a draw on the Letter of Credit (each hereinafter referred to as the **"Security Deposit"**) as security for Tenant's performance of all its Lease obligations. After an Event of Default, Landlord may apply the Security Deposit, or any part thereof, to Landlord's damages without prejudice to any other Landlord remedy. Landlord has no obligation to pay interest on the Security Deposit and may co-mingle the Security Deposit with Landlord's funds. If Landlord conveys its

interest under this Lease, the Security Deposit, or any part not applied previously, may be turned over to the grantee in which case Tenant shall look solely to the grantee for the proper application and return of the Security Deposit.

7.6 Return of Security Deposit or Letter of Credit. Should Tenant comply with all of such terms, covenants and conditions and promptly pay all sums payable by Tenant to Landlord hereunder, the Security Deposit and/or Letter of Credit or the remaining proceeds therefrom, as applicable, shall be returned to Tenant within forty-five (45) days after the end of the Term, less any portion thereof which may have been utilized by Landlord to cure any default or applied to any actual damage suffered by Landlord.

8. RIGHT OF FIRST OFFER.

8.1 Right of First Offer. Subject to the provisions of this Section 8, from and after the Term Commencement Date, and provided that as of the date of the ROFO Notice (hereinafter defined) (i) there has been no Event of Default nor an event which, with the passage of time and/or the giving of notice would constitute an Event of Default hereunder (it being understood that if Tenant cures a default prior to the expiration of any applicable grace period, Tenant shall then be entitled to exercise its rights under this Section 8, so long as the condition in subsection (ii) hereafter is met), and (ii) Tenant is in occupancy of at least twenty thousand (20,000) rentable square feet in the Building, Tenant shall have a one-time right of first offer to lease other space in the Building (the **"ROFO Space"**) if, as and when the same shall become available for lease upon the expiration of a lease to a third party, upon the terms and conditions specified in the ROFO Notice. For clarification purposes, if the balance of the Building is leased to two (2) or more different tenants, then Tenant's rights under this Section 8 shall apply once to each of the separate premises. It is understood and agreed that Base Rent for any ROFO Space shall be fair market rent.

8.2 Offer and Acceptance Procedures for Right of First Offer.

(a) Within fifteen (15) business days after Landlord determines, in its reasonable judgment, that any ROFO Space is available for lease and all of the preconditions to the right of first offer granted to Tenant in this Section 8 have been met, Landlord shall deliver to Tenant a written notice offering to lease the ROFO Space to Tenant upon the terms and conditions set forth therein (the **"ROFO Notice"**). Tenant then shall have ten (10) days after receipt of the ROFO Notice to notify Landlord in writing whether Tenant will exercise its right to lease the ROFO Space upon the terms and conditions described in the ROFO Notice (which may include a term that extends beyond the Expiration Date).

(b) If Tenant fails to notify Landlord in writing within such 10-day period that Tenant accepts the offer contained in the ROFO Notice, or if Tenant refuses in writing the offer contained in the ROFO Notice, Landlord shall have the right to lease the ROFO Space to any third party tenant on whatever terms and conditions Landlord may decide in its sole discretion, provided that such terms are not less than ninety percent (90%) of the net effective rent (hereinafter defined) set forth in the ROFO Notice. As used herein, the term **"net effective rent"** shall mean the net present value of the rent, additional rent, and other charges that would be payable to Landlord under the terms of any proposed lease, taking into account any construction allowance, the cost of any leasehold improvements proposed to be performed by Landlord, any free rent, and any other monetary inducements payable by Landlord under such proposed lease.

(c) If Tenant timely notifies Landlord of its desire to lease the ROFO Space pursuant to this Section 8.2, Landlord shall submit to Tenant, and Tenant shall execute and deliver to Landlord within thirty (30) days of receipt thereof, a lease amendment which incorporates all of the terms and conditions set forth in the ROFO Notice. Landlord and Tenant shall reasonably diligently negotiate such lease amendment in good faith. If Tenant fails to execute and deliver the lease amendment within said

thirty (30) day period, subject to reasonable extensions of time if the parties are negotiating significant terms in good faith, then subject to the provisions of Section 8.2(b) above, Tenant's right to lease the ROFO Space in question shall terminate and shall be null and void, and Landlord shall have no further obligation to lease such ROFO Space to Tenant and may lease any or all of such ROFO Space to another party upon such terms and conditions as Landlord may deem appropriate, free and clear of any rights in favor of Tenant contained herein.

8.3 Termination of Rights. All rights of Tenant under this Section 8 shall terminate upon the expiration or earlier termination of the Term of this Lease.

8.4 Rights Personal to Tenant. Except in connection with a Transfer (hereinafter defined) pursuant to Section 13 below, Tenant may not assign, mortgage, pledge, encumber or otherwise transfer its interest or rights under this Section 8, and any such purported transfer or attempt to transfer shall be void and without effect, shall terminate Tenant's rights under this Section 8, and shall constitute an Event of Default under this Lease.

8.5 Time is of the Essence. Time is of the essence with respect to all aspects of this Section 8.

9. UTILITIES, LANDLORD'S SERVICES

9.1 Electricity and Gas. Commencing on the Term Commencement Date, Tenant shall pay all charges for electricity and gas furnished to the Premises and any equipment exclusively serving the Premises, together with any governmental or third party fees, surcharges or taxes thereon, As part of Landlord's Work, Landlord shall, at Landlord's sole cost and expense, cause to be installed metering equipment to measure electricity and gas furnished to the Premises and any equipment exclusively serving the Premises. Landlord shall, at Tenant's sole cost and expense, maintain and keep in good order, condition and repair such metering equipment. Tenant shall pay the full amount of any charges attributable to such meters on or before the due date therefor directly to the supplier thereof.

9.2 Water. Tenant shall pay all charges for water furnished to the Premises and/or any equipment exclusively serving the Premises as additional rent, based on Landlord's reasonable estimates or any applicable metering equipment. At Tenant's request, Landlord shall provide Tenant with reasonable back-up documentation regarding the total charges and the method of allocating the charges to Tenant. If not separately metered, Landlord may elect to furnish and install in a location approved by Landlord in or near the Premises any necessary metering equipment reasonably acceptable to Landlord and the supplier thereof to be used to measure water furnished to the Premises and any equipment exclusively serving the same, If applicable, Tenant shall, at Tenant's sole cost and expense, maintain and keep in good order, condition and repair the metering equipment used to measure water furnished to the Premises and any equipment exclusively serving the same. Tenant shall pay the full amount of any charges attributable to such meter on or before the due date therefor either to Landlord or directly to the supplier thereof, at Landlord's election.

9.3 Other Utilities. Subject to Landlord's resonable rules and regulations governing the same, Tenant shall obtain and pay, as and when due, for all other utilities and services consumed in and/or furnished to the Premises, together with all taxes, penalties, surcharges and maintenance charges pertaining thereto.

9.4 Interruption or Curtailment of Utilities. When necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the reasonable judgment of Landlord are desirable or necessary to be made, Landlord reserves the right, upon as much prior notice to Tenant as is practicable under the circumstances and no less than five (5) days' notice except in the

event of an emergency, to interrupt, curtail, or stop (i) the furnishing of hot and/or cold water, and (ii) the operation of the plumbing and electric systems. Landlord shall exercise reasonable diligence to eliminate the cause of any such interruption, curtailment, stoppage or suspension, but, subject to Section 5.6 above, there shall be no diminution or abatement of Rent or other compensation due from Landlord to Tenant hereunder, nor shall this Lease be affected or any of Tenant's obligations hereunder reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage, or suspension of services or systems.

9.5 Landlord's Services. Subject to reimbursement pursuant to Section 5.2 above, Landlord shall provide the services described in Exhibit 8 attached hereto and made a part hereof (**"Landlord's Services"**).

10. MAINTENANCE AND REPAIRS

10.1 Maintenance and Repairs by Tenant. Tenant shall keep neat and clean and free of trash, insects, rodents, vermin and other pests and in good repair, order and condition the Premises, including without limitation the entire interior of the Premises, all electronic, phone and data cabling and related equipment (collectively, **"Cable"**) that is installed by or for the exclusive benefit of the Tenant and located in the Premises, all fixtures, equipment and lighting therein, electrical equipment wiring, doors, non structural walls, windows and floor coverings, reasonable wear and tear and damage by Casualty excepted. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the proper maintenance of all building systems, life-safety, sanitary, electrical, heating, air conditioning, plumbing, security or other systems and of all equipment and appliances exclusively serving the Premises. Tenant agrees to provide regular maintenance by contract with a reputable qualified service contractor reasonably approved by Landlord for the heating and air conditioning equipment servicing the Premises, Landlord hereby agreeing to respond to any request for such approval within ten (10) days. Such maintenance contract shall be subject to Landlord's reasonable approval. Tenant, at Landlord's request, shall at reasonable intervals provide Landlord with copies of such contracts and maintenance and repair records and/or reports. In addition, Tenant shall maintain in good repair, order and condition the Movable Benches (as defined in Exhibit 3), reasonable wear and tear and damage by Casualty excepted.

10.2 Maintenance and Repairs by Landlord. Except as otherwise provided in Section 15, and subject to Tenant's obligations in Section 10.1 above, Landlord shall (a) maintain and keep in good and watertight repair, order and condition the Building foundation, the roof, Building structure, structural floor slabs and columns in good repair, order and condition, and (b) maintain and keep in good repair, order and condition the Building systems (including without limitation the life-safety, sanitary, electrical, heating, air conditioning, plumbing and security systems) not exclusively serving the Premises. In addition, Landlord shall operate and maintain the Common Areas (including without limitation the landscaping and parking areas) in substantially the same manner as comparable combination office and laboratory facilities in the vicinity of the Premises. Without limiting the generality of the foregoing, Landlord shall use commercially reasonable efforts to clear snow from the parking areas and walkways and entrances servicing the Building prior to eight o'clock in the morning (8:00 am).

10.3 Accidents to Sanitary and Other Systems. Tenant shall give to Landlord prompt notice of any fire or accident in the Premises or in the Building and of any damage to, or defective condition in, any part or appurtenance of the Building including, without limitation, sanitary, electrical, ventilation, heating and air conditioning or other systems located in, or passing through, the Premises, Except as otherwise provided in Section 15, and subject to Tenant's obligations in Section 10.1 above, such damage or defective condition shall be remedied by Landlord with reasonable diligence, but, subject to Section 14.5 below, if such damage or defective condition was caused by any of the Tenant Parties, the cost to remedy the same shall be paid by Tenant,

10.4 Floor Load—Heavy Equipment. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by Legal Requirements. Landlord reserves the right to prescribe the weight and position of all safes, heavy machinery, heavy equipment, freight, bulky matter or fixtures (collectively, **"Heavy Equipment"**), which shall be placed so as to distribute the weight. Heavy Equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not move any Heavy Equipment into or out of the Building without giving Landlord prior written notice thereof and observing all of Landlord's Rules and Regulations with respect to the same. If such Heavy Equipment requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with Legal Requirements. Any such moving shall be at the sole risk and hazard of Tenant and Tenant will defend, indemnify and save Landlord and Landlord's agents (including without limitation its property manager), contractors and employees (collectively with Landlord, the **"Landlord Parties"**) harmless from and against any and all claims, damages, losses, penalties, costs, expenses and fees (including without limitation reasonable legal fees) (collectively, **"Claims"**) resulting directly or indirectly from such moving. Proper placement of all Heavy Equipment in the Premises shall be Tenant's responsibility.

11. ALTERATIONS AND IMPROVEMENTS BY TENANT

11.1 Landlord's Consent Required. Tenant shall not make any alterations, decorations, installations, removals, additions or improvements (collectively, **"Alterations"**) in or to the Premises without Landlord's prior written approval of the contractor(s), written plans and specifications and a time schedule therefor. Landlord reserves the right to require that Tenant use Landlord's designated vendor(s) for any Alterations that involve roof penetrations or the sprinkler system. Tenant shall not make any material amendments or material additions to plans and specifications approved by Landlord without Landlord's prior written consent. Landlord's approval of non-structural Alterations shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Landlord may withhold its consent in its sole discretion (a) to any Alteration to or affecting the fixed lab benches, fume hoods, roof and/or building systems, (b) with respect to matters of aesthetics relating to Alterations to or affecting the exterior of the Building, and (c) to any Alteration affecting the Building structure. Notwithstanding the foregoing, Landlord's consent shall not be required with respect to any Alterations that are purely decorative in nature (including without limitation, painting, carpeting and the hanging of pictures and the like that are not visible from outside the Premises) (each, a **"Decorative Alteration"**) nor with respect to non-structural Alterations costing less than $75,000 in any one instance (and $125,000 in the aggregate per year) so long as such Alterations do not materially adversely affect the roof, Building systems or Building exterior (each, a **"Permitted Alteration"**), provided Tenant shall provide Landlord with reasonably detailed prior written notice of any Permitted Alteration. Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with Legal Requirements, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design, Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials (whether building standard or non-building standard), appliances or equipment selected by Tenant in connection with any work performed by or on behalf of Tenant. Except as otherwise expressly set forth herein, all Alterations shall be done at Tenant's sole cost and expense and at such times and in such manner as Landlord may from time to time reasonably designate. If Tenant shall make any Alterations (other than Decorative Alterations), then Landlord may elect to require Tenant at the expiration or sooner termination of the Term to restore the Premises to substantially the same condition as existed immediately prior to the Alterations, provided, however, if Tenant's request for approval of such plans also requests that Landlord make such election, or if Tenant's notice of any Permitted Alterations also requests that Landlord make such election, then Landlord shall make such election at the time of

Landlord's approval of the plans for the Alteration in question or reasonably promptly after receipt of the reasonably detailed notice of the Permitted Alteration, as the case may be, If reasonably requested by Landlord, Tenant shall provide Landlord with reproducible record drawings (in CAD format) of all Alterations (other than Decorative Alterations) within sixty (60) days after completion thereof. Landlord agrees to respond to any request for approval of any Alterations within twenty (20) business days after receipt thereof; provided, however, that Landlord agrees to respond to any request for approval of any of Alterations within ten (10) business days after receipt thereof if such request is accompanied by (A) a certification from a licensed code engineer that the plans for such Alterations submitted with such request are code compliant, and (B) a certification from Landlord's MEP engineer that such plans are compatible with the base building design.

11.2 After-Hours. Landlord and Tenant recognize that to the extent Tenant elects to perform some or all of the Alterations during times other than normal construction hours (i.e., Monday-Friday, 7:00 a.m. to 3:00 p.m., excluding holidays) and such Alterations include work outside the Premises, Landlord may need to make arrangements to have supervisory personnel on site. Accordingly, Landlord and Tenant agree as follows: Tenant shall give Landlord at least two (2) business days' prior written notice of any time outside of normal construction hours when Tenant intends to perform any Alterations that include work outside the Premises (the **"After-Hours Work"**). Tenant shall reimburse Landlord, within ten (10) days after demand therefor, for the cost of Landlord's supervisory personnel overseeing the After-Hours Work. In addition, if construction during normal construction hours unreasonably disturbs other tenants of the Building, in Landlord's sole discretion, Landlord may require Tenant to stop the performance of Alterations during normal construction hours and to perform the same after hours, subject to the foregoing requirement to pay for the cost of Landlord's supervisory personnel, if applicable.

11.3 Harmonious Relations. Tenant agrees that it will not, either directly or indirectly, use any contractors and/or materials if their use will create any difficulty, whether in the nature of a labor dispute or otherwise, with other contractors and/or labor engaged by Tenant or Landlord or others in the construction, maintenance and/or operation of the Building, the Property or any part thereof. In the event of any such difficulty, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such difficulty to leave the Property immediately.

11.4 Liens. No Alterations shall be undertaken by Tenant until (i) Tenant has made provision for written waiver of liens from all contractors for such Alteration and taken other appropriate protective measures approved and/or required by Landlord; and (ii) Tenant has procured appropriate surety payment and performance bonds which shall name Landlord as an additional obligee and has filed lien bond(s) (in jurisdictions where available) on behalf of such contractors. Any mechanic's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within ten (10) days thereafter, at Tenant's expense by filing the bond required by law or otherwise.

11.5 General Requirements. Unless Landlord and Tenant otherwise agree in writing, Tenant shall (a) procure or cause others to procure on its behalf all necessary permits before undertaking any Alterations in the Premises (and provide copies thereof to Landlord); (b) perform all of such Alterations in a good and workmanlike manner, employing materials of good quality and in compliance with Landlord's construction rules and regulations, all insurance requirements of this Lease, and Legal Requirements; and (c) defend, indemnify and hold the Landlord Parties harmless from and against any and all Claims occasioned by or growing out of such Alterations. Tenant shall cause contractors employed by Tenant to (i) carry Worker's Compensation Insurance in accordance with statutory requirements, (ii) carry Automobile Liability Insurance and Commercial General Liability Insurance (A) naming Landlord as an additional insured, and (B) covering such contractors on or about the Premises in the amounts stated in Section 14 hereof or in such other reasonable amounts as Landlord shall require, and (iii) submit binders evidencing such coverage to Landlord prior to the commencement of any such

Alterations.

12. SIGNAGE

12.1 Restrictions. Tenant shall have the right to install Building standard signage identifying Tenant's business at the entrance to the Premises, which signage shall be subject to Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). Subject to the foregoing, and subject to Section 12.2 below, Tenant shall not place or suffer to be placed or maintained on the exterior of the Premises, or any part of the interior visible from the exterior thereof, any sign, banner, advertising matter or any other thing of any kind (including, without limitation, any hand-lettered advertising), and shall not place or maintain any decoration, letter or advertising matter on the glass of any window or exterior of the door of the Premises without first obtaining Landlord's written approval. No signs or blinds may be put on or in any window or elsewhere if visible from the exterior of the Building.

12.2 Exterior Signage. Provided that and for so long as Tenant is then occupying at least forty percent (40%) of the rentable square feet of the Building, Tenant shall have the right to erect and maintain one (1) sign on the exterior of the Building and one (1) sign on the exterior door to the Premises, the aggregate size of which shall not exceed fifty percent (50%) of the exterior Building signage allowed by Legal Requirements (the **"Exterior Signage"**), provided (i) the Exterior Signage complies with all Legal Requirements (and Tenant shall have obtained any necessary permits prior to erecting the Exterior Signage), (ii) the location of the Exterior Signage shall be subject to Landlord's reasonable approval, (iii) the materials, design, lighting and method of installation of the Exterior Signage, and any requested changes thereto, shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and (iv) Tenant shall at all times maintain the Exterior Signage in good order, condition and repair and shall remove the Exterior Signage at the expiration or earlier termination of the Term hereof or upon Landlord's written demand after the failure of Tenant to comply with the provisions of this Section 12.2, and shall repair any damage to the Building caused by the Exterior Signage or the installation or removal thereof. Tenant shall have the right, from time to time throughout the term of this Lease, to replace its signage (if any) with signage which is equivalent to the signage being replaced, subject to all of the terms and conditions of this Section 12.2.

13. ASSIGNMENT, MORTGAGING AND SUBLETTING

13.1 Landlord's Consent Required. Except as expressly otherwise set forth herein, Tenant shall not, without Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), assign, sublet, mortgage, license, transfer or encumber this Lease or the Premises in whole or in part, whether at one time or at intervals, or permit the occupancy of all or any portion of the Premises by any person or entity other than Tenant's employees (each of the foregoing, a **"Transfer"**). Any purported Transfer made without Landlord's consent, if required hereunder, shall be void and confer no rights upon any third person, provided that if there is a Transfer, Landlord may collect rent from the transferee without waiving the prohibition against Transfers, accepting the transferee, or releasing Tenant from full performance under this Lease. In the event of any Transfer in violation of this Section 13, Landlord shall have the right to terminate this Lease upon thirty (30) days' written notice to Tenant given within sixty (60) days after the later of (i) receipt of written notice from Tenant to Landlord of such Transfer, or (ii) the date on which Landlord first learns of the Transfer if no notice is given. No Transfer shall relieve Tenant of its primary obligation as party-Tenant hereunder, nor shall it reduce or increase Landlord's obligations under this Lease.

13.2 Landlord's Recapture Right

(a) Tenant shall, prior to offering or advertising the Premises or any portion thereof

for a Transfer to any entity other than an Affiliated Entity or a Successor, give a written notice (the **"Recapture Notice"**) to Landlord which: (i) states that Tenant desires to make a Transfer, (ii) identifies the affected portion of the Premises (the **"Recapture Premises"**), (iii) identifies the period of time (the **"Recapture Period") ** during which Tenant proposes to sublet the Recapture Premises, or indicates that Tenant proposes to assign its interest in this Lease, and (iv) offers to Landlord to terminate this Lease with respect to the Recapture Premises (in the case of a proposed assignment of Tenant's interest in this Lease or a subletting for the remainder of the term of this Lease) or to suspend the Term for the Recapture Period (i.e. the Term with respect to the Recapture Premises shall be terminated during the Recapture Period and Tenant's rental obligations shall be proportionately reduced). Landlord shall have fifteen (15) business days within which to respond to the Recapture Notice.

(b) If Tenant does not enter into a Transfer on the terms and conditions contained in the Recapture Notice on or before the date which is one hundred eighty (180) days after the earlier of: (x) the expiration of the 15-business day period specified in Section 13.2(a) above, or (y) the date that Landlord notifies Tenant that Landlord will not accept Tenant's offer contained in the Recapture Notice, *time being of the essence*, then prior to entering into any Transfer after such 180-day period, Tenant must deliver to Landlord a new Recapture Notice in accordance with Section 13.2(a) above

(c) Notwithstanding anything to the contrary contained herein, if Landlord notifies Tenant that it accepts the offer contained in the Recapture Notice or any subsequent Recapture Notice, Tenant shall have the right, for a period of fifteen (15) days following receipt of such notice from Landlord, *time being of the essence*, to notify Landlord in writing that it wishes to withdraw such offer and this Lease shall continue in full force and effect.

13.3 Standard of Consent to Transfer. If Landlord does not timely give written notice to Tenant accepting a Recapture Offer or declines to accept the same, then Landlord agrees that, subject to the provisions of this Section 13, Landlord shall not unreasonably withhold, condition or delay its consent to a Transfer on the terms contained in the Recapture Notice to an entity which will use the Premises for the Permitted Uses and, in Landlord's reasonable opinion: (a) has a tangible net worth and other financial indicators sufficient to meet the Transferee's obligations under the Transfer instrument in question; (b) has a business reputation compatible with the operation of a first-class combination laboratory, research, development and office building; and (c) the intended use of such entity does not violate any restrictive use provisions then in effect with respect to space in the Building.

13.4 Listing Confers no Rights. The listing of any name other than that of Tenant, whether on the doors of the Premises or on the Building directory, or otherwise, shall not operate to vest in any such other person, firm or corporation any right or interest in this Lease or in the Premises or be deemed to effect or evidence any consent of Landlord, it being expressly understood that any such listing is a privilege extended by Landlord revocable at will by written notice to Tenant.

13.5 Profits In Connection with Transfers. Tenant shall, within thirty (30) days of receipt thereof, pay to Landlord fifty percent (50%) of any rent, sum or other consideration to be paid or given in connection with any Transfer, either initially or over time (after deducting reasonable actual out-of-pocket marketing, legal, brokerage and construction expenses and any improvement allowance and cash concession incurred by Tenant in connection therewith) in excess of Rent hereunder as if such amount were originally called for by the terms of this Lease as additional rent.

13.6 Prohibited Transfers. Notwithstanding any contrary provision of this Lease, Tenant shall have no right to make a Transfer unless on both (i) the date on which Tenant notifies Landlord of its intention to enter into a Transfer and (ii) the date on which such Transfer is to take effect, Tenant is not in default of any of its obligations under this Lease (provided, however, if Tenant cures any default prior to the expiration of applicable cure periods set forth in Section 20 below, then Tenant shall then be entitled

to make such Transfer). Notwithstanding anything to the contrary contained herein, Tenant agrees that in no event shall Tenant make a Transfer to (a) any government agency; (b) any tenant, subtenant or occupant of other space in the Building unless Landlord does not have any comparable space available to lease to such tenant, subtenant or occupant directly; or (c) any entity other than Tenant's Affiliated Entity or Successor to whom Landlord has an outstanding proposal (that has not been rejected) for space in the Property.

13.7 Exceptions to Requirement for Consent. Notwithstanding anything to the contrary herein contained, Tenant shall have the right, without obtaining Landlord's consent and without giving Landlord a Recapture Notice, to make a Transfer to (a) an Affiliated Entity (hereinafter defined) so long as such entity remains in such relationship to Tenant, and (b) a Successor, provided that prior to or simultaneously with any such Transfer, such Affiliated Entity or Successor, as the case may be, and Tenant execute and deliver to Landlord an assignment and assumption agreement in form and substance reasonably acceptable to Landlord whereby such Affiliated Entity or Successor, as the case may be, shall agree to be independently bound by and upon all the covenants, agreements, terms, provisions and conditions set forth in the Lease on the part of Tenant to be performed, and whereby such Affiliated Entity or Successor, as the ease may be, shall expressly agree that the provisions of this Section 13 shall, notwithstanding such Transfer, continue to be binding upon it with respect to all future Transfers. For the purposes hereof, an **"Affiliated Entity"** shall be defined as any entity (a) that has a net worth and other financial indicators demonstrating such entity's ability to perform all of Tenant's obligations hereunder, as evidenced by audited financial statements; and (b) which is controlled by, is under common control with, or which controls Tenant. For the purposes hereof, a **"Successor"** shall be defined as any entity into or with which Tenant is merged or with which Tenant is consolidated or which acquires all or substantially all of Tenant's stock or assets, provided that the surviving entity shall have a net worth and other financial indicators sufficient to meet Tenant's obligations hereunder.

14. INSURANCE; INDEMNIFICATION; EXCULPATION

14.1 Tenant's Insurance.

(a) Tenant shall procure, pay for and keep in force throughout the Term (and for so long thereafter as Tenant remains in occupancy of the Premises) commercial general liability insurance insuring Tenant on an occurrence basis against all claims and demands for personal injury liability (including, without limitation, bodily injury, sickness, disease, and death) or damage to property which may be claimed to have occurred from and after the time any of the Tenant Parties shall first enter the Premises, of not less than One Million Dollars ($1,000,000) per occurrence, Two Million ($2,000,000) aggregate, and during the Extension Term shall be not less than such higher amounts, if procurable, as may be reasonably required by Landlord. Tenant shall also carry umbrella liability coverage in an amount of no less than Five Million Dollars ($5,000,000). Such policy shall also include contractual liability coverage covering Tenant's liability assumed under this Lease, including without limitation Tenant's indemnification obligations. Such insurance policy(ies) shall name Landlord, Landlord's managing agent and persons claiming by, through or under them, if any, as additional insureds.

(b) Tenant shall take out and maintain throughout the Term a policy of fire, vandalism, malicious mischief, extended coverage and so-called "all risk" coverage insurance in an amount equal to one hundred percent (100%) of the replacement cost insuring (i) all items or components of Alterations made by or on behalf of Tenant other than the Base Building Work, including without limitation the Tenant Fitout (collectively, the **"Tenant-Insured Improvements"**), and (ii) all of Tenant's furniture, equipment, fixtures and property of every kind, nature and description related or arising out of Tenant's leasehold estate hereunder, which may be in or upon the Premises or the Building, including without limitation Tenant's Rooftop Equipment (collectively, **"Tenant's Property"**) and the Movable Benches (as defined in Exhibit 3). Such insurance with respect to the Tenant-Insured Improvements shall

insure the interests of both Landlord and Tenant as their respective interests may appear from time to time.

(c) Intentionally Omitted.

(d) Tenant shall procure and maintain at its sole expense such additional insurance as may be necessary to comply with any Legal Requirements.

(e) The insurance required pursuant to Sections 14.1(a), (b), (c) and (d) (collectively, **"Tenant's Insurance Policies"**) shall be effected with insurers approved by Landlord, with a rating of not less than "A-XI" in the current *Best's Insurance Reports*, and authorized to do business in the Commonwealth of Massachusetts under valid and enforceable policies. Tenant's Insurance Policies shall each provide that it shall not be canceled or modified in a manner such that it no longer complies with the requirements set forth herein without at least thirty (30) days' prior written notice to each insured named therein. Tenant's Insurance Policies may include deductibles in an amount no greater than the greater of $25,000 or commercially reasonable amounts. On or before the date on which any of the Tenant Parties shall first enter the Premises and thereafter not less than fifteen (15) days prior to the expiration date of each expiring policy, Tenant shall deliver to Landlord binders of Tenant's Insurance Policies issued by the respective insurers setting forth in full the provisions thereof together with evidence satisfactory to Landlord of the payment of all premiums for such policies. In the event of any claim, and upon Landlord's request, Tenant shall deliver to Landlord complete copies of Tenant's Insurance Policies. Upon request of Landlord, Tenant shall deliver to any Mortgagee copies of the foregoing documents.

14.2 Indemnification. Except to the extent caused by the negligence or willful misconduct of any of the Landlord Parties, Tenant shall defend, indemnify and save the Landlord Parties harmless from and against any and all Claims (as defined in Section 10.4) asserted by or on behalf of any person, firm, corporation or public authority arising from:

(a) Tenant's breach of any covenant or obligation under this Lease;

(b) Any injury to or death of any person, or loss of or damage to property, sustained or occurring in, upon, at or about the Premises;

(c) Any injury to or death of any person, or loss of or damage to property arising out of the use or occupancy of the Premises by or the negligence or willful misconduct of any of the Tenant Parties; and

(d) On account of or based upon any work or thing whatsoever done (other than by Landlord or any of the Landlord Parties) at the Premises during the Term and during the period of time, if any, prior to the Term Commencement Date that any of the Tenant Parties may have been given access to the Premises.

14.3 Property of Tenant. Tenant covenants and agrees that, to the maximum extent permitted by Legal Requirements, all of Tenant's Property at the Premises shall be at the sole risk and hazard of Tenant, and that if the whole or any part thereof shall be damaged, destroyed, stolen or removed from any cause or reason whatsoever, no part of said damage or loss shall be charged to, or borne by, Landlord, except, subject to Section 14.5 hereof, to the extent such damage or loss is due to the negligence or willful misconduct of any of the Landlord Parties.

14.4 Limitation of Landlord's Liability for Damage or Injury. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, air contaminants or emissions, electricity, electrical or electronic emanations or disturbance, water, rain or

snow or leaks from any part of the Building or from the pipes, appliances, equipment or plumbing works or from the roof, street or sub-surface or from any other place or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, except in all cases to the extent caused by or due to the negligence or willful misconduct of any of the Landlord Parties, and then, where notice and an opportunity to cure are appropriate (i.e., where (i) Landlord does not know of such condition and (ii) Tenant knows of such condition sufficiently in advance of the occurrence of any such injury or damage resulting therefrom and can enable Landlord to prevent such damage or loss by notifying Landlord of such condition) only after (i) notice to Landlord of the condition claimed to constitute negligence or willful misconduct, and (ii) the expiration of a reasonable time after such notice has been received by Landlord without Landlord having commenced to take all reasonable and practicable means to cure or correct such condition; and pending such cure or correction by Landlord, Tenant shall take all reasonably prudent temporary measures and safeguards to prevent any injury, loss or damage to persons or property. Notwithstanding the foregoing, in no event shall any of the Landlord Parties be liable for any loss which is covered by insurance policies actually carried or required to be so carried by this Lease; nor shall any of the Landlord Parties be liable for any such damage caused by other tenants or persons in the Building or caused by operations in construction of any private, public, or quasi-public work by any entity or person other than the Landlord Parties.

14.5 Waiver of Subrogation; Mutual Release. Landlord and Tenant each hereby waives on behalf of itself and its property insurers (none of which shall ever be assigned any such claim or be entitled thereto due to subrogation or otherwise) any and all rights of recovery, claim, action, or cause of action against the other and its agents, officers, servants, partners, shareholders, or employees (collectively, the **"Related Parties"**) for any loss or damage that may occur to or within the Premises or the Building or any improvements thereto, or any personal property of such party therein which is insured against under any properly insurance policy actually being maintained by the waiving party from time to time, even if not required hereunder, or which would be insured against under the terms of any insurance policy required to be carried or maintained by the waiving party hereunder, whether or not such insurance coverage is actually being maintained, including, in every instance, such loss or damage that may be caused by the negligence of the other party hereto and/or its Related Parties. Landlord and Tenant each agrees to cause appropriate clauses to be included in its property insurance policies necessary to implement the foregoing provisions.

14.6 Tenant's Acts—Effect on Insurance. Tenant shall not do or permit any Tenant Party to do any act or thing upon the Premises or elsewhere in the Building which Tenant knows will invalidate or be in conflict with any insurance policies covering the Building and the fixtures and property therein. If by reason of the failure of Tenant to comply with the provisions hereof the insurance rate applicable to any policy of insurance shall at any time thereafter be higher than it otherwise would be, Tenant shall reimburse Landlord upon demand for that part of any insurance premiums which shall have been charged because of such failure by Tenant, together with interest at the Default Rate until paid in full, within ten (10) days after receipt of an invoice therefor.

15. CASUALTY; TAKING

15.1 Damage. If the Premises are damaged in whole or part because of fire or other insured casualty (**"Casualty"**), or if the Premises are subject to a taking in connection with the exercise of any power of eminent domain, condemnation, or purchase under threat or in lieu thereof (any of the foregoing, a **"Taking"**), then unless this Lease is terminated in accordance with Section 15.2 below, Landlord shall commence and proceed diligently to restore (a) the Building and/or the Premises to substantially the same condition as existed on the Execution Date and (b) the Base Building Work, or in the event of a partial Taking which affects the Building and the Premises, restore the remainder of the Building and the Premises not so Taken to substantially such condition as is reasonably feasible. Subject to rights of Mortgagees, Tenant Delays, Legal Requirements then in existence and to delays for

adjustment of insurance proceeds or Taking awards, as the case may be, and instances of Landlord's Force Majeure, Landlord shall substantially complete such restoration within one (1) year after Landlord's receipt of all required permits therefor with respect to substantial reconstruction of at least 50% of the Building, or, within one hundred eighty (180) days after Landlord's receipt of all required permits therefor in the case of restoration of less 50% of the Building. Upon substantial completion of such restoration by Landlord, Tenant shall use diligent efforts to complete restoration of the Premises to substantially the same condition as existed immediately prior to such Casualty or Taking, as the case may be, as soon as reasonably possible. Tenant agrees to cooperate with Landlord in such manner as Landlord may reasonably request to assist Landlord in collecting insurance proceeds due in connection with any Casualty which affects the Premises or the Building. In no event shall Landlord be required to expend more than the Net (hereinafter defined) insurance proceeds Landlord receives for damage to the Premises and/or the Building or the Net Taking award attributable to the Premises and/or the Building. **"Net"** means the insurance proceeds or Taking award actually paid to Landlord (and not paid over to a Mortgagee) less all costs and expenses, including adjusters and attorney's fees, of obtaining the same. In the Operating Year in which a Casualty occurs, there shall be included in Operating Costs Landlord's deductible under its property insurance policy. Landlord shall not be required to repair any damage to, or make any repairs to or replacements of, any Tenant-Insured Improvements.

15.2 Termination Rights.

(a) Landlord's Termination Rights. Landlord may terminate this Lease upon thirty (30) days' prior written notice delivered to Tenant on or before the date which is ninety (90) days after the Casualty or Taking, as the case may be, if:

(i) any material portion of the Building or any material means of access thereto is taken;

(ii) more than thirty-five percent (35%) of the Building is damaged by Casualty; or

(iii) if the estimated time to complete restoration exceeds the timeframes set forth in Section 15.1 above.

If Landlord elects to exercise its right of termination under this Section 15.2(a), then Tenant's obligation to pay Rent hereunder shall cease as of the earlier of the effective date of such termination, or the date on which Tenant is deprived of possession of all or a substantial portion of the Premises as a result of such Casualty or Taking.

(b) Tenant's Termination Right. If Landlord is so required but fails to complete restoration of the Premises within the time frames and subject to the conditions set forth in Section 15.1 above, then Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord; provided, however, that if Landlord completes such restoration within thirty (30) days after receipt of any such termination notice, such termination notice shall be null and void and this Lease shall continue in full force and effect. The remedies set forth in this Section 15.2(b) and in Section 15.2(c) below are Tenant's sole and exclusive rights and remedies based upon Landlord's failure to complete the restoration of the Premises as set forth herein.

(c) Either Party May Terminate. In the case of any Casualty or Taking affecting the Premises and occurring during the last six (6) months of the Term, then (1) if such Casualty or Taking results in more than twenty-five percent (25%) of the floor area of the Premises being unsuitable for the Permitted Uses, or (ii) the damage to the Premises costs more than $100,000 to restore, then either

Landlord or Tenant shall have the option to terminate this Lease upon thirty (30) days' written notice to the other.

(d) Automatic Termination. In the case of a Taking of the entire Premises, then this Lease shall automatically terminate as of the date of possession by the Taking authority.

15.3 Taking for Temporary Use. If the Premises are Taken for temporary use, this Lease and Tenant's obligations hereunder shall continue, provided, however, all obligations of Tenant incapable of performance in the absence of possession of the Premises shall be suspended during such temporary Taking. For purposes hereof, a **"Taking for temporary use"** shall mean a Taking of ninety (90) days or less.

15.4 Disposition of Awards. Except for any separate award for Tenant's movable trade fixtures, relocation expenses, and unamortized leasehold improvements paid for by Tenant (provided that the same may not reduce Landlord's award), all Taking awards to Landlord or Tenant shall be Landlord's property without Tenant's participation, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant may pursue its own claim against the Taking authority.

15.5 Assignment of Insurance Proceeds. Tenant shall assign to Landlord all of its right, title and interest in and to the insurance proceeds for the Tenant-Insured Improvements (a) if the Lease Term shall expire prior to the completion of Tenant's restoration obligations set forth in Section 15.1 above, or (b) if the Lease shall be terminated pursuant to any provision of this Lease prior to the completion of Tenant's restoration obligations set forth in Section 15.1 above, or (c) if Tenant terminates this Lease pursuant to this Section 15.

15.6 Abatement. If all or any portion of the Premises are damaged by a Casualty or subject to a Taking, (a) Tenant shall use good faith efforts to collect proceeds of its business interruption insurance if it has procured such insurance; and (b) to the extent Tenant does not have such insurance or Tenant's business interruption insurance does not fully cover Base Rent, Additional Rent on account of Operating Costs and Additional Rent on account of Taxes, then Base Rent, Additional Rent on account of Operating Costs and Additional Rent on account of Taxes shall be equitably abated for the period from the date of such Casualty or Taking until the date that Landlord substantially completes Landlord's restoration work relating to the Premises (provided that if Landlord would have completed Landlord's restoration work on an earlier date but for Tenant Delays, including without limitation Tenant having failed to reasonably cooperate with Landlord in effecting such work or collecting insurance proceeds, then the Premises shall be deemed to have been repaired and restored on such earlier date). In the event of a permanent Taking where the Lease is not terminated, a just proportion of the Rent shall be abated for the duration of the Term.

16. ESTOPPEL CERTIFICATE. Tenant shall at any time and from time to time upon not less than ten (10) business days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which Rent has been paid in advance, if any, stating whether or not Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default, and such other facts as Landlord may reasonably request, it being intended that any such statement delivered pursuant hereto may be relied upon by any prospective purchaser of the Building or of any interest of Landlord therein, any Mortgagee or prospective Mortgagee thereof, any lessor or

prospective lessor thereof, any lessee or prospective lessee thereof, or any prospective assignee of any mortgage thereof. *Time is of the essence with respect to any such requested certificate*, Tenant hereby acknowledging the importance of such certificates in mortgage financing arrangements, prospective sales and the like.

17. HAZARDOUS MATERIALS

17.1 Prohibition. Tenant shall not, without the prior written consent of Landlord, bring or permit to be brought or kept in or on the Premises or elsewhere in the Building or the Property (i) any inflammable, combustible or explosive fluid, material, chemical or substance (except for standard office supplies stored in proper containers); and (ii) any Hazardous Material (hereinafter defined), other than the types and quantities of Hazardous Materials which are used in the ordinary course of Tenant's business and listed by class on Exhibit 6 attached hereto (**"Tenant's Hazardous Materials"**), provided that the same shall at all times be brought upon, kept or used in so-called 'control areas' (the number and size of which shall be reasonably determined by Landlord) and in accordance with all applicable Environmental Laws (hereinafter defined) and prudent environmental practice and (with respect to medical waste and so-called "biohazard" materials) good medical practice. Tenant shall be responsible for assuring that all laboratory uses are adequately and properly vented. On or before each anniversary of the Term Commencement Date, and upon Landlord's request (which request may be made no more often than once per year), Tenant shall submit to Landlord an updated list of Tenant's Hazardous Materials for Landlord's review and approval, which approval shall not be unreasonably withheld, conditioned or delayed. In addition, Tenant shall obtain Landlord's reasonable approval of any additional Hazardous Materials for which Tenant must obtain any permit, license or other governmental approval. Landlord shall have the right, from time to time, to inspect the Premises for compliance with the terms of this Section 17.1. Notwithstanding the foregoing, with respect to any of Tenant's Hazardous Materials which Tenant does not properly handle, store or dispose of in compliance with all applicable Environmental Laws (hereinafter defined), prudent environmental practice and (with respect to medical waste and so-called "biohazard materials) good medical practice, Tenant shall, upon written notice from Landlord, no longer have the right to bring such material into the Building or the Property until Tenant has demonstrated, to Landlord's reasonable satisfaction, that Tenant has implemented programs to thereafter properly handle, store or dispose of such material.

17.2 Environmental Laws. For purposes hereof, **"Environmental Laws"** shall mean all laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority having jurisdiction concerning environmental, health and safety matters, including but not limited to any discharge by any of the Tenant Parties into the air, surface water, sewers, soil or groundwater of any Hazardous Material (hereinafter defined) whether within or outside the Premises, including, without limitation (a) the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., (b) the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (c) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., (d) the Toxic Substances Control Act of 1976, 15 U.S.C. Section 2601 et seq., and (e) Chapter 21E of the General Laws of Massachusetts. Tenant, at its sole cost and expense, shall comply with (i) Environmental Laws, and (ii) any rules, requirements and safety procedures of the Massachusetts Department of Environmental Protection, the Town of Lexington and any insurer of the Building or the Premises with respect to Tenant's use, storage and disposal of any Hazardous Materials.

17.3 Hazardous Material Defined. As used herein, the term **"Hazardous Material"** means asbestos, oil or any hazardous, radioactive or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law. The term **"Hazardous Material"** includes, without limitation, oil and/or any material or substance which is (i) designated as a "hazardous substance," "hazardous material," "oil," "hazardous waste" or toxic substance under any Environmental Law.

17.4 Testing. If any Mortgagee or governmental authority requires testing to determine whether there has been any release of Hazardous Materials and such testing is required as a result of the acts or omissions of any of the Tenant Parties, then Tenant shall reimburse Landlord upon demand, as additional rent, for the reasonable costs thereof, together with interest at the Default Rate until paid in full.

Tenant shall execute affidavits, certifications and the like, as may be reasonably requested by Landlord from time to time concerning Tenant's best knowledge and belief concerning the presence of Hazardous Materials in or on the Premises, the Building or the Property.

17.5 Indemnity by Tenant. Tenant hereby covenants and agrees to indemnify, defend and hold the Landlord Parties harmless from and against any and all Claims against any of the Landlord Parties arising out of contamination of any part of the Property or other adjacent property, which contamination arises as a result of: (i) the presence of Hazardous Material in the Premises, the presence of which is caused by any act or omission of any of the Tenant Parties, or (ii) from a breach by Tenant of its obligations under this Section 17. This indemnification of the Landlord Parties by Tenant includes, without limitation, reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Building based upon the circumstances identified in the first sentence of this Section 17.5. The indemnification and hold harmless obligations of Tenant under this Section 17.5 shall survive the expiration or any earlier termination of this Lease. Without limiting the foregoing, if the presence of any Hazardous Material in the Building or otherwise in the Property is caused by any of the Tenant Parties and results in any contamination of any part of the Property or any adjacent property, Tenant shall promptly take all reasonable actions at Tenant's sole cost and expense as are necessary to return the Property and/or the Building or any adjacent property to their condition as of the date of this Lease, provided that Tenant shall first obtain Landlord's approval of such actions, which approval shall not be unreasonably withheld, conditioned or delayed so long as such actions, in Landlord's reasonable discretion, would not potentially have any adverse effect on the Property, and, in any event, Landlord shall not withhold its approval of any proposed actions which are required by applicable Environmental Laws. The provisions of this Section 17.5 shall survive the expiration or earlier termination of the Lease.

17.6 Disclosures. Prior to bringing any Hazardous Material into any part of the Property, Tenant shall deliver to Landlord the following information with respect thereto: (a) a description of handling, storage, use and disposal procedures; (b) all plans or disclosures and/or emergency response plans which Tenant has prepared, including without limitation Tenant's Spill Response Plan, and all plans which Tenant is required to supply to any governmental agency or authority pursuant to any Environmental Laws; (c) copies of all Required Permits relating thereto (provided, however, if Tenant is verbally authorized by applicable governmental authorities to bring any Hazardous Material into any part of the Property pending the issuance of a Required Permit, then Tenant shall notify Landlord thereof prior to bringing such Hazardous Material into any part of the Property and Tenant shall provide Landlord with such Required Permit promptly after receipt thereof); and (d) other information reasonably requested by Landlord.

17.7 Removal. Tenant shall be responsible, at its sole cost and expense, for Hazardous Material and other biohazard disposal services for Hazardous Materials brought in, on, at, under or about the Premises by or on behalf of any of the Tenant Parties. Such services shall be performed by contractors reasonably acceptable to Landlord and on a sufficient basis to ensure that the Premises are at all times kept neat, clean and free of Hazardous Materials and biohazards except in appropriate, specially marked containers reasonably approved by Landlord.

17.8 Landlord's Knowledge; Pre-Existing Contamination. Landlord represents and warrants to Tenant that Landlord has no knowledge of (a) any Hazardous Materials at or affecting the Property other than as set forth in the documents listed on Exhibit 6A attached hereto and made a part hereof; (b) any underground storage tanks on the Property other than as may be set forth in the documents listed on said Exhibit 6A; nor (c) any action, proceeding or claim pending or threatened regarding the Property concerning any Hazardous Materials or pursuant to any Environmental Laws. Landlord shall, at its sole cost and expense, comply with all Environmental Laws with respect to the existence of Hazardous Materials in, on or at the Property as of the Execution Date. Except with respect to environmental costs

which expressly may be included in Operating Costs under Section 5.2(c) above, Landlord hereby covenants and agrees to indemnify, defend and hold the Tenant Parties harmless from and against any and all Claims against any of the Tenant Parties arising out of the existence of Hazardous Materials in, on, under or at the Property as of the Execution Date except to the extent that any of the Tenant Parties caused a release of the same or exacerbates a release of the same that occurred prior to the Execution Date.

18. RULES AND REGULATIONS.

18.1 Rules and Regulations. Tenant will faithfully observe and comply with all reasonable rules and regulations promulgated from time to time with respect to the Building, the Property and construction within the Property (collectively, the **"Rules and Regulations"**). The current version of the Rules and Regulations is attached hereto as Exhibit 7. In the case of any conflict between the provisions of this Lease and any future rules and regulations, the provisions of this Lease shall control. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, contractors, visitors, invitees or licensees.

18.2 Energy Conservation. Landlord may institute upon written notice to Tenant such policies, programs and measures as may be necessary, required, or expedient for the conservation and/or preservation of energy or energy services (collectively, the **"Conservation Program"**), provided however, that the Conservation Program does not, by reason of such policies,

programs and measures, reduce the level of energy or energy services being provided to the Premises below the level of energy or energy services then being provided in comparable combination laboratory, research and development and office buildings in the vicinity of the Premises, or as may be necessary or required to comply with Legal Requirements or standards or the other provisions of this Lease. Upon receipt of such notice, Tenant shall comply with the Conservation Program.

18.3 Recycling. Upon written notice, Landlord may establish policies, programs and measures for the recycling of paper, products, plastic, tin and other materials (a **"Recycling Program"**). Upon receipt of such notice, Tenant will comply with the Recycling Program at Tenant's sole cost and expense.

19. LAWS AND PERMITS.

19.1 Legal Requirements. Tenant shall be responsible at its sole cost and expense for complying with (and keeping the Premises in compliance with) all Legal Requirements which are applicable to Tenant's particular use or occupancy of, or Alterations made by or on behalf of Tenant (other than the Base Building Work) to, the Premises. Landlord shall be responsible for complying with Legal Requirements in effect as of the Term Commencement Date that are applicable to the performance and construction of the Tenant Fitout, and Tenant shall be responsible for complying with Legal Requirements enacted after the Term Commencement Date with respect to the Tenant Fitout. Tenant shall furnish all data and information to governmental authorities, with a copy to Landlord, as required in accordance with Legal Requirements as they relate to Tenant's use or occupancy of the Premises or the Building. If Tenant receives notice of any violation of Legal Requirements applicable to the Premises or the Building, it shall give prompt notice thereof to Landlord. Nothing contained in this Section 19.1 shall be construed to expand the uses permitted hereunder beyond the Permitted Uses. Landlord shall comply with any Legal Requirements and with any direction of any public office or officer relating to the maintenance or operation of the Building as a combination laboratory, research and development and office building, and the costs so incurred by Landlord shall be included in Operating Costs in accordance with the provisions of Section 5.2.

19.2 Required Permits. Tenant shall, at Tenant's sole cost and expense, use diligent good faith efforts to apply for, seek and obtain all necessary state and local licenses, permits and approvals needed for the operation of Tenant's business and/or Tenant's Additional Rooftop Equipment (collectively, the **"Required Permits"**), as soon as reasonably possible. Tenant shall thereafter maintain all Required Permits. Tenant, at Tenant's expense, shall at all times comply with the terms and conditions of each such Required Permit. Landlord shall cooperate with Tenant, at Tenant's sole cost and expense, in connection with its application for Required Permits.

19.3 Traffic Management. Tenant acknowledges that the Property may become subject to a traffic mitigation and/or management plan required by the Town of Lexington. Tenant agrees not to violate the terms of any such traffic mitigation and/or management plan. The costs incurred by Landlord in connection with any such traffic mitigation and/or management plan shall be included in Operating Costs.

20. DEFAULT

20.1 Events of Default. The occurrence of any one or more of the following events shall constitute an **"Event of Default"** hereunder by Tenant:

(a) If Tenant fails to make any payment of Rent or any other payment required hereunder, as and when due, and such failure shall continue for a period of five (5) business days after notice thereof to Tenant; provided, however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if (i) Tenant fails to make any payment within five (5) business days after the due date therefor, and (ii) Landlord has given Tenant written notice under this Section 20.1(a) on more than three (3) occasions during the twelve (12) month interval preceding such failure by Tenant;

(b) intentionally omitted;

(c) If Tenant shall fail to execute and deliver to Landlord an estoppel certificate pursuant to Section 16 above or a subordination and attornment agreement pursuant to Section 22 below, within the timeframes set forth therein;

(d) If Tenant shall fail to maintain any insurance required hereunder;

(e) If Tenant shall fail to restore the Security Deposit to its required original or reduced amount or deliver a replacement Letter of Credit as required under Section 7 above and such failure continues for five (5) business days after written notice thereof to Tenant;

(f) If Tenant causes or suffers any release of Hazardous Materials in or near the Property in excess of Reportable Quantities or Reportable Concentrations (as such terms are defined in Environmental Laws);

(g) If Tenant shall make a Transfer in violation of the provisions of Section 13 above, or if any event shall occur or any contingency shall arise whereby this Lease, or the term and estate thereby created, would (by operation of law or otherwise) devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted under Section 13 hereof;

(h) The failure by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified above, and such failure continues for more than thirty (30) days after notice thereof from Landlord; provided, further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then

Tenant shall not be deemed to be in default if Tenant shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than ninety (90) days from the date of such notice from Landlord;

(i) Tenant shall be involved in financial difficulties as evidenced by an admission in writing by Tenant of Tenant's inability to pay its debts generally as they become due, or by the making or offering to make a composition of its debts with its creditors;

(j) Tenant shall make an assignment or trust mortgage, or other conveyance or transfer of like nature, of all or a substantial part of its property for the benefit of its creditors,

(k) an attachment on mesne process, on execution or otherwise, or other legal process shall issue against Tenant or its property and a sale of any of its assets shall be held thereunder;

(l) any judgment, attachment or the like in excess of $100,000 shall be entered, recorded or filed against Tenant in any court, registry, etc. and Tenant shall fail to pay such judgment within thirty (30) days after the judgment shall have become final beyond appeal or to discharge or secure by surety bond such lien, attachment, etc. within thirty (30) days of such entry, recording or filing, as the case may be;

(m) the leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within thirty (30) days thereafter;

(n) a receiver, sequesterer, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's Property and such appointment shall not be vacated within thirty (30) days; or

(o) any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors, and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within thirty (30) days or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding.

Wherever "Tenant " is used in subsections (i), (j), (k), (1), (n) or (o) of this Section 20.1, it shall be deemed to include any parent entity of Tenant and any guarantor of any of Tenant's obligations under this Lease.

20.2 Remedies. Upon an Event of Default, Landlord may, by notice to Tenant, elect to terminate this Lease; and thereupon (and without prejudice to any remedies which might otherwise be available for arrears of Rent or preceding breach of covenant or agreement and without prejudice to Tenant's liability for damages as hereinafter stated), upon the giving of such notice, this Lease shall terminate as of the date specified therein as though that were the Expiration Date. Upon such termination, Landlord shall have the right to utilize the Security Deposit or draw down the entire Letter of Credit, as applicable, and apply the proceeds thereof to its damages hereunder. Without being taken or deemed to be guilty of any manner of trespass or conversion, and without being liable to indictment, prosecution or damages therefor, Landlord may, by lawful process, enter into and upon the Premises (or any part thereof in the name of the whole); repossess the same, as of its former estate; and expel Tenant and those claiming under Tenant. The words "re-entry" and "re-enter" as used in this Lease are not restricted to their technical legal meanings,

20.3 Damages - Termination.

(a) Upon the termination of this Lease under the provisions of this Section 20, Tenant shall pay to Landlord Rent up to the time of such termination, shall continue to be liable for any preceding breach of covenant, and in addition, shall pay to Landlord as damages, at the election of Landlord, either:

(i) the amount (discounted to present value at the rate of five percent (5%) per annum) by which, at the time of the termination of this Lease (or at any time thereafter if Landlord shall have initially elected damages under Section 20.3(a)(ii) below), (x) the aggregate of Rent projected over the period commencing with such termination and ending on the Expiration Date, exceeds (y) the aggregate projected rental value of the Premises for such period, taking into account a reasonable time period during which the Premises shall be unoccupied, plus all Reletting Costs (hereinafter defined); or

(ii) amounts equal to Rent which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefor specified herein following such termination and until the Expiration Date, *provided, however,* if Landlord shall re-let the Premises during such period, that Landlord shall credit Tenant with the net rents received by Landlord from such re-letting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the expenses incurred or paid by Landlord in terminating this Lease, as well as the expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other similar and dissimilar expenses properly chargeable against the Premises and the rental therefrom (collectively, **"Reletting Costs"**), it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term; and *provided, further,* that (x) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder and (y) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this Section 20.3(a)(ii) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

(b) In calculating the amount due under Section 20.3(a)(i), above, there shall be included, in addition to the Base Rent, all other considerations agreed to be paid or performed by Tenant, including without limitation Tenant's Share of Operating Costs and Taxes, on the assumption that all such amounts and considerations would have increased at the rate of five percent (5%) per annum for the balance of the full term hereby granted.

(c) Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been terminated hereunder.

(d) Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any Event of Default hereunder.

(e) In lieu of any other damages or indemnity and in lieu of full recovery by Landlord of all sums payable under all the foregoing provisions of this Section 20.3, Landlord may, by written notice to Tenant, at any time after this Lease is terminated under any of the provisions herein contained or is otherwise terminated for breach of any obligation of Tenant and before such full recovery, elect to recover, and Tenant shall thereupon pay, as liquidated damages, an amount equal to the aggregate of (x) an amount equal to the lesser of (1) Rent accrued under this Lease in the twelve (12) months

immediately prior to such termination, or (2) Rent payable during the remaining months of the Term if this Lease had not been terminated, plus (y) the amount of Rent accrued and unpaid at the time of termination, less (z) the amount of any recovery by Landlord under the foregoing provisions of this Section 20.3 up to the time of payment of such liquidated damages.

(f) Landlord shall use reasonable efforts to mitigate any damages hereunder following any termination of this Lease or any termination of Tenant's possession of the Premises. The obligation of Landlord to use reasonable efforts to mitigate damages shall not be construed to require Landlord to rent all or any portion of the Premises for a use which, or to a tenant who, would not qualify pursuant to Section 13, or to prioritize the renting of the Premises over other space which Landlord may have available in the Building or in other properties owned by Landlord or its affiliates.

20.4 Landlord's Self-Help; Fees and Expenses. If Tenant shall default in the performance of any covenant on Tenant's part to be performed in this Lease contained, including without limitation the obligation to maintain the Premises in the required condition pursuant to Section 10.1 above, Landlord may, upon reasonable advance notice, except that no notice shall be required in an emergency, immediately, or at any time thereafter, perform the same for the account of Tenant. Tenant shall pay to Landlord upon demand therefor any costs incurred by Landlord in connection therewith, together with interest at the Default Rate until paid in full. In addition, Tenant shall pay all of Landlord's costs and expenses, including without limitation reasonable attorneys' fees, incurred (i) in enforcing any obligation of Tenant under this Lease or (ii) as a result of Landlord or any of the Landlord Parties, without its fault, being made party to any litigation pending by or against any of the Tenant Parties.

20.5 Waiver of Redemption, Statutory Notice and Grace Periods. Tenant does hereby waive and surrender all rights and privileges which it might have under or by reason of any present or future Legal Requirements to redeem the Premises or to have a continuance of this Lease for the Term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided. Except to the extent prohibited by Legal Requirements, any statutory notice and grace periods provided to Tenant by law are hereby expressly waived by Tenant.

20.6 Landlord's Remedies Not Exclusive. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be lawfully entitled, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for.

20.7 No Waiver. The failure of either party to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, or any of the Rules and Regulations promulgated hereunder, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of such Rules and Regulations against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. No provisions of this Lease shall be deemed to have been waived by either party unless such waiver be in writing signed by such party. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to he other than on account of the stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease provided.

20.8 Restrictions on Tenant's Rights. During the continuation of any Event of Default, (a)

Landlord shall not be obligated to provide Tenant with any notice pursuant to Section 2.4 above; and (b) Tenant shall not have the right to make, nor to request Landlord's consent or approval with respect to, any Alterations or Transfers.

20.9 Landlord Default. Notwithstanding anything to the contrary contained in the Lease, Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default, provided Landlord commences cure within 30 days) after notice by Tenant to Landlord properly specifying wherein Landlord has failed to perform any such obligation. Except as expressly set forth in this Lease, Tenant shall not have the right to terminate or cancel this Lease or to withhold rent or to set-off or deduct any claim or damages against rent as a result of any default by Landlord or breach by Landlord of its covenants or any warranties or promises hereunder, except in the case of a wrongful eviction of Tenant from the Premises (constructive or actual) by Landlord, unless same continues after notice to Landlord thereof and a opportunity for Landlord to cure the same as set forth above. In addition, Tenant shall not assert any right to deduct the cost of repairs or any monetary claim against Landlord from rent thereafter due and payable under this Lease.

21. SURRENDER; ABANDONED PROPERTY; HOLD-OVER

21.1 Surrender

(a) Upon the expiration or earlier termination of the Term, Tenant shall (i) peaceably quit and surrender to Landlord the Movable Benches in good order, repair and condition excepting only ordinary wear and tear and damage by fire or other insured Casualty, (ii) peaceably quit and surrender to Landlord the Premises (including without limitation all fixed lab benches, fume hoods, electric, plumbing, heating and sprinkling systems, fixtures and outlets, vaults, paneling, molding, shelving, radiator enclosures, cork, rubber, linoleum and composition floors, ventilating, silencing, air conditioning and cooling equipment therein) broom clean, in good order, repair and condition excepting only ordinary wear and tear and damage by fire or other insured Casualty; (iii) remove all of Tenant's Property, all autoclaves and cage washers and, to the extent specified by Landlord in accordance with Section 11, Alterations made by Tenant; and (iv) repair any damages to the Premises or the Building caused by the installation or removal of Tenant's Property and/or such Alterations. Tenant's obligations under this Section 21.1(a) shall survive the expiration or earlier termination of this Lease.

(b) At least sixty (60) days prior to the expiration of the Term (or, if applicable, within five (5) business days after any earlier termination of this Lease), Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Legal Requirements, including without limitation any requirements of the Massachusetts Department of Public Health and/or other governmental bodies with respect to any radioactive materials) to be taken by Tenant in order to render the Premises (including any Alterations permitted or required by Landlord to remain therein) free of Hazardous Materials and otherwise released for unrestricted use and occupancy (the **"Surrender Plan"**). The Surrender Plan (i) shall be accompanied by a current list of (A) all Required Permits held by or on behalf of any Tenant Party with respect to Hazardous Materials in, on, under, at or about the Premises, and (B) Tenant's Hazardous Materials, and (ii) shall be subject to the review and approval of Landlord's environmental consultant. In connection with review and approval of the Surrender Plan, upon request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning the use of and operations within the Premises as Landlord shall request. Landlord shall use commercially reasonable efforts to provide comments on or approval of the Surrender Plan within seven (7) business days after receipt of the entire Surrender Plan, which approval shall not be unreasonably withheld. In the event that Tenant has not received a response from the Landlord with respect to the Surrender Plan within ten (10) business days after request therefor, then the Surrender Plan shall be

deemed to be accepted by Landlord. On or before the expiration of the Term (or within thirty (30) days after any earlier termination of this Lease, during which period Tenant's use and occupancy of the Premises shall be governed by Section 21.3 below), Tenant shall deliver to Landlord a certification from an industrial hygienist reasonably acceptable to Landlord certifying that the Premises do not contain any Hazardous Materials and evidence that the approved Surrender Plan shall have been satisfactorily completed by a contractor acceptable to Landlord, and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the expiration of the Term (or, if applicable, the date which is thirty (30) days after any earlier termination of this Lease), free of Hazardous Materials and otherwise available for unrestricted use and occupancy. Landlord shall have the unrestricted right to deliver the Surrender Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties. Such third parties and the Landlord Parties shall be entitled to rely on the Surrender Report. If Tenant shall fail to prepare or submit a Surrender Plan approved by Landlord, or if Tenant shall fail to complete the approved Surrender Plan, or if such Surrender Plan, whether or not approved by Landlord, shall fail to adequately address the use of Hazardous Materials by any of the Tenant Parties in, on, at, under or about the Premises, Landlord shall have the right to take any such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Property are surrendered in the condition required hereunder, the cost of which actions shall be reimbursed by Tenant as Additional Rent upon demand. Tenant's obligations under this Section 20.1(b) shall survive the expiration or earlier termination of the Term.

(c) No act or thing done by Landlord during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing signed by Landlord. Unless otherwise agreed by the parties in writing, no employee of Landlord or of Landlord's agents shall have any power to accept the keys of the Premises prior to the expiration or earlier termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises.

(d) Notwithstanding anything to the contrary contained herein, Tenant shall, at its sole cost and expense, remove from the Premises, prior to the end of the Term, any item installed by or for Tenant and which, pursuant to Legal Requirements, must be removed therefrom before the Premises may be used by a subsequent tenant.

21.2 Abandoned Property. After the expiration or earlier termination hereof, if Tenant fails to remove any property from the Building or the Premises which Tenant is obligated by the terms of this Lease to remove within five (5) business days after written notice from Landlord, such property (the **"Abandoned Property"**) shall be conclusively deemed to have been abandoned, and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any item of Abandoned Property shall be sold, Tenant hereby agrees that Landlord may receive and retain the proceeds of such sale and apply the same, at its option, to the expenses of the sale, the cost of moving and storage, any damages to which Landlord may be entitled under Section 20 hereof or pursuant to law, and to any arrears of Rent.

21.3 Holdover. If any of the Tenant Parties holds over after the end of the Term, Tenant shall be deemed a tenant-at-sufferance subject to the provisions of this Lease; provided that whether or not Landlord has previously accepted payments of Rent from Tenant, (i) Tenant shall pay Base Rent at 150% of the highest rate of Base Rent payable during the Term, (ii) Tenant shall continue to pay to Landlord all additional rent, and (iii) Tenant shall be liable for all damages, including without limitation consequential damages, incurred by Landlord as a result of such holding over, Tenant hereby acknowledging that Landlord may need the Premises after the end of the Term for other tenants and that the damages which Landlord may suffer as the result of Tenant's holding over cannot be determined as of the Execution

Date. Nothing contained herein shall grant Tenant the right to holdover after the expiration or earlier termination of the Term.

22. MORTGAGEE RIGHTS

22.1 Subordination. Tenant's rights and interests under this Lease shall be (i) subject and subordinate to any ground lease, overleases, mortgage, deed of trust, or similar instrument covering the Premises, the Building and/or the Land and to all advances, modifications, renewals, replacements, and extensions thereof (each of the foregoing, a **"Mortgage"**), or (ii) if any Mortgagee elects, prior to the lien of any present or future Mortgage. Tenant further shall attorn to and recognize any successor landlord, whether through foreclosure or otherwise, as if the successor landlord were the originally named landlord. Notwithstanding anything to the contrary in this Section 22 contained, the herein provided subordination and attornment shall be effective only if the Mortgagee agrees, by a duly executed commercially reasonable instrument in recordable form (**"Non-disturbance Agreement"**) that, so long as Tenant shall not be in default of the obligations on its part to be kept and performed under the terms of this Lease beyond any applicable notice and cure periods, this Lease will not be affected and Tenant's possession and rights hereunder will not be disturbed by any default in, termination, and/or foreclosure of, such Mortgage. Within twenty (20) days of request therefor, Tenant agrees to execute, acknowledge and deliver such a Non-disturbance Agreement.

22.2 Notices. Tenant shall give each Mortgagee for which Tenant has received contact information the same notices given to Landlord concurrently with the notice to Landlord, and each Mortgagee shall have a reasonable opportunity thereafter to cure a Landlord default, and Mortgagee's curing of any of Landlord's default shall be treated as performance by Landlord.

22.3 Mortgagee Consent. Tenant acknowledges that, where applicable, any consent or approval hereafter given by Landlord may be subject to the further consent or approval of a Mortgagee; and the failure or refusal of such Mortgagee to give such consent or approval shall, notwithstanding anything to the contrary in this Lease contained, constitute reasonable justification for Landlord's withholding its consent or approval.

22.4 Mortgagee Liability. Tenant acknowledges and agrees that if any Mortgage shall be foreclosed, (a) the liability of the Mortgagee and its successors and assigns shall exist only so long as such Mortgagee or purchaser is the owner of the Premises, and such liability shall not continue or survive after further transfer of ownership; and (b) such Mortgagee and its successors

or assigns shall not be (i) liable for any act or omission of any prior lessor under this Lease; (ii) liable for the performance of Landlord's covenants pursuant to the provisions of this Lease which arise and accrue prior to such entity succeeding to the interest of Landlord under this Lease or acquiring such right to possession; (iii) subject to any offsets or defense which Tenant may have at any time against Landlord; (iv) bound by any base rent or other sum which Tenant may have paid previously for more than one (1) month other than payments on account of estimated Operating Costs and Taxes; or (v) liable for the performance of any covenant of Landlord under this Lease which is capable of performance only by the original Landlord.

23. QUIET ENJOYMENT. Landlord covenants that so long as there is no Event of Default, Tenant shall peaceably and quietly hold, occupy and enjoy the Premises during the Term from and against the claims of all persons lawfully claiming by, through or under Landlord subject, nevertheless, to the covenants, agreements, terms, provisions and conditions of this Lease, any matters of record of which Tenant has knowledge and to any Mortgage to which this Lease is subject and subordinate, as hereinabove set forth.

24. NOTICES. Any notice, consent, request, bill, demand or statement hereunder (each, a **"Notice"**)

by either party to the other party shall be in writing and shall be deemed to have been duly given when either delivered by hand or by nationally recognized overnight courier (in either case with evidence of delivery or refusal thereof) addressed as follows:

If to Landlord: King 101 Hartwell LLC
c/o King Street Properties
255 Bear Hill Road
Waltham, MA 02451
Attention: Stephen D. Lynch

With a copy to: Goulston & Storrs, P.C.
400 Atlantic Avenue
Boston, MA 02110
Attention: Colleen P. Hussey, Esquire

if to Tenant: T2 Biosystems, Inc.
101 Hartwell Avenue
Lexington, MA 02421
Attention: Chief Executive Officer

Notwithstanding the foregoing, any notice from Landlord to Tenant regarding ordinary business operations (e.g., exercise of a right of access to the Premises, maintenance activities, invoices, etc.) may also be given by written notice delivered by facsimile to any person at the Premises whom Landlord reasonably believes is authorized to receive such notice on behalf of Tenant without copies as specified above. Either party may at any time change the address or specify an additional address for such Notices by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed or additional address, provided such changed or additional address is within the United States. Notices shall be effective upon the date of receipt or refusal thereof.

25. MISCELLANEOUS

25.1 Separability. If any provision of this Lease or portion of such provision or the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of this Lease (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

25.2 Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent of any provisions thereof. Unless the context otherwise requires, the term "hereof" shall refer to this Lease and not to any specific provision, section or paragraph hereof.

25.3 Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Lease other than FHO Partners (**"Broker"**). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of the representation and warranty set forth in the immediately preceding sentence. Landlord shall be solely responsible for the payment of any brokerage commissions to Broker.

25.4 Entire Agreement. This Lease, Lease Summary Sheet and Exhibits 1-8 attached hereto and incorporated herein contain the entire and only agreement between the parties and any and all statements and representations, written and oral, including previous correspondence and agreements between the parties hereto, are merged herein. Each party acknowledges that all representations and statements upon which it relied in executing this Lease are contained herein and that such party in no way

relied upon any other statements or representations, written or oral. This Lease may not be modified orally or in any manner other than by written agreement signed by the parties hereto.

25.5 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and any applicable local municipal rules, regulations, by-laws, ordinances and the like.

25.6 Representation of Authority. By his or her execution hereof, each of the signatories on behalf of the respective parties hereby warrants and represents to the other that he or she is duly authorized to execute this Lease on behalf of such party. Upon Landlord's request, Tenant shall provide Landlord with evidence that any requisite resolution, corporate authority and any other necessary consents have been duly adopted and obtained.

25.7 Expenses Incurred by Landlord Upon Tenant Requests. Tenant shall, upon demand, reimburse Landlord for all reasonable expenses, including, without limitation, legal fees, incurred by Landlord in connection with all requests by Tenant for consents, approvals or execution of collateral documentation related to this Lease, including, without limitation, costs incurred by Landlord in connection with any reduction in the face amount of the Letter of Credit pursuant to Section 7.1(b) above and costs incurred by Landlord in connection with the review and approval of Tenant's plans and specifications in connection with proposed Alterations to be made by Tenant to the Premises or in connection with requests by Tenant for Landlord's consent to make a Transfer. Such costs shall be deemed to be additional rent under this Lease.

25.8 Survival. Without limiting any other obligation of either party which may survive the expiration or prior termination of the Term, (a) all obligations to indemnify, defend, or hold harmless, as set forth in Section 17 of this Lease shall survive the expiration or prior termination of the Term for a period of five (5) years after the last day of the Term, and (b) all other obligations to indemnify, defend, or hold harmless, as set forth in this Lease shall survive the expiration or prior termination of the Term for a period of three (3) years.

25.9 Limitation of Liability. Tenant shall neither assert nor seek to enforce any claim against Landlord or any of the Landlord Parties, or the assets of any of the Landlord Parties, for breach of this Lease or otherwise, other than against Landlord's interest in the Property and in the uncollected rents, issues and profits thereof, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease. This Section 25.9 shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord. **Landlord and Tenant specifically agree that in no event shall any officer, director, trustee, employee or representative of Landlord, Tenant or any of the other Landlord Parties or Tenant Parties ever be personally liable for any obligation under this Lease, nor shall Landlord or any of the other Landlord Parties be liable for consequential or incidental damages or for lost profits whatsoever in connection with this Lease. Landlord and Tenant specifically agree that, subject to Section 21 above, neither Tenant nor any of the other Tenant Parties shall be liable for consequential or incidental damages or for lost profits whatsoever in connection with this Lease.**

25.10 Binding Effect. The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Section 13 hereof shall operate to vest any rights in any successor or assignee of Tenant.

25.11 Landlord Obligations upon Transfer. Upon any sale, transfer or other disposition of the Building, Landlord shall be entirely freed and relieved from the performance and observance thereafter of all covenants and obligations hereunder on the part of Landlord to be performed and

observed, it being understood and agreed in such event (and it shall be deemed and construed as a covenant running with the land) that the person succeeding to Landlord's ownership of said reversionary interest shall thereupon and thereafter assume, and perform and observe, any and all of such covenants and obligations of Landlord, except as otherwise agreed in writing.

25.12 No Grant of Interest. Tenant shall not grant any interest whatsoever in any fixtures within the Premises or any item paid in whole or in part by Landlord.

25.13. Use of Names. Neither Tenant nor Landlord shall use the name of the other party or affiliate of the other party in any publicity, promotion, trailer, press release, advertising, printed or display materials without such party's prior written consent.

25.14 Confidentiality.

(a) From time to time Landlord has delivered and may deliver to Tenant certain information about the Property, including without limitation environmental reports and other title, zoning, geotechnical, permitting, environmental and operational materials relating to the Property (such information, whether furnished before or after the date hereof, whether oral or written, and regardless of the manner in which it is furnished, is collectively hereinafter referred to as **"Landlord's Proprietary Information").** Landlord's Proprietary Information does not include, however, information which (a) is or becomes generally available to the public other than as a result of a disclosure by Tenant or Tenant's Engaged Persons, as defined below; (b) was available to Tenant on a non-confidential basis prior to its disclosure by Landlord; or (c) becomes available to Tenant on a non-confidential basis from a person other than Landlord who is not otherwise bound by a confidentiality agreement with Landlord, or is otherwise not under an obligation to Landlord not to transmit the information to Tenant.

(b) Tenant hereby covenants and agrees (a) to keep all Landlord's Proprietary Information strictly confidential; (b) not to disclose or reveal any Landlord's Proprietary Information to any person other than those persons who are actively and directly engaged by Tenant in connection with the Lease of the Property (such persons are hereinafter referred to as **"Tenant's Engaged Persons"**); (c) to cause Tenant's Engaged Persons to observe the terms of this Section 25.14; and (d) not to use any Landlord's Proprietary Information for any purpose other than in connection with this Lease. Tenant will be responsible for any breach of the terms of this Section 25.14 by it and/or its employees, agents, representatives or any other of Tenant's Engaged Persons.

(c) In the event that Tenant is requested pursuant to, or required by, any Legal Requirements to disclose any Landlord's Proprietary Information or any other information concerning the Property, Tenant agrees that it will provide Landlord with prompt notice of such request or requirement in order to enable Landlord to seek an appropriate protective order or other remedy, to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Section 25.14. In any such event Tenant will use best efforts to ensure that all Landlord's Proprietary Information and other information that is so disclosed will be accorded confidential treatment.

(d) From time to time Tenant has delivered and may deliver to Landlord certain information about Tenant's business operations, including without limitation financial information (such information, whether furnished before or after the date hereof, whether oral or written, and regardless of the manner in which it is furnished, is collectively hereinafter referred to as **"Tenant's Proprietary Information").** Tenant's Proprietary Information does not include, however, information which (a) is or becomes generally available to the public other than as a result of a disclosure by Landlord or Landlord's Engaged Persons, as defined below; (b) was available to Landlord on a non-confidential basis prior to its disclosure by Tenant; or (c) becomes available to Landlord on a non-confidential basis from a person

other than Tenant who is not otherwise bound by a confidentiality agreement with Tenant, or is otherwise not under an obligation to Tenant not to transmit the information to Landlord.

(e) Landlord hereby covenants and agrees (a) to keep all Tenant's Proprietary Information strictly confidential; (b) not to disclose or reveal any Tenant's Proprietary Information to any person other than its attorneys, accountants, consultants and those persons who are actively and directly engaged in connection with the ownership, management, financing of, or investment in, the Property (such persons are hereinafter referred to as **"Landlord's Engaged Persons"**); (c) to cause Landlord's Engaged Persons to observe the terms of this Section 25.14; and (d) not to use any Tenant's Proprietary Information for any purpose other than in connection with this Lease. Landlord will be responsible for any breach of the terms of this Section 25.14 by it and/or its employees, agents, representatives or any other of Landlord's Engaged Persons.

(f) In the event that Landlord is requested pursuant to, or required by, any Legal Requirements to disclose any Tenant's Proprietary Information, Landlord agrees that it will provide Tenant with prompt notice of such request or requirement in order to enable Tenant to seek an appropriate protective order or other remedy, to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Section 25.14. In any such event Landlord will use best efforts to ensure that all Tenant's Proprietary Information and other information that is so disclosed will be accorded confidential treatment.

(g) Each party agrees that, except as provided by law or unless compelled by an order of a court of competent jurisdiction, it shall keep the contents of this Lease confidential and shall not disclose such information to any third parties other than its Engaged Persons.

(h) Without prejudice to the rights and remedies otherwise available at law or in equity, each party agrees that the other shall be entitled to seek equitable relief by way of injunction or otherwise if such party or any of its agents, employees, representatives or any other Engaged Persons breach or threaten to breach any of the provisions of this Section 25.14.

(i) The provisions of this Section 25.14 shall survive the expiration or earlier termination of this Lease for three (3) years.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties hereto have executed this Lease as a sealed instrument as of the Execution Date.

LANDLORD

KING 101 HARTWELL LLC
By: King Berra LLC, its manager
By: King Street Properties Investments LLC, its manager

By: /s/ Stephen D. Lynch
Stephen D. Lynch, manager

TENANT

T2 BIOSYSTEMS, INC.

By: /s/ John McDonough
Name: John McDonough
Title: CEO

EXHIBIT I

LEASE PLAN

[see attached]

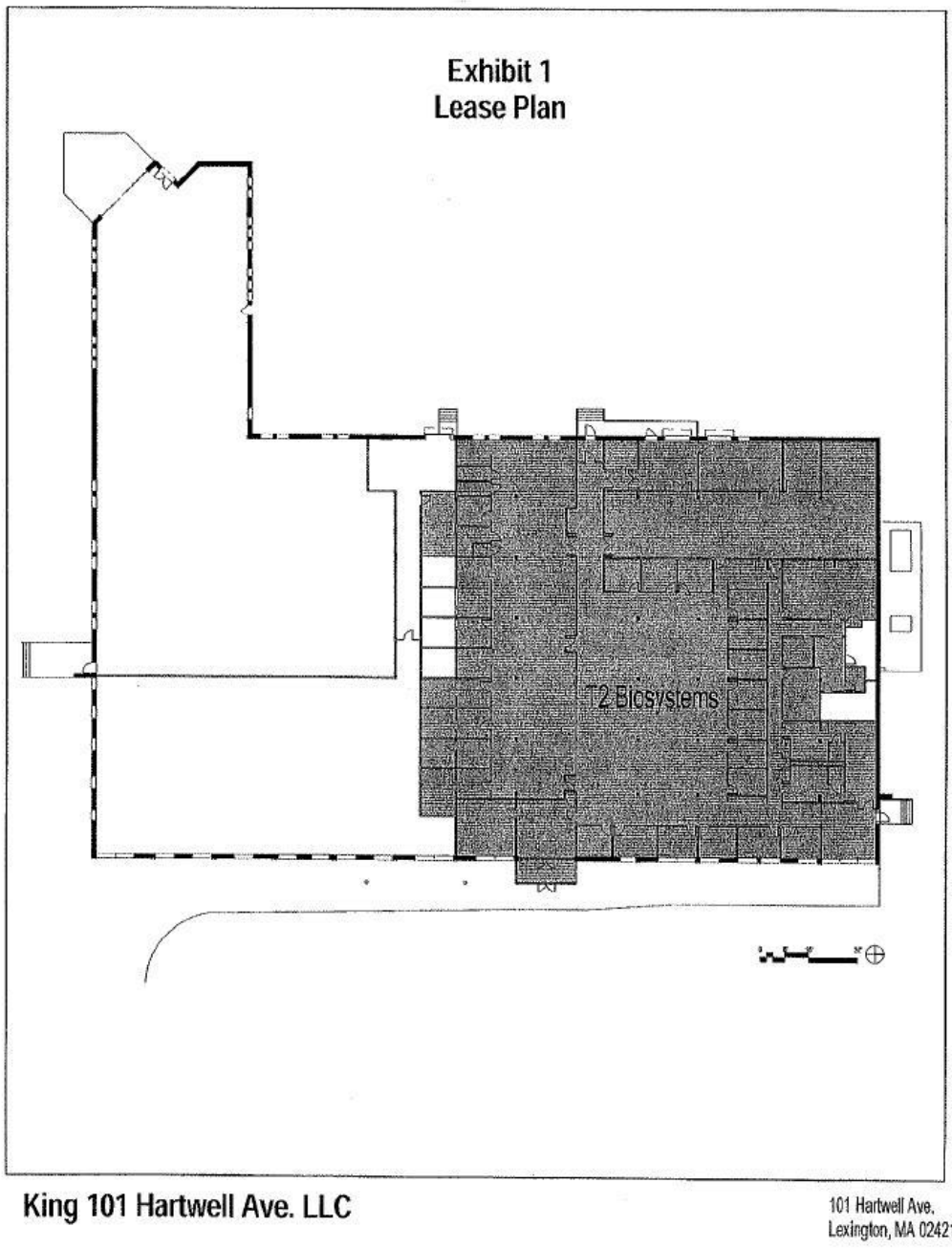


EXHIBIT 2

LEGAL DESCRIPTION

A certain parcel of land situated in Lexington, County of Middlesex, Massachusetts, bounded and described as follows:

Southeasterly	by Hartwell Avenue, three hundred and ninety-five feet;
Southwesterly	by Lot 5 as shown on plan hereinafter mentioned, four hundred and seventy-five feet; and
Northwesterly	four hundred eighteen and 82/100 feet;
Northeasterly	four hundred and fifty feet, and
Northeasterly	again, thirty-nine and 27/100 feet, all by Lot 8 on said plan.

Said parcel is shown as Lot 7 on said plan, (Plan No. 31330C).

All of said boundaries are determined by the Court to be located as shown on a subdivision plan, as approved by the Court, filed in the Land Registration Office, a copy of which is filed in the Registry of Deeds for the South Registry District of Middlesex County in Registration Book 791, Page 36, with Certificate 132186.

Said premises are conveyed together with the rights in:

Grant of easement to Wilbur C. Nylander and Alfred P. Tropeano, Trustees et als. filed as Document No. 479842.

Grant of easement to Michael Campanelli et als. Trustees filed as Document No. 479843

EXHIBIT 3

LANDLORD'S WORK

Landlord's Work shall consist of the following items listed herein and as described on the Perkins and Will plan dated July 27, 2010 (the "**Plan**"). Reference is also made to the T2 Biosystems Equipment Schedule which is part of the Plan.

Landlord's architect to provide finish selections from the Landlord's building standard materials. All finishes subject to Tenant's final approval.

Office Area:

Landlord to construct partitions, walls, doors, glazing and painting per the Plan.

Landlord to provide locks to doors as specified on the Door Schedule.

Landlord to supply and install one divider/folding wall in large meeting room.

Landlord to provide open office space for 40 or more Tenant supplied office cubicles as shown on the Plan.

Landlord to provide batt insulation in the partitions of offices 2, 3, 4, 5, and 6.ord to provide a workout room and an allowance for up to $10,000 for the purchase of exercise equipment to be located in the workout room.

Landlord to provide general bathroom facilities with water closets, urinals, and lavatories, ,one locker and one shower in each room as shown on the Plan.

Landlord to provide one kitchenette/lunch room with sink, laminate countertop and base and wall cabinets and electrical outlets to accommodate Tenant supplied appliances.

Landlord will furnish and install 28 oz. nylon textured loop carpet in the office areas and sealed concrete in the loading, shipping and receiving area as shown on the Plan.

Landlord will install 2' x 4' acoustical ceiling tile throughout the office portion of the Premises. The ceiling will be open to the underside of the deck in the loading, shipping and receiving areas.

The Landlord will install shades (Vinyl/Fiberglass Phifer Shear Weave) for windows.

Lab:

Landlord to construct a BSL2 lab with controlled access and 100% outside air with a minimum of six air changes per hour.

Landlord will provide the following one small glass wash area with Landlord-supplied under counter glass washer (Model Labconco Steam Scrubber Catalog # 440321)

Landlord to supply and install one new wall-mounted RO-DI point of use system, Barnstead Model 8611.

Landlord to disconnect tenant's existing RODI system at the 286 Cardinal Medeiros facility two days prior to move. . Landlord to re-install Tenant's existing RO-DI system in a mutually agreed-upon

location within the lab at the Premises.

Landlord to furnish and install two 6' fume hoods. Hoods will be New England Lab's 72" Pro Series Fume Hood Catalog # 7421040 with epoxy work surface; 36" solvent base cabinet # 1412011; 36" acid base cabinet 314110111.

Landlord will install VCT flooring in the laboratory and support spaces as defined on the Plan

Landlord will furnish and install 2' x 4' acoustic ceiling in an aluminum grid system with vinyl faced tile

HVAC:

In the BSL2 lab area comprised of Tenant's Molecular Biology, Chemistry, Assay Development functions, the system will provide 100% outside air with a minimum of 6 air changes per hour. The lab area HVAC unit(s) will have the capacity to allow for two additional exhaust hoods to be added by the Tenant at its cost at a future date. BSL2 lab area will be balanced as negative to the office portion of the facility. Balance report will be provided upon completion of the project and will be included with the Project closeout materials provided to Tenant.

The balance of the Premises, including the Systems Development Room, ("Non-Lab Areas") will be designed to ASHRAE standards for office space.

Systems Development lab will be balanced as negative to the office portion of the facility. Balance report will be provided upon completion of the project and will be included with the Project closeout materials provided to Tenant.

The Non-Lab Areas will be serviced by roof top gas fired for heating and electric direct expansion units for cooling to provide for a minimum of 7 zones. Heating in the Non-Lab Areas will be provided by hot water reheat and baseboard units where needed. The boiler will be located in the Tenant's boiler room. The heating and cooling will be monitored by an automatic control system that allows for control by zone. The system will include an energy management system that has night setback capability.

The Landlord will also furnish and install in the IT Server room a wall mounted ductless split system providing up to 18,000 BTUs of cooling.

Plumbing:

Landlord is to provide a gravity-based tank PH System with a capacity of 16 GPM, the installation of which shall comply with applicable building and plumbing codes and MWRA regulations. Tenant is responsible for commissioning of the PH system and for obtaining all necessary permits, including the MWRA discharge permit. Landlord will cooperate to provide the necessary documentation for the Tenant's MWRA permit application. Landlord will allow inspections by the MWRA as part of the permitting process as it pertains to the application and inspection of the pH system prior to the Term Commencement Date.

Landlord to furnish and install 7 sinks (in addition to kitchen and bathroom sinks) connected to the pH system. Sinks to be set in sink cabinets New England Lab #1418022 — 36" painted steel sink base cabinets; with black epoxy resin countertops; with lipped epoxy resin sinks (24" X 16" X 15.5") New England Lab Catalog #D70C; and H/C Mixing Faucets, 8" gooseneck, deck mounted, vacuum breaker, catalog # L424-8VB. Color of sink cabinets to match color of tenant and landlord supplied moveable benches.

Landlord to furnish and install four (4) emergency showers/eyewash stations with tepid water in

Molecular Biology, Chemistry/Assay Development, and Systems Development as shown on the Plan (3 stations in lab and 1 in Systems)

Electrical:

Landlord to provide electrical capacity of up to 20 watts/SF for the Premises. Landlord will furnish and install 2' x 4' parabolic light fixtures in the office areas to provide a minimum of 40 foot candles of light and acrylic lensed fixtures in lab areas to provide a minimum of 60 foot candles of light. Bulbs to be cool white in both office and lab areas. The Landlord will provide emergency lighting, an addressable fire alarm system and associated devices as required by applicable codes.

Landlord will furnish and install 1 quad outlet and 1 duplex outlet per office or room as shown on the Plan. Boardroom to contain 7 duplex outlets, 1 ceiling junction box and 1 floor junction box. Large meeting room to contain 7 Wall duplex outlets, 2 floor junction boxes and 1 ceiling junction box.

Landlord will furnish and install outlets or connections as shown on the Plan for Tenant furnished equipment in accordance with the plan and the tenant equipment list.

Landlord will hard wire the Tenant-supplied electric whips for tenant-supplied cubicles.

Landlord to furnish 20 KW of connected standby power via existing generator to equipment outlined on the tenant equipment list.

Landlord will provide alarm point wiring to equipment as outlined on the tenant equipment list. Landlord will install wires from the NAE to the equipment.

Fire Protection:

Landlord will provide a fire protection system as shown on the Plan in accordance with applicable codes.

Lab Casework:

Provided that Tenant has delivered its existing lab casework to the Premises in accordance with an agreed-upon schedule, Landlord will provide power and data cabling to locations specified on the electrical plan and further defined by the location of benches/casework shown on the equipment and furniture plan.

In addition, Landlord to furnish and install the following additional benches for Tenant's use during the term of the lease:

Systems Lab

Global Industries (Manufacturer)

4 — Wood Benches- 2.5' x 5.0' with shelving & single file drawer (no power Strip, no light)

4 - Wood Benches — 2.5 x 5.0' (no shelving, no file drawer, no power Strip, no light)

Symbiote Ergostat Model

4- Ergostat Gray Benches- with shelving, light, power strip & 3 drawer file

4- Ergostat Gray benches — with Shelving, light, power strip, no file drawer

Main Lab

New England Lab

20- 72" Cambridge Series Laboratory Tables — Catalog # T100-7230-RR Half of these have task Lights; Drawers — half have 3 drawer cabinets and Half have 2 drawer cabinets; Electrical Strips; P Lam Shelves (2) and ends

7 – 48" Cambridge Series Laboratory Tables — Catalog # T100-4830-RR Half of these have task lights; No drawers; electrical strip; P-Lam Shelves (2)

Other Landlord Work:

Landlord will refurbish the existing loading dock and its canopy which serves the Premises.

Landlord will furnish a bike rack at the exterior of the building for use by Tenant.

Landlord will furnish and install a card access system with 3 exterior locations as shown on the Plan. The card access system will have the capacity for Tenant to add readers at its cost on interior locations.

Landlord will designate 10 parking spaces as Tenant's visitor parking spaces and will be marked with T2 visitor signs.

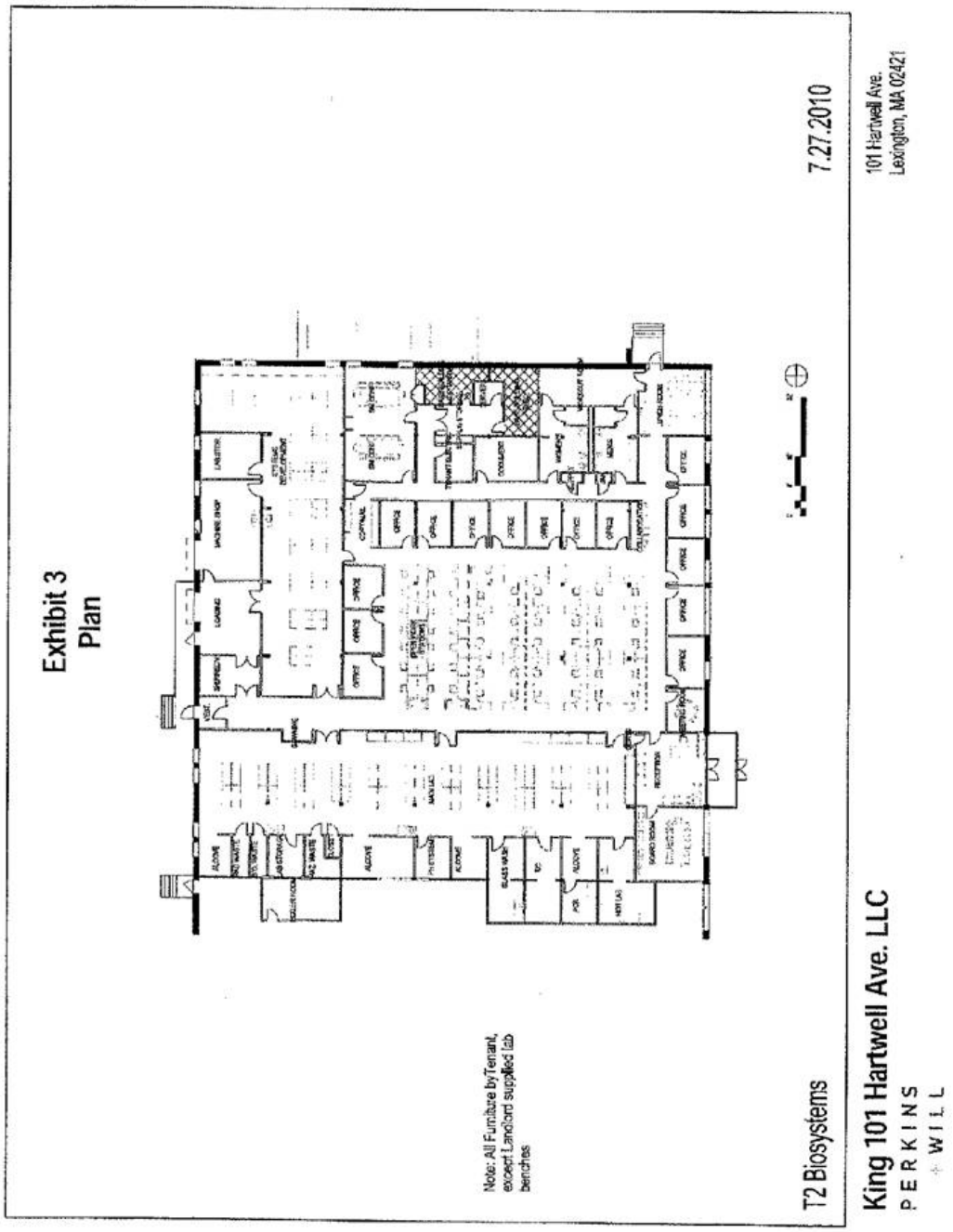


EXHIBIT 3A

EXTERIOR WORK

At its sole cost and expense Landlord shall:

Renovate the existing main entry to the Premises, located on the eastern (front) side of the Building. Said renovation will include the creation of a new glass exterior entry supported by structural steel.

Conduct site work including drainage as required by the Town of Lexington and re-surface and re-stripe the existing parking lots and driveways serving the Property.

Pursuant to the Plan, Landlord shall renovate the exterior loading facilities serving the Premises as follows. Currently, two (2) existing loading doors serve the Premises. Landlord shall refurbish the southern-most loading dock. It will be served by the existing overhead door which will remain in service. Landlord will refurbish the existing canopy over this loading dock.

Landlord shall eliminate the dock leveler associated with the second loading door and make repairs as-needed to the surrounding concrete.

Install one (1) new personnel door with overhead canopy along the western side of the Building per the Plan.

Landlord to remove the existing landscaping adjacent to the eastern side of the Building and replace with new plantings and landscaping.

Will install monument signage identifying the address of the Building and directional signage on the Property.

Install a new fence enclosing the generator and transformer located along the northern side of the Building.

Install exterior site lighting in the rear (western) portion of the parking lot.

Create a common dumpster area with concrete pad and fenced enclosure in the western portion of the Property.

Room #/ Eqt #	Description	QTY	Size (wxdxh) inches	Manufacturer	Volt.	Phase	IIZ	Amps	Currently on own circuit	Compressed Air	Vacuum (scfm)	Nitrogen N2	Alarm Point	Cart	Other	Comments

Molecular															
1	Freezer -20	1	32x28.5x70.5	Fisher	115V	UA	60	5	N	n/a	n/a	n/a	n/a	N	STBYPW	n/a
2	Refridgerator 2-8c	1	30x33x79	Fisher	115V	UA	60	8.5	Y	n/a	n/a	n/a	n/a	N	STBYPW	n/a
3	Tetrad2	1	18.5x24x8	BioRad	200-240Vac	UA	50-60	20 min	Y	n/a	n/a	n/a	n/a	N	Twist Lock	Fitted w/NEMA L6-20P Plug
4	Light Cycler	1	23x21.5x20.5	Roche	200-240Vac	UA	50-60	UA	Y	n/a	n/a	n/a	n/a	N	n/a	Fitted w/NEMA 6-20P Plug
5	Incubator	1	26.5x24.5x40	Forma	115V	1	50-60	3.6	N	n/a	n/a	n/a	n/a	N	n/a	n/a
6	4ft BSC	1	51x28x89	Forma	120	1	50-60	8	N	n/a	n/a	n/a	n/a	N	n/a	n/a
7	6ft BSC	1		TBD					n/a							
8	6ft BSC	1		TBD					n/a							
Hot Lab															
1	Scintillation Counter	1	53x33x49	Perkin	100-120v	UA	50-60	3	N	n/a	n/a	n/a	n/a	Y	n/a	n/a
2	Gel Dryer	1	19x20x2	Labconco	115V	UA	50-60	13	Y	n/a	n/a	n/a	n/a	N	n/a	Fitted w/NEMA 5-20P
3	Typhoon	1	35.5x31.5xl4.5	GE	125V	UA	50-60	13	Y	n/a	n/a	n/a	n/a	N	n/a	n/a
Chemistry															
1	Freezer-80	1	42x37x78	Revco	115V	UA	60	16	Y	n/a	n/a	n/a	Y	N	STBYPW	Fitted w/NEMA 5-20P Plug
2	Freezer -20	1	28.5x34.5x79	Revco	115V	UA	60	13.5	Y	n/a	n/a	n/a	n/a	N	STBYPW	n/a
3	Refridgerator 2-8c	1	32x31x70.5	Fisher	115V	UA	60	5	N	n/a	n/a	n/a	n/a	N	STBYPW	n/a
4	Autoclave	1	23x28x18	Tattnauer	230V	2	50-60	7.8	Y	n/a	n/a	n/a	n/a	N	n/a	Fitted w/NEMA 6-15P
5	Centerfuge	1	28x24x12.5	Beckman	120V	UA	60	12	Y	n/a	n/a	n/a	n/a	N	n/a	Lid opens up to 32’
6	Oven	1	24x23.5x39.5	Thermo	120V	UA	60	11	Y	n/a	n/a	n/a	n/a	N	n/a	n/a
7	Ice Machine	1	24x24x38	Scottsman	100-120v	UA	50-60	UA	N	n/a	n/a	n/a	n/a	N	n/a	Requires Water Connection
8	Easy Pure II	1	12x19x18	Barnstead	100-240V	1	50-60	UA	N	n/a	n/a	n/a	n/a	N	n/a	Requires RO Connection

Assay Development															
1	Refridgerator 2-8c	1	32x29x65.5	Kenmore	115V	UA	60	5	N	n/a	n/a	n/a	n/a	n	STBYPW	n/a
2	Freezer -80	1	53x36x79	SoLow	208V	1	60	20	Y	n/a	n/a	n/a	Y	n	STBYPW	Fitted w/NEMA 6-20P Plug
3	Tecan	1	57x33x70	Tecan	100-120	UA	50-60	UA	N	n/a	n/a	n/a	n/a	n	n/a	n/a
4	Landlord supplied water system	1		TBD					n/a							
5	High Throughput	1	48x50x83	Epson	208V	UA	60	5	Y	n/a	n/a	n/a	n/a	n	Twist Lock	Fitted w/NEMA L6-20P Plug
Systems Lab															
1	High Throughput	1	48x50x83	Epson	208V	UA	60	5	Y	n/a	n/a	n/a	n/a	n	Twist Lock	Fitted w/NEMA L6-20P Plug
2	Humidity Chamber	1	37x52x73	Test Equity	230V	1	60	30	Y	n/a	n/a	n/a	n/a	n	Twist Lock	Fitted w/NEMA L6-30P Plug
Machine Shop															
1	CNC	1	49x38x74	Syil	115V	UA	UA	UA	Y	n/a	n/a	n/a	n/a	n	n/a	n/a
2	Lathe	1	78x24x50	Rockwell	UA	UA	UA	20	Y	n/a	n/a	n/a	n/a	n	Twist Lock	Fitted w/NEMA L5-20P
3	Ban Saw	1	24x18x66	Enco	220	1	60	15	Y	n/a	n/a	n/a	n/a	n	n/a	Fitted w/NEMA 6-15P
4	Mill	1	38x30x78	Rockwell	115V	UA	UA	9.5	Y	n/a	n/a	n/a	n/a	n	n/a	n/a
Server Room															STBYPW	
1	Server Rack	1	25x40x79	UA	UA	UA	UA	20	Y	n/a	n/a	n/a	n/a	n	Twist Lock	Fitted w/NEMA L5-20P
Kitchen																
1	Coffee Machine	1	10x14x13	Kurig	120V	UA	60	11.6	Y	n/a	n/a	n/a	n/a	n	n/a	
2	Microwave	1	22.5x17x14	GE	120 VAC	UA	80	8.3	Y	n/a	n/a	n/a	n/a	n	n/a	
3	Toaster Oven	1	15x11x10	Classic	No Info	UA	UA	UA	UA	n/a	n/a	n/a	n/a	n	n/a	
4	Refridgerator	1	31x32x65.5	Kenmore	115V	UA	60	4.5	N	n/a	n/a	n/a	n/a	n	n/a	
5	Water Bubbler	1	12x12x40	Spectrum	115V	1	60	6	N	n/a	n/a	n/a	n/a	n	n/a	

Exhaust Fans for Fume hoods on stand by power if possible
** UA=Unavailable

EXHIBIT 4

SITE PLAN

[see attached]

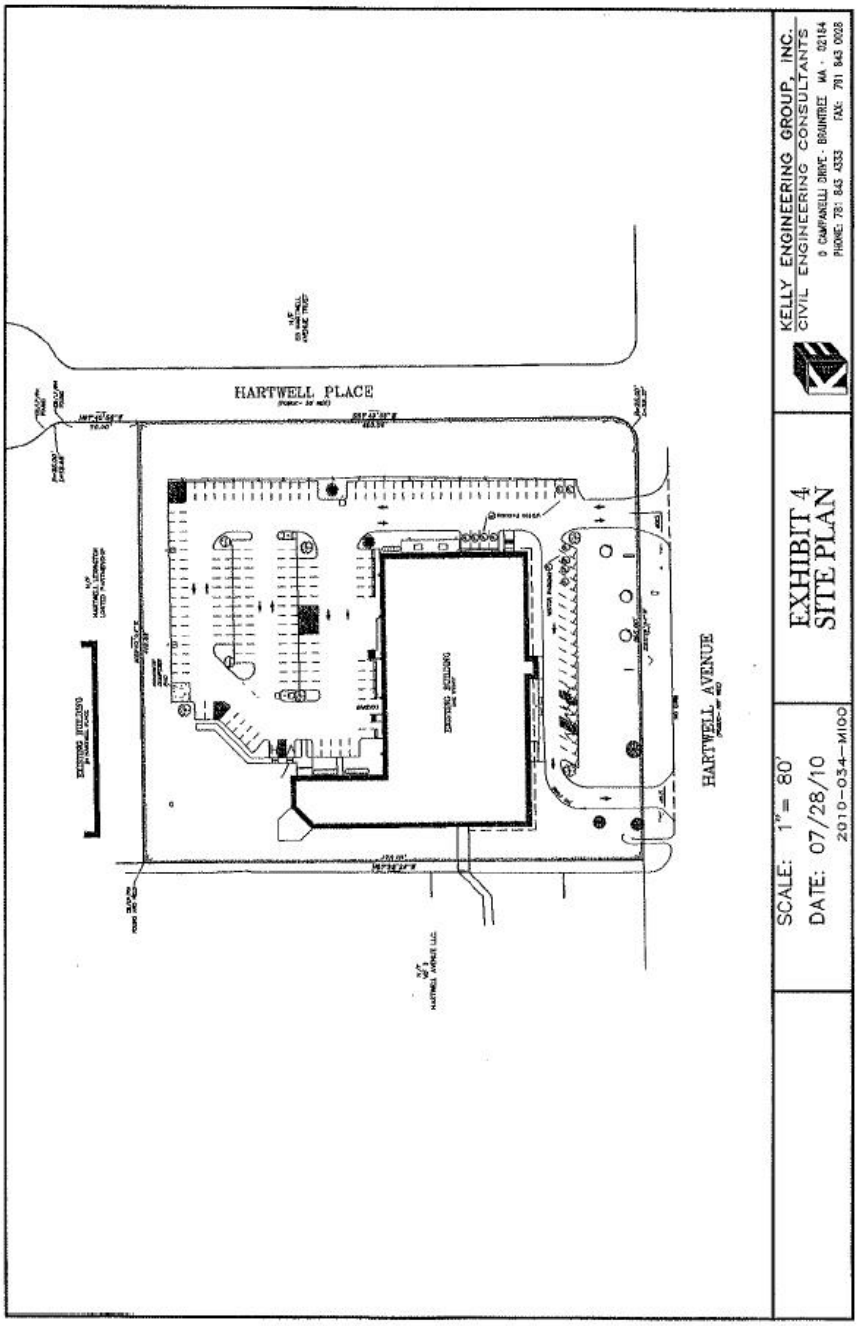


EXHIBIT 5

FORM OF LETTER OF CREDIT

BENEFICIARY:

< >
[LANDLORD]

ISSUANCE DATE:

IRREVOCABLE STANDBY
LETTER OF CREDIT NO.

ACCOUNTEE/APPLICANT:

< >
[TENANT]

MAXIMUM/AGGREGATE
CREDIT AMOUNT:
USD: $.

LADIES AND GENTLEMEN:

We hereby establish our irrevocable letter of credit in your favor for account of the applicant up to an aggregate amount not to exceed and /100 US Dollars ($.) available by your draft(s) drawn on ourselves at sight bearing the clause "Drawn under Irrevocable Standby Letter of Credit Number " and indicating the amount to be drawn down and whether payment should be made by wire transfer (including wiring instructions) or by certified check (including mailing address) accompanied by the original of this Letter of Credit and all amendments, if any. The original Letter of Credit and all amendments, if any, shall be returned to you unless fully utilized.

Unless otherwise stated, all correspondence, documents and sight drafts are to be sent via facsimile to ( ) - with originals to follow by hand delivery with receipted delivery, nationally recognized overnight courier with receipted delivery or certified mail, return receipt requested to our counters at <address>. The date of presentment of any draw shall be the date copies of the Letter of Credit and sight draft are faxed by Beneficiary to <bank>.

You shall have the right to make partial draws against this Letter of Credit, from time to time.

You shall be entitled to assign your interest in this Irrevocable Standby Letter of Credit from time to time to your lender(s) and/or your successors in interest without our approval and without charge. In the event of an assignment, we reserve the right to require reasonable evidence of such assignment as a condition to any draw hereunder.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and practice for Documentary Credits, International Chamber of Commerce, Publication No. 500 (1993 Revision)".

This Letter of Credit shall expire at our office on , 20 (the "**Stated Expiration Date**"). It is a condition of this Letter of Credit that the Stated Expiration Date shall be deemed automatically extended without amendment for successive one (1) year periods from such Stated Expiration Date, unless at least sixty (60) days prior to such Stated Expiration Date (or any anniversary

thereof) we shall send a written notice to you, with a copy to Goulston & Storrs, 400 Atlantic Avenue, Boston, MA 02110, Attention: Colleen P. Hussey and to the Accountee/Applicant, by hand delivery, nationally recognized overnight courier with receipted delivery or by certified mail (return receipt requested) that we elect not to consider this Letter of Credit extended for any such additional one (1) year period. In the event that this Letter of Credit is not extended for an additional period as provided above, you may draw the entire amount available hereunder.

If at any time prior to presentation of documents for payment hereunder, we receive a notarized certificate signed by one who purports to be a duly authorized representative on your behalf to execute and deliver such certificate, stating that this Letter of Credit has been lost, stolen, damaged or destroyed, we will mail you a "Certified True Copy" of this Letter of Credit, which shall be treated by us as an original.

In order to cancel this Letter of Credit prior to expiration, you must return this original Letter of Credit and any amendments hereto to our counters with a statement signed by you stating that the Letter of Credit is no longer required and is being returned to the issuing bank for cancellation.

We hereby agree with the drawers, endorsers and bonafide holders that the drafts drawn under and in accordance with the terms and condition of this Letter of Credit shall he duly honored upon presentation.

EXHIBIT 6

TENANT'S HAZARDOUS MATERIALS

[to be provided prior to the Term Commencement Date]

EXHIBIT 6A

LIST OF ENVIRONMENTAL REPORTS

1. Asbestos and Regulated Materials Survey Report dated May 20, 2010 and prepared by Boston Environmental.
2. Phase I Environmental Site Assessment dated June 17, 2010 and prepared by Boston Environmental.
3. 16 page excerpt provided to Landlord by the prior owner of the Property and dated February 13, 1998.

EXHIBIT 7

RULES AND REGULATIONS

A. General

1. Tenant and its employees shall not in any way obstruct the sidewalks, halls, stairways, or exterior vestibules of the Building, and shall use the same only as a means of passage to and from their respective offices. At no time shall Tenants permit its employees, contractors, or other representatives to loiter in Common Areas or elsewhere in and about the Property.
2. Corridor doors, when not in use, shall be kept closed.
3. Areas used in common by tenants shall be subject to such regulations as are posted therein.
4. Any Tenant or vendor sponsored activity or event in the Common Area must be approved and scheduled through Landlord's representative, which approval shall not be unreasonably withheld.
5. No animals, except Seeing Eye dogs, shall be brought into or kept in, on or about the Premises or Common Areas.
6. Alcoholic beverages (without Landlord's prior written consent), illegal drugs or other illegal controlled substances are not permitted in the Common Areas, nor will any person under the influence of the same be permitted in the Common Areas. Landlord reserves the right to exclude or expel from the Building any persons who, in the judgment of the Landlord, is under the influence of alcohol or drugs, or shall do any act in violation of the rules and regulations of the Building.
7. No firearms or other weapons are permitted in the Common Areas.
8. No fighting or "horseplay" will be tolerated at any time in the Common Areas.
9. Tenant shall not cause any unnecessary janitorial labor or services in the Common Areas by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.
10. Smoking and discarding of smoking materials by Tenant and/or any Tenant Party is permitted only in exterior locations designated by Landlord. Tenant will instruct and notify its employees and visitors of such policy.
11. Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Landlord for such purposes
12. Tenant shall not operate or permit to be operated on the Premises any coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices and machines for sale of beverages food, candy, cigarettes or other goods), except for those vending machines or similar devices which are for the sole and exclusive use of tenant's employees.
13. Canvassing, soliciting, and peddling in or about the Building is prohibited. Tenant, its employees, agents and contractors shall cooperate with said policy, and Tenant shall cooperate and use best efforts to prevent the same by Tenant's invitees.
14. Fire protection and prevention practices implemented by the Landlord from time to time in the Common Areas, including participation in fire drills, must be observed by Tenant at all times.
15. Except as provided for in the Lease, no signs, advertisements or notices shall be painted or affixed on or to any windows, doors or other parts of the Building that are visible from the exterior of the Building unless approved in writing by the Landlord.
16. The restroom fixtures shall be used only for the purpose for which they were constructed and no rubbish, ashes, or other substances of any kind shall be thrown into them. Tenant will bear the expense of any damage resulting from misuse.
17. Tenant will not interfere with or obstruct any perimeter heating, air conditioning or ventilating units.
18. Tenant shall utilize Waltham Pest Control Service or such other pest control service approved by Landlord (which approval shall not be unreasonably withheld) to control pests in the Premises.

Except as included in Landlord's Services, tenants shall bear the cost and expense of such pest control services.

19. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval (other than in connection with the development of electronic equipment which is part of the ordinary operations of the Tenant), or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements of the Building.

20. Tenants shall not perform improvements or alterations within the Building or their Premises, if the work has the potential of disturbing the fireproofing which has been applied on the surfaces of structural steel members, without the prior written consent of Landlord.
21. Tenant shall, at its sole cost and expense keep any garbage, trash, rubbish and refuse in vermin- proof containers within the interior of the Premises until removed.
22. Lab operators who travel outside lab space must abide by the one glove rule and remove lab coats where predetermined.
23. Chemical lists and MSDS sheets must be readily available at a centralized location of which Landlord has been provided prior notice. In the event of an emergency, first responders will require this information in order to properly evaluate the situation.
24. Tenant shall provide Landlord, in writing, the names and contact information of two (2) representatives authorized by Tenant to request Landlord services, either billable or non-billable and to act as a liaison for matters related to the Premises.

B. Access & Security

1. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during the hours Landlord may deem advisable for the adequate protection of the Property. Use of the Building and the leased premises before 8 AM or after 6 PM, or any time during Saturdays, Sundays or legal holidays shall be allowed only to persons with a key/card key to the Building or guests accompanied by such persons. Any persons found in the Building after hours without such keys/card keys are subject to the surveillance of building staff.
2. Tenant shall not place any additional lock or locks on any exterior door in the Premises or Building or on any door in the Building core within the Premises, including doors providing access to the telephone and electric closets and the slop sink, without Landlord's prior written consent. A reasonable number of keys to the locks on the doors in the Premises shall be furnished by Landlord to Tenant at the cost of Tenant, and Tenant shall not have any duplicate keys made. All keys shall be returned to Landlord at the expiration or earlier termination of this Lease.
3. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents, provided that Tenant shall have access to the Building 24 hours per day, 7 days a week. Tenant, Tenant's agents, employees, contractors, guests and invitees shall comply with Landlord's reasonable requirements relative thereto.
4. Tenant acknowledges that Property security problems may occur which may require the employment of extreme security measures in the day-to-day operation of the Common Areas. Accordingly, Tenant agrees to cooperate and cause its employees, contractors, and other representatives to cooperate fully with Landlord in the implementation of any reasonable security procedures concerning the Common Areas.
5. Tenant and its employees, agents, contractors, invitees and licensees are limited to the Premises and the Common Areas, Tenants and its employees, agents, contractors, invitees and licensees may not enter other areas of the Project (other than the Common Areas) except when accompanied by an escort from the Landlord.

C. Shipping/Receiving

1. Dock areas exterior to the Building shall not be used for storage or staging by Tenant.
2. In no case shall any truck or trailer be permitted to remain in a loading dock area for more than forty-eight (48) hours.
3. There shall not be used in any Common Area, either by Tenant or by delivery personnel or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and sole guards.
4. Lab operators carrying any lab related materials may only travel within the Premises. At no time should any lab materials travel in the Common Areas.
5. Any dry ice brought into the building must be delivered through the loading dock serving the Premises.
6. All nitrogen tanks must travel through the loading dock serving the Premises and should never be left unattended outside of the Premises.

EXHIBIT 8

LANDLORD'S SERVICES

- Hot/cold water to restrooms
- Electricity for Common Areas
- Management services
- Grounds maintenance
- Emergency Power: Landlord's sole obligation for either providing emergency generators or providing emergency back-up power to Tenant shall be: (i) to provide an emergency generator for use of all tenants in the Building, including Tenant (the **"Back-up Generator")** with twenty (20) kilowatts of electricity allocated for Tenant's use (Tenant hereby acknowledging that the equipment to be connected to the Back-Up Generator as specified in Exhibit 3 collectively uses thirteen (13) kilowatts of electricity), and (ii) to contract with a third party to maintain the Back-up Generator as per the manufacturer's standard maintenance guidelines. In the event that Tenant's equipment connected to the Back-Up Generator uses more than twenty (20) kilowatts of electricity, Tenant shall, upon Landlord's demand, disconnect from the Back-Up Generator such equipment as may be necessary to reduce Tenant's use to equal or be less than twenty (20) kilowatts. Upon Tenant's request, Landlord shall provide Tenant with (a) copies of completed work orders which indicate that standard maintenance has been performed on the Back-up Generator, and (b) a yearly maintenance and refueling schedule. Landlord shall have no obligation to provide Tenant with operational emergency generators or back-up power or to supervise, oversee or confirm that the third party maintaining the Back-up Generator is maintaining the generator as per the manufacturer's standard guidelines or otherwise. During any period of replacement, repair or maintenance of the Back-up Generator when the Back-up Generator is not operational, including any delays thereto due to the inability to obtain parts or replacement equipment, Landlord shall provide written notice to Tenant within one (1) day after Landlord learns that the Back-up Generator is not operational, however Landlord shall have no obligation to provide Tenant with an alternative back-up generator or alternative sources of back-up power. Tenant expressly acknowledges and agrees that Landlord does not guaranty that the Back-up Generator will be operational at all times or that emergency power will be available to the Premises when needed. In no event shall Landlord be liable to Tenant or any other party for any damages of any type, whether actual or consequential, suffered by Tenant or any such other person in the event that any emergency generator or back-up power or any replacement thereof fails or does not provide sufficient power. Tenant shall pay Landlord for the cost of any electricity furnished to the Premises or any equipment exclusively serving the same within thirty (30) days after demand therefor.

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this **"First Amendment")** is made as of November 30th, 2011 by and between KING 101 HARTWELL LLC, a Massachusetts limited liability company with an address c/o King Street Properties, 255 Bear Hill Road, Waltham, MA 02451 **("Landlord"),** and T2 BIOSYSTEMS, INC., a Delaware corporation with an address of 101 Hartwell Avenue, Lexington, MA 02421 **("Tenant").**

W I T N E S S E T H

WHEREAS, Landlord and Tenant are the current parties to that certain Lease dated August 6, 2010 (the **"Lease"**), pursuant to which Landlord is leasing to Tenant approximately 20,135 rentable square feet (as more particularly described in the Lease, the **"Premises")** of the building located at 101 Hartwell Avenue, Lexington, MA (the **"Building"**);

WHEREAS, Landlord and Tenant wish to amend the Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants herein reserved and contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Emergency Power. Notwithstanding anything to the contrary, effective as of the date hereof, each reference in Exhibit 8 to "twenty (20) kilowatts" is hereby deleted and replaced with "thirty (30) kilowatts". Additionally, Tenant's acknowledgement in Exhibit 8 regarding the electricity usage of the equipment to be connected to the Backup Generator shall be revised to reflect that equipment to be connected to the Back-Up Generator collectively uses approximately seventeen (17) kilowatts of electricity.

3. Ratification. Except as amended hereby, the terms and conditions of the Lease shall remain unaffected. From and after the date hereof, all references to the Lease shall mean the Lease as amended hereby. Additionally, Landlord and Tenant each confirms and ratifies that, as of the date hereof and to its actual knowledge, (a) the Lease is and remains in good standing and in full force and effect, and (b) neither party has any claims, counterclaims, set-offs or defenses against the other party arising out of the Lease or the Premises or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

4. Miscellaneous. This First Amendment is binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns. This First Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

[SIGNATURE PAGE TO FIRST AMENDMENT TO LEASE BY AND BETWEEN
KING 101 HARTWELL LLC AND T2 BIOSYSTEMS, INC.]

EXECUTED under seal as of the date first set forth above.

LANDLORD: KING 101 HARTWELL LLC
By: King Berra LLC, its manager
By: King Street Properties Investments LLC, its manager

By: /s/ Stephen D. Lynch
Name: Stephen D. Lynch
Title: Manager

TENANT: T2 BIOSYSTEMS, INC.

By: /s/ John McDonough
Name: John McDonough
Title: CEO

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (this **"Second Amendment"**) is made as of July 11, 2014 by and between KING 101 HARTWELL LLC, a Massachusetts limited liability company with an address c/o King Street Properties, 255 Bear Hill Road, Waltham, MA 02451 **("Landlord"),** and T2 BIOSYSTEMS, INC., a Delaware corporation with an address of 101 Hartwell Avenue, Lexington, MA 02421 **("Tenant").**

W I T N E S S E T H

WHEREAS, Landlord and Tenant are the current parties to that certain Lease dated August 6, 2010, as amended by that certain First Amendment to Lease dated as of November, 2011 (collectively, the **"Lease"**), pursuant to which Landlord is leasing to Tenant approximately 20,135 rentable square feet (as more particularly described in the Lease, the **"Original Space"**) of the building located at 101 Hartwell Avenue, Lexington, MA (the **"Building"**);

WHEREAS, Tenant wishes to lease additional space in the Building consisting of approximately 13,500 rentable square feet (as more particularly shown on the plan attached hereto as Exhibit A, the **"Expansion Premises"**);

WHEREAS, Landlord is willing to lease the Expansion Premises to Tenant on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant wish to amend the Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the covenants herein reserved and contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Recitals; Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease.

2. Lease of Expansion Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Expansion Premises for a term commencing on the date on which Landlord delivers the Expansion Premises to Tenant free of occupants and personal property and broom clean (such date of delivery the **"EP Commencement Date"**) and, unless the Lease is earlier terminated or extended in accordance with the terms of the Lease, expiring on the last day of the Term, subject to all of the terms and conditions of the Lease except as expressly set forth in this Second Amendment. Subject to the foregoing delivery condition, Tenant hereby accepts the Expansion Premises in their "AS IS," "WHERE IS" condition and with all faults on the date hereof, without representations or warranties, express or implied, in fact or by law, of any kind, and without recourse to Landlord.

(b) From and after the EP Commencement Date, (i) the "Premises" shall be deemed to mean, collectively, the Original Space and the Expansion Premises (comprising a total of 33,635 rentable square feet) for all purposes of the Lease, as amended hereby, and (ii) the calculation of Tenant's Share shall be 81.5%.

(c) Notwithstanding anything to the contrary contained in the Lease, commencing on the date which is two (2) weeks after the EP Commencement Date, Tenant shall pay Base Rent with respect to the Expansion Premises in the amount of Thirty-Nine Thousand Three Hundred Seventy-Five Dollars ($39,375) per month during the Initial Term and otherwise in accordance with the terms of the Lease. Base Rent with respect to the Premises (i.e., the Original Space and the Expansion Premises) for any duly exercised Extension Term shall be determined in accordance with Section 1.2 of the Lease.

3. Parking.

(a) From and after the EP Commencement Date, Landlord shall, subject to and in accordance with the terms of Section 1.4(b) of the Lease, make available 3.0 parking spaces per 1,000 rentable square feet of the Premises for Tenant's use in the parking areas serving the Building.

(b) Notwithstanding anything to the contrary contained in the Lease, Landlord shall have the right, upon at least six (6) months' written notice to Tenant, to temporarily relocate all or any portion of the Parking Spaces in to other parking areas in the vicinity of the Property (Landlord and Tenant hereby agreeing that the parking areas located at 101 Hartwell Avenue, 4 Hartwell

Place and/or 91 Hartwell Avenue are acceptable).

(c) To the extent that any spaces in the parking areas serving the Building are marked as being designated for visitors to the prior tenant of the Expansion Premises, Landlord shall designate such spaces for Tenant's visitors. All of the spaces designated for Tenant's visitors are included within the number of Parking Spaces reserved for Tenant pursuant to Section 1.4(b) of the Lease.

4. Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Second Amendment other than Cassidy Turley (**"Broker"**). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of its representation and warranty set forth in the immediately preceding sentence. Landlord shall be solely responsible for the payment of any brokerage commissions to Broker.

5. Acknowledgement of Dates. Landlord and Tenant hereby agree that (a) the Term Commencement Date occurred on January 1, 2011; (b) the Rent Commencement Date occurred on January 1, 2011; and (c) the Initial Term is scheduled to expire on December 31, 2015.

6. Ratification. Except as amended hereby, the terms and conditions of the Lease shall remain unaffected. From and after the date hereof, all references to the "Lease" shall mean the Lease as amended hereby. Additionally, Landlord and Tenant each confirms and ratifies that, as of the date hereof and to its actual knowledge, (a) the Lease is and remains in good standing and in full force and effect, and (b) neither party has any claims, counterclaims, set-offs or defenses against the other party arising out of the Lease or the Premises or in any way relating thereto or arising out of any other transaction between Landlord and Tenant.

7. Miscellaneous. This Second Amendment is binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns. This Second Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto.

[signatures on following page]

[SIGNATURE PAGE TO SECOND AMENDMENT TO LEASE BY AND BETWEEN
KING 101 HARTWELL LLC AND T2 BIOSYSTEMS, INC.]

EXECUTED under seal as of the date first set forth above.

LANDLORD: KING 101 HARTWELL LLC
By: King Berra LLC, its manager
By: King Street Properties Investments LLC, its manager

By: /s/ Thomas Ragno
Name: Thomas Ragno
Title: Manager

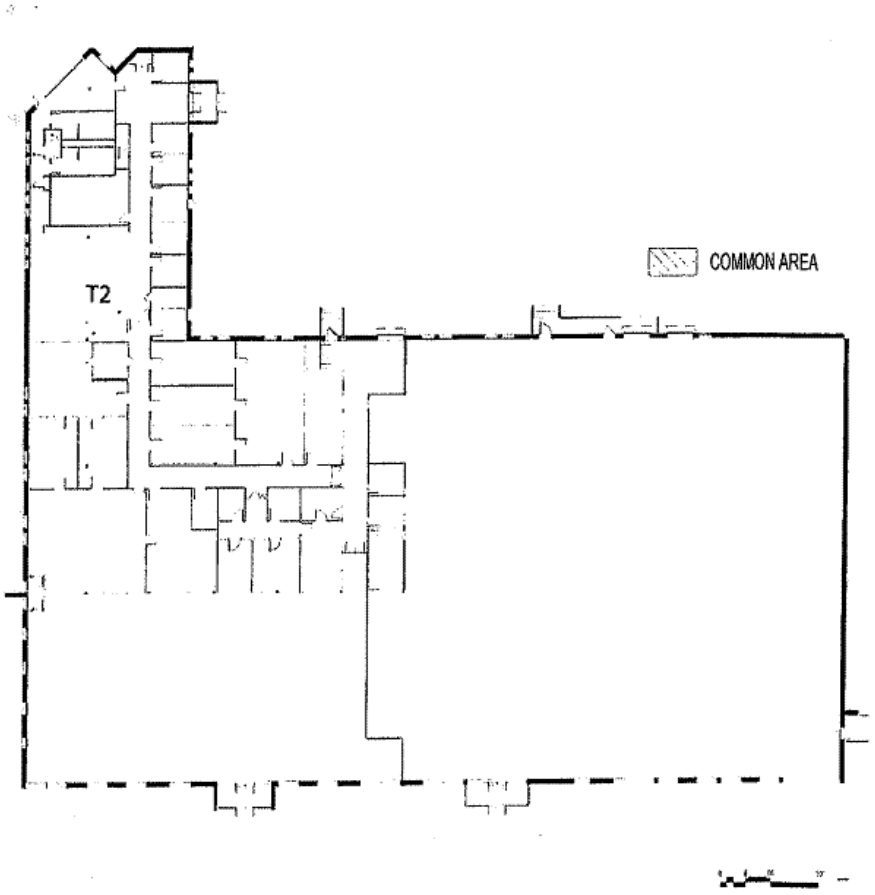
TENANT: T2 BIOSYSTEMS, INC.

By: /s/ John McDonough
Name: John McDonough
Title: Chief Executive Officer and President

EXHIBIT A

PLAN OF EXPANSION PREMISES

EXHIBIT A
LEASE PLAN



King 101 Hartwell LLC

101 Hartwell Ave.
Lexington, MA 02421

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as the same may be amended, restated, modified, or supplemented from time to time, this "**Agreement**") dated as of July 11, 2014 (the "**Effective Date**") among **Solar Capital Ltd.**, a Maryland corporation with an office located at 500 Park Avenue, 3rd Floor, New York, NY 10022 ("**Solar**"), as collateral agent (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**"), and the lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including Solar in its capacity as a lender and Comerica Bank with an office located at 100 Federal Street, 28th Floor, Boston, MA 02110 (each a "**Lender**" and collectively, the "**Lenders**"), and T2 Biosystems, Inc., a Delaware corporation with offices located at 101 Hartwell Avenue, Lexington, MA 02421 ("**Borrower**"), provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders. The parties agree as follows:

1. DEFINITIONS AND OTHER TERMS

1.1 Terms. Capitalized terms used herein shall have the meanings set forth in Section 1.3 to the extent defined therein. All other capitalized terms used but not defined herein shall have the meaning given to such terms in the Code. Any accounting term used but not defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules.

1.2 Section References. Any section, subsection, schedule or exhibit references are to this Agreement unless otherwise specified.

1.3 Definitions. The following terms are defined in the Sections or subsections referenced opposite such terms:

"**Agreement**"	Preamble
"**Approved Lender**"	Section 12.1
"**Borrower**"	Preamble
"**Claims**"	Section 12.2
"**Closing Fee**"	Section 2.4(a)
"**Collateral Agent**"	Preamble
"**Collateral Agent Report"**	Exhibit B, Section 5
"**Communications**"	Section 10
"**Default Rate**"	Section 2.3(b)
"**Effective Date**"	Preamble
"**Event of Default**"	Section 8
"**Excluded Domestic Subsidiary**"	Section 6.10(a)
"**Indemnified Person**"	Section 12.2
"**Lender**" and "**Lenders**"	Preamble
"**Lender Transfer**"	Section 12.1
"**MSC Subsidiary**"	Section 7.8
"**New Subsidiary**"	Section 6.10
"**Non-Funding Lender**"	Exhibit B, Section 10(c)(ii)
"**Original Lender**"	Definition of "Required Lender"
"**Other Lender**"	Exhibit B, Section 10(c)(ii)
"**Perfection Certificate**" and "**Perfection Certificates**"	Section 5.1
"**Solar**"	Preamble
"**Term A Loan**"	Section 2.2(a)(i)
"**Term B Loan**"	Section 2.2(a)(ii)
"**Termination Date**"	Exhibit B, Section 8
"**Term Loan**"	Section 2.2(a)(ii)
"**Transfer**"	Section 7.1

In addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made under the Code, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made under the Code.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Amortization Date**" means (a) if the Term B Conditions have not been satisfied, February 1, 2016, or (b) if the Term B Conditions have been satisfied, August 1, 2016.

"**Anti-Terrorism Laws**" are any laws relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

"**Applicable Percentage**" means, (i) if the Borrower, the Guarantors and the MSC Subsidiary have, taken as a whole, Seventy Five Million Dollars ($75,000,000.00) or more of cash and Cash Equivalents, seventy-five percent (75%), and (ii) if the Borrower, the Guarantors and the MSC Subsidiary have, taken as a whole, less than Seventy Five Million Dollars ($75,000,000.00) of cash and Cash Equivalents, eighty-five percent (85%).

"**Approved Fund**" is any (i) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (i) and that, with respect to each of the preceding clauses (i) and (ii), is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Blocked Person**" is any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"**Borrower's Books**" are Borrower's or any of its Subsidiaries' books and records including ledgers, federal, and state tax returns, records regarding Borrower's or its Subsidiaries' assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which commercial banks in New York, New York are required or authorized to be closed.

"**Cash Equivalents**" are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition, (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (c) certificates of deposit maturing no more than one (1) year after issue provided that the account in which any such certificate of deposit is maintained

is subject to a Control Agreement in favor of Collateral Agent, and (d) any money market or similar funds that exclusively hold any of the foregoing.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Collateral Agent's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account, or any other bank account maintained by Borrower or any Subsidiary at any time.

"**Collateral Agent**" is Solar, not in its individual capacity, but solely in its capacity as collateral agent on behalf of and for the ratable benefit of the Secured Parties.

"**Commitment Percentage**" is set forth in Schedule 1.1, as amended from time to time.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made under the Code.

"**Compliance Certificate**" is that certain certificate in substantially the form attached hereto as Exhibit D.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith in accordance with GAAP; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower or any of its Subsidiaries maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower or any of its Subsidiaries maintains a Securities Account or a Commodity Account, Borrower or such Subsidiary, as applicable, and Collateral Agent pursuant to which Collateral Agent, for the ratable benefit of the Secured Parties, obtains "control" (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is Borrower's deposit account, account number 1894833175, maintained at Comerica Bank.

"**Disclosure Schedules**" the disclosure schedules to this agreement, as amended or supplemented from time to time by Borrower with the written consent of the Required Lenders (or as supplemented by Borrower pursuant to the terms of the Loan Documents), delivered by Borrower to the Lenders.

"**Dollars**," "**dollars**" and "**$**" each mean lawful money of the United States.

"**Domestic Subsidiary**" is any Subsidiary that is not a Foreign Subsidiary.

"**Eligible Assignee**" is (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended) and which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which either (A) has a rating of BBB or higher from Standard & Poor's Rating Group and a rating of Baa2 or higher from Moody's Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of Two Billion, Five Hundred Million Dollars ($2,500,000,000.00), and in each case of clauses (i) through (iv), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that notwithstanding the foregoing, "Eligible Assignee" shall not include, unless an Event of Default has occurred and is continuing, (i) Borrower or any of Borrower's Affiliates or Subsidiaries or (ii) a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent in its reasonable discretion. Notwithstanding the foregoing, (x) in connection with any assignment by a Lender as a result of a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Collateral Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Collateral Agent reasonably shall require.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Equity Raise Condition**" means the consummations of any one (1) or more public or private stock offering, equity raises or strategic partner arrangements resulting in the receipt of at least Thirty Million Dollars ($30,000,000.00) in aggregate net cash proceeds to Borrower after the Effective Date.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

"**Exigent Circumstance**" means any event or circumstance that, in the reasonable judgment of Collateral Agent, imminently threatens the ability of Collateral Agent to realize upon all or any material portion of the Collateral, such as, without limitation, fraudulent removal, concealment, or abscondment thereof, destruction or material waste thereof, or failure of Borrower or any of its Subsidiaries after reasonable demand to maintain or reinstate adequate casualty insurance coverage, or which, in the judgment of Collateral Agent, could reasonably be expected to result in a material diminution in value of the Collateral.

"**Existing SVB Credit Facility**" is the credit facility of Borrower evidenced by that certain Loan and Security Agreement, dated as of August 30, 2007, between Borrower and Silicon Valley Bank.

"**FDA**" means the U.S. Food and Drug Administration or any successor thereto or any other comparable Governmental Authority.

"**Final Fee**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest or any other fee payable hereunder) (a) due on the earliest to occur of (i) the Maturity Date, (ii) the acceleration of any Term Loan, and (iii) the prepayment of all or any portion of any Term Loan pursuant to Section 2.2(c) or (d), and (b) in the

amount of four and three-quarters percent (4.75%) of the aggregate amount of the Term Loans advanced hereunder. The Final Fee shall be payable as follows: (x) in the case of a partial prepayment of any Term Loan, four and three-quarters percent (4.75%) of the portion of the principal amount of the Term Loan prepaid shall be due at the time of such prepayment, and (y) in any other case, the remaining unpaid portion of the Final Fee shall be due at the earliest to occur of (A) the Maturity Date, (B) the acceleration of any Term Loan, or (C) the prepayment of all of the Terms Loans. The Final Fee shall be fully earned on the date so paid, non-refundable for any reason and payable to the Lenders in accordance with their respective Pro Rata Shares.

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" is a Subsidiary that is not an entity organized under the laws of the United States or any state thereof or the District of Columbia.

"**Funding Date**" is any date on which a Term Loan is made to or on account of Borrower which shall be a Business Day.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" are all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body (including, without limitation, the FDA), court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" is any Person providing a Guaranty in favor of Collateral Agent for the benefit of the Secured Parties (including without limitation pursuant to Section 6.10).

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

"**Insolvent**" means not Solvent.

"**Intellectual Property**" means all of Borrower's or any of its Subsidiaries' right, title and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to Borrower;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**IPO**" means the initial public offering and sale of Borrower's common stock.

"**Key Person**" is each of Borrower's (i) President and Chief Executive Officer, who is John P. McDonough as of the Effective Date, and (ii) Chief Financial Officer, who is Marc R. Jones as of the Effective Date.

"**Knowledge**" means to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

"**Lender**" is any one (1) of the Lenders.

"**Lenders**" are the Persons identified on Schedule 1.1 hereto and each assignee that becomes a party to this Agreement pursuant to Section 12.1.

"**Lenders' Expenses**" are (a) all reasonable audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating and administering the Loan Documents, and (b) all fees and expenses (including attorneys' fees and expenses, as well as appraisal fees, fees incurred on account

of lien searches, inspection fees, and filing fees) for defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Collateral Agent and/or the Lenders in connection with the Loan Documents. Notwithstanding the foregoing, the amount of Lenders' Expenses payable to Comerica Bank with respect to the due diligence, documentation, initial syndication and closing of the transactions hereunder prior to the Effective Date shall not exceed Ten Thousand Dollars ($10,000.00).

"**LIBOR Rate**" means the rate per annum rate published by the Intercontinental Exchange Benchmark Administration Ltd. (the "**Service**") (or on any successor or substitute page of such Service, or any successor to or substitute for such Service) for a term of one (1) month, which determination shall be conclusive in the absence of manifest error.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement, the Perfection Certificates, the Disclosure Schedules, each Compliance Certificate, each Loan Payment Request Form, any Guarantees, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, any agreements creating or perfecting rights in the Collateral (including all insurance certificates and endorsements, landlord consents and bailee consents) and any other present or future agreement entered into by Borrower, any Guarantor or any other Person for the benefit of the Lenders and Collateral Agent, as applicable, in connection with this Agreement; all as amended, restated, or otherwise modified.

"**Loan Payment Request Form**" is that certain form attached hereto as Exhibit C.

"**London Banking Day**" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

"**Material Adverse Change**" is (a) a material adverse change in the business, operations or condition (financial or otherwise) of Borrower and its Subsidiaries, when taken as a whole; or (b) a material impairment of (i) the prospect of repayment of any portion of the Obligations, (ii) the legality, validity or enforceability of any Loan Document, (iii) the rights and remedies of Collateral Agent or Lenders under any Loan Document except as the result of the action or inaction of the Collateral Agent or Lenders or (iv) the validity, perfection or priority of any Lien in favor of Collateral Agent for the benefit of the Secured Parties on any of the Collateral except as the result of the action or inaction of the Collateral Agent or Lenders.

"**Material Agreement**" is (i) if the Borrower is a publicly reporting entity under the Securities Exchange Act of 1934, any license, agreement or other contractual arrangement required to be disclosed (including amendments thereto) under regulations promulgated under the Securities Act of 1933 or Securities Exchange Act of 1934, as each may be amended, or (ii) if the Borrower is not a publicly reporting entity under the Securities Exchange Act of 1934, any license, agreement or other contractual arrangement whereby Borrower or any of its Subsidiaries is reasonably likely to be required to transfer, either in-kind or in cash, prior to the Maturity Date, assets or property valued (book or market) at more than Three Hundred Thousand Dollars ($300,000.00) per year.

"**Maturity Date**" is, for each Term Loan, July 1, 2019.

"**MDFA**" means Massachusetts Development Finance Agency, a body politic and corporate created by Chapter 289 of the Acts of 1998 and established under Massachusetts General Laws Chapter 23G, as amended.

"**MDFA Financing**" is the equipment financing of Borrower evidenced by that certain Promissory Note, dated as of May 9, 2011 between Borrower and MDFA.

"**MSC Investment Conditions**" means that the Borrower has on deposit in a Collateral Account subject to a Control Agreement in favor of the Collateral Agent an amount greater than or equal to One Hundred Ten Percent (110%) of the outstanding principal and interest and the remaining unpaid portion of the Final Fee.

"**Obligations**" are all of Borrower's obligations to pay when due any debts, principal, interest, Lenders' Expenses, the Prepayment Premium, the Final Fee, and any other amounts Borrower owes the Collateral Agent or the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent in connection with this Agreement and the other Loan Documents, and the performance of Borrower's duties under the Loan Documents.

"**OFAC**" is the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment Date**" is the first (1st) calendar day of each calendar month, commencing on August 1, 2014.

"**Payoff Letter**" is a letter, in form and substance reasonably satisfactory to the Lenders, dated on or prior to the Effective Date, executed by the Borrower and the applicable lender/debt-holder with respect to the payoff of the amounts owed under and the termination of the Existing SVB Credit Facility and any other Indebtedness to be repaid with the proceeds of the first drawing of the Term A Loans.

"**Permitted Acquisition**" means an acquisition by Borrower of all or substantially all of the assets of, all of the ownership interests in, or a business line or unit or division of another Person; provided that (a) no Event of Default or event that with the passage of time would result in an Event of Default shall exist immediately before or immediately after the consummation of such acquisition, (b) such acquired Person or assets shall be in the same line of business as is conducted by Borrower as of the Effective Date (or a line of business reasonably related thereto), (c) such acquisition shall not cause the focus or locations of Borrower's and its Subsidiaries' operations (when taken as a whole) to be located outside of the United States, (d) such acquisition shall not constitute a hostile acquisition, (e) any Person acquired as a result of such acquisition shall, if required under Section 6.10 hereof, become a secured Guarantor, (f) in connection with such acquisition, neither Borrower nor any of its Subsidiaries (including for this purpose, the target of the acquisition) shall acquire or be subject to any Indebtedness or Liens that are not otherwise permitted hereunder, (g) the consideration paid in cash or Cash Equivalents in connection with all such acquisitions (exclusive of reasonable closing costs paid in cash) shall not exceed in the aggregate: (i) if the Equity Raise Condition has not been met, One Million Dollars ($1,000,000.00); or (ii) if the Equity Raise Condition has been met, Three Million Dollars ($3,000,000.00), (h) Borrower has notified the Lenders at least ten (10) Business Days in advance of entering into such transaction, which notice shall include a reasonably detailed description of such transaction, (i) Collateral Agent has received evidence, in form and substance reasonably satisfactory to Collateral Agent that Borrower has sufficient cash on hand to pay its projected expenses and all debt service when due for a period of twelve (12) months after the consummation of such transaction, (j) all transactions related to such acquisition shall be consummated in all material respects in accordance with applicable law; and (k) Borrower shall provide to the Lenders as soon as available but in any event not later than five (5) Business Days after the execution thereof, a copy of the executed purchase agreement or similar agreement with respect to any such acquisition.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and disclosed on the Disclosure Schedules;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors and in connection with credit cards incurred in the ordinary course of business;

(e) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by Borrower or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed Five Hundred Thousand Dollars ($500,000.00) at any time and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

(f) Indebtedness secured by a Lien on specific equipment provided that (i) the aggregate outstanding amount of all such Indebtedness does not exceed Two Million Dollars ($2,000,000.00) at any time; *provided* that the Borrower may exceed such amount, up to an aggregate maximum of Ten Million Dollars ($10,000,000.00), with respect to any such equipment that is placed with a customer pursuant to a bona fide contract, and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the equipment financed with such Indebtedness.

(g) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower's business;

(h) Indebtedness consisting of the obligation to pay rent when due under real property leases entered into in the ordinary course of Borrower's business;

(i) other unsecured Indebtedness at any time not to exceed Three Hundred Fifty Thousand Dollars ($350,000.00) in the aggregate;

(j) reimbursement obligations in respect of letters of credit in the aggregate amount not to exceed Five Hundred Thousand Dollars ($500,000.00) at any time; and

(k) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments disclosed on the Disclosure Schedules and existing on the Effective Date;

(b) (i) Investments consisting of cash and Cash Equivalents, and (ii) any Investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Collateral Agent;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of Deposit Accounts in which Collateral Agent has a perfected Lien (subject to the terms of this Agreement) for the ratable benefit of the Secured Parties;

(e) Investments in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's board of directors; not to exceed One Hundred Thousand Dollars ($100,000.00) in the aggregate for (i) and (ii) in any fiscal year;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (h) shall not apply to Investments of Borrower in any Subsidiary;

(i) Investments in Subsidiaries that are Guarantors;

(j) Investments in Subsidiaries that are not Guarantors in the ordinary course of business for operating costs to be incurred by such Subsidiary in an aggregate amount for all such Investments not to exceed (i) if the Equity Raise Condition has not been met, Fifty Thousand Dollars ($50,000.00) per fiscal year, or (ii) if the Equity Raise Condition has been met, Five Hundred Thousand Dollars ($500,000.00) per fiscal quarter;

(k) Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the licensing of technology (in compliance with the definition of "Permitted Licenses"), the development of technology or the providing of technical support and provided that the aggregate amount for cash consideration for all such Investments cannot exceed Two Hundred Fifty Thousand Dollars ($250,000.00) per year and Seven Hundred Fifty Thousand Dollars ($750,000.00) in the aggregate; and

(l) Investments in Subsidiaries formed for the purpose of merging such Subsidiary into the target of a Permitted Acquisition or for merging the target of a Permitted Acquisition into such Subsidiary so long as upon the consummation of such Permitted Acquisition, Borrower is in compliance with Section 6.10.

"**Permitted Licenses**" are (A) licenses of over-the-counter software that is commercially available to the public, (B) non-exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into as is customary in Borrower's industry, provided, that, with respect to each such license described in clause (B), the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of Borrower or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property, and (C) exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into as is customary in Borrower's industry, provided, that, with respect to each such license described in this clause (C), the license (i) constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Intellectual Property and do not restrict the ability of Borrower or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Intellectual Property, (ii) is limited in territory with respect to a specific geographic country or region (i.e. Japan, Germany, northern China) outside of the United States, (iii) Borrower has used commercially reasonable efforts to obtain the consent and acknowledgement of the counterparty to such license for the collateral assignment of such license to the Collateral Agent for the benefit of the Lenders; (iv) Borrower delivers ten (10) Business Days' prior written notice and a brief summary of the terms of the proposed license to Collateral Agent and delivers to Collateral Agent copies of the final executed licensing documents in connection with the exclusive license promptly upon consummation thereof; and (v) all upfront payments, royalties, milestone payments or other proceeds arising from

the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement in favor of the Collateral Agent.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date and disclosed on the Disclosure Schedules or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and by appropriate proceedings and for which Borrower maintains adequate reserves on its Books in accordance with GAAP, provided that no notice of any such Lien has been filed or recorded in favor of the United States Treasury in accordance with the applicable provisions of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) Liens securing Indebtedness permitted under clause (e) of the definition of "Permitted Indebtedness," provided that (i) such liens exist prior to the acquisition of, or attach substantially simultaneous with, or within twenty (20) days after the, acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such liens do not extend to any property of Borrower other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00), and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Collateral Agent or any Lender a security interest therein;

(h) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with Borrower's deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(a) hereof;

(i) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7;

(j) Liens securing Indebtedness permitted under clause (f) of the definition of "Permitted Indebtedness," provided that such liens do not extend to any property of Borrower other than the applicable specified equipment;

(k) Liens on cash that stand as security for letter of credit reimbursement obligations and cash management obligations in the aggregate amount not to exceed Five Hundred Thousand Dollars ($500,000.00); and

(l) Permitted Licenses.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prepayment Premium**" is, with respect to any Term Loan subject to voluntary prepayment prior to the Maturity Date an additional fee payable to the Lenders in amount equal to:

(i) for a prepayment made on or after the Effective Date through and including the first anniversary of the Effective Date, one and one-half percent (1.50%) of the principal amount of such Term Loan prepaid;

(ii) for a prepayment made after the date which is after the first anniversary of the Effective Date through and including the second anniversary of the Effective Date, one percent (1.00%) of the principal amount of the Term Loans prepaid; and

(iii) for a prepayment made after the date which is after the second anniversary of the Effective Date and prior to the Maturity Date, one-half of one percent (0.50%) of the principal amount of the Term Loans prepaid.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"**Pro Rata Share**" is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of Term Loans held by such Lender by the aggregate outstanding principal amount of all Term Loans.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made under the Code.

"**Registration**" means any registration, authorization, approval, license, permit, clearance, certificate, and exemption issued or allowed by the FDA (including, without limitation, new drug applications, abbreviated new drug applications, biologics license applications, investigational new drug applications, over-the-counter drug monograph, device pre-market approval applications, device pre-market notifications, investigational device exemptions, product recertifications, manufacturing approvals, registrations and authorizations, CE Marks, pricing and reimbursement approvals, labeling approvals or their foreign equivalent, controlled substance registrations, and wholesale distributor permits).

"**Regulatory Action**" means an administrative or regulatory enforcement action, proceeding, investigation or inspection, FDA Form 483 notice of inspectional observation, warning letter, untitled letter, other notice of violation letter, recall, seizure, Section 305 notice or other similar written communication, or consent decree, issued by the FDA.

"**Related Persons**" means, with respect to any Person, each Affiliate of such Person and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor and other consultants and agents of or to such Person or any of its Affiliates.

"**Required Lenders**" means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an "**Original Lender**") have not assigned or transferred any of their interests in their Term Loan other than to an Affiliate of such Lender, Lenders holding one hundred percent (100%) of the aggregate outstanding principal

balance of the Term Loans (or, if there are no Term Loans outstanding, the Term Loan Commitments), or (ii) at any time from and after the date any Original Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least fifty and one-tenth percent (50.1%) of the aggregate outstanding principal balance of the Term Loan (or, if there are no Term Loans outstanding, the Term Loan Commitments) and, provided that in respect to this clause (ii), an assignment or transfer by an Original Lender shall not be deemed to have occurred with respect to: (A) each Original Lender that has not assigned or transferred any portion of its Term Loan, (B) each assignee or transferee of an Original Lender's interest in the Term Loan, but only to the extent that such assignee or transferee is an Affiliate or Approved Fund of such Original Lender, and (C) any Person providing financing to any Person described in clauses (A) and (B) above; provided, however, that this clause (C) shall only apply upon the occurrence of a default, event of default or similar occurrence with respect to such financing.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower acting alone.

"**Second Draw Period**" is the period commencing on the date that the Term B Conditions have been met and ending on June 30, 2015.

"**Secured Parties**" means the Collateral Agent and the Lenders.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made under the Code.

"**Solvent**" means, with respect to any Person, that (a) the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities, (b) such Person is not left with unreasonably small capital after giving effect to the transactions contemplated by this Agreement and the other Loan Documents, and (c) such Person is able to pay its debts (including trade debts) as they mature in the ordinary course.

"**Subordinated Debt**" is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance reasonably satisfactory to Collateral Agent entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor).

"**Subsidiary**" is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries.

"**Term A Draw Period**" is the period commencing on the Effective Date and ending on December 31, 2014.

"**Term Loan Commitment**" is, for any Lender, the obligation of such Lender to make a Term Loan, up to the principal amount shown on Schedule 1.1**.** "**Term Loan Commitments**" means the aggregate amount of such commitments of all Lenders.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Term B Conditions**" means the occurrence of both of the following on or prior to June 30, 2015: (a) Section 510(k) clearance is received from the FDA for Borrower's T2Dx and T2Candida products, and (b) the satisfaction of the Equity Raise Condition.

2. LOANS AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay each Lender, the outstanding principal amount of all Term Loans advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Term Loans.

(a) Availability. (i) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Term A Draw Period, to make term loans to Borrower in an aggregate principal amount of up to Twenty Million Dollars ($20,000,000.00) according to each Lender's Term Loan Commitment for Term A Loans as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term A Loan**", and collectively as the "**Term A Loans**"). Subject to the terms and conditions of this Agreement, the Term A Loans may be drawn (i) in full on the Effective Date, or (ii) in three (3) drawings as follows: (A) an initial drawing on the Effective Date in an amount of not less than Ten Million Dollars ($10,000,000.00), and (B) two (2) subsequent drawings after the Effective Date but prior to the end of the Term A Draw Period, in an amount not less than Five Million Dollars ($5,000,000.00) or, if less, the remaining undrawn portion of the Term Loan Commitment for the Term A Loans (as set forth on Schedule 1.1). After repayment, no Term A Loan may be re-borrowed.

(ii) Subject to the terms and conditions of this Agreement and the prior satisfaction of the Term B Conditions, the Lenders agree, severally and not jointly, during the Second Draw Period, to make term loans to Borrower in an aggregate principal amount of up to Ten Million Dollars ($10,000,000.00) according to each Lender's Term Loan Commitment for Term B Loans as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term B Loan**", and collectively as the "**Term B Loans**"; each Term A Loan or Term B Loan is hereinafter referred to singly as a "**Term Loan**" and the Term A Loans and the Term B Loans are hereinafter referred to collectively as the "**Term Loans**"). After repayment, no Term B Loan may be re-borrowed.

(b) Repayment. Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on any Funding Date of a Term Loan, any initial partial monthly interest payment otherwise due for the period between the Funding Date of such Term Loan and the next Payment Date. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall (i) make monthly payments of interest, to Collateral Agent for the benefit of the Lenders (or, if there are only one (1) or two (2) Lenders, Borrower shall make payment directly to any such Lenders that have submitted a written request to Borrower (with a copy to Collateral Agent)) in accordance with their respective Pro Rata Shares, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon the effective rate of interest applicable to the Term Loan, as determined in Section 2.3(a) plus (ii) make consecutive equal monthly payments of principal to Collateral Agent for the benefit of the Lenders (or, if there are only one (1) or two (2) Lenders, Borrower shall make payment directly to any such Lenders that have submitted a written request to Borrower (with a copy to Collateral Agent)) in accordance with their respective Pro Rata Shares, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (A) the respective principal amounts of such Lender's Term Loans outstanding, and (B) a repayment schedule equal to as applicable, (I) forty-two (42) months in the event that the Amortization Date occurs on February 1, 2016 or (II) thirty-six (36) months in the event that the Amortization Date occurs on August 1, 2016. All unpaid principal and accrued and unpaid interest with respect to each such Term Loan is due and payable in full on the Maturity Date. The Term Loans may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

(c) Mandatory Prepayments. If the Term Loans are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus

accrued and unpaid interest thereon through the prepayment date, (ii) the Final Fee plus (iii) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate (if any) with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Fee had not previously been paid in full in connection with the prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent for the benefit of the Lenders (or, if there are only one (1) or two (2) Lenders, Borrower shall make payment directly to any such Lenders that have submitted a written request to Borrower (with a copy to Collateral Agent)), the Final Fee in respect of the Term Loans.

(d) Permitted Prepayment of Term Loans. Borrower shall have the option (i) to prepay all, but not less than all, of the outstanding principal balance of the Term Loans advanced by the Lenders under this Agreement, and (ii) to prepay a portion of the outstanding principal balance of the Term Loans ratably to the Lenders in amounts of not less than One Million Dollars ($1,000,000.00) per prepayment, provided that, in the case of any such prepayment made pursuant to clause (i) or (ii) of this Section 2.2(d), Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least five (5) Business Days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to Collateral Agent for the benefit of the Lenders (or, if there are only one (1) or two (2) Lenders, Borrower shall make payment directly to such Lenders) in accordance with their respective Pro Rata Shares, an amount equal to the sum of (A) the outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (B) the Final Fee, (C) the Prepayment Premium, plus (D) all other Obligations that are due and payable on such prepayment date, including any Lenders' Expenses and interest at the Default Rate (if any) with respect to any past due amounts. Prepayments of the Term Loan shall be applied to the Term Loan in inverse order of maturity.

2.3 Payment of Interest on the Term Loans.

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Term Loans shall accrue interest at a floating per annum rate equal to the LIBOR Rate in effect from time to time *plus* Seven and Five-Hundredths percent (7.05%), which aggregate interest rate shall be determined by Collateral Agent on the third Business Day prior to the Funding Date of the applicable Term Loan and on the date occurring on the third Business Day prior to each Payment Date occurring thereafter, which interest shall be payable monthly in arrears in accordance with Sections 2.2(b) and 2.3(e). Except as set forth in Section 2.2(b), such interest shall accrue on each Term Loan commencing on, and including, the Funding Date of such Term Loan, and shall accrue on the principal amount outstanding under such Term Loan through and including the day on which such Term Loan is paid in full (or any payment is made hereunder).

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, all Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

(c) 360-Day Year. Interest shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed.

(d) Debit of Accounts. Collateral Agent may debit (or ACH) any deposit accounts, maintained by Borrower or any of its Subsidiaries, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes the Lenders under the Loan Documents when due. Any such debits (or ACH activity) shall not constitute a set-off.

(e) Payments. Except as otherwise expressly provided herein, all payments by Borrower under the Loan Documents shall be made to Collateral Agent for the benefit of the Lenders (or, if there are only one (1) or two (2) Lenders, Borrower shall make payment directly to any such Lenders that have submitted a written request to Borrower (with a copy to Collateral Agent)), at such Person's office in immediately available funds on the date specified herein. Unless otherwise provided, interest is payable monthly on the Payment Date of each month. Payments of principal and/or interest received after 2:00 p.m. Eastern time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments

to be made by Borrower hereunder or under any other Loan Document, including payments of principal and interest, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.4 Fees. Borrower shall pay to Collateral Agent:

(a) Closing Fee. A fully-earned, non-refundable closing fee in the amount of One Hundred Twenty-Five Thousand Dollars ($125,000.00) (the "**Closing Fee**"), which shall be due on the Effective Date, to be paid solely to, and solely for the account of, Solar;

(b) Final Fee. The Final Fee, when due hereunder, to be paid solely to, and solely for the account of, Solar;

(c) Prepayment Premium. The Prepayment Premium, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares; and

(d) Lenders' Expenses. All Lenders' Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due.

2.5 Withholding. Payments received by the Collateral Agent or the Lenders from Borrower hereunder will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any governmental authority (including any interest, additions to tax or penalties applicable thereto), except as required by applicable law. Notwithstanding the foregoing, if at any time and as a result of a change in law occurring after the Closing Date, any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to the Lenders, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction (and including any such withholdings and deductions applicable to additional sums payable under this Section), each Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish the Lenders with proof reasonably satisfactory to the Lenders indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith and by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. Notwithstanding the foregoing, Borrower shall not be obligated to indemnify a Lender or pay additional amounts under this Section 2.5 (i) if such Lender acquired the Term Loans (or Term Loan Commitments) after the Effective Date from (directly or indirectly) a Lender party to this Agreement on the Effective Date, to an extent greater than the payment under this Section 2.5 that the applicable original Lender would have been entitled to receive, except to the extent such Lender would be entitled to receive a greater payment as a result of a change in law that occurs after the Closing Date, (ii) as a result of the failure of a Lender to provide to Borrower an IRS Form W-9 or W-8 (or applicable successor form) that such Lender is legally entitled to provide or (iii) in respect of any withholding imposed under Sections 1471 to 1474 of the Internal Revenue Code of 1986, as amended. The agreements and obligations of Borrower contained in this Section 2.5 shall survive the termination of this Agreement.

2.6 Secured Promissory Notes. If requested by a Lender, the Term Loans shall be evidenced by a Secured Promissory Note or Notes in the form attached as Exhibit G hereto (each a "Secured Promissory Note"), and shall be repayable as set forth in this Agreement. Borrower irrevocably authorizes each Lender to make or cause to be made, on or about the Funding Date of any Term Loan or at the time of receipt of any payment of principal on such Lender's Secured Promissory Note, an appropriate notation on such Lender's Secured Promissory Note Record reflecting the making of such Term Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Term Loan set forth on such Lender's Secured Promissory Note Record shall be, absent manifest error, prima facie evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Secured Promissory Note Record shall not limit or otherwise affect the obligations of Borrower under any Secured Promissory Note or any other Loan

Document to make payments of principal of or interest on any Secured Promissory Note when due. Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Term Loan. Each Lender's obligation to make a Term A Loan is subject to the condition precedent that Collateral Agent and each Lender shall consent to or shall have received, in form and substance satisfactory to Collateral Agent and each Lender, such documents, and completion of such other matters, as Collateral Agent and each Lender may reasonably deem necessary or appropriate, including, without limitation:

(a) original Loan Documents, each duly executed by Borrower and each Subsidiary, as applicable;

(b) a completed Perfection Certificate and Disclosure Schedules for Borrower and each of its Subsidiaries;

(c) duly executed original Control Agreements with respect to any Collateral Accounts maintained by Borrower or any of its Subsidiaries;

(d) the Operating Documents and good standing certificates of Borrower and its Subsidiaries certified by the Secretary of State (or equivalent agency) of Borrower's and such Subsidiaries' jurisdiction of organization or formation and each jurisdiction in which Borrower and each Subsidiary is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date**;**

(e) a certificate of Borrower in substantially the form of Exhibit E hereto executed by the Secretary of Borrower with appropriate insertions and attachments, including with respect to (i) the Operating Documents of Borrower (which Certificate of Incorporation of Borrower shall be certified by the Secretary of State of the State of Delaware) and (ii) the resolutions adopted by Borrower's board of directors for the purpose of approving the transactions contemplated by the Loan Documents;

(f) certified copies, dated as of date no earlier than thirty (30) days prior to the Effective Date, of financing statement searches, as Collateral Agent shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Term Loan, will be terminated or released;

(g) a duly executed legal opinion of counsel to Borrower dated as of the Effective Date;

(h) evidence satisfactory to Collateral Agent and the Lenders that the insurance policies required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Collateral Agent, for the ratable benefit of the Secured Parties;

(i) a copy of any applicable investors rights, shareholders, voting or other such agreement in respect of the Borrower, and all amendments thereto;

(j) a fully-executed Payoff Letter; and

(k) payment of the Closing Fee and Lenders' Expenses then due as specified in Section 2.4 hereof.

3.2 Conditions Precedent to all Term Loans. The obligation of each Lender to extend each Term Loan, including the initial Term Loan, is subject to the following conditions precedent:

(a) receipt by Collateral Agent of an executed Loan Payment Request Form in the form of Exhibit C attached hereto;

(b) the representations and warranties in Section 5 hereof shall be true, accurate and complete in all material respects on the Funding Date of each Term Loan; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the funding of such Term Loan;

(c) in such Lender's reasonable discretion, there has not been any Material Adverse Change;

(d) if requested by a Lender with respect to the Term B Loan, the delivery by Borrower of originally-executed, Secured Promissory Notes according to such Lender's Term Loan Commitment Percentage with respect to the Term B Loans;

(e) No Event of Default or an event that with the passage of time could result in an Event of Default, shall exist; and

(f) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof.

3.3 Covenant to Deliver. Borrower agrees to deliver to Collateral Agent and the Lenders each item required to be delivered to Collateral Agent under this Agreement as a condition precedent to the funding of any Term Loan. Borrower expressly agrees that a Term Loan made prior to the receipt by Collateral Agent or any Lender of any such item shall not constitute a waiver by Collateral Agent or any Lender of Borrower's obligation to deliver such item, and any such Term Loan in the absence of a required item shall be made in each Lender's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan set forth in this Agreement, to obtain a Term Loan (other than the Term Loan funded on the Effective Date), Borrower shall notify the Lenders (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 noon New York City time three (3) Business Days prior to the date the Term Loan is to be made. Together with any such electronic, facsimile or telephonic notification, Borrower shall deliver to Collateral Agent by electronic mail or facsimile a completed Loan Payment Request Form executed by a Responsible Officer or his or her designee. The Collateral Agent may rely on any telephone notice given by a person whom Collateral Agent reasonably believes is a Responsible Officer or designee. On the Funding Date related to any Term Loan, each Lender shall credit and/or transfer (as applicable) to the Designated Deposit Account, an amount equal to its Term Loan Commitment in respect of such Term Loan.

3.5 Post-Closing Obligations. Notwithstanding any provision herein or in any other Loan Document to the contrary, to the extent not actually delivered on or prior to the Effective Date, the Borrowers shall, and shall cause each applicable Subsidiary to:

(a) Use commercially reasonable effort to deliver to Collateral Agent a landlord's consent executed in favor of Collateral Agent in respect of all of Borrower's and each Subsidiaries' leased locations no later than ninety (90) days after the Effective Date (or such later date as Collateral Agent may agree, in each case, not to exceed sixty (60) days thereafter);

(b) Use commercially reasonable effort to deliver a bailee waiver executed in favor of Collateral Agent in respect of each third party bailee where Borrower or any Subsidiary maintains Collateral having a book value in excess of One Hundred Fifty Thousand Dollars ($150,000.00) no later than ninety (90) days after the Effective Date (or such later date as Collateral Agent may agree, in each case, not to exceed sixty (60) days thereafter); and

(c) use commercially reasonable efforts to deliver to Collateral Agent a subordination agreement, duly executed by MDFA in respect of the MDFA Financing substantially in the form of Intercreditor Agreement dated as of May 9, 2011, between MDFA and Silicon Valley Bank no later than ninety (90) days after the Effective Date (or such later date as Collateral Agent may agree, in each case, not to exceed sixty (60) days thereafter).

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Collateral Agent, for the ratable benefit of the Secured Parties, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Secured Parties, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products and supporting obligations (as defined in the Code) in an amount greater than Fifty Thousand Dollars ($50,000) in respect thereof. If Borrower shall acquire any commercial tort claim (as defined in the Code), Borrower shall grant to Collateral Agent, for the ratable benefit of the Secured Parties, a security interest therein and in the proceeds and products and supporting obligations (as defined in the Code) thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent.

If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to extend Term Loans has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens (and enter into any documentation reasonably requested by Borrower) in the Collateral and all rights therein shall revert to Borrower.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Collateral Agent to file financing statements or take any other action required to perfect Collateral Agent's security interests in the Collateral (held for the ratable benefit of the Secured Parties), without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights under the Loan Documents.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Collateral Agent and the Lenders as follows:

5.1 Due Organization, Authorization: Power and Authority. Borrower and each of its Subsidiaries is duly existing and in good standing as a Registered Organization in its jurisdictions of organization or formation and Borrower and each of its Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be so qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, Borrower and each of its Subsidiaries has delivered to Collateral Agent a completed perfection certificate and any updates or supplements thereto on, before or after the Effective Date (each a "**Perfection Certificate**" and collectively, the "**Perfection Certificates**"). Borrower represents and warrants that all the information set forth on the Perfection Certificates pertaining to Borrower and each of its Subsidiaries is accurate and complete.

The execution, delivery and performance by Borrower and each of its Subsidiaries of the Loan Documents to which it is, or they are, a party have been duly authorized, and do not (i) conflict with any of Borrower's or such Subsidiaries' organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or such Subsidiary, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b), or (v) constitute an event of default under any material agreement by which Borrower, any of its Subsidiaries or any of their respective properties, is bound. Neither Borrower nor any

of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its assets is bound in which such default could reasonably be expected to have a Material Adverse Change.

5.2 Collateral.

(a) Borrower and each its Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith in respect of which Borrower or such Subsidiary has given Collateral Agent notice and taken such actions as are necessary to give Collateral Agent a perfected security interest therein as required under this Agreement. The Accounts are bona fide, existing obligations of the Account Debtors.

(b) The security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to involuntary Permitted Liens that, under applicable law, have priority over Collateral Agent's Lien.

(c) On the Effective Date, and except as disclosed on the Disclosure Schedules (i) the Collateral is not in the possession of any third party bailee, and (ii) no such third party bailee possesses components of the Collateral in excess of One Hundred Fifty Thousand Dollars ($150,000.00).

(d) All Inventory and Equipment is in all material respects of good and marketable quality, free from material defects.

(e) Borrower and each of its Subsidiaries is the sole owner of the Intellectual Property each respectively purports to own, free and clear of all Liens other than Permitted Liens. Except as noted on the Disclosure Schedules (which, upon the consummation of a transaction not prohibited by this Agreement, may be updated to reflect such transaction), neither Borrower nor any of its Subsidiaries is a party to, nor is bound by, any material license or other Material Agreement.

5.3 Litigation. Except as disclosed on the Disclosure Schedules, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than One Hundred Fifty Thousand Dollars ($150,000.00).

5.4 No Material Adverse Change; Financial Statements. All consolidated financial statements for Borrower and its consolidated Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, and in all material respects the consolidated financial condition of Borrower and its consolidated Subsidiaries, and the consolidated results of operations of Borrower and its consolidated Subsidiaries. Since December 31, 2013, there has not been a Material Adverse Change.

5.5 Solvency. Borrower is Solvent. Borrower and each of its Subsidiaries, when taken as a whole, is Solvent.

5.6 Regulatory Compliance. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's knowledge, by

previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

None of Borrower, any of its Subsidiaries, or, to Borrower's knowledge, any of Borrower's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower and any of their Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

5.7 Investments. Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, each of such returns and reports is true, correct and complete in all material respects, and Borrower and each of its Subsidiaries, has timely paid all taxes shown on such returns and reports and all other foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower and such Subsidiaries in an amount greater than Twenty-Five Thousand Dollars ($25,000), in all jurisdictions in which Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in accordance with the next sentence. Borrower and each of its Subsidiaries, may defer payment of any contested taxes, provided that Borrower or such Subsidiary, (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted; (b) notifies Collateral Agent of the commencement of, and any material development in, the proceeding; and (c) adequate reserves or other appropriate provisions are maintained on the books of such Borrower or Subsidiary, as applicable, in accordance with GAAP and which do not involve, in the reasonable judgment of the Collateral Agent, any risk of the sale, forfeiture or loss of any material portion of the Collateral. Neither Borrower nor any of its Subsidiaries is aware of any claims or adjustments proposed for any of Borrower's or such Subsidiaries', prior tax years which could result in additional taxes becoming due and payable by Borrower or its Subsidiaries. Borrower and each of its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and neither Borrower nor any of its Subsidiaries have, withdrawn from participation in, and have not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loans to repay certain existing Indebtedness and as working capital and to fund its general business requirements, and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower or any of its Subsidiaries in any certificate or written statement, when taken as a whole, given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

6. AFFIRMATIVE COVENANTS

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1 Government Compliance.

(a) Other than specifically permitted hereunder, maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Comply with all laws, ordinances and regulations to which Borrower or any of its Subsidiaries is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

(b) Obtain and keep in full force and effect, all of the material Governmental Approvals necessary for the performance by Borrower and its Subsidiaries of their respective businesses and obligations under the Loan Documents and the grant of a security interest to Collateral Agent for the ratable benefit of the Secured Parties, in all of the Collateral.

6.2 Financial Statements, Reports, Certificates; Notices.

(a) Deliver to Collateral Agent:

(i) as soon as available, but no later than thirty (30) days after the last day of each month (commencing with June 2014), a company prepared consolidated and, if prepared by Borrower or if reasonably requested by the Lenders, consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Borrower and its consolidated Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to the Collateral Agent;

(ii) as soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's fiscal year or within five (5) days of filing of the same with the SEC, audited consolidated financial statements covering the consolidated operations of Borrower and its consolidated Subsidiaries for such fiscal year, prepared under GAAP, consistently

applied, together with an unqualified opinion (other than with respect to a going-concern qualification based solely on the amount of cash and Cash Equivalents held by Borrower) on the financial statements from an independent certified public accounting firm acceptable to Collateral Agent in its reasonable discretion;

(iii) as soon as available after approval thereof by Borrower's board of directors, but no later than ten (10) days' after such approval, Borrower's annual financial projections for the entire current fiscal year as approved by Borrower's board of directors; provided that, any revisions to such projections approved by Borrower's board of directors shall be delivered to Collateral Agent and the Lenders no later than seven (7) days after such approval);

(iv) together with the delivery of the Compliance Certificate, copies of all non-ministerial statements, reports and notices made available to Borrower's security holders (except as otherwise required to be delivered hereunder, other than materials provided to members of the Borrower's board of directors solely in their capacities as board members or management of the Borrower) or holders of Subordinated Debt (except as otherwise required to be delivered hereunder, other than materials provided to members of the Borrower's board of directors solely in their capacities as board members or management of the Borrower);

(v) in the event that Borrower becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, within together with the delivery of the Compliance Certificate, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission;

(vi) unless the IPO has occurred, together with the delivery of the Compliance Certificate, notice of any amendments (A) to the capitalization table of Borrower, and (B) to the respective

Operating Documents of Borrower or any of its Subsidiaries, in each case together with any copies reflecting such amendments with respect thereto;

(vii) prompt delivery of (and in any event within five (5) days after the same are sent or received) copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to Borrower's business or that otherwise could reasonably be expected to have a Material Adverse Change;

(viii) prompt notice of any event that (A) could reasonably be expected to materially and adversely affect the value of the Intellectual Property or (B) could reasonably be expected to result in a Material Adverse Change;

(ix) written notice delivered at least ten (10) days' prior to Borrower's creation of a New Subsidiary in accordance with the terms of Section 6.10);

(x) written notice delivered at least ten (10) days with respect to clause (A) and thirty (30) days with respect to clause (B) through (E) prior to Borrower's (A) adding any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Hundred Fifty Thousand Dollars ($150,000.00) in assets or property of Borrower or any of its Subsidiaries), (B) changing its respective jurisdiction of organization, (C) changing its organizational structure or type, (D) changing its respective legal name, or (E) changing any organizational number(s) (if any) assigned by its respective jurisdiction of organization;

(xi) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, prompt (and in any event within three (3) Business Days) written notice of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, and Borrower's proposal regarding how to cure such Event of Default or event;

(xii) immediate notice if Borrower or such Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering;

(xiii) notice of any commercial tort claim (as defined in the Code) or letter of credit rights (as defined in the Code) held by Borrower or any Guarantor, in each case in an amount greater than Fifty Thousand Dollars ($50,000.00) and of the general details thereof;

(xiv) if Borrower or any of its Subsidiaries is not now a Registered Organization but later becomes a Registered Organization, written notice of such occurrence and information regarding such Person's organizational identification number within seven (7) Business Days of receiving such organizational identification number; and

(xv) other information as reasonably requested by Collateral Agent.

Notwithstanding the foregoing, documents and notices required to be delivered pursuant to the terms hereof (to the extent any such documents and notices are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address.

(b) Concurrently with the delivery of the financial statements specified in Section 6.2(a)(i) above but no later than thirty (30) days after the last day of each month, deliver to Collateral Agent:

(i) a duly completed Compliance Certificate signed by a Responsible Officer;

(ii) copies of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries;

(iii) written notice of the commencement of, and any material development in, the proceedings contemplated by Section 5.8 hereof;

(iv) written notice of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of One Hundred Fifty Thousand Dollars ($150,000.00); and

(v) written notice of all returns, recoveries, disputes and claims regarding Inventory that involve more than Fifty Thousand Dollars ($50,000.00) individually or in the aggregate in any calendar year.

(c) Keep proper, complete and true books of record and account in accordance with GAAP in all material respects. Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing.

(d) Semi-annually, on or before the last Business Day of January and July of each year (commencing with January 2015), deliver to Collateral Agent an updated Perfection Certificate and Disclosure Schedules to reflect any amendments, modifications and updates, if any, to certain information in the Perfection Certificate and Disclosure Schedule.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, as applicable, and their respective Account Debtors shall follow Borrower's, or such Subsidiary's, customary practices.

6.4 Taxes; Pensions. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except as otherwise permitted pursuant to the terms of Section 5.8 hereof, and shall deliver to Collateral Agent, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with the terms of such plans.

6.5 Insurance. Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lenders. All property policies shall have a lender's loss payable endorsement showing Collateral Agent as lender loss payee and shall waive subrogation against Collateral Agent, and all liability policies shall show, or have endorsements showing, Collateral Agent (for the ratable benefit of the Secured Parties), as additional insured. The Collateral Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Collateral Agent, that it will give the Collateral Agent thirty (30) days prior written notice before any such policy or policies shall be canceled (except in the case of nonpayment). Borrower shall provide copies of any notice received in connection with the cancellation of insurance policies. At Collateral Agent's request, Borrower shall deliver to the Collateral Agent certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Collateral Agent's option, be payable to Collateral Agent, for the ratable benefit of the Secured Parties, on account of the then-outstanding Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy within ninety (90) days of receipt thereof up to Two Hundred Fifty Thousand Dollars ($250,000.00) with respect to any loss, but not exceeding Two Hundred Fifty Thousand Dollars

($250,000.00), in the aggregate for all losses under all casualty policies in any one (1) year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Collateral Agent, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. If Borrower or any of its Subsidiaries fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent may make (but has no obligation to do so), at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent deems prudent.

6.6 Operating Accounts.

(a) Maintain Borrower's and Guarantors Collateral Accounts depositary institutions that have agreed to execute Control Agreements in favor of Collateral Agent with respect to such Collateral Accounts. The provisions of the previous sentence shall not apply to Deposit Accounts exclusively used for cash collateral for Permitted Liens under clause (k) of the definition thereof, payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any Guarantor's, employees and identified to Collateral Agent by Borrower as such in the Disclosure Schedules.

(b) Borrower shall provide Collateral Agent ten (10) days' prior written notice before Borrower or any Guarantor establishes any Collateral Account. In addition, for each Collateral Account that Borrower or any Guarantor, at any time maintains, Borrower or such Guarantor shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account (held for the ratable benefit of the Secured Parties) in accordance with the terms hereunder prior to the establishment of such Collateral Account. The provisions of the previous sentence shall not apply to Deposit Accounts exclusively used for cash collateral for Permitted Liens under clause (k) of the definition thereof, payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any Guarantor's, employees and identified to Collateral Agent by Borrower as such in the Disclosure Schedules.

(c) Within one hundred twenty (120) days after the Effective Dave, (i) close all Collateral Accounts (other than any Deposit Account solely used cash collateral for Permitted Liens under clause (k) of the definition thereof), (ii) open replacement accounts with Comerica Bank, and (iii) cause Comerica Bank to execute and deliver Control Agreements or other appropriate instruments with respect to all such Collateral Accounts to perfect Collateral Agent's Lien in such Collateral Account (held for the ratable benefit of the Secured Parties) in accordance with the terms hereunder. The provisions of clause (iii) shall not apply to apply to Deposit Accounts exclusively used for cash collateral for Permitted Liens under clause (k) of the definition thereof, payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any Guarantor's, employees and identified to Collateral Agent by Borrower as such in the Disclosure Schedules.

(d) At all times after one hundred twenty (120) days after the Effective Date, Borrower shall, and shall cause any Guarantors and the MSC Subsidiary to, keep on deposit with Comerica Bank not less than the Applicable Percentage of the Borrower's and such Subsidiaries' (taken as a whole) cash and Cash Equivalents.

(e) Neither Borrower nor any Guarantor shall maintain any Collateral Accounts except Collateral Accounts maintained in accordance with this Section 6.6.

6.7 Protection of Intellectual Property Rights. Borrower and each of its Subsidiaries shall: (a) use commercially reasonable efforts to protect, defend and maintain the validity and enforceability of its respective Intellectual Property that is material to its business; (b) promptly advise Collateral Agent in writing of material infringement by a third party of its respective Intellectual Property; and (c) not allow any of its respective Intellectual Property material to its respective business to be abandoned, forfeited or dedicated to the public without Collateral Agent's prior written consent.

6.8 Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent, without expense to Collateral Agent or the Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's Books, to the extent that Collateral Agent may reasonably deem them necessary to prosecute or defend any third-party suit or proceeding instituted by or against Collateral Agent with respect to any Collateral or relating to Borrower.

6.9 Landlord Waivers; Bailee Waivers. In the event that Borrower or any of its Subsidiaries, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then, in the event that the Collateral at any new location is valued (based on book value) in excess of One Hundred Fifty Thousand Dollars ($150,000.00) in the aggregate, at Collateral Agent's election, Borrower or such Subsidiary shall use commercially reasonable efforts to cause such bailee or landlord, as applicable to execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Collateral Agent prior to the addition of any new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be.

6.10 Creation/Acquisition of Subsidiaries. In the event any Borrower or any Subsidiary of any Borrower creates or acquires any Subsidiary after the Effective Date, Borrower or such Subsidiary shall promptly notify the Collateral Agent of such creation or acquisition, and Borrower or such Subsidiary shall take all actions necessary to achieve the following with respect to such "**New Subsidiary**" (defined as a Subsidiary formed after the date hereof during the term of this Agreement):

(a) if such New Subsidiary is a Domestic Subsidiary (except for (i) a Domestic Subsidiary that solely holds the equity interests of one (1) or more Foreign Subsidiaries (an "**Excluded Domestic Subsidiary**"), and (ii) the MSC Subsidiary), to cause such New Subsidiary to become a co-Borrower hereunder, or, if approved by Collateral Agent, a secured guarantor with respect to the Obligations; and

(b) with respect to New Subsidiaries owned directly by the Borrower or a Guarantor, to grant and pledge to Collateral Agent a perfected security interest in (A) one hundred percent (100%) of the stock, units or other evidence of ownership held by Borrower or its Subsidiaries of any such New Subsidiary that is a Domestic Subsidiary (except if such New Subsidiary is an Excluded Domestic Subsidiary), or (B) sixty-five (65%) of the stock, units or other evidence of ownership held by Borrower or a Guarantor of any such New Subsidiary which is (i) a Foreign Subsidiary or (ii) an Excluded Domestic Subsidiary.

6.11 Further Assurances. Execute any further instruments and take further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

7.1 Dispositions. Convey, sell, lease, transfer, assign, dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments and Permitted Licenses; or (d) cash or Cash Equivalents pursuant to transactions not prohibited by this Agreement.

7.2 Changes in Business, Management, Ownership, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower or such Subsidiary, as applicable, as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) permit any Key Person to cease being actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent within ten (10) days of such cessation, or (ii) enter into any transaction or series of related transactions, other than the IPO, in which (A) the stockholders of Borrower who were not

stockholders immediately prior to the first such transaction own more than forty-five percent (45%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions and (B) except as permitted by Section 7.3, Borrower ceases to own, directly or indirectly, one hundred percent (100%) of the ownership interests in each Subsidiary of Borrower.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person. A Subsidiary may merge or consolidate into another Subsidiary (provided such surviving Subsidiary is a "co-Borrower" hereunder or has provided a secured Guaranty of Borrower's Obligations hereunder in accordance with Section 6.10) or with (or into) Borrower provided Borrower is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom. Notwithstanding the foregoing, Borrower may enter into and consummate any Permitted Acquisition.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Secured Parties) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens".

7.6 Maintenance of Collateral Accounts. With respect to Borrower and any Guarantors, maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7 Restricted Payments. (a) Declare or pay any dividends (other than dividends payable solely in capital stock) or make any other distribution or payment on account of or redeem, retire, defease or purchase any capital stock (other than (i) the declaration or payment of dividends to Borrower, (ii) so long as no Event of Default or event that with the passage of time would result in an Event of Default exists or would result therefrom, the declaration or payment of any dividends solely in the form of equity securities, and (iii) so long as no Event of Default or event that with the passage of time would result in an Event of Default exists or would result therefrom, repurchases of unvested common stock from employees or consultants at cost as a result of the termination of the employment or other service relationship of such employees or consultants in an amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any year and One Million Dollars ($1,000,000.00) over the term of this Agreement), (b) other than the Obligations in accordance with the terms hereof, purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Indebtedness prior to its scheduled maturity unless being replaced with Indebtedness of at least the same principal amount and such new Indebtedness is Permitted Indebtedness, or (c) be a party to or bound by an agreement that restricts a Subsidiary from paying dividends or otherwise distributing property to Borrower.

7.8 Investments. Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so other than (a) Permitted Investments, and (b) if the MSC Investment Conditions have been met and no Event of Default or an event that with the passage of time could result in an Event of Default, shall exist, Investments in a wholly-owned corporation Subsidiary incorporated in Massachusetts for the purpose of holding Investments as a Massachusetts security corporation under 830 CMR 63.38B.1 of the Massachusetts tax code and applicable regulations (as the same may be amended, modified or replaced from time to time) (the "MSC Subsidiary"). If at any time after the incorporation of the MSC Subsidiary the MSC Investment Conditions are not met, then (i) the Borrower shall cause the MSC Subsidiary to distribute to the Borrower all assets held by the MSC Subsidiary for deposit into a Collateral Account subject to a Control Agreement in favor of Collateral Agent, and (ii) the Borrower shall not permit the MSC Subsidiary to hold any assets. The Borrower shall not permit the MSC Subsidiary to make any Investments or hold any assets that would cause the MSC Subsidiary to fail to qualify as a Massachusetts security corporation under 830 CMR 63.38B.1 of the Massachusetts tax code and applicable regulations (as the same may be amended, modified or replaced from time to time).

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower or any of its Subsidiaries, except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries; and (c) compensation arrangements for Borrower's and its Subsidiaries' officers, directors and employees that are customary in the Borrower's industry.

7.10 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to the Lenders.

7.11 Compliance. (a) Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Term Loan for that purpose; (b) fail to meet the minimum funding requirements of ERISA; (c) permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; (d) fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change, or permit any of its Subsidiaries to do so; or (e) withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.12 Compliance with Anti-Terrorism Laws. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (a) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (b) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Term Loan on its due date, or (b) pay any other Obligation within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date or acceleration pursuant to Section 9.1 (a) hereof);

8.2 Covenant Default.

(a) Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Landlord Waivers; Bailee Waivers), 6.10 (Creation/Acquisition of Subsidiaries) or Borrower violates any provision in Section 7; or

(b) Borrower, or any of its Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any other Loan Document to which such person is a party, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within fifteen (15) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the fifteen (15) day period or cannot after diligent attempts by Borrower or such Subsidiary, as applicable, be cured within such fifteen (15) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Term Loans shall be made during such cure period).

8.3 Material Adverse Change. Required Lenders determine that a Material Adverse Change has occurred.

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Subsidiaries or of any entity under control of Borrower or its Subsidiaries on deposit with any institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) of this clause (a) are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); and

(b) (i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

8.5 Insolvency. (a) Borrower or any of its Subsidiaries is or becomes Insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within forty-five (45) days (but no Term Loans shall be extended while Borrower or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is a default in any agreement to which Borrower or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Three Hundred Fifty Thousand Dollars ($350,000.00) or that could reasonably be expected to have a Material Adverse Change;

8.7 Judgments. One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Three Hundred Fifty Thousand Dollars ($350,000.00) (not covered by independent third-party insurance as to which (a) Borrower reasonably believes such insurance carrier will accept liability, (b) Borrower or the applicable Subsidiary has submitted such claim to such insurance carrier and (c) liability has not been rejected by such insurance carrier) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of ten (10) days after the entry thereof;

8.8 Misrepresentations. Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or the Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement, when taken as a whole, is incorrect in any material respect when made;

8.9 Subordinated Debt. A default or breach occurs under any subordination agreement, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10 Guaranty. (a) Any Guaranty terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any Guaranty; or (c) any circumstance described in Section 8 (including, for the avoidance of doubt, any applicable cure periods) occurs with respect to any Guarantor;

8.11 Governmental Approvals; FDA Action. (a) Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term *and* such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; or (b) (i) the FDA initiates a Regulatory Action or any other enforcement action against Borrower or any of its Subsidiaries or any supplier of Borrower or any of its Subsidiaries that causes Borrower or any of its Subsidiaries to recall, withdraw, remove or discontinue marketing any of its products; (ii) the FDA issues a warning letter to Borrower or any of its Subsidiaries with respect to any of its activities or products which could reasonably be expected to result in a Material Adverse Change; (iii) Borrower or any of its Subsidiaries conducts a mandatory or voluntary recall which could reasonably be expected to result in liability and expense to Borrower or any of its Subsidiaries of Seven Hundred Fifty Thousand Dollars ($750,000.00) or more; (iv) Borrower or any of its Subsidiaries enters into a settlement agreement with the FDA that results in aggregate liability as to any single or related series of transactions, incidents or conditions, of Seven Hundred Fifty Thousand Dollars ($750,000.00) or more, or that could reasonably be expected to result in a Material Adverse Change; or (v) the FDA revokes any authorization or permission granted under any Registration, or Borrower or any of its Subsidiaries withdraws any Registration, that could reasonably be expected to result in a Material Adverse Change.

8.12 Lien Priority. Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien (to the extent required to be perfected) on any material Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens; provided that, notwithstanding the foregoing, any failure to maintain such perfection that results directly from the failure of the Collateral Agent to (i) maintain possession of certificates actually delivered to it representing securities or negotiable instruments or (ii) file UCC continuation statements (which, in either case, does not arise from a breach by Borrower of its obligations under the Loan Documents) shall not constitute an Event Default under this Section 8.12.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall at the written direction of Required Lenders without notice or demand, do any or all of the following: (i) deliver notice of the Event of Default to Borrower, (ii) by notice to Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations shall be immediately due and payable without any action by Collateral Agent or the Lenders) or (iii) by notice to Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders (but if an Event of Default described in Section 8.5 occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders shall be immediately terminated without any action by Collateral Agent or the Lenders).

(b) Without limiting the rights of Collateral Agent and the Lenders set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall at the written direction of the Required Lenders without notice or demand, to do any or all of the following:

(i) foreclose upon and/or sell or otherwise liquidate, the Collateral;

(ii) make a demand for payment upon any Guarantor pursuant to the Guaranty delivered by such Guarantor;

(iii) apply to the Obligations any (A) balances and deposits of Borrower that Collateral Agent or any Lender holds or controls, (B) any amount held or controlled by Collateral Agent or any Lender owing to or for the credit or the account of Borrower, or (C) amounts received from any Guarantors in accordance with the respective Guaranty delivered by such Guarantor; and/or

(iv) commence and prosecute an Insolvency Proceeding or consent to Borrower commencing any Insolvency Proceeding.

(c) Without limiting the rights of Collateral Agent and the Lenders set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall at the written direction of the Required Lenders, without notice or demand, to do any or all of the following:

(i) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing Borrower money of Collateral Agent's security interest in such funds, and verify the amount of such account;

(ii) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its Liens in the Collateral (held for the ratable benefit of the Secured Parties). Borrower shall assemble the Collateral if Collateral Agent requests and make it available at such location as Collateral Agent reasonably designates. Collateral Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Collateral Agent a license to enter and occupy any of its premises, without charge, to exercise any of Collateral Agent's rights or remedies;

(iii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, any of the Collateral. Collateral Agent is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's and each of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this Section 9.1, Borrower's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Collateral Agent, for the benefit of the Lenders;

(iv) place a "hold" on any Collateral Account maintained with Collateral Agent or any Lender or otherwise in respect of which a Control Agreement has been delivered in favor of Collateral Agent (for the ratable benefit of the Secured Parties) and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(v) demand and receive possession of Borrower's Books;

(vi) appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of Borrower or any of its Subsidiaries; and

(vii) subject to clauses 9.1(a) and (b), exercise all rights and remedies available to Collateral Agent and each Lender under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

Notwithstanding any provision of this Section 9.1 to the contrary, upon the occurrence of any Event of Default, Collateral Agent shall have the right to exercise any and all remedies referenced in this Section 9.1 without the written consent of Required Lenders following the occurrence and during the continuation of an Exigent Circumstance.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts of Borrower directly with the applicable Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney-in-fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to make extend Term Loans hereunder. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide Term Loans terminates.

9.3 Protective Payments. If Borrower or any of its Subsidiaries fail to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower or any of its Subsidiaries is obligated to pay under this Agreement or any other Loan Document, Collateral Agent may obtain such insurance or make such payment, and all amounts so paid by Collateral Agent are Lenders' Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Collateral Agent will make reasonable efforts to provide Borrower with notice of Collateral Agent obtaining such insurance or making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Collateral Agent are deemed an agreement to make similar payments in the future or Collateral Agent's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Collateral Agent from or on behalf of Borrower or any of its Subsidiaries of all or any part of the Obligations, and, as between Borrower on the one hand and Collateral Agent and Lenders on the other, Collateral Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Collateral Agent may deem advisable notwithstanding any previous application by Collateral Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the Lenders' Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the Final Fee; fourth, to the principal amount of the Obligations outstanding; and fifth, to any other Obligations owing to Collateral Agent or any Lender under the Loan Documents. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to the Lenders' Pro Rata Shares unless expressly provided otherwise. Collateral Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's Pro Rata Share of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its Pro Rata Share of scheduled payments made on any date or dates, then such Lender shall remit to Collateral Agent or the other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Collateral Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its Pro

Rata Share, then the portion of such payment or distribution in excess of such Lender's Pro Rata Share shall be received and held by such Lender in trust for and shall be promptly paid over to the other Lenders (in accordance with their respective Pro Rata Shares) for application to the payments of amounts due on such other Lenders' claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for the Secured Parties for purposes of perfecting Collateral Agent's security interest therein (held for the ratable benefit of the Secured Parties).

9.5 Liability for Collateral. So long as Collateral Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Collateral Agent and the Lenders, Collateral Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or by Borrower or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

10. NOTICES

Other than as specifically provided herein, all notices, consents, requests, approvals, demands, or other communication (collectively, "**Communications**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	T2 Biosystems, Inc. 101 Hartwell Avenue Lexington, MA 02421 Attn: Marc Jones Fax: (781) 357-3080 Email: mjones@t2biosystems.com

with a copy (which shall not constitute notice) to:	Latham & Watkins LLP 505 Montgomery Street San Francisco, CA 94111 Attn: Haim Zaltzman Fax: (415) 395-8095 Email: haim.zaltzman@lw.com
If to Collateral Agent:	SOLAR CAPITAL LTD. 500 Park Avenue, 3rd Floor New York, NY 10022 Attention: Anthony Storino Fax: (212) 993-1698 Email: storino@Solarcapltd.com
with a copy to	COMERICA BANK 100 Federal Street, 28th Floor Boston, MA 02110 Attn: Garth Gorrall Fax: 617.757.6351 Email: gwgorrall@comerica.com
with a copy (which shall not constitute notice) to:	Morrison & Foerster LLP 425 Market Street, 32nd Floor San Francisco, CA 94105 Attn: Jeff Kayes Fax: (415) 268-7522 Email: jkayes@mofo.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

11.1 Waiver of Jury Trial. EACH OF BORROWER, COLLATERAL AGENT AND LENDERS UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE. THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. THE WAIVER ALSO SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. **Governing Law and Jurisdiction.** THIS AGREEMENT, THE OTHER LOAN DOCUMENTS (EXCLUDING THOSE LOAN DOCUMENTS THAT BY THEIR OWN TERMS ARE EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL, PROVIDED, HOWEVER, THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT. **Submission to Jurisdiction**. Any legal

action or proceeding with respect to the Loan Documents shall be brought exclusively in the courts of the State of New York located in the City of New York, Borough of Manhattan, or of the United States of America for the Southern District of New York and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of the aforesaid courts. Notwithstanding the foregoing, Collateral Agent and Lenders shall have the right to bring any action or proceeding against Borrower (or any property of Borrower) in the court of any other jurisdiction Collateral Agent or Lenders deem necessary or appropriate in order to realize on the Collateral or other security for the Obligations. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions.

11.4 Service of Process. Borrower irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable requirements of law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of Borrower specified herein (and shall be effective when such mailing shall be effective, as provided therein). Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11.5 Non-exclusive Jurisdiction. Nothing contained in this Article 11 shall affect the right of Collateral Agent or Lenders to serve process in any other manner permitted by applicable requirements of law or commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

12. GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's prior written consent (which may be granted or withheld in Collateral Agent's discretion, subject to Section 12.5). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in **(any** such sale, transfer, assignment, negotiation**,** or grant of a participation, a **"Lender Transfer")** all or any part of, or any interest in, the Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents; *provided*, *however*,

that any such Lender Transfer (other than (i) any Transfer at any time that an Event of Default has occurred and is continuing, or (ii) a transfer, pledge, sale or assignment to an Eligible Assignee) of its obligations, rights, and benefits under this Agreement and the other Loan Documents shall require the prior written consent of the Collateral Agent (such approved assignee, an "**Approved Lender**"); and *provided, further*, that on the date it becomes a party to this Agreement, an Approved Lender must be capable, through its applicable lending office, of receiving payments of interest from the Borrower without the imposition of any withholding taxes that would be required to be borne by the Borrower or requiring the payment of any additional amounts by Borrower pursuant to Section 2.5 hereof. Borrower and Collateral Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Collateral Agent shall have received and accepted an effective assignment agreement in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Collateral Agent reasonably shall require. Notwithstanding anything to the contrary contained herein, so long as no Event of Default has occurred and is continuing, no Lender Transfer (other than a Lender Transfer in connection with (x) assignments by a Lender due to a forced divestiture at the request of any regulatory agency; or (y) upon the occurrence of a default, event of default or similar occurrence with respect to a Lender's own financing or securitization transactions) shall be permitted, without Borrower's consent, to any Person which is an Affiliate or Subsidiary of Borrower, a direct competitor of Borrower or a vulture hedge fund, each as reasonably determined by Collateral Agent at the time of such assignment.

12.2 Indemnification. Subject to Section 2.5, Borrower agrees to indemnify, defend and hold each Secured Party and their respective directors, officers, employees, consultants, agents, attorneys, or any other Person affiliated with or representing such Secured Party (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with,

related to, following, or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses and Lenders' Expenses incurred or paid by Indemnified Person in connection with, related to, following, or arising from, out of or under the transactions contemplated by the Loan Documents (including reasonable attorneys' fees and expenses), except, in each case, for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further agrees to indemnify, defend and hold each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct. Notwithstanding the foregoing, if not direct conflict of interest is apparent in connection with the defense of any Claim, Collateral Agent and the Lenders shall first take commercially reasonable efforts to use the same counsel as Borrower, or, if a conflict does exist, use only one counsel among all Indemnified Persons with respect to the defense of any Claim.

12.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.4 Correction of Loan Documents. Collateral Agent may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties**.**

12.5 Amendments in Writing; Integration. (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

(i) no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

(ii) no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature; and

(iii) no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Term Loan (B) postpone the date fixed for, or waive, any payment of principal of any Term Loan or of interest on any Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "Required Lenders" or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral or release any Guarantor of all or any portion of the Obligations or its Guaranty obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.5 or the definitions of the terms used in this Section 12.5 insofar as the definitions affect the substance of this Section 12.5; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment

Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations; or (I) amend any of the provisions of Section 12.5. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the immediately preceding sentence.

(b) Other than as expressly provided for in Section 12.5(a)(i)-(iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.7 Survival. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.8 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.8 Confidentiality. In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries, Affiliates or investors, or in connection with a Lender's own financing or securitization transactions and upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Term Loans (provided, however, the Lenders and Collateral Agent shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, legal process or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to any Affiliate, officer, director, employee, agent or advisor of Collateral Agent or a Lender, including, without limitation, legal counsel, accountants, and other professional advisors of Collateral Agent or the Lenders, in each case on a need-to-know basis. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent at no fault of the Lenders or the Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or

Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.9 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.8.

12.9 Right of Set Off. Borrower hereby grants to Collateral Agent and to each Lender, a Lien, security interest and right of set off as security for all Obligations to Secured Parties hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of any Secured Party or any entity under the control of such Secured Party including a Collateral Agent Affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, any Secured Party may set off the same or any part

thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY BORROWER.

12.10 Cooperation of Borrower. If necessary, Borrower agrees to (i) execute any documents reasonably required to effectuate and acknowledge each assignment of a Term Loan Commitment (or portion thereof) or Term Loan (or portion thereof) to an assignee in accordance with Section 12.1, (ii) make Borrower's management personnel available to meet with Collateral Agent and prospective participants and assignees of Term Loan Commitments, the Term Loans or portions thereof (which meetings shall be conducted no more often than twice every twelve months unless an Event of Default has occurred and is continuing), and (iii) assist Collateral Agent and the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of a Term Loan Commitment (or portions thereof) or Term Loan (or portions thereof) reasonably may request. Subject to the provisions of Section 12.8, Borrower authorizes each Lender to disclose to any prospective participant or assignee of a Term Loan Commitment (or portions thereof), any and all information in such Lender's possession concerning Borrower and its financial affairs which has been delivered to such Lender by or on behalf of Borrower pursuant to this Agreement, or which has been delivered to such Lender by or on behalf of Borrower in connection with such Lender's credit evaluation of Borrower prior to entering into this Agreement, in each case subject to Section 12.8.

12.11 Public Announcement. Collateral Agent and each Lender may, with the consent of the Borrower (which consent may not be unreasonably conditioned, withheld or delayed), make a public announcement of the transactions contemplated by this Agreement, and may publicize the same in marketing materials, newspapers and other publications, and otherwise, and in connection therewith may use Borrower's name, tradenames and logos. Notwithstanding the foregoing, such consent from Borrower shall not be required for any disclosures by Collateral Agent or the Lenders required by the Securities and Exchange Commission or other governmental agency and any other public disclosure with investors, other governmental agencies or other related persons.

12.12 Collateral Agent and Lender Agreement. Collateral Agent and the Lenders hereby agree to the terms and conditions set forth on Exhibit B attached hereto. Borrower acknowledges and agrees to the terms and conditions set forth on Exhibit B attached hereto.

12.13 Time of Essence. Time is of the essence for the performance of Obligations under this Agreement.

12.14 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement and for which no claim has been made) in accordance with the terms of this Agreement, this Agreement may be terminated prior to the Maturity Date by Borrower, effective five (5) Business Days after written notice of termination is given to the Collateral Agent and the Lenders.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

T2 BIOSYTEMS, INC.

By /s/ John McDonough
Name: John McDonough
Title: President and CEO

COLLATERAL AGENT AND LENDERS:

SOLAR CAPITAL LTD.
as Collateral Agent and a Lender

By /s/ Anthony J. Storino
Name: Anthony J. Storino
Title: Authorized Signatory

LENDER:

COMERICA BANK
as a Lender

By /s/ Garth Gorrall
Name: Garth Gorrall
Title: SVP

[*Signature Page to Loan and Security Agreement*]

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	16,666,666.67	83.33%
Comerica Bank	$	3,333,333.33	16.67%
TOTAL			**100.00%**

Term B Loans

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	8,333,333.33	83.33%
Comerica Bank	$	1,666,666.67	16.67%
TOTAL			**100.00%**

Aggregate (all Term Loans)

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	25,000,000.00	83.33%
Comerica Bank	$	5,000,000.00	16.67%
TOTAL			**100.00%**

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) (1) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower or any Guarantor of any Foreign Subsidiary or any Excluded Domestic Subsidiary which shares entitle the holder thereof to vote for directors or any other matter or (2) any of the stock or other equity interests in any Foreign Subsidiary that is not owned by a Guarantor, (b) any interest of Borrower as a lessee or sublessee under a real property lease; (c) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is effective under Section 9-406, 9-407, 9-408 or 9-409 of the Code (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law (including the Bankruptcy Code) or principles of equity); (d) any interest of Borrower as a lessee or borrower under an Equipment lease, Equipment financing or the MDFA Financing if Borrower is prohibited by the terms of such agreement from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower, Collateral Agent or any Lender, or (e) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property.

EXHIBIT B

Collateral Agent and Lender Terms

1. Appointment of Collateral Agent.

(a) Each Lender hereby appoints Solar (together with any successor Collateral Agent pursuant to Section 1.7 of this Exhibit B) as Collateral Agent under the Loan Documents and authorizes Collateral Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf from Borrower, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to Collateral Agent under such Loan Documents and (iii) exercise such powers as are reasonably incidental thereto.

(b) Without limiting the generality of clause (a) above, Collateral Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders), and is hereby authorized, to (i) act as the disbursing and collecting agent for the Lenders with respect to all payments and collections arising in connection with the Loan Documents (including in any other bankruptcy, insolvency or similar proceeding), and each Person making any payment in connection with any Loan Document to any Lender is hereby authorized to make such payment to Collateral Agent, (ii) file and prove claims and file other documents necessary or desirable to allow the claims of Collateral Agent and Lenders with respect to any Obligation in any bankruptcy, insolvency or similar proceeding (but not to vote, consent or otherwise act on behalf of such Lender), (iii) act as collateral agent for the Secured Parties for purposes of the perfection of all Liens created by the Loan Documents and all other purposes stated therein, (iv) manage, supervise and otherwise deal with the Collateral as permitted pursuant to the Loan Agreement, (v) take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents, (vi) except as may be otherwise specified in any Loan Document, exercise all remedies given to Collateral Agent and the other Lenders with respect to the Borrower and/or the Collateral, whether under the Loan Documents, applicable Requirements of Law or otherwise and (vii) execute any amendment, consent or waiver under the Loan Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; provided, however, that Collateral Agent hereby appoints, authorizes and directs each Lender to act as collateral sub-agent for Collateral Agent and the Lenders for purposes of the perfection of all Liens with respect to the Collateral, including any Deposit Account maintained by Borrower or any Guarantor with, and cash and Cash Equivalents held by, such Lender, and may further authorize and direct the Lenders to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to Collateral Agent, and each Lender hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed. Collateral Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-infact and any other Person (including any Lender). Any such Person shall benefit from this Exhibit B to the extent provided by Collateral Agent.

(c) Under the Loan Documents, Collateral Agent (i) is acting solely on behalf of the Lenders, with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Collateral Agent", the terms "agent", "Collateral Agent" and "collateral agent" and similar terms in any Loan Document to refer to Collateral Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of or for any Lender or any other Person and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Lender, by accepting the benefits of the Loan Documents, hereby waives and agrees not to assert any claim against Collateral Agent based on the roles, duties and legal relationships expressly disclaimed in clauses (i) through (iii) above. Except as expressly set forth in the Loan Documents, Collateral Agent shall not have any duty to disclose, and shall not be liable for failure to disclose, any information relating to Borrower or any of its Subsidiaries that is communicated to or obtained by Solar or any of its Affiliates in any capacity.

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2. Binding Effect; Use of Discretion; E-Systems.

(a) Each Lender, by accepting the benefits of the Loan Documents, agrees that (i) any action taken by Collateral Agent or the Required Lenders (or, if expressly required in any Loan Document, a greater proportion of the Lenders) in accordance with the provisions of the Loan Documents, (ii) any action taken by Collateral Agent in reliance upon the instructions of

the Required Lenders (or, where so required, such greater proportion) and (iii) the exercise by Collateral Agent or the Required Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of Lenders.

(b) If Collateral Agent shall request instructions from the Required Lenders or all affected Lenders with respect to any act or action (including failure to act) in connection with any Loan Document, then Collateral Agent shall be entitled to refrain from such act or taking such action unless and until Collateral Agent shall have received instructions from the Required Lenders or all affected Lenders, as the case may be, and Collateral Agent shall not incur liability to any Person by reason of so refraining. Collateral Agent shall be fully justified in failing or refusing to take any action under any Loan Document (i) if such action would, in the opinion of Collateral Agent, be contrary to any Requirement of Law or any Loan Document, (ii) if such action would, in the opinion of Collateral Agent, expose Collateral Agent to any potential liability under any Requirement of Law or (iii) if Collateral Agent shall not first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Collateral Agent as a result of Collateral Agent acting or refraining from acting under any Loan Document in accordance with the instructions of the Required Lenders or all affected Lenders, as applicable.

(c) Collateral Agent is hereby authorized by Borrower and each Lender to establish procedures (and to amend such procedures from time to time) to facilitate administration and servicing of the Term Loans and other matters incidental thereto. Without limiting the generality of the foregoing, Collateral Agent is hereby authorized to establish procedures to make available or deliver, or to accept, notices, documents (including, without limitation, borrowing base certificates) and similar items on, by posting to or submitting and/or completion, on E-Systems. Borrower and each Lender acknowledges and agrees that the use of transmissions via an E-System or electronic mail is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse, and Borrower and each Lender assumes and accepts such risks by hereby authorizing the transmission via E-Systems or electronic mail. Each "e-signature" on any such posting shall be deemed sufficient to satisfy any requirement for a "signature", and each such posting shall be deemed sufficient to satisfy any requirement for a "writing", in each case including pursuant to any Loan Document, any applicable provision of any Code, the federal Uniform Electronic Transactions Act, the Electronic Signatures in Global and National Commerce Act and any substantive or procedural Requirement of Law governing such subject matter. All uses of an E-System shall be governed by and subject to, in addition to this Section, the separate terms, conditions and privacy policy posted or referenced in such E-System (or such terms, conditions and privacy policy as may be updated from time to time, including on such E-System) and related contractual obligations executed by Collateral Agent, Borrower and/or Lenders in connection with the use of such E-System. ALL E-SYSTEMS AND ELECTRONIC TRANSMISSIONS SHALL BE PROVIDED "AS IS" AND "AS AVAILABLE". NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY AGENT, ANY LENDER OR ANY OF THEIR RELATED PERSONS IN CONNECTION WITH ANY E-SYSTEMS.

3. Collateral Agent's Reliance, Etc. Collateral Agent may, without incurring any liability hereunder, (a) consult with any of its Related Persons and, whether or not selected by it, any other advisors, accountants and other experts (including advisors to, and accountants and experts engaged by, Borrower) and (b) rely and act upon any document and information (including those transmitted by electronic transmission) and any telephone message or conversation, in each case believed by it to be genuine and transmitted, signed or otherwise authenticated by the appropriate parties. None of Collateral Agent and its Related Persons shall be liable for any action taken or omitted to be taken by any of them under or in connection with any Loan Document, and each Lender and Borrower hereby waives and shall not assert (and Borrower shall cause its Subsidiaries to waive and agree not to assert) any right, claim or cause of action based thereon, except to the extent of liabilities resulting from the gross negligence or willful misconduct of Collateral Agent or, as the case may be, such Related Person (each as determined in a final, non-appealable judgment of a court of competent jurisdiction) in connection with the duties of Collateral Agent expressly set forth herein. Without limiting the foregoing, Collateral Agent: (i) shall not be responsible or otherwise incur liability for any action or omission taken in reliance upon the instructions of the

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Required Lenders or for the actions or omissions of any of its Related Persons, except to the extent that a court of competent jurisdiction determines in a final non-appealable judgment that Collateral Agent acted with gross negligence or willful misconduct in the selection of such Related Person; (ii) shall not be responsible to any Lender or other Person for the due execution, legality, validity, enforceability, effectiveness, genuineness, sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, any Loan Document; (iii) makes no warranty or representation, and shall not be responsible, to any Lender or other Person for any statement, document, information, representation or warranty made or furnished by or on behalf of Borrower or any Related Person of Borrower in connection with any Loan Document or any transaction contemplated therein or any other document or information with respect to Borrower, whether or not transmitted or (except for documents expressly required under any Loan Document to be transmitted to the Lenders) omitted to be transmitted by Collateral Agent, including as to completeness, accuracy, scope or adequacy thereof, or for the scope, nature or results of any due diligence performed by Collateral Agent in connection with the Loan Documents; and (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any provision of any Loan Document, whether any condition set forth in any Loan Document is satisfied or waived, as to the financial condition of Borrower or as to the existence or continuation or possible occurrence or continuation of any Event of Default, and shall not be deemed to have notice or knowledge of such occurrence or continuation unless it has received a notice from Borrower or any Lender describing such Event of Default that is clearly labeled "notice of default" (in which case Collateral Agent shall promptly give notice of such receipt to all Lenders, provided that Collateral Agent shall not be liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Collateral Agent's gross negligence or willful misconduct as determined by a final non- appealable judgment of a court of competent jurisdiction); and, for each of the items set forth in clauses (i) through (iv) above, each Lender and Borrower hereby waives and agrees not to assert (and Borrower shall cause its Subsidiaries to waive and agree not to assert) any right, claim or cause of action it might have against Collateral Agent based thereon.

4. Collateral Agent Individually. Collateral Agent and its Affiliates may make loans and other extensions of credit to, acquire stock and stock equivalents of, engage in any kind of business with, Borrower or any Affiliate of Borrower as though it were not acting as Collateral Agent and may receive separate fees and other payments therefor. To the extent Collateral Agent or any of its Affiliates makes any Term Loans or otherwise becomes a Lender hereunder, it shall have and may exercise the same rights and powers hereunder and shall be subject to the same obligations and liabilities as any other Lender and the terms "Lender", "Required Lender" and any similar terms shall, except where otherwise expressly provided in any Loan Document, include, without limitation, Collateral Agent or such Affiliate, as the case may be, in its individual capacity as Lender, or as one of the Required Lenders.

5. Lender Credit Decision; Collateral Agent Report. Each Lender acknowledges that it shall, independently and without reliance upon Collateral Agent, any Lender or any of their Related Persons or upon any document solely or in part because such document was transmitted by Collateral Agent or any of its Related Persons, conduct its own independent investigation of the financial condition and affairs of Borrower and make and continue to make its own credit decisions in connection with entering into, and taking or not taking any action under, any Loan Document or with respect to any transaction contemplated in any Loan Document, in each case based on such documents and information as it shall deem appropriate. Except for documents expressly required by any Loan Document to be transmitted by Collateral Agent to the Lenders, Collateral Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, Property, financial and other condition or creditworthiness of Borrower or any Affiliate of Borrower that may come in to the possession of Collateral Agent or any of its Related Persons. Each Lender agrees that is shall not rely on any field examination, audit or other report provided by Collateral Agent or its Related Persons (an "**Collateral Agent Report**"). Each Lender further acknowledges that any Collateral Agent Report (a) is provided to the Lenders solely as a courtesy, without consideration, and based upon the understanding that such Lender will not rely on such Collateral Agent Report, (b) was prepared by Collateral Agent or its Related Persons based upon information provided by Borrower solely for Collateral Agent's own internal use, and (c) may not be complete and may not reflect all information and findings obtained by Collateral Agent or its Related Persons regarding the operations and condition of Borrower. Neither Collateral Agent nor any of its Related Persons makes any representations or warranties of any kind with respect to (i) any existing or proposed financing, (ii) the accuracy or completeness of the information contained in any Collateral Agent Report or in any related documentation, (iii) the scope or adequacy of Collateral Agent's and its Related Persons' due diligence, or the presence or absence of any

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errors or omissions contained in any Collateral Agent Report or in any related documentation, and (iv) any work performed by Collateral Agent or Collateral Agent's Related Persons in connection with or using any Collateral Agent Report or any related documentation. Neither Collateral Agent nor any of its Related Persons shall have any duties or obligations in connection with or as a result of any Lender receiving a copy of any Collateral Agent Report. Without limiting the generality of the forgoing, neither Collateral Agent nor any of its Related Persons shall have any responsibility for the accuracy or completeness of any Collateral Agent Report, or the appropriateness of any Collateral Agent Report for any Lender's purposes, and shall have no duty or responsibility to correct or update any Collateral Agent Report or disclose to any Lender any other information not embodied in any Collateral Agent Report, including any supplemental information obtained after the date of any Collateral Agent Report. Each Lender releases, and agrees that it will not assert, any claim against Collateral Agent or its Related Persons that in any way relates to any Collateral Agent Report or arises out of any Lender having access to any Collateral Agent Report or any discussion of its contents, and agrees to indemnify and hold harmless Collateral Agent and its Related Persons from all claims, liabilities and expenses relating to a breach by any Lender arising out of such Lender's access to any Collateral Agent Report or any discussion of its contents.

6. Indemnification. Each Lender agrees to reimburse Collateral Agent and each of its Related Persons (to the extent not reimbursed by Borrower as required under the Loan Documents (including pursuant to Section 12.2 of the Agreement)) promptly upon demand for its Pro Rata Share of any out-of-pocket costs and expenses (including, without limitation, fees, charges and disbursements of financial, legal and other advisors and any taxes or insurance paid in the name of, or on behalf of, Borrower) incurred by Collateral Agent or any of its Related Persons in connection with the preparation, syndication, execution, delivery, administration, modification, amendment, consent, waiver or enforcement of, or the taking of any other action (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding (including, without limitation, preparation for and/or response to any subpoena or request for document production relating thereto) or otherwise) in respect of, or legal advice with respect to, its rights or responsibilities under, any Loan Document. Each Lender further agrees to indemnify Collateral Agent and each of its Related Persons (to the extent not reimbursed by Borrower as required under the Loan Documents (including pursuant to Section 12.2 of the Agreement)), ratably according to its Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of

any kind or nature whatsoever (including, to the extent not indemnified by the applicable Lender, taxes, interests and penalties imposed for not properly withholding or backup withholding on payments made to or for the account of any Lender) that may be imposed on, incurred by, or asserted against Collateral Agent or any of its Related Persons in any matter relating to or arising out of, in connection with or as a result of any Loan Document or any other act, event or transaction related, contemplated in or attendant to any such document, or, in each case, any action taken or omitted to be taken by Collateral Agent or any of its Related Persons under or with respect to the foregoing; provided that no Lender shall be liable to Collateral Agent or any of its Related Persons under this Section 6 of this Exhibit B to the extent such liability has resulted from the gross negligence or willful misconduct of Collateral Agent or, as the case may be, such Related Person, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent required by any applicable Requirement of Law, Collateral Agent may withhold from any payment to any Lender under a Loan Document an amount equal to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that Collateral Agent did not properly withhold tax from amounts paid to or for the account of any Lender for any reason, or if Collateral Agent reasonably determines that it was required to withhold taxes from a prior payment to or for the account of any Lender but failed to do so, such Lender shall promptly indemnify Collateral Agent fully for all amounts paid, directly or indirectly, by Collateral Agent as tax or otherwise, including penalties and interest, and together with all expenses incurred by Collateral Agent. Collateral Agent may offset against any payment to any Lender under a Loan Document, any applicable withholding tax that was required to be withheld from any prior payment to such Lender but which was not so withheld, as well as any other amounts for which Collateral Agent is entitled to indemnification from such Lender under the immediately preceding sentence of this Section 6 of this Exhibit B.

7. Successor Collateral Agent. Collateral Agent may resign at any time by delivering notice of such resignation to the Lenders and Borrower, effective on the date set forth in such notice or, if no such date is set forth therein, upon the date such notice shall be effective, in accordance with the terms of this Section 7 of this Exhibit B. If Collateral Agent delivers any such notice, the Required Lenders shall have the right to appoint a successor Collateral Agent. If, after 30 days after the date of the retiring Collateral Agent's notice of resignation, no successor Collateral Agent has been appointed by the Required Lenders and has accepted such appointment, then the

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retiring Collateral Agent may, on behalf of the Lenders, appoint a successor Collateral Agent from among the Lenders. Effective immediately upon its resignation, (a) the retiring Collateral Agent shall be discharged from its duties and obligations under the Loan Documents, (b) the Lenders shall assume and perform all of the duties of Collateral Agent until a successor Collateral Agent shall have accepted a valid appointment hereunder, (c) the retiring Collateral Agent and its Related Persons shall no longer have the benefit of any provision of any Loan Document other than with respect to any actions taken or omitted to be taken while such retiring Collateral Agent was, or because such Collateral Agent had been, validly acting as Collateral Agent under the Loan Documents, and (iv) subject to its rights under Section 2(b) of this Exhibit B, the retiring Collateral Agent shall take such action as may be reasonably necessary to assign to the successor Collateral Agent its rights as Collateral Agent under the Loan Documents. Effective immediately upon its acceptance of a valid appointment as Collateral Agent, a successor Collateral Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Collateral Agent under the Loan Documents.

8. Release of Collateral. Each Lender hereby consents to the release and hereby directs Collateral Agent to release (or in the case of clause (b)(ii) below, release or subordinate) the following:

(a) any Guarantor if all of the stock of such Subsidiary owned by Borrower is sold or transferred in a transaction permitted under the Loan Documents (including pursuant to a valid waiver or consent), to the extent that, after giving effect to such transaction, such Subsidiary would not be required to guaranty any Obligations pursuant to any Loan Document; and

(b) any Lien held by Collateral Agent for the benefit of the Secured Parties against (i) any Collateral that is sold or otherwise disposed of by Borrower in a transaction permitted by the Loan Documents (including pursuant to a valid waiver or consent), (ii) any Collateral subject to a Lien that is expressly permitted under clause (c) of the definition of the term "Permitted Lien" and (iii) all of the Collateral and Borrower, upon (A) termination of all of the Term Loan Commitments, (B) the payment in full in cash of all of the Obligations (other than inchoate indemnity obligations for which no claim has been made), and (C) to the extent requested by Collateral Agent, receipt by Collateral Agent and Lenders of liability releases from Borrower in form and substance acceptable to Collateral Agent (the satisfaction of the conditions in this clause (iii), the "**Termination Date**").

9. Setoff and Sharing of Payments. In addition to any rights now or hereafter granted under any applicable Requirement of Law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default and subject to Section 10(d) of this Exhibit B, each Lender is hereby authorized at any time or from time to time upon the direction of Collateral Agent, without notice to Borrower or any other Person, any such notice being hereby expressly waived, to setoff and to appropriate and to apply any and all balances held by it at any of its offices for the account of Borrower (regardless of whether such balances are then due to Borrower) and any other properties or assets at any time held or owing by that Lender or that holder to or for the credit or for the account of Borrower against and on account of any of the Obligations that are not paid when due. Any Lender exercising a right of setoff or otherwise receiving any payment on account of the Obligations in excess of its Pro Rata Share thereof shall purchase for cash (and the other Lenders or holders shall sell) such participations in each such other Lender's or holder's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share the amount so offset or otherwise received with each other Lender or holder in accordance with their respective Pro Rata Shares of the Obligations. Borrower agrees, to the fullest extent permitted by law, that (a) any Lender may exercise its right to offset with respect to amounts in excess of its Pro Rata Share of the Obligations and may purchase participations in accordance with the preceding sentence and (b) any Lender so purchasing a participation in the Term Loans made or other Obligations held by other Lenders or holders may exercise all rights of offset, bankers' liens, counterclaims or similar rights with respect to such participation as fully as if such Lender or holder were a direct holder of the Term Loans and the other Obligations in the amount of such participation. Notwithstanding the foregoing, if all or any portion of the offset amount or payment otherwise received is thereafter recovered from the Lender that has exercised the right of offset, the purchase of participations by that Lender shall be rescinded and the purchase price restored without interest. Each Lender acknowledges that the Closing Fee and the Final Fee are payable solely to Solar (or its successors and assigns, which, if there is a partial assignment, shall be shared on a pro rata basis). If any of the Closing Fee or the Final Fee (or assets in lieu of payment in connection with an exercise of remedies or Insolvency Proceeding) is received by any Lender (other than Solar or its successors and assigns), or if any of Solar or any of Solar's successors and assigns receive a Closing Fee or Final Fee (or assets in lieu of payment in connection with an exercise of remedies or Insolvency Proceeding) in

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excess of the amount of such fees owing to such Person, such Person shall receive and hold such funds or assets as agent for the appropriate Lender, and shall promptly turn such funds or assets over to the appropriate Lender.

10. Advances; Payments; Non-Funding Lenders; Actions in Concert.

(a) Advances; Payments. If Collateral Agent receives any payment with respect to a Term Loan for the account of the Lenders on or prior to 2:00 p.m. (New York time) on any Business Day, Collateral Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on such Business Day. If Collateral Agent receives any payment with respect to a Term Loan for the account of Lenders after 2:00 p.m. (New York time) on any Business Day, Collateral Agent shall pay to each applicable Lender such Lender's Pro Rata Share of such payment on the next Business Day.

(b) Return of Payments.

(i) If Collateral Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Collateral Agent or on behalf of from Borrower and such related payment is not received by Collateral Agent, then Collateral Agent will be entitled to recover such amount (including interest accruing on such amount at the rate otherwise applicable to such Obligation) from such Lender on demand without setoff, counterclaim or deduction of any kind.

(ii) If Collateral Agent determines at any time that any amount received by Collateral Agent under any Loan Document must be returned to Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of any Loan Document, Collateral Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Collateral Agent on demand any portion of such amount that Collateral Agent has distributed to such Lender, together with interest at such rate, if any, as Collateral Agent is required to pay to Borrower or such other Person, without setoff, counterclaim or deduction of any kind and Collateral Agent will be entitled to set off against future distributions to such Lender any such amounts (with interest) that are not repaid on demand.

(c) Non-Funding Lenders.

(i) Unless Collateral Agent shall have received notice from a Lender prior to the date of any Term Loan that such Lender will not make available to Collateral Agent such Lender's Pro Rata Share of such Term Loan, Collateral Agent may assume that such Lender will make such amount available to it on the date of such Term Loan in accordance with Section 2(b) of this Exhibit B, and Collateral Agent may (but shall not be obligated to), in reliance upon such assumption, make available a corresponding amount for the account of Borrower on such date. If and to the extent that such Lender shall not have made such amount available to Collateral Agent, such Lender and Borrower severally agree to repay to Collateral Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the day such amount is made available to Borrower until the day such amount is repaid to Collateral Agent, at a rate per annum equal to the interest rate applicable to the Obligation that would have been created when Collateral Agent made available such amount to Borrower had such Lender made a corresponding payment available. If such Lender shall repay such corresponding amount to Collateral Agent, the amount so repaid shall constitute such Lender's portion of such Term Loan for purposes of this Agreement.

(ii) To the extent that any Lender has failed to fund any Term Loan or any other payments required to be made by it under the Loan Documents after any such Term Loan is required to be made or such payment is due (a "**Non-Funding Lender**"), Collateral Agent shall be entitled to set off the funding short-fall against that Non-Funding Lender's Pro Rata Share of all payments received from or on behalf of Borrower thereunder. The failure of any Non-Funding Lender to make any Term Loan or any payment required by it hereunder shall not relieve any other Lender (each such other Lender, an "**Other Lender**") of its obligations to make such Term Loan, but neither any Other Lender nor Collateral Agent shall be responsible for the failure of any Non-Funding Lender to make such Term Loan or make any other payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Loan Document or constitute a "Lender" (or be included in the calculation of "Required Lenders" hereunder) for any voting or consent rights under or with respect to any Loan Document. At Borrower's

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request, Collateral Agent or a Person reasonably acceptable to Collateral Agent shall have the right with Collateral Agent's consent and in Collateral Agent's sole discretion (but Collateral Agent or any such Person shall have no obligation) to purchase from any Non-Funding Lender, and each Lender agrees that if it becomes a Non-Funding Lender it shall, at Collateral Agent's request, sell and assign to Collateral Agent or such Person, all of the Term Loan Commitment (if any), and all of the outstanding Term Loan of that Non-Funding Lender for an amount equal to the aggregate outstanding principal balance of the Term Loan held by such Non-Funding Lender and all accrued interest with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed assignment agreement in form and substance reasonably satisfactory to, and acknowledged by, Collateral Agent.

(d) Actions in Concert. Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of any Loan Document (including exercising any rights of setoff) without first obtaining the prior written consent of Collateral Agent or Required Lenders, it being the intent of Lenders that any such action to protect or enforce rights under any Loan Document shall be taken in concert and at the direction or with the consent of Collateral Agent or Required Lenders.

EXHIBIT C

Loan Payment Request Form

Fax To: (212) 993-1698 Date: _____

LOAN PAYMENT:

[ ]

From Account # _____ To Account # _____
(Deposit Account #) (Loan Account #)

Principal $ _____ and/or Interest $ _____

Authorized Signature: _____ Phone Number: _____
Print Name/Title: _____

LOAN ADVANCE:

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account # _____ To Account # _____
(Loan Account #) (Deposit Account #)

Amount of Advance $ _____

All Borrower's representations and warranties in the Loan and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date:

Authorized Signature: _____ Phone Number: _____
Print Name/Title: _____

OUTGOING WIRE REQUEST:

Complete only if all or a portion of funds from the loan advance above is to be wired.

Beneficiary Name: _____ Amount of Wire: $ _____
Beneficiary Bank: _____ Account Number: _____
City and State: _____

Beneficiary Bank Transit (ABA) #: _____ Beneficiary Bank Code (Swift, Sort, Chip, etc.): _____
(For International Wire Only)

Intermediary Bank: _____ Transit (ABA) #: _____
For Further Credit to: _____

Special Instruction: _____

By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).

Authorized Signature: _____ 2nd Signature (if required): _____
Print Name/Title: _____ Print Name/Title: _____
Telephone #: _____ Telephone #: _____

EXHIBIT D

Compliance Certificate

TO: SOLAR CAPITAL LTD., as Collateral Agent and Lender
COMERICA BANK, as Lender

FROM: T2 BIOSYSTEMS, INC.

The undersigned authorized officer ("**Officer**") of T2 Biosystems, Inc. ("**Borrower**"), hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement dated as of July 11, 2014, by and among Borrower, Collateral Agent, and the Lenders from time to time party thereto (the "**Loan Agreement**;" capitalized terms used but not otherwise defined herein

shall have the meanings given them in the Loan Agreement),

(a) Borrower is in complete compliance for the period ending with all required covenants except as noted below;

(b) There exists no Events of Default or events that with the passage of time would result in an Event of Default, except as noted below;

(c) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date and for the period described in (a), above; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(d) Borrower and each of Borrower's Subsidiaries has timely filed all required tax returns and reports, Borrower and each of Borrower's Subsidiaries has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Loan Agreement;

(e) No Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement	Actual	Complies	
1)	Financial statements	Monthly within 30 days	Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 180 days after FYE	Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (within earlier 30 days of approval or 60 days of FYE), and when revised	Yes	No	N/A
4)	A/R & A/P agings	If applicable	Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable, within 5 days of filing	Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days	Yes	No	N/A

Deposit and Securities Accounts
(Please list all accounts; attach separate sheet if additional space needed)

	Institution Name	Account Number	New Account?		Account Control Agreement in place?	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No

Other Matters

1)	Have there been any changes in Key Persons since the last Compliance Certificate?	Yes	No
2)	Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Loan Agreement?	Yes	No
3)	Have there been any new or pending claims or causes of action against Borrower that involve more than One Hundred Fifty Thousand Dollars ($150,000.00)?	Yes	No
4)	Have there been any amendments of the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies of any such amendments with this Compliance Certificate.	Yes	No
5)	Has Borrower or any Subsidiary entered into or amended any Material Agreement? If yes, please explain and provide a copy of the Material Agreement(s) and/or amendment(s).	Yes	No
6)	Has Borrower provided the Collateral Agent with all notices required to be delivered under Sections 6.2(a) and 6.2(b) of the Loan Agreement?	Yes	No
7)	Have there been any returns, recoveries, disputes and claims that involve more than Two Hundred Fifty Thousand Dollars ($250,000.00) individually or in the aggregate since the beginning of the year.	Yes	No

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.)

T2 BIOSYSTEMS, INC.

By: _____
Name: _____
Title: _____

Date:

COLLATERAL AGENT USE ONLY

Received by: _____ Date: _____

Verified by: _____ Date: _____

Compliance Status: Yes No

CORPORATE BORROWING CERTIFICATE

DATE: July 11, 2014

BORROWER: T2 BIOSYSTEMS, INC.
LENDERS: SOLAR CAPITAL LTD., as Collateral Agent and Lender
COMERICA BANK, as Lender

I hereby certify as follows, as of the date set forth above:

1. I am the Secretary, Assistant Secretary or other officer of Borrower. My title is as set forth below.

2. Borrower's exact legal name is set forth above. Borrower is a corporation existing under the laws of the State of Delaware.

3. Attached hereto as Exhibit A and Exhibit B, respectively, are true, correct and complete copies of (i) Borrower's Certificate of Incorporation (including amendments), as filed with the Secretary of State of the state in which Borrower is incorporated as set forth in paragraph 2 above; and (ii) Borrower's Bylaws. Neither such Certificate of Incorporation nor such Bylaws have been amended, annulled, rescinded, revoked or supplemented, and such Certificate of Incorporation and such Bylaws remain in full force and effect as of the date hereof.

4. The following resolutions were duly and validly adopted by Borrower's board of directors at a duly held meeting of such directors (or pursuant to a unanimous written consent or other authorized corporate action). Such resolutions are in full force and effect as of the date hereof and have not been in any way modified, repealed, rescinded, amended or revoked, and the Lenders may rely on them until each Lender receives written notice of revocation from Borrower.

[*Balance of Page Intentionally Left Blank*]

RESOLVED, that **any one** of the following officers or employees of Borrower, whose names, titles and signatures are below, may act on behalf of Borrower:

Name	Title	Signature	Authorized to Add or Remove Signatories
			o
			o
			o
			o

RESOLVED FURTHER, that **any one** of the persons designated above with a checked box beside his or her name may, from time to time, add or remove any individuals to and from the above list of persons authorized to act on behalf of Borrower.

RESOLVED FURTHER, that such individuals may, on behalf of Borrower:

Borrow Money. Borrow money from the Lenders.

Execute Loan Documents. Execute any loan documents any Lender requires.

Grant Security. Grant Collateral Agent a security interest in any of Borrower's assets.

Negotiate Items. Negotiate or discount all drafts, trade acceptances, promissory notes, or other indebtedness in which Borrower has an interest and receive cash or otherwise use the proceeds.

Further Acts. Designate other individuals to request advances, pay fees and costs and execute other documents or agreements (including documents or agreement that waive Borrower's right to a jury trial) they believe to be necessary to effectuate such resolutions.

RESOLVED FURTHER, that all acts authorized by the above resolutions and any prior acts relating thereto are ratified.

[*Balance of Page Intentionally Left Blank*]

---

5. The persons listed above are Borrower's officers or employees with their titles and signatures shown next to their names.

By: _____

Name: _____

Title: _____

**** If the Secretary, Assistant Secretary or other certifying officer executing above is designated by the resolutions set forth in paragraph 4 as one of the authorized signing officers, this Certificate must also be signed by a second authorized officer or director of Borrower.*

I, the _____ of Borrower, hereby certify as to paragraphs 1 through 5 above, as of the date set forth above.
[print title]

By: _____

Name: _____

Title: _____

[*Signature Page to Corporate Borrowing Certificate*]

EXHIBIT A

Certificate of Incorporation (including amendments)

[see attached]

EXHIBIT B

Bylaws

[see attached]

Exhibit G

Form of Secured Promissory Note

THIS NOTE WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" WITHIN THE MEANING OF SECTION 1272, ET SEQ. OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. UPON WRITTEN REQUEST, THE BORROWER WILL PROVIDE TO ANY HOLDER OF THE NOTE (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE ORIGINAL YIELD TO MATURITY OF THE NOTE. SUCH REQUEST SHOULD BE SENT TO THE BORROWER AT 101 HARTWELL AVENUE, LEXINGTON, MA 02421.

SECURED PROMISSORY NOTE
(Term [A][B] Loan)

$ Dated: [DATE]

FOR VALUE RECEIVED, the undersigned, T2 BIOSYSTEMS, INC., a Delaware corporation with offices located at 101 Hartwell Avenue, Lexington, MA 02421 ("**Borrower**") HEREBY PROMISES TO PAY to the order of [ ] ("**Lender**") the principal amount of [ ] DOLLARS ($) or such lesser amount as shall equal the outstanding principal balance of the Term [A][B] Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term [A][B] Loan, at the rates and in accordance with the terms of the Loan and Security Agreement dated as of July 11, 2014 by and among Borrower, Lender, Solar Capital Ltd., as Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term [A][B] Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Secured Promissory Note (this "**Note**"). The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term [A][B] Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term [A][B] Loan, interest on the Term [A][B] Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all fees and expenses, including, without limitation, attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due subject to the terms of the Loan Agreement.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

T2 BIOSYSTEMS, INC.

By _____
Name: _____
Title: _____

LOAN AND PAYMENTS OF PRINCIPAL

Date	Principal Amount	Scheduled Payment Amount	Notation By

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	16,666,666.67	83.33%
Comerica Bank	$	3,333,333.33	16.67%
TOTAL			**100.00%**

Term B Loans

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	8,333,333.33	83.33%
Comerica Bank	$	1,666,666.67	16.67%
TOTAL			**100.00%**

Aggregate (all Term Loans)

Lender		Term Loan Commitment	Commitment Percentage
Solar Capital Ltd.	$	25,000,000.00	83.33%
Comerica Bank	$	5,000,000.00	16.67%
TOTAL			**100.00%**

DISCLOSURE SCHEDULES

Disclosure Schedule 1.3(a)

Indebtedness

- $1.675 million owed to Massachusetts Development Finance Agency ("MDFA") pursuant to that certain Promissory Note dated May 9, 2011.
- $12,000 owed to CIT Finance LLC ("CIT") pursuant to that certain Lease Agreement dated December 2013.
- $340,000 Standby Letter of Credit with Silicon Valley Bank
- $20,000 Business Credit Card with Silicon Valley Bank

Disclosure Schedule 1.3(b)

Investments

None.

Disclosure Schedule 1.3(c)

Liens

- Security interest of MDFA in certain equipment pursuant to that certain Security Agreement dated May 9, 2011, between MDFA and Borrower.
- Security interest of CIT in certain equipment pursuant to that certain Lease Agreement dated December 2013, between CIT and Borrower.
- Security interest of Silicon Valley Bank in accounts # 3300775067 and # 8800063434 pursuant to that certain Payoff Letter dated on or about the date hereof.

Disclosure Schedule 5.2(c)

Collateral Locations

None.

Disclosure Schedule 5.2(e)

Material Agreements

- Exclusive License Agreement by and between the Company and The General Hospital Corporation d/b/a Massachusetts General Hospital, dated November 7, 2006, as amended.
- Promissory Note in favor of MDFA dated May 9, 2011.

Disclosure Schedule 5.3

Litigation

None.

Disclosure Schedule 6.6(a) and (b)

Excluded Accounts

None.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated April 24, 2014, except for Note 17(b), as to which the date is July 15, 2014, in Amendment No. 1 to the Registration Statement (Form S-1/A) and related Prospectus of T2 Biosystems, Inc. dated July 16, 2014.

/s/ Ernst & Young LLP

Boston, MA
July 15, 2014

LATHAM & WATKINS LLP

John Hancock Tower, 20th Floor
200 Clarendon Street
Boston, Massachusetts 02116
Tel: +1.617.948.6000
Fax: +1.617.948.6001
www.lw.com

July 16, 2014

VIA EDGAR AND HAND DELIVERY

Amanda Ravitz, Esq.
Assistant Director
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: T2 Biosystems, Inc.
Registration Statement on Form S-1
Filed July 2, 2014
File No. 333-197193

Dear Ms. Ravitz:

We are in receipt of the Staff's letter dated July 11, 2014 with respect to the above-referenced Registration Statement on Form S-1 (the "***Registration Statement***"). We are responding to the Staff's comments on behalf of T2 Biosystems, Inc. ("***T2***" or the "***Company***") as set forth below. Simultaneously with the filing of this letter, T2 is submitting via EDGAR Amendment No. 1 to the Registration Statement (the "***Amendment***"), responding to the Staff's comments and updating the Registration Statement. Courtesy copies of this letter and the Amendment (marked to show changes thereto) are being submitted to the Staff by hand delivery. In addition, the Company is supplementally providing to the Staff copies of the artwork intended for the front and back covers of the prospectus.

T2's responses set forth in this letter are numbered to correspond to the numbered comments in the Staff's letter. All terms used but not defined herein have the meanings assigned to such terms in the Amendment. For ease of reference, we have set forth the Staff's comments and T2's response for each item below.

Clinical Utility, page 75

1. *Please tell us with specificity where you revised the disclosure in response to the penultimate sentence of prior comment 3 regarding how spiking is done. In this regard,*

---

we note that you continue to refer on page 77 to "spiking clinical isolates" and "samples were spiked."

The Company supplementally advises the Staff that in response to prior comment 3, the fifth sentence of the first paragraph on page 78 under "direcT2 Clinical Trial" was revised to clarify that patient specimens in the contrived arm of the study were labeled contrived because each sample had a known quantity of *Candida* that was manually added at clinically relevant concentrations. In response to the Staff's comment, the Company has revised the disclosure further on page 78 of the Amendment to clarify that the term "spiking" is used to describe the process of manually adding *Candida* to patient specimens.

2. *Please tell us with specificity where you revised the disclosure in response to the last sentence of prior comment 3 regarding why results might not be included. In this regard, we note that you continue to disclose in footnote (1) to the table on page 80 that discordant results are not included.*

The Company supplementally advises the Staff that in response to prior comment 3, Table H on page 82 is the only set of data presented where a portion of the data, specifically discordant results, are not included. Table H shows a direct comparison of the time to result for T2Candida, which is run on the T2Dx, and blood culture. The two instances that are footnoted in the analysis require the exclusion of the discordant results because the comparison is for positive results, exclusively, in the first case and negative results, exclusively, in the second case. To compare the duration of time to positive result requires that both the blood culture result and the T2Candida result be positive for a given specimen, which would exclude a sample with a discordant result where one method yields a positive result and the other a negative result. The same rationale would apply in the second case where we compare time to negative results. In response to the Staff's comment, the Company has revised footnote 1 on page 82 of the Amendment to clarify why discordant results are excluded.

Any comments or questions regarding the foregoing should be directed to the undersigned at 617-948-6060. Thank you in advance for your cooperation in connection with this matter.

Sincerely,

/s/ Peter N. Handrinos

Peter N. Handrinos
of LATHAM & WATKINS LLP

cc: Tom Jones, Securities and Exchange Commission
John McDonough, T2 Biosystems, Inc.
Johan V. Brigham, Latham & Watkins LLP
Brent B. Siler, Cooley LLP
Divakar Gupta, Cooley LLP