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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

or

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

For the transition period from _____ to _____

Commission file number: 000-54575

MRI Interventions, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**58-2394628**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
One Commerce Square, Suite 2550 Memphis, Tennessee	**38103**
(Address of Principal Executive Offices)	(Zip Code)

(901) 522-9300
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

☒Yes ☐ No

Indicate by check mark 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 Exhange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒No

As of May 12, 2014, there were 58,919,539 shares of common stock outstanding.

MRI INTERVENTIONS, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" as defined under United States federal securities laws. The forward-looking statements are contained principally in the sections of this Quarterly Report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors." These statements involve known and unknown risks, uncertainties and other 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. Forward-looking statements include, but are not limited to, statements about:

- our ability to market, commercialize and achieve broader market acceptance for our products;
- our ability to successfully expand, and achieve full productivity from, our sales, clinical support and marketing capabilities;
- our ability to successfully complete the development of, and obtain regulatory clearance or approval for, our ClearTrace system; and
- the estimates regarding the sufficiency of our cash resources.

In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. You should refer to the section of this Quarterly Report entitled "Risk Factors" under Part II, Item 1A below for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake to update any of the forward-looking statements after the date of this Quarterly Report, except to the extent required by applicable securities laws.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MRI INTERVENTIONS, INC.
Condensed Balance Sheets
(Unaudited)

	March 31, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 5,801,050	$ 3,516,244
Accounts receivable	452,703	770,352
Inventory	1,662,770	1,477,161
Prepaid expenses and other current assets	72,037	174,870
Total current assets	7,988,560	5,938,627
Property and equipment, net	801,051	903,160
Software license inventory	910,000	927,500
Other assets	347,939	103,783
Total assets	$ 10,047,550	$ 7,873,070
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 976,664	$ 1,376,627
Accrued compensation	222,058	210,359
Other accrued liabilities	526,800	310,317
Derivative liabilites	3,264,068	3,747,858
Deferred product and service revenues	125,367	106,859
Related party convertible notes payable	-	4,338,601
Total current liabilities	5,114,957	10,090,621
Other accrued liabilities	617,879	531,830
Note payable, net of unamortized discount of $400,923 and $437,261 at March 31, 2014 and December 31, 2013, respectively	3,888,522	3,852,183
2010 junior secured notes payable, net of unamortized discount of $2,748,995 and $2,767,595 at March 31, 2014 and December 31, 2013, respectively	251,005	232,405
2014 junior secured 12% notes payable, net of unamortized discount of $411,916 at March 31, 2014	3,313,084	-
Total liabilities	13,185,447	14,707,039
Commitments and contingencies (Notes 5, 6, 7 and 8)		
Stockholders' deficit:		
Common stock, $0.01 par value; 100,000,000 shares authorized; 58,919,539 shares issued and outstanding at March 31, 2014; and 58,536,972 issued and outstanding, at December 31, 2013	589,194	585,369
Additional paid-in capital	66,395,109	65,333,264
Accumulated deficit	(70,122,200)	(72,752,602)
Total stockholders' deficit	(3,137,897)	(6,833,969)
Total liabilities and stockholders' deficit	$ 10,047,550	$ 7,873,070

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2014	**2013**
Revenues:		
Product revenues	$ 713,259	$ 460,253
Development service revenues	98,862	153,946
Other service revenues	10,410	-
Related party license revenues	-	650,000
Total revenues	822,531	1,264,199
Cost of product revenues	350,685	226,331
Research and development costs	817,621	771,453
Selling, general, and administrative	1,800,799	1,633,447
Gain on sale of intellectual property	(4,338,601)	-
Operating income (loss)	2,192,027	(1,367,032)
Other income (expense):		
Gain on change in fair value of deriviative liabilities	483,790	1,623,698
Loss on note payable modification	-	(1,356,177)
Other income, net	103,386	374,333
Interest income	2,607	7,119
Interest expense	(151,408)	(105,689)
Net income (loss)	$ 2,630,402	$ (823,748)
Net income (loss) per share attributable to common stockholders:		
Basic	$ 0.04	$ (0.02)
Diluted	$ 0.04	$ (0.02)
Weighted average shares outstanding:		
Basic	58,716,727	54,860,923
Diluted	61,248,630	54,860,923

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2014	**2013**
Cash flows from operating activities:		
Net income (loss)	$ 2,630,402	$ (823,748)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and license amortization	92,629	114,569
Share-based compensation	179,746	318,467
Expenses paid through the issuance of common stock	299,657	-
Gain on change in fair value of derivative liabilities	(483,790)	(1,623,698)
Gain on sale of intellectual property	(4,338,601)	-
Loss on loan modification	-	1,356,177
Amortization of debt issuance costs and original issue discounts	56,985	12,375
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	317,649	61,387
Inventory	(147,906)	(156,265)
Prepaid expenses and other current assets	102,833	47,639
Other assets	(1,500)	22,763
Accounts payable and accrued expenses	(85,730)	(809,707)
Deferred revenue	18,508	(762,725)
Net cash flows from operating activities	(1,359,118)	(2,242,766)
Cash flows from investing activities:		
Purchases of property and equipment	(2,390)	(7,986)
Net cash flows from investing activities	(2,390)	(7,986)
Cash flows from financing activities:		
Net proceeds from equity private placement	-	9,829,014
Net proceeds from debt private placement	3,503,314	-
Proceeds from stock option exercises	143,000	-
Net cash flows from financing activities	3,646,314	9,829,014
Net change in cash and cash equivalents	2,284,806	7,578,262
Cash and cash equivalents, beginning of period	3,516,244	1,620,005
Cash and cash equivalents, end of period	$ 5,801,050	$ 9,198,267
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Income taxes	$ -	$ -
Interest	$ 323	$ 5,457

See accompanying notes.

MRI INTERVENTIONS, INC.
Condensed Statements of Cash Flows (continued)
(Unaudited)

NON-CASH INVESTING AND FINANCING TRANSACTIONS:

- ClearPoint reusable components with a cost of $64,327 were transferred from inventory to loaned systems, which is a component of property and equipment, during the three months ended March 31, 2013. During the three months ended March 31, 2014, a net amount of ClearPoint reusable components with a cost of $47,329 and accumulated depreciation of $18,780 were transferred from loaned systems to inventory at the net carrying cost.

- In March 2013, in connection with a loan modification, accrued interest in the amount of $389,444 was rolled into the principal balance of a note payable.

- In recording the January 2013 equity private placement transaction, deferred financing costs of $24,219 were netted against the proceeds recorded to additional paid-in capital.

- In March 2014, the Company entered into an asset purchase agreement to sell certain intellectual property. The asset purchase price was satisfied through the cancellation of related party convertible notes payable in aggregate amount of $4,338,601.

MRI INTERVENTIONS, INC.
Notes to Condensed Financial Statements
(Unaudited)

1. Description of the Business and Liquidity

MRI Interventions, Inc. (the "Company") is a medical device company focused on the development and commercialization of technology that enables physicians to see inside the brain and heart using direct, intra-procedural magnetic resonance imaging, or MRI, guidance while performing minimally invasive surgical procedures. The Company was incorporated in the state of Delaware in March 1998. The Company's principal executive office is located in Memphis, Tennessee, and the Company's principal operations are located in Irvine, California. The Company established MRI Interventions (Canada) Inc., a wholly-owned subsidiary incorporated in Canada, in August 2013. This subsidiary was established primarily for the purpose of performing software development.

The Company's ClearPoint system, an integrated system comprised of reusable and disposable products, is designed to allow minimally invasive procedures in the brain to be performed in an MRI suite. The Company received 510(k) clearance from the Food and Drug Administration ("FDA") in 2010 to market the ClearPoint system in the United States for general neurological interventional procedures. The Company's ClearTrace system is a product candidate under development that is designed to allow catheter-based minimally invasive procedures in the heart to be performed in an MRI suite.

Liquidity and Management's Plans

The cumulative net loss from the Company's inception through March 31, 2014 was $70,122,200. Net cash used in operations was $1,359,118 for the three months ended March 31, 2014 and $7,777,931 for the year ended December 31, 2013. Since inception, the Company has financed its activities principally from the sale of equity securities, the issuance of notes payable and license arrangements.

The Company's primary financing activities during the three months ended March 31, 2014 and the year ended December 31, 2013 were:

- a March 2014 private offering (see Note 5), which resulted in net proceeds of $3,503,314; and
- a January 2013 equity private placement, which resulted in net proceeds of $9,829,014.

In addition, in March 2014, the Company completed a transaction with Boston Scientific Corporation and certain of its affiliates (collectively "Boston Scientific") that resulted in the cancellation of $4,338,601 in related party convertible notes payable which were scheduled to mature in 2014 (see Note 4). While the Company expects to continue to use cash in operations, the Company believes its cash and cash equivalents at March 31, 2014 of $5,801,050, combined with cash expected to be generated from product sales, will be sufficient to meet its anticipated cash requirements through at least March 2015.

During the remainder of 2014, the Company expects to increase revenues from sales of ClearPoint system products as a result of the additions the Company made in 2013 to its sales and clinical support team. If necessary, certain planned expenditures, including expenditures related to research and development projects, sponsored research, public and investor relations efforts, planned hires and patent filings, could be deferred or forgone if the Company believes it is necessary to do so in order to fund operations. In addition, if necessary, the Company could implement restrictions on non-essential travel, put in place a salary deferral program for certain employees, reduce utilization of outside professional service providers and implement a reduction in the Company's workforce.

To the extent the Company's available cash and cash equivalents are insufficient to satisfy its long-term operating requirements, the Company will need to seek additional sources of funds from the sale of equity or debt securities or through a credit facility, or the Company will need to modify its current business plan. There can be no assurances that the Company will be able to obtain additional financing on commercially reasonable terms, if at all. The sale of additional equity or convertible debt securities would likely result in dilution to the Company's current stockholders.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

In the opinion of management, the accompanying unaudited condensed financial statements ("condensed financial statements") have been prepared on a basis consistent with the Company's December 31, 2013 audited financial statements, and include all adjustments, consisting of only normal recurring adjustments, necessary to fairly state the information set forth therein. The condensed financial statements have been prepared in accordance with U.S. Securities and Exchange Commission ("SEC") rules for interim financial information, and, therefore, omit certain information and footnote disclosures necessary to present the statements in accordance with generally accepted accounting principles in the United States ("GAAP"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. These condensed financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the SEC on March 28, 2014. The accompanying condensed balance sheet as of December 31, 2013 has been derived from the audited financial statements at that date, but does not include all information and footnotes required by GAAP for complete financial statements. The results of operations for the three months ended March 31, 2014 may not be indicative of the results to be expected for the entire year or any future periods.

Derivative Liability for Warrants to Purchase Common Stock

The derivative liability for warrants represents the fair value of warrants issued in connection with private placements of shares of the Company's common stock. These warrants are presented as liabilities based on certain exercise price reset and net cash settlement provisions. The liability, which is recorded at fair value on the accompanying condensed balance sheets, is calculated utilizing the Monte Carlo simulation valuation method. The change in fair value of these warrants is recognized as other income or expense in the related statement of operations.

Fair Value Measurements

Carrying amounts of the Company's cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their short maturities.

The table below reflects the carrying values and the estimated fair values of the Company's outstanding notes payable at March 31, 2014:

	Carrying Values	Fair Value
Senior secured note payable	$ 3,888,522	$ 3,888,522
2014 junior secured notes payable	3,313,084	3,725,000
2010 junior secured notes payable	251,005	2,147,567

The difference between the carrying values and the fair values of the 2010 and 2014 junior secured notes payable relates primarily to unamortized debt discounts. These discounts resulted from the relative fair value assigned to the notes at the time of issuance, as the notes were issued in connection with unit offerings, with the units consisting of a note payable and either shares of the Company's common stock or warrants to purchase shares of the Company's common stock.

The Company measures and records certain financial assets and liabilities at fair value on a recurring basis. GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority, referred to as Level 1, to quoted prices in active markets for identical assets and liabilities, the next priority, referred to as Level 2, is given to quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active; that is, markets in which there are few transactions for the asset or liability. The lowest priority, referred to as Level 3, is given to unobservable inputs. The table below reflects the level of the inputs used in the Company's fair value calculation for instruments carried at fair value at March 31, 2014:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Derivative liability - warrants	$ -	$ -	$ 3,264,068	$ 3,264,068

Inventory

Inventory is carried at the lower of cost (first-in, first-out method) or net realizable value. Substantially all items included in inventory relate to the Company's ClearPoint system. Software license inventory that is not expected to be utilized within the next twelve months is classified as a non-current asset. The Company periodically reviews its inventory for obsolete items and provides a reserve upon identification of potential obsolete items.

Revenue Recognition

The Company's revenues are comprised of: (1) product revenues resulting from the sale of ClearPoint system reusable products, disposable products and ClearTrace system components; (2) license and development arrangements; (3) development service revenues; and (4) other service revenues. The Company recognizes revenue when persuasive evidence of an arrangement exists, the selling price or fee is fixed or determinable, collection is probable and, for product revenues, risk of loss has transferred to the customer. For all sales, the Company requires either a purchase agreement or a purchase order as evidence of an arrangement.

(1) Product Revenues —

Sales of ClearPoint reusable products: Generally, revenues related to ClearPoint reusable product sales are recognized upon installation of the system and the completion of training of at least one of the customer's physicians, which typically occurs concurrently with the installation. Reusable products include software which is integral to the utility of the system as a whole. Sales of reusable products that have stand-alone value to the customer are recognized when risk of loss passes to the customer. Sales of ClearPoint reusable products to a distributor that has been trained to perform system installations are recognized at the time risk of loss passes to the distributor.

Sales of disposable products: Revenues from the sale of disposable products are recognized at the time risk of loss passes to the customer, which is generally at shipping point or upon delivery to the customer's location, depending upon the specific terms agreed upon with the customer.

Sales of ClearTrace components: Sales of ClearTrace system components to research sites for non-commercial use are recognized at the time risk of loss passes to the customer, which is generally at shipping point or upon delivery to the customer's location, depending upon the specific terms agreed upon with the customer. The Company does not have regulatory clearance or approval to sell ClearTrace system components for commercial use.

(2) License and Development Arrangements — The Company analyzes revenue recognition on an agreement by agreement basis. The Company determines whether the deliverables under the arrangement represent separate units of accounting as defined by GAAP. Application of GAAP regarding multiple-element arrangements requires management to make subjective judgments about the values of the individual elements and whether delivered elements are separable from the other aspects of the contractual relationship. The Company defers recognition of non-refundable upfront license fees if there are continuing performance obligations without which the technology, know-how, rights, products or services conveyed in conjunction with the non-refundable fees have no utility to the licensee that could be considered separate and independent of the Company's performance under other elements of the arrangement.

(3) Development Service Revenues — The Company is party to an agreement to provide development services to a third party. Under this agreement, the Company earns revenue equal to costs incurred for outside expenses related to the development services provided, plus actual direct internal labor costs (including the cost of employee benefits), plus an overhead markup of the direct internal labor costs incurred. Revenue is recognized in the period in which the Company incurs the related costs.

(4) *Other Service Revenues* — Other service revenues are comprised primarily of installation fees charged in connection with ClearPoint system installations and ClearPoint service agreement revenues. Typically, the Company will bill upfront for service agreements, which have terms ranging from one to three years. These amounts are recognized as revenues ratably over the term of the related service agreement.

Net Income (Loss) Per Share

The Company computes basic net income (loss) per share using the weighted-average number of common shares outstanding during the period. Diluted net income (loss) assumes the conversion, exercise or issuance of all potential common stock equivalents, unless the effect of inclusion would be anti-dilutive. For purposes of this calculation, common stock equivalents include the Company's common stock options and common stock warrants. For purposes of computing diluted net income per share, the number of potential common stock equivalents is reduced by the number of shares the Company could have repurchased with the proceeds from issuance of the potentially dilutive shares.

New Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements that the Company believes will have a material impact on its financial statements. Likewise, the Company does not believe that any recently issued, but not yet effective, accounting standards will, if adopted, have a material impact on its financial statements.

3. Inventory

Inventory consists of the following as of:

	March 31, 2014	December 31, 2013
Work in process	$ 889,936	$ 673,860
Software license inventory	385,000	385,000
Finished goods	387,834	418,301
Inventory included in current assets	1,662,770	1,477,161
Software license inventory	910,000	927,500
	$ 2,572,770	$ 2,404,661

4. Sale of Intellectual Property in Exchange for Cancellation of the Boston Scientific Notes

In March 2014, the Company entered into an Asset Purchase Agreement (the "BSC Purchase Agreement") with Boston Scientific. Pursuant to the BSC Purchase Agreement, Boston Scientific purchased from the Company certain MRI-safety technology for implantable medical leads (the "Transferred Intellectual Property") for an aggregate purchase price of $4,338,601. The Transferred Intellectual Property includes some, but not all, of the intellectual property the Company previously licensed exclusively to Boston Scientific within the fields of neuromodulation and implantable medical leads for cardiac applications. The asset purchase price was satisfied through the cancellation of three convertible notes payable issued by the Company to Boston Scientific in the aggregate principal amount of $4,338,601 (the "Boston Scientific Notes"). Accordingly, all obligations of the Company under the Boston Scientific Notes were discharged and the liens that secured the Company's obligations under the Boston Scientific Notes were terminated and released. The Company recorded a gain in its statement of operations equal to the aggregate purchase price for the assets sold under the BSC Purchase Agreement.

In connection with the BSC Purchase Agreement, the parties entered into a license agreement pursuant to which Boston Scientific granted the Company an exclusive, royalty-free, fully paid up, irrevocable, worldwide license to the Transferred Intellectual Property, with the right to sublicense, within fields of use other than neuromodulation and implantable medical leads for cardiac applications.

In addition, Boston Scientific and the Company entered into amendments to their pre-existing development and license agreements, in the fields of neuromodulation and implantable medical leads for cardiac applications, to eliminate the milestone-based payments and royalties provided under those agreements. As such, the Company is no longer entitled to receive any potential future milestone-based payments or royalties under its development and license agreements with Boston Scientific.

The transactions contemplated by the BSC Purchase Agreement do not impact the Company's ability to continue to commercialize its ClearPoint system or to continue the development of its ClearTrace system.

5. 2014 Junior Secured Notes Offering

In March 2014, the Company entered into securities purchase agreements for the private placement of (i) 12% second-priority secured non-convertible promissory notes maturing in 2019 (the "2014 Secured Notes") and (ii) warrants to purchase 0.3 share of the Company's common stock for each dollar in principal amount of the 2014 Secured Notes sold by the Company. Pursuant to those securities purchase agreements, the Company sold 2014 Secured Notes in a total aggregate principal amount of $3,725,000, together with warrants to purchase up to 1,117,500 shares of common stock, for aggregate gross proceeds of $3,725,000, before placement agent commissions and other expenses.

The 2014 Secured Notes have a five-year maturity, and they bear interest at a rate of 12% per year, payable semi-annually, in arrears, on each six-month and one-year anniversary of the issuance date. The 2014 Secured Notes are not convertible into shares of the Company's common stock. Following the third anniversary of the issuance date, the 2014 Secured Notes may be prepaid, without penalty or premium, provided that all principal and unpaid accrued interest under all 2014 Secured Notes is prepaid at the same time. Prior to the third anniversary of the issuance date, the Company may prepay all, but not less than all, of the principal and unpaid accrued interest under the 2014 Secured Notes at any time, subject to the Company's payment of the additional prepayment premium stated in the notes. The 2014 Secured Notes are secured by a security interest in the Company's property and assets, which security interest is junior and subordinate to the security interest that secures the senior secured note payable previously issued by the Company to Brainlab AG.

The warrants issued to the investors are exercisable, in full or in part, at any time prior to the fifth anniversary of the issuance date, at an exercise price of $1.75 per share, subject to adjustment from time to time for stock splits or combinations, stock dividends, stock distributions, recapitalizations and other similar transactions. Assumptions used in calculating the fair value of the warrants were:

Dividend yield	0 %
Expected Volatility	47.5% - 47.65 %
Risk free Interest rates	1.73% - 1.76 %
Expected lives (in years)	5.0

The Company allocated the $3,725,000 in proceeds proportionately between the 2014 Secured Notes and the warrants issued to investors based on their relative fair values, with $413,057 being recorded as equity. The 2014 Secured Notes were recorded at the principal amount less a discount equal to the $413,057 amount recorded as equity. This discount is being amortized to interest expense over the five year term of the notes using the effective interest method.

Non-employee directors of the Company invested a total of $1,100,000, either directly or through a trust. The Company's placement agents earned cash commissions of $145,500 as well as warrants to purchase 72,750 shares of the Company's common stock. The placement agent warrants have the same terms and conditions as the investor warrants. The placement agent cash commissions, the $30,210 fair value of the placement agent warrants, and other offering expenses totaling $76,186 were recorded as deferred financing costs and are classified as other assets. These deferred financing costs are being amortized to interest expense over the term of the 2014 Secured Notes using the effective interest method.

6. Stockholders' Equity

Common Stock Warrants Requiring Liability Accounting

The net-cash settlement and down round provisions contained in common stock warrants issued by the Company in a January 2013 private placement require derivative liability accounting treatment for the warrants. Likewise, the down round provision contained in common stock warrants issued by the Company in a July 2012 private placement also requires derivative liability accounting treatment for the warrants. The fair value of all such warrants was calculated using the Monte Carlo simulation valuation method.

Assumptions used in calculating the fair value of the warrants at March 31, 2014 are noted below:

Dividend yield	0 %
Expected volatility	45.46% - 100.00 %
Risk free interest rates	1.08% - 1.24 %
Expected remaining term (in years)	3.26 to 3.82

In addition to the assumptions above, the Company also takes into consideration whether it would participate in another round of equity financing and, if so, what that stock price would be for such a financing at that time.

The fair values and the changes in fair values of the warrants accounted for as a derivative liability is reflected below:

Fair value at December 31, 2013	$ 3,747,858
Gain on change in fair value	(483,790)
Fair value at March 31, 2014	$ 3,264,068

Stock Options

The Company has various share-based compensation plans and share-based compensatory contracts (collectively, the "Plans"). The Plans provide for the granting of share-based awards, such as incentive and non-qualified stock options, to employees, directors, consultants and advisors, and some of the Plans provide for cash-based awards. Awards may be subject to a vesting schedule as set forth in each individual award agreement.

In June 2013, the stockholders of the Company approved the 2013 Incentive Compensation Plan (the "2013 Plan"). Upon stockholder approval of the 2013 Plan, the Company ceased making awards under a previous plan. A total of 1,250,000 shares of the Company's common stock are reserved for issuance under the 2013 Plan, of which awards as to 949,500 shares were outstanding as of March 31, 2014. Thus, awards as to 300,500 shares remained available for grants under the 2013 Plan as of March 31, 2014.

In December 2013, the Company's board of directors approved the 2013 Non-Employee Director Equity Incentive Plan (the "Director Plan"). A total of 570,000 shares of the Company's common stock are reserved for issuance under the Director Plan. The shares reserved for issuance under the Director Plan are intended to be used to cover the stock options granted pursuant to the terms of the Company's Non-Employee Director Compensation Plan. As of March 31, 2014, awards for 90,000 shares had been issued under the Director Plan. Therefore, awards for 480,000 shares remained available for grants under the Director Plan as of March 31, 2014.

Activity under all of the Company's equity compensation plans during the three months ended March 31, 2014 is summarized below:

	Shares	Weighted - Average Exercise Price
Outstanding at December 31, 2013	7,430,225	$ 1.47
Granted	90,000	1.40
Exercised	(162,500)	0.88
Forfeited	(12,500)	7.06
Outstanding at March 31, 2014	7,345,225	1.47

The estimated grant date fair values of options granted during the three months ended March 31, 2014 were calculated using the Black-Scholes valuation model, based on the following assumptions:

Dividend yield	0 %
Expected Volatility	51.66% to 51.82 %
Risk free Interest rates	1.95% to 2.07 %
Expected lives (in years)	6.0

The Company records share-based compensation expense on a straight-line basis over the related vesting period. For the periods indicated below, share-based compensation expense related to options was:

Three Months Ended March 31,	
2014	2013
$ 179,746	$ 318,467

As of March 31, 2014, there was unrecognized compensation expense of $1,043,739 related to outstanding stock options, which is expected to be recognized over a weighted average period of approximately 1.8 years.

Warrants

Warrants have generally been issued for terms of up to five years. Common stock warrant activity for the three months ended March 31, 2014 was as follows:

	Shares	Weighted - Average Exercise Price
Outstanding at December 31, 2013	12,136,865	$ 1.33
Issued (see Note 5)	1,190,250	1.75
Outstanding at March 31, 2014	13,327,115	1.37

7. Legal Proceeding

In June 2013, Custom Equity Research, Inc. d/b/a Summer Street Research Partners ("Summer Street") commenced an arbitration proceeding alleging breach of contract and quantum meruit claims against the Company. Summer Street claims, among other things, that the Company owes Summer Street $480,000 in cash commissions, as well as warrants to purchase 460,338 shares of the Company's common stock, in connection with the Company's engagement of Summer Street to serve as its financial advisor and placement agent for two financing transactions undertaken by the Company in 2011 and 2012, respectively. As required under the Company's engagement agreements with Summer Street, the arbitration has been brought before JAMS, The Resolution Experts, an alternative dispute resolution provider. In the arbitration, the Company has filed counter-claims against Summer Street alleging fraud and misrepresentation, abuse of process and malicious prosecution, and the Company is seeking unspecified monetary damages from Summer Street in connection with the counter-claims. As of March 31, 2014, the parties were conducting discovery in preparation for the arbitration hearing, which is scheduled in July 2014.

Based on currently available information, the Company believes that it has meritorious defenses to Summer Street's claims and that the likelihood is remote that the resolution of this matter will have a material adverse effect on the Company's business, financial condition or future results of operations. As such, no liability associated with this matter has been recorded in the Company's financial statements. However, due to the uncertainty surrounding the arbitration process, the Company is unable to reasonably estimate the ultimate outcome of the matter at this time.

8. Modification of Co-Development Agreement

In February 2014, the Company and Siemens Medical Solutions USA, Inc. ("Siemens Medical") entered into a Development Agreement (the "New Siemens Agreement"), which replaced and supersedes the Company's Cooperation and Development Agreement with Siemens Aktiengesellschaft, Healthcare Sector ("Siemens AG") entered into in 2009 (the "Original Siemens Agreement"). Therefore, upon execution of the New Siemens Agreement, the Company and Siemens AG terminated the Original Siemens Agreement. References below to "Siemens" will mean Siemens Medical or Siemens AG, as applicable.

Under the Original Siemens Agreement, Siemens and the Company performed initial work related to the development of hardware and software needed for MRI-guided, catheter-based ablation procedures to treat cardiac arrhythmias, such as atrial fibrillation. Pursuant to the terms of the Original Siemens Agreement, the Company generally was responsible for developing catheters and other hardware, and Siemens was responsible for developing software, to the Company's specifications. The Company was responsible for paying Siemens for its software development work, but, under the Original Siemens Agreement, Siemens owned the software. Working closely with the Company, Siemens created a research version of the software platform specifically for use in MRI-guided cardiac ablation procedures with the Company's catheters, but a commercial version was not developed under the Original Siemens Agreement.

Under the New Siemens Agreement, the Company, with cooperation, assistance and technical support from Siemens, will develop the commercial version of the research software platform created by Siemens under the Original Siemens Agreement. Once the development work is completed, subject to appropriate regulatory clearance or approval, the Company will sell the software as its own product.

Under the New Siemens Agreement, Siemens will develop certain software features (the "Host Features") for a planned software release for certain Siemens MAGNETOM MRI systems. The Host Features will enable the connection of the Company's software and catheters to those MAGNETOM MRI systems, and the Company will pay Siemens to perform development work for the Host Features. The Host Features, which will be owned by Siemens, will run within the MRI scanner system. The Host Features will then connect to the Company's software, which will operate on a separate computer workstation, and enable the performance of MRI-guided cardiac ablation procedures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto appearing in Part I, Item 1 of this Quarterly Report. Historical results and trends that might appear in this Quarterly Report should not be interpreted as being indicative of future operations.

Overview

We are a medical device company that develops and commercializes innovative platforms for performing minimally invasive surgical procedures in the brain and heart under direct, intra-procedural MRI guidance. We have two product platforms. Our ClearPoint system, which is in commercial use, is used to perform minimally invasive surgical procedures in the brain. We anticipate that our ClearTrace system, which is still in development, will be used to perform minimally invasive surgical procedures in the heart. Both systems utilize intra-procedural MRI to guide the procedures. Both systems are designed to work in a hospital's existing MRI suite. We believe that our two product platforms, subject to appropriate regulatory clearance and approval, will deliver better patient outcomes, enhance revenue potential for both physicians and hospitals, and reduce costs to the healthcare system.

In 2010, we received regulatory clearance from the FDA to market our ClearPoint system in the United States for general neurological procedures. In 2011, we also obtained CE marking approval for the ClearPoint system, which enables us to sell the ClearPoint system in the European Union. The vast majority of our product revenues for the three months ended March 31, 2014 and the year ended December 31, 2013 relate to sales of our ClearPoint system products. We do not have regulatory clearance or approval to sell our ClearTrace system for commercial use; however, we have had an isolated sale of certain ClearTrace system components to a research site for non-commercial use. We have financed our operations and internal growth primarily through the sale of equity securities, the issuance of convertible and other secured notes, and license arrangements. We have incurred significant losses since our inception in 1998 as we devoted substantial efforts to research and development. As of March 31, 2014, we had an accumulated deficit of $70.1 million. We may continue to incur operating losses as we commercialize our ClearPoint system products, continue to develop our ClearTrace system and expand our business generally.

Factors Which May Influence Future Results of Operations

The following is a description of factors that may influence our future results of operations, and that we believe are important to an understanding of our business and results of operations.

Revenues

In June 2010, we received 510(k) clearance from the FDA to market our ClearPoint system in the United States for general neurological procedures. Future revenues from sales of our ClearPoint system products are difficult to predict and may not be sufficient to offset our continuing research and development expenses and our increasing selling, general and administrative expenses. We cannot sell our ClearTrace system for commercial use until we receive regulatory clearance or approval.

Generating recurring revenues from the sale of disposable products is an important part of our business model for our ClearPoint system. We anticipate that over time, recurring revenues will constitute an increasing percentage of our total revenues as we leverage each new installation of our ClearPoint system to generate recurring sales of our ClearPoint disposable products.

Our product revenues were $713,000 for the three months ended March 31, 2014, and $2.9 million for the year ended December 31, 2013. Since inception, the most significant source of our revenues has been related to our collaborative agreements with Boston Scientific, principally from recognition of $13.0 million of licensing fees we received in 2008. Revenues associated with these licensing fees were recognized on a straight-line basis over a five year period, which was the period we estimated for our continuing involvement in the development activities, and which period ended March 31, 2013.

Our revenue recognition policies are more fully described in note 2 of the condensed financial statements appearing in Part I, Item 1 of this Quarterly Report.

Cost of Product Revenues

Cost of product revenues includes the direct costs associated with the assembly and purchase of disposable products and ClearPoint reusable products which we have sold, and for which we have recognized the revenue in accordance with our revenue recognition policy. Cost of product revenues also includes the allocation of manufacturing overhead costs and depreciation of loaned systems installed under our ClearPoint Placement Program, as well as write-offs of obsolete, impaired or excess inventory. Cost of product revenues also includes similar, applicable costs associated with the sale of any ClearTrace system components for non-commercial use.

Research and Development Costs

Our research and development costs consist primarily of costs associated with the conceptualization, design, testing and prototyping of our ClearPoint system products and our ClearTrace system components. This includes: the salaries, travel and benefits of research and development personnel, including related share-based compensation; materials and laboratory supplies in research and development activities; consultant costs; sponsored research and product development with third parties; and licensing costs related to technology not yet commercialized. We anticipate that, over time, our research and development expenses may increase as we: (1) continue our product development efforts for the ClearTrace system; (2) continue to develop enhancements to our ClearPoint system; and (3) expand our research to apply our technologies to additional product applications. From our inception through March 31, 2014, we incurred approximately $41 million in research and development expenses.

Product development timelines, likelihood of success and total costs can vary widely by product candidate. There are also risks inherent in the regulatory clearance and approval process. At this time, we are unable to estimate with any certainty the costs that we will incur in the continuing development of our ClearTrace system for commercialization.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of: salaries, sales incentive payments, travel and benefits, including related share-based compensation; professional fees, including fees for attorneys and outside accountants; occupancy costs; insurance; marketing costs; medical device excise taxes; and other general and administrative expenses, which include corporate licenses, director fees, hiring costs, taxes, postage, office supplies and meeting costs. Our selling, general and administrative expenses are expected to increase due to costs associated with the commercialization of our ClearPoint system and increased headcount necessary to support our continued growth in operations.

Critical Accounting Policies

There have been no significant changes in our critical accounting policies during the three months ended March 31, 2014 from the critical accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2013, which we filed with the SEC on March 28, 2014.

Results of Operations

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

($s in thousands)	Quarter Ended March 31, 2014	Quarter Ended March 31, 2013	Percentage Change
Product and other service revenues	$ 724	$ 460	57%
Development service revenues	99	154	(36)%
License revenues	-	650	(100)%
Cost of product revenues	351	226	55%
Research and development costs	818	771	6%
Selling, general and administrative expenses	1,801	1,633	10%
Gain on sale of intellectual property	(4,339)	-	NM
Other income (expense):			
Gain on change in fair value of derivative liability	484	1,623	(70)%
Loss on loan modification	-	(1,356)	NM
Other income, net	103	374	(72)%
Interest expense, net	149	99	51%
Net income (loss)	2,630	(824)	NM

NM= not meaningful

Product and Other Service Revenues. Product and other service revenues were $724,000 for the three months ended March 31, 2014, and $460,000 for the same period in 2013, an increase of $264,000, or 57%. Product revenues for the three months ended March 31, 2014 were $713,000, compared to $460,000 for the same period in 2013, an increase of $253,000, or 55%. Product revenues included disposable product sales for the three months ended March 31, 2014 of $565,000, compared with $347,000 for the same period in 2013, an increase of $218,000, or 63%. The increase in disposable product sales resulted primarily from the higher number of ClearPoint procedures that were performed during the three months ended March 31, 2014 compared with the same period in 2013, as well as the sale of drug delivery catheters we manufactured on a contract basis for a third party. Approximately $92,000 of the product revenues for the three months ended March 31, 2014 related to the sale of ClearPoint system reusable products, compared with $113,000 for the same period in 2013. Due to the nature of capital product sales, ClearPoint system reusable product revenues may vary, sometimes significantly, from quarter to quarter. Product revenues for the three months ended March 31, 2014 also included $56,000 in ClearTrace system components sold to a research site for non-commercial use. Other service revenues, mostly related to installation services and ClearPoint service agreements, were $11,000 for the three months ended March 31, 2014. No such revenues were recorded during the same period in 2013.

Development Service Revenues. During the three months ended March 31, 2014 and 2013, we recorded development service revenues of $99,000 and $154,000, respectively, representing a decrease of 36%. The decrease reflects the winding down of a development project we have been performing on a contract basis. We do not expect development service revenues to be a long-term ongoing source of revenues.

License Revenues. License revenues of $650,000 recorded during the three months ended March 31, 2013 related to license fees we received in 2008 from Boston Scientific that were deferred and recognized over the period we estimated for our continued involvement with Boston Scientific's development program for the licensed technology. That period ended on March 31, 2013; thus, all revenues related to the license fees we received in 2008 were recognized as of March 31, 2013.

Cost of Product Revenues. Cost of product revenues was $351,000 for the three months ended March 31, 2014, compared to $226,000 for the same period in 2013, an increase of 55%. The increase in cost of product revenues of 55% was consistent with the increase in product revenues for the same period.

Research and Development Costs. Research and development costs were $818,000 for the three months ended March 31, 2014, compared to $771,000 for the same period in 2013, an increase of $47,000, or 6%. The increase was driven by a $181,000 increase in expenses related to our ClearTrace program, which was mostly offset by a decrease in ClearPoint product development costs of approximately $100,000 and a $37,000 decrease in share-based compensation expense.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $1.8 million for the three months ended March 31, 2014, compared with $1.6 million for the same period in 2013, an increase of $178,000, or 10%. The overall increase was driven by a $369,000 increase in sales and marketing expenses, which was partially offset by a $102,000 decrease in share-based compensation expense and a $95,000 decrease in expenses related to patent filings and related patent prosecution costs.

Gain on Sale of Intellectual Property. During the three months ended March 31, 2014, we recorded a gain of $4.3 million related to the sale certain intellectual property to Boston Scientific. The purchase price was satisfied through the cancellation of related party convertible notes payable we previously issued to Boston Scientific in the aggregate principal amount of $4.3 million. We recorded a gain equal to the purchase price, as the assets sold had not been previously recorded on our balance sheet.

Other Income (Expense). During the three months ended March 31, 2014 and 2013, we recorded gains of $484,000 and $1.6 million, respectively, resulting from changes in the fair value of the derivative liability associated with the warrants we issued in equity private placement transactions. During the three months ended March 31, 2013, we recorded a loss of $1.4 million related to the March 2013 Brainlab loan modification, which modification included a $1.9 million increase to the principal balance of the note, a decrease in the interest rate from 10% to 5.5%, and the elimination of the note's equity conversion feature. The $1.4 million loss we recorded represented the difference between the carrying amount of the note plus the related accrued interest immediately prior to the loan modification and the fair value of the note immediately following the loan modification.

Net other income was $103,000 and $374,000 for the three months ended March 31, 2014 and 2013, respectively. Essentially all of the net other income for the three months ended March 31, 2013 related to negotiated reductions in amounts payable to service providers.

Net interest expense for the three months ended March 31, 2014 was $149,000, compared with $99,000 for the same period in 2013. The increase relates mostly to amortization of the debt discount arising from the Brainlab loan modification effected in March 2013.

Liquidity and Capital Resources

Our cumulative net loss from inception through March 31, 2014 was $70.1 million. We expect such losses to continue through at least the year ending December 31, 2014 as we continue to commercialize our ClearPoint system and pursue research and development activities related to our ClearTrace system. Net cash used in operations was $1.4 million for the three months ended March 31, 2014 and $7.8 million for the year ended December 31, 2013. Since inception, we have financed our activities principally from the sale of equity securities, the issuance of convertible and other secured notes, and license arrangements.

Our primary financing activities during the three months ended March 31, 2014 and the year ended December 31, 2013 were a March 2014 private offering, which resulted in net proceeds of $3.5 million, and a January 2013 equity private placement, which resulted in net proceeds of $9.8 million. In addition, in March 2014, we completed a transaction with Boston Scientific that resulted in the cancellation of $4.3 million in related party convertible notes payable that were scheduled to mature in 2014. While we expect to continue to use cash in operations, we believe our cash and cash equivalents at March 31, 2014 of $5.8 million, combined with cash expected to be generated from product sales, will be sufficient to meet our anticipated cash requirements through at least March 2015.

During the remainder of 2014, we expect to increase revenues from sales of ClearPoint system products as a result of the additions we made in 2013 to our sales and clinical support team. If necessary, certain planned expenditures, including expenditures related to research and development projects, sponsored research, public and investor relations efforts, planned hires and patent filings, could be deferred or forgone if we believe it is necessary to do so in order to fund operations. In addition, if necessary, we could implement restrictions on non-essential travel, put in place a salary deferral program for certain employees, reduce utilization of outside professional service providers and implement a reduction in our workforce.

To the extent our available cash and cash equivalents are insufficient to satisfy our long-term operating requirements, we will need to seek additional sources of funds from the sale of equity or debt securities or through a credit facility, or we will need to modify our current business plan. There can be no assurances that we will be able to obtain additional financing on commercially reasonable terms, if at all. The sale of additional equity or convertible debt securities would likely result in dilution to our current stockholders.

Cash Flows

Cash activity for the three months ended March 31, 2014 and 2013 is summarized as follows:

	Three Months Ended March 31,	
($s in thousands)	**2014**	**2013**
Cash used in operating activities	$ (1,359)	$ (2,243)
Cash used in investing activities	(2)	(8)
Cash provided by financing activities	3,646	9,829
Net increase in cash and cash equivalents	$ 2,285	$ 7,578

Net Cash Flows from Operating Activities. We used $1.4 million and $2.2 million of cash for operating activities during the three months ended March 31, 2014 and 2013, respectively. Net cash used in operating activities during the three months ended March 31, 2014 primarily reflected our $2.2 million income from operations, plus $370,000 for expenses paid through the issuance of common stock, plus a $318,000 reduction in accounts receivable and $180,000 in share-based compensation, less the gain on the sale of intellectual property of $4.3 million and a $148,000 increase in inventory. Net cash used in operating activities in the three months ended March 31, 2013 primarily reflected our $1.4 million loss from operations, plus the $810,000 reduction in accounts payable and accrued expenses and the $763,000 decrease in deferred revenue, partially offset by $318,000 in share-based compensation and $115,000 in depreciation and amortization.

Net Cash Flows from Investing Activities. Net cash flows used in investing activities for the three months ended March 31, 2014 and 2013 were $2,000 and $8,000, respectively.

Net Cash Flows from Financing Activities. Net cash provided by financing activities for the three months ended March 31, 2014 of $3.6 million related primarily to proceeds from our March 2014 private offering. Net cash provided by financing activities for the three months ended March 31, 2013 related to the $9.8 million of net proceeds generated from our January 2013 private placement.

Operating Capital and Capital Expenditure Requirements

To date, we have not achieved profitability. We could continue to incur net losses as we commercialize our ClearPoint system products, continue to develop our ClearTrace system, expand our corporate infrastructure and pursue additional applications for our technology platforms. Our cash balances are typically held in a variety of interest bearing instruments, including interest bearing demand accounts and certificates of deposit. Cash in excess of immediate requirements is invested primarily with a view to liquidity and capital preservation.

Because of the numerous risks and uncertainties associated with the development and commercialization of medical devices, we are unable to estimate the exact amounts of capital outlays and operating expenditures necessary to successfully commercialize our ClearPoint products and complete the development of our ClearTrace system. Our future capital requirements will depend on many factors, including, but not limited to, the following:

- the timing of broader market acceptance and adoption of our ClearPoint system products;
- the scope, rate of progress and cost of our ongoing product development activities relating to our ClearPoint system;
- the scope, rate of progress and cost of our research and development activities relating to our ClearTrace system;
- the cost and timing of expanding our sales, clinical support, marketing and distribution capabilities and other corporate infrastructure;
- the cost and timing of establishing inventories at levels sufficient to support our sales;

- the effect of competing technological and market developments;
- the terms and timing of any future collaborative, licensing or other arrangements that we may establish;
- the cost and timing of any clinical trials;
- the cost and timing of regulatory filings, clearances and approvals; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk

Our exposure to market risk is limited primarily to interest income sensitivity, which is affected by changes in the general level of U.S. interest rates, because all of our investments are in short-term bank deposits and institutional money market funds. The primary objective of our investment activities is to preserve principal while at the same time maximizing the income we receive without significantly increasing risk. Due to the nature of our short-term investments, we believe that we are not subject to any material market risk exposure.

Foreign Currency Risk

To date we have recorded no product sales in other than U.S. dollars. We have only limited business transactions in foreign currencies. We do not currently engage in hedging or similar transactions to reduce our foreign currency risks, which at present, are not material. We believe we have no material exposure to risk from changes in foreign currency exchange rates at this time. We will continue to monitor and evaluate our internal processes relating to foreign currency exchange, including the potential use of hedging strategies.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, or the Exchange Act. Our disclosure controls and procedures are designed to ensure that material information relating to us is made known to our principal executive officer and principal financial officer by others within our organization. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2014 to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of March 31, 2014.

Changes in Internal Control Over Financial Reporting

During the quarter ended March 31, 2014, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

As we have previously reported, in June 2013, Custom Equity Research, Inc. d/b/a Summer Street Research Partners, or Summer Street, commenced an arbitration proceeding alleging breach of contract and quantum meruit claims against us. Summer Street claims, among other things, that we owe Summer Street $480,000 in cash commissions, as well as warrants to purchase 460,338 shares of our common stock, in connection with our engagement of Summer Street to serve as our financial advisor and placement agent for two financing transactions that we undertook in 2011 and 2012, respectively. As required under our engagement agreements with Summer Street, the arbitration has been brought before JAMS, The Resolution Experts, an alternative dispute resolution provider. In the arbitration, we have filed counter-claims against Summer Street alleging fraud and misrepresentation, abuse of process and malicious prosecution, and we are seeking unspecified monetary damages from Summer Street in connection with the counter-claims. As of March 31, 2014, the parties were conducting discovery in preparation for the arbitration hearing, which is scheduled in July 2014.

ITEM 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Quarterly Report before deciding to invest in our common stock. If any of the following risks actually occurs, our business, results of operations and financial condition could be materially adversely affected, the trading price of our common stock could decline significantly, and you might lose all or part of your investment. Additional risks and uncertainties that we are unaware of or that we believe are not material at this time could also materially adversely affect our business, results of operations or financial condition. In any case, the value of our securities could decline, and you could lose all or part of your investment.

We have marked with an asterisk (*) those risks described below that reflect substantive changes from the risks described under Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K which we filed with the SEC on March 28, 2014.

Risks Related to Our Business

We have incurred losses since our inception and we may continue to incur losses. If we fail to generate significant revenues from sales of our products, we may never achieve or sustain profitability.*

As of March 31, 2014, we had an accumulated deficit of approximately $70.1 million. The accumulated deficit has resulted principally from costs incurred in our research and development efforts and general operating expenses. We have incurred significant losses in each year since our inception in 1998, and we may continue to incur losses as we continue to invest capital in the sales and marketing of our products, development of our ClearTrace system and development of our business generally.

As a result of the numerous risks and uncertainties associated with developing medical devices, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Our profitability will depend on revenues from the sale of our products. We cannot provide any assurance that we will ever achieve profitability and, even if we achieve profitability, that we will be able to sustain or increase profitability on a quarterly or annual basis. Further, because of our relatively limited commercialization history, we have limited insight into the trends that may emerge and affect our business. We may make errors in predicting and reacting to relevant business trends, which could harm our business and financial condition. Any failure to achieve and maintain profitability would continue to have an adverse effect on our stockholders' equity (deficit) and working capital and could result in a decline in our stock price or cause us to cease operations.

Our ClearPoint system may not achieve broad market acceptance or be commercially successful.

We expect that sales of our ClearPoint system products will account for the vast majority of our revenues for at least the next few years. Our ClearPoint system may not gain broad market acceptance unless we continue to convince physicians, hospitals and patients of its benefits. Moreover, even if physicians and hospitals understand the benefits of our ClearPoint system, they still may elect not to use our ClearPoint system for a variety of reasons, such as the shift in location of the procedure from the operating room to the MRI suite, increased demand for the MRI suite, and the familiarity of the physician with other devices and approaches.

If physicians and hospitals do not perceive our ClearPoint system as an attractive alternative to other products and procedures, we will not achieve significant market penetration or be able to generate significant revenues. To the extent that our ClearPoint system is not commercially successful or is withdrawn from the market for any reason, our revenues will be adversely impacted, and our business, operating results and financial condition will be harmed.

If we are unable to expand our sales and clinical support capabilities, we may be unable to generate significant growth in our product revenues.

We are dependent on our sales personnel to obtain new customers for our ClearPoint system, and we are dependent on both our sales and clinical support personnel to increase sales of our ClearPoint system products to existing customers. We expect to continue building our sales and clinical support team to market and sell our ClearPoint system products, and to provide clinical support for customer use of our ClearPoint system products, in the United States. That effort, though, could take longer than we anticipate, in which case our commercialization efforts would be negatively impacted. Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training and retaining a sufficient number of qualified sales and clinical support personnel. New hires require significant training and, in most cases, take significant time before they achieve full productivity. Our recent hires and planned hires may not become as productive as we expect, and we may be unable to hire or retain sufficient numbers of qualified individuals. If we are unable to hire, train and retain sufficient numbers of effective personnel, or our personnel are not successful in obtaining new customers or increasing sales to our existing customer base, our business will be harmed.

We have entered into a co-development and distribution agreement with Brainlab pursuant to which we appointed Brainlab as a distributor of our ClearPoint system products in the United States and Europe. However, there is no assurance that Brainlab will be successful in marketing and selling our ClearPoint system products. In addition, under our agreement, Brainlab is not subject to any minimum sales or other performance requirements. Therefore, we may not realize the desired benefits from our agreement with Brainlab.

If hospitals and physicians are unable to obtain adequate coverage and reimbursement from third-party payors for procedures utilizing our ClearPoint system, our revenues and prospects for profitability will suffer.

Our ClearPoint system products are purchased primarily by hospitals, which bill various third-party payors, including governmental healthcare programs, such as Medicare, and private insurance plans, for procedures in which our ClearPoint system is used. Reimbursement is a significant factor considered by hospitals in determining whether to acquire medical devices such as our ClearPoint system. Therefore, our ability to successfully commercialize our ClearPoint system depends significantly on the adequacy of coverage and reimbursement from these third-party payors.

Medicare pays hospitals a prospectively determined amount for inpatient operating costs. The prospective payment for a patient's stay is determined by the patient's condition and other patient data and procedures performed during the inpatient stay using a classification system known as Medicare Severity Diagnosis Related Groups, or MS-DRGs. Medicare pays a fixed amount to the hospital based on the MS-DRG into which the patient's stay is assigned, regardless of the actual cost to the hospital of furnishing the procedures, items and services provided. Therefore, a hospital must absorb the cost of our products as part of the payment it receives for the procedure in which the product is used. In addition, physicians that perform procedures in hospitals are paid a set amount by Medicare for performing such services under the Medicare physician fee schedule. Medicare payment rates for both systems are established annually. Some hospitals could believe third-party reimbursement levels are not adequate to cover the cost of our ClearPoint system. Furthermore, some physicians could believe third-party reimbursement levels are not adequate to compensate them for performing the procedures in which our products are used. Failure by hospitals and physicians to receive an amount that they consider to be adequate reimbursement for procedures in which our products are used will deter them from purchasing or using our products and will limit our sales growth.

The Affordable Care Act and other payment and policy changes may have a material adverse effect on our business.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or, together, the Affordable Care Act, includes a number of provisions that will likely result in increased coordination between hospitals and physicians and alignment of financial incentives between hospitals and physicians to control hospital costs. Most significantly, the Affordable Care Act provides for a Medicare shared savings program whereby Medicare will share certain savings realized in the delivery of services to Medicare beneficiaries with accountable care organizations, which may be organized through various different legal structures between hospitals and physicians. Other payment reform provisions in the Affordable Care Act include pay-for-performance initiatives, payment bundling and the establishment of an independent payment advisory board. We expect that the overall result of such payment reform efforts and the increased coordination among hospitals and physicians will be voluntary reductions in the array of choices currently available to physicians with respect to diagnostic services, medical supplies and equipment. Such a reduction in physician choices may also result in hospitals reducing the overall number of vendors from which they purchase supplies, equipment and products. The Affordable Care Act could limit the acceptance and availability of our products, which would have an adverse effect on our financial results and business.

The Affordable Care Act will ultimately increase the overall pool of persons with access to health insurance in the United States. However, with the increase in demand for healthcare services, we expect both a strain on the capacity of the healthcare system and more proposals by legislators, regulators and third-party payors to keep healthcare costs down. Certain proposals, if passed, could impose limitations on the prices we will be able to charge for our products, or the amounts of reimbursement available from governmental agencies or third-party payors. These limitations could have a material adverse effect on our results of operations and financial condition.

Federal healthcare reform continues to be a political issue, and various healthcare reform proposals have also emerged at the state level. We cannot predict what healthcare initiatives will be implemented at the federal or state level, or the effect any future legislation or regulation will have on us. However, an expansion in government's role in the United States healthcare industry may lower reimbursements for our products, reduce medical procedure volumes and adversely affect our business, possibly materially.

If there are changes in coverage or reimbursement from third-party payors, our revenues and prospects for profitability could suffer.

In the United States, we believe that existing billing codes apply to procedures in which physicians use our ClearPoint system. Reimbursement levels for procedures using our ClearPoint system or any product that we may market in the future could be decreased or eliminated as a result of future legislation, regulation or reimbursement policies of third-party payors. Any such decrease or elimination would adversely affect the demand for our products and our ability to sell our products on a profitable basis. Furthermore, if procedures using our ClearPoint system gain market acceptance and the number of these procedures increases, Centers for Medicare and Medicaid Services, or CMS, the federal agency that administers the Medicare Program, as well as other public or private payors, may establish new billing codes for those procedures that provide for a lower reimbursement amount than traditional approaches, which would adversely affect our financial results and business.

Among other things, the Affordable Care Act will ultimately increase the overall pool of persons with access to health insurance in the United States, at least in those states that expand their Medicaid programs. Although such an increase in covered lives should ultimately benefit hospitals, the Affordable Care Act also includes a number of cuts in Medicare reimbursement to hospitals that may take effect prior to the time hospitals realize the financial benefit of a larger pool of insured persons. Those cuts in Medicare reimbursement could adversely impact the operations and finances of hospitals, reducing their ability to purchase medical devices, such as our products. Further, Congress has not yet addressed in a comprehensive and permanent manner the pending reduction in Medicare payments to physicians under the sustainable growth rate formula, which if not resolved will likely result in an overall reduction in physicians willing to participate in Medicare.

If third-party payors deny coverage or reimbursement for procedures using our ClearPoint system, our revenues and prospects for profitability will suffer.

Notwithstanding the ClearPoint system's regulatory clearance in the United States, third-party payors may deny coverage or reimbursement if the payor determines that the use of our ClearPoint system is unnecessary, inappropriate, experimental or not cost-effective, or that the ClearPoint system is used for a non-cleared indication. In addition, no uniform policy of coverage and reimbursement for medical technology exists among third-party payors. Therefore, coverage and reimbursement for medical technology can differ significantly from payor to payor. Any denial of coverage or reimbursement for procedures using our ClearPoint system could have an adverse effect on our business, financial results and prospects for profitability.

We have limited internal manufacturing resources, and if we are unable to provide an adequate supply of our ClearPoint disposable products, our growth could be limited and our business could be harmed.

Final assembly of many of our ClearPoint disposable components occurs at our Irvine, California facility. If our facility experiences a disruption, we would have no other means of assembling those components until we are able to restore the manufacturing capability at our current facility or develop the same capability at an alternative facility.

In connection with the continued commercialization of our ClearPoint system, we expect that we will need to increase, or "scale up," the production process of our disposable components over the current level of production. While we have taken steps in anticipation of growth, manufacturers often encounter difficulties in scaling up production, such as problems involving yields, quality control and assurance, and shortages of qualified personnel. If the scaled-up production process is not efficient or produces a product that does not meet quality and other standards, we may be unable to meet market demand and our revenues, business and financial prospects would be adversely affected.

Our reliance on single-source suppliers could harm our ability to meet demand for our ClearPoint system in a timely manner or within budget.

Many of the components and component assemblies of our ClearPoint system are provided to us by single-source suppliers. We generally purchase components and component assemblies through purchase orders rather than long-term supply agreements and generally do not maintain large volumes of inventory. While alternative suppliers exist and have been identified, the disruption or termination of the supply of components and component assemblies could cause a significant increase in the cost of these components, which could affect our operating results. Our dependence on a limited number of third-party suppliers and the challenges we may face in obtaining adequate supplies involve several risks, including limited control over pricing, availability, quality and delivery schedules. A disruption or termination in the supply of components could also result in our inability to meet demand for our ClearPoint system, which could harm our ability to generate revenues, lead to customer dissatisfaction and damage our reputation. Furthermore, if we are required to change the supplier of a key component or component assembly of our ClearPoint system, we may be required to verify that the new supplier maintains facilities and procedures that comply with quality standards and with all applicable regulations and guidelines. The delays associated with the verification of a new supplier could also adversely affect our ability to meet demand for our ClearPoint system.

Our future success may depend on our ability to successfully complete development of, and to obtain regulatory clearances or approvals for, our ClearTrace system. We cannot be certain that we will be able to do that in a timely fashion, or at all.

Our ClearTrace system is still under development, and, to date, we have conducted only animal studies and other preclinical work with respect to that product candidate. Our ClearTrace system will require substantial additional development and testing. There can be no assurance that our development efforts will be successfully completed or that the ClearTrace system will have the capabilities we expect. We may encounter significant difficulties and costs during the course of our development efforts and we may encounter significant delays. Even if we successfully complete development of our ClearTrace system, there can be no assurance that we will obtain the regulatory clearances or approvals to market and commercialize it. If we are unable to obtain regulatory clearances or approvals for our ClearTrace system, or otherwise experience delays in obtaining such regulatory clearances or approvals, the commercialization of the ClearTrace system will be delayed or prevented, which will adversely affect our ability to generate revenues. Even if cleared or approved, the ClearTrace system may not be cleared or approved for the indications that are necessary or desirable for successful commercialization. Delays in developing our ClearTrace system or obtaining regulatory clearances or approvals may also result in the loss of potential competitive advantages that might otherwise be attained by bringing products to market earlier than our competitors. Any of these contingencies could adversely affect our business.

In the United States, unless an exemption applies, we cannot market a new medical device without first receiving either 510(k) clearance or approval of a PMA from the FDA. 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, safety and effectiveness, in order to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The 510(k) clearance process generally takes three to twelve months from submission, but can take significantly longer. The process of obtaining PMA approval is much more costly and uncertain than the 510(k) clearance process. The PMA approval process can be lengthy and expensive and requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on data obtained in clinical trials. The PMA process generally takes one to three years, or even longer, from the time the PMA application is submitted to the FDA until an approval is obtained.

Outside the United States, the regulatory approval process varies among jurisdictions and can involve substantial additional testing. Clearance or approval by the FDA does not ensure clearance or approval by regulatory authorities in other jurisdictions, and clearance or approval by one foreign regulatory authority does not ensure clearance or approval by regulatory authorities in other foreign jurisdictions. The foreign regulatory approval process may include all of the risks associated with obtaining FDA clearance or approval in addition to other risks. In addition, the time required to obtain foreign clearance or approval may differ from that required to obtain FDA clearance or approval and we may not obtain foreign regulatory clearances or approvals on a timely basis, if at all.

We anticipate that the initial market for our ClearTrace system will be the European Union and, at the appropriate time, we expect to seek CE marking approval for the ClearTrace system. The ClearTrace system consists of several components, including an ablation catheter. The FDA has determined that ablation catheters specifically indicated to treat atrial fibrillation require the submission of a PMA. Therefore, in the United States, we would be required to pursue the PMA process in order to specifically indicate our ablation catheter for the treatment of atrial fibrillation.

Our business will be subject to economic, political, regulatory and other risks associated with international operations.

We have CE marking approval to market our ClearPoint system in the European Union, which subjects us to rules and regulations in the European Union relating to our products. As part of our product development and regulatory strategy, we also intend to market our ClearPoint system in other foreign jurisdictions. There are a number of risks associated with conducting business internationally, including:

- differences in treatment protocols and methods across the markets in which we expect to market our ClearPoint system;
- requirements necessary to obtain product reimbursement;
- product reimbursement or price controls imposed by foreign governments;
- difficulties in compliance with foreign laws and regulations;
- changes in foreign regulations and customs;
- changes in foreign currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment; trade protection measures, import or export licensing requirements or other restrictive actions by United States or foreign governments; and
- negative consequences from changes in tax laws.

Any of these risks could adversely affect our financial results and our ability to operate outside the United States, which could harm our business.

To the extent we seek a new indication for use of, or new claims for, our ClearPoint system, the FDA may not grant 510(k) clearance or PMA approval of such new use or claims, which may affect our ability to grow our business.*

We received 510(k) clearance to market our ClearPoint system for use in general neurological interventional procedures. In the future, we could seek to obtain additional, more specific indications for use of our ClearPoint system beyond the general neurological intervention claim. To the extent we seek expanded claims for our ClearPoint system, such claims could, depending on their nature, require FDA 510(k) clearance or FDA approval of a PMA. Moreover, some specific ClearPoint system claims could require clinical trials to support regulatory clearance or approval. In the event we seek a new indication for use of, or new claims for, the ClearPoint system that we believe are necessary or desirable for successful commercialization, the FDA may refuse our requests for 510(k) clearance or PMA approval. Likewise, to the extent clinical trials are necessary, we may not successfully complete or have the funds to initiate such clinical trials.

Clinical trials necessary to support 510(k) clearance or PMA approval for our ClearTrace system or any new indications for use for our ClearPoint system will be expensive and may require the enrollment of large numbers of suitable patients, who may be difficult to identify and recruit. Delays or failures in our clinical trials will prevent us from commercializing any modified or new product candidates and will adversely affect our business, operating results and prospects.

Initiating and completing clinical trials necessary to support 510(k) clearance or PMA approval for our ClearTrace system or any other product candidates that we may develop, or additional safety and efficacy data that the FDA may require for 510(k) clearance or PMA approval for any new specific indications of our ClearPoint system that we may seek, will be time consuming and expensive with an uncertain outcome. Moreover, the results of early clinical trials are not necessarily predictive of future results, and any product candidate we advance into clinical trials may not have favorable results in later clinical trials.

Conducting successful clinical trials may require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Patient enrollment in clinical trials and completion of patient participation and follow-up depends on many factors, including the size of the patient population, the nature of the trial protocol, the attractiveness of, or the discomforts and risks associated with, the treatments received by enrolled subjects, the availability of appropriate clinical trial investigators and support staff, the proximity to clinical sites of patients that are able to comply with the eligibility and exclusion criteria for participation in the clinical trial, and patient compliance. For example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and effectiveness of our product candidates or if they determine that the treatments received under the trial protocols are not attractive or involve unacceptable risks or discomforts. In addition, patients participating in clinical trials may die before completion of the trial or suffer adverse medical events unrelated to our product candidates.

Development of sufficient and appropriate clinical protocols to demonstrate safety and efficacy will be required and we may not adequately develop such protocols to support clearance or approval. Further, the FDA may require us to submit data on a greater number of patients than we originally anticipated and/or for a longer follow-up period or change the data collection requirements or data analysis applicable to our clinical trials. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may cause an increase in costs and delays in the approval and attempted commercialization of our product candidates or result in the failure of the clinical trial. Such increased costs and delays or failures could adversely affect our business, operating results and prospects.

The results of our clinical trials may not support our product candidate claims or any additional claims we may seek for our products and may result in the discovery of adverse side effects.

Even if any clinical trial that we need to undertake is completed as planned, we cannot be certain that its results will support our product candidate claims or any new indications that we may seek for our products or that the FDA or foreign authorities will agree with our conclusions regarding the results of those trials. The clinical trial process may fail to demonstrate that our products or a product candidate is safe and effective for the proposed indicated use, which could cause us to stop seeking additional clearances or approvals for our ClearPoint system, abandon our ClearTrace system or delay development of other product candidates. Any delay or termination of our clinical trials will delay the filing of our regulatory submissions and, ultimately, our ability to commercialize a product candidate. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the product candidate's profile.

The markets for medical devices are highly competitive, and we may not be able to compete effectively against the larger, well-established companies in our markets or emerging and small innovative companies that may seek to obtain or increase their share of the market.

We will face competition from products and techniques already in existence in the marketplace. The markets for the ClearPoint system and the ClearTrace system are intensely competitive, and many of our competitors are much larger and have substantially more financial and human resources than we do. Many have long histories and strong reputations within the industry, and a relatively small number of companies dominate these markets. Examples of such large, well-known companies include Medtronic, Inc., St. Jude Medical Inc. and Biosense Webster Inc., a division of Johnson & Johnson.

These companies enjoy significant competitive advantages over us, including:

- broad product offerings, which address the needs of physicians and hospitals in a wide range of procedures;
- greater experience in, and resources for, launching, marketing, distributing and selling products, including strong sales forces and established distribution networks;
- existing relationships with physicians and hospitals;
- more extensive intellectual property portfolios and resources for patent protection;
- greater financial and other resources for product research and development;
- greater experience in obtaining and maintaining FDA and other regulatory clearances or approvals for products and product enhancements;
- established manufacturing operations and contract manufacturing relationships; and
- significantly greater name recognition and more recognizable trademarks.

We may not succeed in overcoming the competitive advantages of these large and established companies. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These companies may introduce products that compete effectively against our products in terms of performance, price or both.

We could become subject to product liability claims that could be expensive, divert management's attention and harm our business.

Our business exposes us to potential product liability risks that are inherent in the manufacturing, marketing and sale of medical devices. We may be held liable if our products cause injury or death or are found otherwise unsuitable or defective during usage. Our ClearPoint system and our ClearTrace system incorporate mechanical and electrical parts, complex computer software and other sophisticated components, any of which can have defective or inferior parts or contain defects, errors or failures. Complex computer software is particularly vulnerable to errors and failures, especially when first introduced.

Because our ClearPoint system and our ClearTrace system are designed to be used to perform complex surgical procedures, defects could result in a number of complications, some of which could be serious and could harm or kill patients. The adverse publicity resulting from any of these events could cause physicians or hospitals to review and potentially terminate their relationships with us.

The medical device industry has historically been subject to extensive litigation over product liability claims. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs. Although we maintain product liability insurance, the coverage is subject to deductibles and limitations, and may not be adequate to cover future claims. Additionally, we may be unable to maintain our existing product liability insurance in the future at satisfactory rates or in adequate amounts. A product liability claim, regardless of its merit or eventual outcome, could result in:

- decreased demand for our products;
- injury to our reputation;
- diversion of management's attention;
- significant costs of related litigation;

- payment of substantial monetary awards by us;
- product recalls or market withdrawals;
- a change in the design, manufacturing process or the indications for which our marketed products may be used;
- loss of revenue; and
- an inability to commercialize product candidates.

Risks Related to Funding

In the event we need additional funding for our business, we may not be able to raise capital when needed or on terms that are acceptable to us, which could force us to delay, reduce or eliminate our commercialization efforts or our product development programs.*

We have not yet achieved profitability. Accordingly, we have financed our activities principally from sales of equity securities, borrowings and license arrangements. Most recently, in March 2014 we completed a private offering in which we sold securities, consisting of non-convertible notes payable and common stock warrants, for net proceeds of approximately $3.5 million. While we expect to continue to use cash in operations, we believe our cash and cash equivalents at March 31, 2014 of $5.8 million, combined with the net proceeds from the March 2014 private offering and cash expected to be generated from product sales, will be sufficient to meet our anticipated cash requirements through at least March 2015.

During 2014, we expect to increase revenues from sales of ClearPoint system products as a result of the additions we made in 2013 to our sales and clinical support team. If necessary, certain planned expenditures, including expenditures related to research and development projects, sponsored research, public and investor relations efforts, planned hires, and patent filings, could be deferred or forgone if we believe it is necessary to do so in order to fund our operations. In addition, if necessary, we could implement restrictions on non-essential travel, put in place a salary deferral program for certain employees, reduce utilization of outside professional service providers and implement a reduction in our workforce.

Because of the various risks and uncertainties associated with the commercialization of medical devices, there can be no assurance that our cash resources will cover all of our costs until we achieve profitability. Therefore, we could need additional funding. Additional funds, if needed, may not be available on a timely basis or on terms that are acceptable to us, or at all, in which event we could take actions that negatively impact the commercialization of our ClearPoint system, or terminate or delay the development of our ClearTrace system.

The funding requirements for our business will depend on many factors, including:

- the timing of broader market acceptance and adoption of our ClearPoint system products;
- the scope, rate of progress and cost of our ongoing product development activities relating to our ClearPoint system;
- the scope, rate of progress and cost of our research and development activities relating to our ClearTrace system;
- the cost and timing of expanding our sales, clinical support, marketing and distribution capabilities and other corporate infrastructure;
- the cost and timing of establishing inventories at levels sufficient to support our sales;
- the effect of competing technological and market developments;
- the terms and timing of any future collaborative, licensing or other arrangements that we may establish;

- the cost and timing of any clinical trials;
- the cost and timing of regulatory filings, clearances and approvals; and
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

Raising additional capital may cause dilution to existing stockholders, restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or products or grant licenses on terms that are not favorable to us. Any of these events could adversely affect our ability to achieve our product development and commercialization goals and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Intellectual Property

If we, or the third parties from whom we license intellectual property, are unable to secure and maintain patent or other intellectual property protection for the intellectual property covering our products or our product candidates, our ability to compete will be harmed.

Our commercial success depends, in part, on obtaining patent and other intellectual property protection for the technologies contained in our products and product candidates. The patent positions of medical device companies, including ours, can be highly uncertain and involve complex and evolving legal and factual questions. Our patent position is uncertain and complex, in part, because of our dependence on intellectual property that we license from others. If we, or the third parties from whom we license intellectual property, fail to obtain adequate patent or other intellectual property protection for intellectual property covering our products or product candidates, or if any protection is reduced or eliminated, others could use the intellectual property covering our products or product candidates, resulting in harm to our competitive business position. In addition, patent and other intellectual property protection may not provide us with a competitive advantage against competitors that devise ways of making competitive products without infringing any patents that we own or have rights to.

United States patents and patent applications may be subject to interference proceedings and United States patents may be subject to reissue and reexamination proceedings in the United States Patent and Trademark Office. Foreign patents may be subject to opposition or comparable proceedings in the corresponding foreign patent offices. Any of these proceedings could result in either loss of the patent or denial of the patent application, or loss or reduction in the scope of one or more of the claims of the patent or patent application. Changes in either patent laws or in interpretations of patent laws may also diminish the value of our intellectual property or narrow the scope of our protection. Interference, reexamination and opposition proceedings may be costly and time consuming, and we, or the third parties from whom we license intellectual property, may be unsuccessful in such proceedings. Thus, any patents that we own or license may provide limited or no protection against competitors. In addition, our pending patent applications and those we may file in the future may not result in patents being issued or may have claims that do not cover our products or product candidates. Even if any of our pending or future patent applications are issued, they may not provide us with adequate protection or any competitive advantages. Our ability to develop additional patentable technology is also uncertain.

Non-payment or delay in payment of patent fees or annuities, whether intentional or unintentional, may also result in the loss of patents or patent rights important to our business. Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States, particularly in the field of medical devices and procedures.

Others may assert that our products infringe their intellectual property rights, which may cause us to engage in costly disputes and, if we are not successful in defending ourselves, could also cause us to pay substantial damages and prohibit us from selling our marketed products.

There may be United States and foreign patents issued to third parties that relate to our business, including MRI-guided intervention systems and the components and methods and processes related to these systems. Some of these patents may be broad enough to cover one or more aspects of our present technologies and/or may cover aspects of our future technologies. We do not know whether any of these patents, if they exist and if asserted, would be held valid, enforceable and infringed. We cannot provide any assurance that a court or administrative body would agree with any arguments or defenses we may have concerning invalidity, unenforceability or non-infringement of any third-party patent. The medical device industry has been characterized by extensive litigation and administrative proceedings regarding patents and other intellectual property rights, and companies have employed such actions to gain a competitive advantage. If third parties assert infringement or other intellectual property claims against us, our management personnel will experience a significant diversion of time and effort and we will incur large expenses defending our company. If third parties in any patent action are successful, our patent portfolio may be damaged, we may have to pay substantial damages and we may be required to stop selling our products or obtain a license which, if available at all, may require us to pay substantial royalties. We cannot be certain that we will have the financial resources or the substantive arguments to defend our products from infringement or our patents from claims of invalidity or unenforceability, or to defend our products against allegations of infringement of third-party patents. In addition, any public announcements related to litigation or administrative proceedings initiated by us, or initiated or threatened against us, could negatively impact our business.

If we lose access to critical third-party software that is integrated into our ClearPoint system software, our costs could increase and new installations of our ClearPoint system could be delayed, potentially hurting our competitive position.

We have received a non-exclusive, non-transferable, worldwide license from a third party to certain software, in source code form, that is integrated into the software component of our ClearPoint system. In return, we agreed to pay the third party a one-time license fee, as well as a license fee for each copy of the ClearPoint system software that we distribute, subject to certain minimum license purchase commitments which we already have satisfied. The source code license is perpetual, except in the event we breach our agreement with the third party, in which case the third party may terminate the license for cause. A loss of the license could impede our ability to install our ClearPoint system at new sites until equivalent software could be identified, licensed or developed, and integrated into the software component of our ClearPoint system. These delays, if they occur, would harm our business, operating results and financial condition.

If the combination of patents, trade secrets and contractual provisions that we rely on to protect our intellectual property is inadequate, our ability to successfully commercialize our marketed products and product candidates will be harmed, and we may not be able to operate our business profitably.

Our success and ability to compete is dependent, in part, upon our ability to maintain the proprietary nature of our technologies. We rely on a combination of patent, copyright, trademark and trade secret law and nondisclosure agreements to protect our intellectual property. However, such methods may not be adequate to protect us or permit us to gain or maintain a competitive advantage. Our patent applications may not issue as patents in a form that will be advantageous to us, or at all. Our issued patents, and those that may issue in the future, may be challenged, invalidated or circumvented, which could limit our ability to stop competitors from marketing related products.

To protect our proprietary rights, we may in the future need to assert claims of infringement against third parties to protect our intellectual property. There can be no assurance that we will be successful on the merits in any enforcement effort. In addition, we may not have sufficient resources to litigate, enforce or defend our intellectual property rights. Litigation to enforce our intellectual property rights in patents, copyrights or trademarks is highly unpredictable, expensive and time consuming and would divert human and monetary resources away from managing our business, all of which could have a material adverse effect on our financial condition and results of operations even if we were to prevail in such litigation. In the event of an adverse judgment, a court could hold that some or all of our asserted intellectual property rights are not infringed, or that they are invalid or unenforceable, and could award attorney fees.

Despite our efforts to safeguard our unpatented and unregistered intellectual property rights, we may not be successful in doing so or the steps taken by us in this regard may not be adequate to detect or deter misappropriation of our technologies or to prevent an unauthorized third party from copying or otherwise obtaining and using our products, technologies or other information that we regard as proprietary. Additionally, third parties may be able to design around our patents. Furthermore, the laws of foreign countries may not protect our proprietary rights to the same extent as the laws of the United States. Our inability to adequately protect our intellectual property could allow our competitors and others to produce products based on our technologies, which could substantially impair our ability to compete.

We have entered into confidentiality and intellectual property assignment agreements with our employees and consultants as one of the ways we seek to protect our intellectual property and other proprietary technologies. However, these 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.

Our employees and consultants may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. Enforcing a claim that a third party illegally obtained and is using our proprietary know-how is expensive and time-consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect know-how than courts in the United States. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Failure to obtain or maintain intellectual property protection could adversely affect our competitive business position.

We may be dependent upon one of our licenses from Johns Hopkins to develop and commercialize some components of the ClearTrace system.

We have entered into exclusive license agreements with The Johns Hopkins University, or Johns Hopkins, with respect to a number of technologies owned by Johns Hopkins. Under one of those agreements, which we entered into in 1998, we licensed a number of technologies relating to devices, systems and methods for performing MRI-guided interventions, particularly MRI-guided cardiac ablation procedures. Therefore, that license is important to the development of the ClearTrace system. Without that license, we may not be able to commercialize some of the components of the ClearTrace system, when and if developed, subject to regulatory clearance or approval. Johns Hopkins has the right to terminate the license under specified circumstances, including a breach by us and failure to cure such breach. We are obligated to use commercially reasonable efforts to develop and commercialize products based on the licensed patents and patent applications. This obligation could require us to take actions related to the development of the ClearTrace system that we would otherwise not take.

Risks Related to Regulatory Compliance

We operate in a highly-regulated industry and any failure to comply with the extensive government regulations may subject us to fines, injunctions and other penalties that could harm our business.

We are subject to extensive regulation by the FDA and various other federal, state and foreign governmental authorities. Government regulations and foreign requirements specific to medical devices are wide ranging and govern, among other things:

- design, development and manufacturing;
- testing, labeling and storage;
- product safety;
- marketing, sales and distribution;
- premarket clearance or approval;
- recordkeeping procedures;

- advertising and promotions;
- recalls and field 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; and
- product export.

We are subject to ongoing FDA requirements, including: required submissions of safety and other post-market information; manufacturing facility registration and device listing requirements; compliance with FDA's medical device current Good Manufacturing Practice regulations, as codified in the Quality System Regulation, or QSR; requirements regarding field corrections and removals of our marketed products; reporting of adverse events and certain product malfunctions to the FDA; and numerous recordkeeping requirements. If we or any of our collaborators or suppliers fail to comply with applicable regulatory requirements, a regulatory agency may take action against us, including any of the following sanctions:

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

The FDA's and foreign regulatory agencies' statutes, regulations or policies may change, and additional government regulation or statutes may be enacted, which could increase post-approval regulatory requirements, or delay, suspend or prevent marketing of our products. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative or administrative action, either in the United States or abroad.

If we or our third-party suppliers fail to comply with the FDA's QSR or any applicable state equivalent, our manufacturing operations could be interrupted and our potential product sales and operating results could suffer.

We and some of our third-party suppliers are required to comply with the FDA's QSR, which covers the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products and product candidates. We and our suppliers will also be subject to the regulations of foreign jurisdictions regarding the manufacturing process to the extent we market our products in these jurisdictions. The FDA enforces the QSR through periodic and unannounced inspections of manufacturing facilities. Our facilities have not been inspected by the FDA for QSR compliance. We anticipate that we and certain of our third-party suppliers will be subject to future inspections. The failure by us or one of our third-party suppliers to comply with applicable statutes and regulations administered by the FDA and other regulatory bodies, or the failure to timely and adequately respond to any adverse inspectional observations, could result in enforcement actions against us, which could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers' demands. If we fail to comply with the FDA's QSR or any applicable state equivalent, we would be required to incur the costs and take the actions necessary to bring our operations into compliance, which may have a negative impact on our future sales and our ability to generate a profit.

Our products may in the future be subject to product recalls that could harm our reputation, business operating results and financial condition. Likewise, products that are manufactured and sold by third parties and that are needed for procedures in which physicians use our products also may be subject to recalls, which could adversely impact our business, operating results and financial condition.

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, manufacture or labeling. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. In addition, foreign governmental bodies have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. 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 could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our financial condition and results of operations. We may initiate certain voluntary recalls involving our products in the future. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. If we determine that certain of those recalls do not require notification to the FDA, the FDA may disagree with our determinations and require us to report those actions as recalls. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA could take enforcement actions against us, which could impair our ability to produce our products in a cost-effective and timely manner in order to meet our customers' demands. Regulatory investigations or product recalls could also result in our incurring substantial costs, losing revenues and implementing a change in the design, manufacturing process or the indications for which our products may be used, each of which would harm our business.

In addition, products that are manufactured and sold by other companies and that are needed for procedures in which physicians use our ClearPoint system also could become subject to a recall. Our ClearPoint system is designed to enable a range of minimally-invasive procedures in the brain. Those procedures involve insertion of a catheter, probe, electrode or other similar device into a target region of the brain, and most of those devices are manufactured and sold by other companies. Any of those devices may become the subject of a recall, whether required by the FDA or a foreign governmental body or initiated by the third party manufacturer. The shortage or absence of any of those devices in the marketplace could adversely impact the number of procedures performed by physicians using our ClearPoint system, which would adversely impact our financial condition and results of operations.

If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to Medical Device Reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under the FDA's Medical Device Reporting regulations, we are required to report to the FDA any incident in which our products may have caused or contributed to a death or serious injury or in which our products malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. In the future, we may experience events that may require reporting to the FDA pursuant to the medical device reporting regulations. In addition, all manufacturers placing medical devices in European Union markets are legally bound to report any serious or potentially serious incidents involving devices they produce or sell to the relevant authority in whose jurisdiction the incident occurred. 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, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results. In addition, failure to report such adverse events to appropriate government authorities on a timely basis, or at all, could result in an enforcement action against us.

We may incur significant liability if it is determined that we are promoting off-label uses of our products in violation of federal and state regulations in the United States or elsewhere.

We obtained 510(k) clearance of our ClearPoint system from the FDA for a general neurological intervention claim. This general neurological intervention indication is the same indication for use that applies to other devices that have traditionally been used in the performance of stereotactic neurological procedures. Unless and until we receive regulatory clearance or approval for use of our ClearPoint system in specific procedures, uses in procedures other than general neurological interventional procedures, such as biopsies and catheter and electrode insertions, may be considered off-label uses of our ClearPoint system.

Under the federal Food, Drug, and Cosmetic Act and other similar laws, we are prohibited from labeling or promoting our ClearPoint system, or training physicians, for such off-label uses. The FDA defines labeling to include not only the physical label attached to the product, but also items accompanying the product. This definition also includes items as diverse as materials that appear on a company's website. As a result, we are not permitted to promote off-label uses of our products, whether on our website, in product brochures or in customer communications. However, although manufacturers are not permitted to promote for off-label uses, in their practice of medicine, physicians may lawfully choose to use medical devices for off-label uses. Therefore, a physician could use our ClearPoint system for uses not covered by the cleared labeling.

The FDA and other regulatory agencies actively enforce regulations prohibiting promotion of off-label uses and the promotion of products for which marketing clearance or approval has not been obtained. If the FDA determines that our promotional materials or training constitutes promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of an untitled letter, warning letter, injunction, seizure, civil fine and criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged and market adoption of our products would be impaired. In addition, the off-label use of our products may increase the risk of injury to patients, and, in turn, the risk of product liability claims. Product liability claims are expensive to defend and could divert our management's attention and result in substantial damage awards against us.

We may be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws and regulations and could face substantial penalties if we are unable to fully comply with such laws.

Although we do not provide healthcare services or receive payments directly from Medicare, Medicaid or other third-party payors for our products or the procedures in which our products may be used, many state and federal healthcare laws and regulations governing financial relationships between medical device companies and healthcare providers apply to our business and we could be subject to enforcement by both the federal government, private whistleblowers and the states in which we conduct our business. The healthcare laws and regulations that may affect our ability to operate include:

- The federal healthcare programs' Anti-Kickback Statute, which prohibits, among other things, individuals or entities from knowingly and willfully soliciting, receiving, offering or providing any kickback, bribe or other remuneration, directly or indirectly, in exchange for or to induce the purchase, lease or order, or arranging for or recommending of, any item or service for which payment may be made 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 to Medicare, Medicaid or other federally-funded healthcare programs that are false or fraudulent, or are for items or services not provided as claimed, and which may apply to entities like us to the extent that our interactions with customers may affect their billing or coding practices. Changes to the federal false claims law enacted as part of the Affordable Care Act will likely increase the number of whistleblower cases brought against providers and suppliers of health care items and services.

- HIPAA, which, in addition to the Privacy and Security Rules normally associated with HIPAA, established new federal crimes for knowingly and willfully executing a scheme to defraud any healthcare benefit program or making false statements in connection with the delivery of or payment for healthcare benefits, items or services.

- State and foreign law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, and the Foreign Corrupt Practices Act, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, or when physicians are employees of a foreign government entity.

- The Affordable Care Act, which imposes certain reporting obligations on manufacturers of drugs, devices and biologics. Specifically, such manufacturers are required to report payments or other transfers of value to or on behalf of a physician or teaching hospital by such manufacturers, as well as any ownership or investment interest held by physicians in such manufacturers. On February 1, 2013, CMS issued the final rule to implement this so-called "Sunshine" provision of the Affordable Care Act. Under the final rule, we will be subject to the data collecting, reporting and public disclosure obligation. Data collecting obligations began on August 1, 2013, with reporting obligations beginning on March 31, 2014. Violations of the reporting requirements are subject to civil monetary penalties.

- The Affordable Care Act also grants the Office of Inspector General additional authority to obtain information from any individual or entity to validate claims for payment or to evaluate the economy, efficiency or effectiveness of the Medicare and Medicaid programs, expands the permissible exclusion authority to include any false statements or misrepresentations of material facts, enhances the civil monetary penalties for false statements or misrepresentation of material facts, and enhances the Federal Sentencing Guidelines for those convicted of federal healthcare offenses.

The medical device industry has been under heightened scrutiny as the subject of government investigations and government enforcement or private whistleblower actions under the Anti-Kickback Statute and the False Claims Act involving manufacturers who allegedly offered unlawful inducements to potential or existing customers in an attempt to procure their business, including specifically arrangements with physician consultants.

We may from time to time have agreements with physicians that could be scrutinized or could be subject to reporting requirements in the future, including consulting contracts in which we compensate physicians for various services, which could include:

- providing training and other similar services on the proper use of our products;

- advising us with respect to the commercialization of products in their respective fields;

- keeping us informed of new developments in their respective fields of practice;

- advising us on our research and development projects related to their respective fields;

- advising us on improvements to methods, processes and devices related to their respective fields (such as advice on the development of prototype devices); and

- assisting us with the technical evaluation of our methods, processes and devices related to their respective fields.

The Affordable Care Act mandates increased transparency of arrangements between physicians and medical device companies, which we expect will increase our overall cost of compliance. We believe that this increased transparency will also result in a heightened level of government scrutiny of the relationships between physicians and medical device companies. While we believe that all of our arrangements with physicians comply with applicable law, the increased level of scrutiny, coupled with the expanded enforcement tools available to the government under the Affordable Care Act, may increase the likelihood of a governmental investigation. If we become subject to such an investigation, our business and operations would be adversely affected even if we ultimately prevail because the cost of defending such investigation would be substantial. Moreover, companies subject to governmental investigations could lose both overall market value and market share during the course of the investigation.

In addition, we may provide customers with information on products that could be deemed to influence their coding or billing practices, and may have sales, marketing or other arrangements with hospitals and other providers that could also be the subject of scrutiny under these laws. 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 civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment or restructuring of our operations. Any penalties, damages, fines, exclusions, curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that many of these laws are broad and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If the physicians or other providers or entities with whom we do business are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on our business.

We may be subject to privacy and data protection laws governing the transmission, use, disclosure, security and privacy of health information which may impose restrictions on technologies and subject us to penalties if we are unable to fully comply with such laws.

Numerous federal, state and international laws and regulations govern the collection, use, disclosure, storage and transmission of patient-identifiable health information. These laws include:

- HIPAA and the Privacy and Security Rules promulgated thereunder apply to covered entities, which include most healthcare facilities that purchase and use our products. The HIPAA Privacy and Security Rules set forth minimum standards for safeguarding individually identifiable health information, impose certain requirements relating to the privacy, security and transmission of individually identifiable health information and provide certain rights to individuals with respect to that information. HIPAA also requires covered entities to contractually bind third parties, known as business associates, in the event that they perform an activity or service for or on behalf of the covered entity that involves access to patient identifiable health information.

- HITECH, which strengthens and expands the HIPAA Privacy and Security Rules and its restrictions on use and disclosure of patient identifiable health information, including imposing liability on business associates of covered entities.

- Both HITECH and most states have data breach laws that necessitate the notification in certain situations of a breach that compromises the privacy or security of personal information.

- Other federal and state laws restricting the use and protecting the privacy and security of patient information may apply, many of which are not preempted by HIPAA.

- Federal and state consumer protection laws are being applied increasingly by the United States Federal Trade Commission and state attorneys general to regulate the collection, use, storage and disclosure of personal or patient information, through websites or otherwise, and to regulate the presentation of website content.

- Other countries also have, or are developing, laws governing the collection, use and transmission of personal or patient information.

- Federal and state laws regulating the conduct of research with human subjects.

We are required to comply with federal and state laws governing the transmission, security and privacy of patient identifiable health information that we may obtain or have access to in connection with manufacture and sale of our products. We do not believe that we are a HIPAA-covered entity because we do not submit electronic claims to third-party payors, but there may be limited circumstances in which we may operate as a business associate to covered entities if we receive patient identifiable data through activities on behalf of a healthcare provider. We may be required to make costly system modifications to comply with the HIPAA privacy and security requirements that will be imposed on us contractually through business associate agreements by covered entities and directly under HITECH or HIPAA regulations. Our failure to comply may result in criminal and civil liability because the potential for enforcement action against business associates is now greater. Enforcement actions can be costly and interrupt regular operations which may adversely affect our business.

In addition, numerous other federal and state laws protect the confidentiality of patient information as well as employee personal information, including state medical privacy laws, state social security number protection laws, state data breach laws and federal and state consumer protection laws. These various laws in many cases are not preempted by the HIPAA rules and may be subject to varying interpretations by the courts and government agencies, creating complex compliance issues for us and our customers and potentially exposing us to additional expense, adverse publicity and liability. In connection with any clinical trials we conduct, we will be subject to state and federal privacy and human subject protection regulations. The HIPAA requirements and other human subjects research laws could create liability for us or increase our cost of doing business because we must depend on our research collaborators to comply with the applicable laws. We may adopt policies and procedures that facilitate our collaborators' compliance, and contractually require compliance, but we cannot ensure that non-employee collaborators or investigators will comply with applicable laws. As a result, unauthorized uses and disclosures of research subject information in violation of the law may occur. These violations may lead to sanctions that will adversely affect our business.

Risks Related to Facilities, Employees and Growth

We are dependent on our senior management team, sales and clinical support team and engineering team, and the loss of any of them could harm our business.

We are highly dependent on members of our senior management, in particular Kimble L. Jenkins, our Chief Executive Officer, President and Chairman of the Board of Directors. The loss of members of our senior management team, sales and clinical support team or engineering team, or our inability to attract or retain other qualified personnel, could have a material adverse effect on our business, financial condition and results of operations. We do not maintain key employee life insurance on any of our personnel other than for Mr. Jenkins. Although we have obtained key employee insurance covering Mr. Jenkins in the amount of $2,000,000, this would not fully compensate us for the loss of Mr. Jenkins' services.

We need to hire and retain additional qualified personnel to grow and manage our business. If we are unable to attract and retain qualified personnel, our business and growth could be seriously harmed.*

Our performance depends on the talents and efforts of our employees. Our future success will depend on our ability to attract, retain and motivate highly skilled personnel in all areas of our organization, but particularly as part of our sales, clinical support and marketing team. We plan to continue to grow our business and will need to hire additional personnel to support this growth. It is often difficult to hire and retain these persons, and we may be unable to replace key persons if they leave or fill new positions requiring key persons with appropriate experience. If we experience difficulties locating and hiring suitable personnel in the future, our growth may be hindered. Qualified individuals are in high demand, particularly in the medical device industry, and we may incur significant costs to attract and retain them. If we are unable to attract and retain the personnel we need to succeed, our business and growth could be harmed.

If we do not effectively manage our growth, we may be unable to successfully market and sell our products or develop our product candidates.*

Our future revenue and operating results will depend on our ability to manage the anticipated growth of our business. In order to achieve our business objectives, we must continue to grow. However, continued growth presents numerous challenges, including:

- expanding our sales, clinical support and marketing infrastructure and capabilities;
- expanding our assembly capacity and increasing production;
- implementing appropriate operational and financial systems and controls;
- improving our information systems;
- identifying, attracting and retaining qualified personnel in our areas of activity; and
- hiring, training, managing and supervising our personnel.

We cannot be certain that our systems, controls, infrastructure and personnel will be adequate to support our future operations. Any failure to effectively manage our growth could impede our ability to successfully develop, market and sell our products and our business will be harmed.

Our operations are vulnerable to interruption or loss due to natural disasters, power loss and other events beyond our control, which would adversely affect our business.

We will conduct a significant portion of our activities, including component processing, final assembly, packaging and distribution activities for our ClearPoint system, at a facility located in Irvine, California, which is a seismically active area that has experienced major earthquakes in the past, as well as other natural disasters, including wildfires. We have taken precautions to safeguard our facility, including obtaining business interruption insurance. However, any future natural disaster, such as an earthquake or a wildfire, could significantly disrupt our operations, and delay or prevent product assembly and shipment during the time required to repair, rebuild or replace our facility, which could be lengthy and result in significant expenses. Furthermore, the insurance coverage we maintain may not be adequate to cover our losses in any particular case or continue to be available at commercially reasonable rates and terms. In addition, our facility may be subject to shortages of electrical power, natural gas, water and other energy supplies. Any future shortage or conservation measure could disrupt our operations and cause expense, thus adversely affecting our business and financial results.

Risks Related to Our Shares of Common Stock

Our stock may be traded infrequently and in low volumes, so you may be unable to sell your shares at or near the quoted bid prices if you need to sell your shares.

The shares of our common stock may trade infrequently and in low volumes in the over-the-counter market, meaning that the number of persons interested in purchasing our common shares at or near bid prices at any given time may be relatively small or non-existent. This situation may be attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who can generate or influence sales volume. Even if we come to the attention of such institutionally oriented persons, they may be risk-averse in the current economic environment and could be reluctant to follow a company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our shares will develop or be sustained. Due to these conditions, we can give you no assurance that you will be able to sell your shares at or near bid prices or at all if you need money or otherwise desire to liquidate your shares. As a result, investors could lose all or part of their investment.

Our stock price is below $5.00 per share and is treated as a "penny stock", which places restrictions on broker-dealers recommending the stock for purchase.

Our common stock is defined as "penny stock" under the Exchange Act and its rules. The SEC has adopted regulations that define "penny stock" to include common stock that has a market price of less than $5.00 per share, subject to certain exceptions. These rules include the following requirements:

- a broker-dealer must deliver, prior to the transaction, a disclosure schedule prepared by the SEC relating to the penny stock market;
- a broker-dealers must disclose the commissions payable to the broker-dealer and its registered representative;
- a broker-dealers must disclose current quotations for the securities; and
- a broker-dealer must furnish its customers with monthly statements disclosing recent price information for all penny stocks held in the customer's account and information on the limited market in penny stocks.

Additional sales practice requirements are imposed on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and must have received the purchaser's written consent to the transaction prior to sale. If our common stock remains subject to these penny stock rules these disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for our common stock. As a result, fewer broker-dealers may be willing to make a market in our stock, which could affect a stockholder's ability to sell their shares.

Our common stock is traded in the over-the-counter market, and our stock price could be volatile.

Our common stock is currently traded in the over-the-counter market. The over-the-counter market lacks the credibility of established stock markets and is characterized by larger gaps between bid and ask prices. Stocks traded in the over-the-counter market have traditionally experienced significant price and volume fluctuations that often are unrelated or disproportionate to the operating performance of a company traded in such market. Regardless of our actual operating performance, the market price for our common stock may materially decline from time to time. There can be no assurance that you will be able to sell your stock at a time when the market price is greater than what you paid. If a large volume of our shares of common stock is posted for sale, it will likely cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that they may occur, may depress the market price of our common stock.*

As of April 30, 2014, almost all of our outstanding shares were freely transferable or could be publicly resold pursuant to Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned restricted securities for at least six months, including our affiliates, would be entitled to sell such securities, subject to the availability of current public information about the Company. A person who has not been our affiliate at any time during the three months preceding a sale, and who has beneficially owned his shares for at least one year, would be entitled under Rule 144 to sell such shares without regard to any limitations under Rule 144. Under Rule 144, sales by our affiliates are subject to volume limitations, manner of sale provisions and notice requirements. Any substantial sale of shares of our common stock may have an adverse effect on the market price of our common stock by creating an excessive supply. Likewise, the availability for sale of substantial amounts of our common stock could reduce the prevailing market price.

Our directors, executive officers and their respective affiliates have significant influence over our affairs and could delay or prevent a change in corporate control.*

As of April 30, 2014, our directors and executive officers, together with their affiliates, beneficially owned, in the aggregate, 20.3% of our common stock. As a result, these stockholders, acting together, have significant influence over the management and affairs of our Company. Accordingly, this concentration of ownership could have the effect of:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We have not paid dividends in the past and do not expect to pay dividends in the future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all future earnings for the operation and expansion of our business and, therefore, do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our Board of Directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payments of dividends present in any of our future debt agreements and other factors our Board of Directors may deem relevant. If we do not pay dividends, a return on your investment will only occur if our stock price appreciates.

Anti-takeover provisions in our certificate of incorporation, bylaws and Delaware law could prevent or delay a change in control of our company.

Provisions in our certificate of incorporation and bylaws, as well as provisions of Delaware law, may discourage, delay or prevent a merger, acquisition or change of control. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. These provisions:

- permit our Board of Directors to issue shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in our control;
- provide that the authorized number of directors may be changed only by resolution of the Board of Directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a stockholder's notice;
- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);
- provide that special meetings of our stockholders may be called only by the chairman of the Board of Directors, our Chief Executive Officer or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- provide that stockholders will be permitted to amend our bylaws only upon receiving at least 66 2/3% of the votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in broad range of business combinations with any stockholder who owns, or at any time in the last three years owned, 15% or more of our outstanding voting stock, for a period of three years following the date on which the stockholder became an interested stockholder. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy 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 could be an emerging growth company for up to five years, although we could lose that status sooner if our revenues exceed $1 billion, if we issue more than $1 billion in non-convertible debt in a three year period, or if the market value of our common stock held by non-affiliates exceeds $700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In January 2014, we issued 189,752 shares of common stock to a service provider in full payment and satisfaction of fees owed to the service provider in the amount of $332,068. We claimed exemption from registration under the Securities Act for the sale and issuance of such shares of common stock by virtue of Section 4(a)(2) of the Securities Act. The sale and issuance did not involve a public offering, and the purchaser was a sophisticated investor with access to all relevant information necessary to evaluate the investment.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

The exhibits listed in the accompanying Exhibit Index are filed, furnished or incorporated by reference as part of this Quarterly Report on Form 10-Q.

SIGNATURES

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

Date: May 13, 2014

MRI INTERVENTIONS, INC.

By: /s/ Kimble L. Jenkins
Kimble L. Jenkins
Chief Executive Officer
(Principal Executive Officer)

By: /s/ David W. Carlson
David W. Carlson
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation	10-Q	000-54575	3.1	May 11, 2012
3.2	Amended and Restated Bylaws	10-Q	000-54575	3.2	May 11, 2012
4.1	Reference is made to Exhibits 3.1 and 3.2				
4.2	Specimen of Common Stock Certificate	10	000-54575	4.2	February 9, 2012
4.3	Form of 12% Second-Priority Secured Non-Convertible Promissory Note Due 2019 issued in March 2014 private offering	8-K	000-54575	4.1	March 10, 2014
4.4	Form of Warrant to Purchase Common Stock issued in March 2014 private offering	8-K	000-54575	4.2	March 10, 2014
10.1†*	Development Agreement between MRI Interventions, Inc. and Siemens Medical Solutions USA, Inc.				
10.2†*	Asset Purchase Agreement dated March 19, 2014 between MRI Interventions, Inc. and Boston Scientific Neuromodulation Corporation				
10.3†*	Exclusive License Agreement dated March 19, 2014 between MRI Interventions, Inc. and Boston Scientific Neuromodulation Corporation				
10.4†*	Omnibus Amendment No. 1 to Technology License Agreement and Development Agreement dated March 19, 2014 between MRI Interventions, Inc. and Cardiac Pacemakers, Inc.				
10.5†*	Omnibus Amendment No. 4 to Technology License Agreement and System and Lead Development and Transfer Agreement dated March 19, 2014 between MRI Interventions, Inc. and Boston Scientific Neuromodulation Corporation				
10.6	Form of Securities Purchase Agreement from March 2014 private offering	8-K	000-54575	10.1	March 10, 2014
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934				
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934				
32+	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) Under the Securities Exchange Act of 1934 and Section 1350 of Chapter 60 of Title 18 of the United States Code				
101.INS**	XBRL Instance				
101.SCH**	XBRL Taxonomy Extension Schema				
101.CAL**	XBRL Taxonomy Extension Calculation				
101.DEF**	XBRL Taxonomy Extension Definition				
101.LAB**	XBRL Taxonomy Extension Labels				
101.PRE**	XBRL Taxonomy Extension Presentation				

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T adopted by the SEC, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under these sections.

\+ This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and it is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

† Confidential treatment requested under Rule 24b-2 under the Securities Exchange Act of 1934. The confidential portions of this exhibit have been omitted and are marked accordingly. The confidential portions have been filed separately with the Securities and Exchange Commission pursuant to the confidential treatment request.

EXHIBIT 10.1

Development Agreement

- "DEVELOPMENT AGREEMENT" -

by and between

MRI Interventions, Inc., a corporation duly organized and existing under the laws of the state of Delaware (USA) and having offices at Memphis, Tennessee (USA),

- hereinafter referred to as "MRI INTERVENTIONS" -

and

Siemens Medical Solutions USA, Inc.

- hereinafter referred to as "SIEMENS" -

- MRI INTERVENTIONS and SIEMENS hereinafter referred to individually as "PARTY" or collectively as "PARTIES" -

WHEREAS, on May 4, 2009 MRI INTERVENTIONS and Siemens AG Germany have concluded a Cooperation and Development Agreement (hereinafter referred to as "AGREEMENT"). The AGREEMENT defined a cooperation with the aim of developing a product combination that allows performing the treatment of cardiac arrhythmias by catheter mediated ablation and catheter mediated cardiac electrophysiological mapping procedure under simultaneous MR imaging for worldwide marketing and sales.

WHEREAS, in order to redefine their cooperation, MRI INTERVENTIONS and Siemens AG Germany have decided to terminate the AGREEMENT.

WHEREAS, such redefined cooperation is set forth in this DEVELOPMENT AGREEMENT. The aim of such cooperation is the development by SIEMENS of an interface as agreed in this DEVELOPMENT AGREEMENT in order to enable the connection of MRI INTERVENTIONS' catheters to the MAGNETOM SYSTEMS (as defined in Article 1 below); this would allow MRI INTERVENTIONS to sell their catheters for use with the MAGNETOM SYSTEMS after regulatory approval or clearance. As MRI INTERVENTIONS is SIEMENS' therapy partner of choice in the EXCLUSIVITY FIELD (as defined in Article 1 below), the PARTIES are interested in maintaining a defined scope of exclusivity as further described in this DEVELOPMENT AGREEMENT.

NOW, THEREFORE the PARTIES agree as follows:

Article 1 - DEFINITIONS

1.1 The term "HOST SW FEATURES" shall mean the software features developed by SIEMENS and/or its AFFILIATES under this DEVELOPMENT AGREEMENT as defined in Annex 1.

1.2 The term "EXCLUSIVITY FIELD" shall mean catheter-based treatment of cardiac arrhythmias featuring MR TRACKING under simultaneous MRI.

1.3 The term "MR TRACKING" shall mean a technology where [***].

1.4 The term "COMMERCIAL SOFTWARE" shall mean a user interface and workflow software tool to be developed by MRI INTERVENTIONS having functionality similar to EP FEATURES that, subject to appropriate regulatory approval or clearance, is intended for commercial use.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

1.5 The term “TEST DEVICES” shall mean test devices, phantoms or other test hardware which is necessary for SIEMENS to perform the WORK and which are listed in Annex 2.

1.6 The term “SIEMENS RIGHTS” shall mean IPR and know-how and other proprietary information that (i) are owned by SIEMENS or any of its AFFILIATES, (ii) are realized in the EP FEATURES and/or SOFTWARE FEATURES (including the capabilities of IFE that enable the EP FEATURES and/or the SOFTWARE FEATURES) and/or HOST SW FEATURES, and (iii) (A) to the extent realized in the SOFTWARE FEATURES, exist at the effective date of this DEVELOPMENT AGREEMENT and (B) to the extent realized in the EP FEATURES, exist at the effective date of this DEVELOPMENT AGREEMENT or are created at any time through the COMMERCIALIZATION TERM. For the avoidance of any doubt whatsoever, SIEMENS RIGHTS shall not include any rights with respect to any hardware, including, without limitation, catheters, guidewires, MR scanner, MR RF coils, MR gradient coils and other similar devices.

1.7 The term “MRI INTERVENTIONS RIGHTS” shall mean the IPR and know-how and other proprietary information that (i) are owned by MRI INTERVENTIONS, (ii) are realized in the EP FEATURES and/or SOFTWARE FEATURES (including the capabilities of IFE that enable the EP FEATURES and/or the SOFTWARE FEATURES), and/or HOST SW FEATURES, and (iii) (A) to the extent realized in the SOFTWARE FEATURES, exist at the effective date of this DEVELOPMENT AGREEMENT and (B) to the extent realized in the EP FEATURES, exist at the effective date of this DEVELOPMENT AGREEMENT or are created at any time through the COMMERCIALIZATION TERM. For the avoidance of any doubt whatsoever, MRI INTERVENTIONS RIGHTS shall not include any rights with respect to any hardware, including, without limitation, catheters, guidewires, MR scanner, MR RF coils, MR gradient coils and other similar devices.

1.8 The term “SOFTWARE FEATURES” shall mean the software features developed by or on behalf of Siemens AG Germany under the AGREEMENT.

1.9 The term “AFFILIATE” shall mean a corporation, company or other entity, now or hereafter, directly or indirectly, owned or controlled by, or owning or controlling, or under ownership or common control with, one of the PARTIES, but such corporation, company or other entity shall be deemed to be an AFFILIATE only so long as such ownership or control exists. For purposes of this definition "control" of a corporation, company or other entity shall mean to have, directly or indirectly, the power to direct or cause the direction of the management and policies of a corporation, company or other entity, whether (i) through the ownership of voting securities providing for the right to elect or appoint, directly or indirectly, the majority of the board of directors, or a similar managing authority, (ii) by contract or (iii) otherwise.

1.10 The term "RESULTS" means any and all methods, processes, know-how, proprietary information, trade secrets, technology, designs, digital codes, anonymized clinical data, software, inventions, innovations and improvements made by SIEMENS and/or, if applicable, any of its AFFILIATES during the performance of tasks within the WORK, whether or not protected or protectable by patents, patent applications and copyrights, as well as other forms of statutory protection rights.

1.11 The term “WORK” shall mean any and all works performed by SIEMENS, and/or, if applicable, any of its AFFILIATES, according to Article 3 and Article 4.

1.12 The term “IFE” shall mean the Siemens research user interface and workflow software for MR guided interventions commonly termed “interactive front end”.

1.13 The term “EP FEATURES” shall mean the dedicated EP features in IFE as described in Annex 4.

1.14 The term “DEVELOPMENT TERM” shall mean the period starting from the signing of this DEVELOPMENT AGREEMENT and ending on the European product release date, as Announced by SIEMENS or one of its AFFILIATES, of the HOST SW FEATURES for the VE11A AP.

“Announced” as used in this Section 1.14 and as used in Section 1.15 shall mean that the product has been added to the Siemens internal price book and that SIEMENS or one of its AFFILIATES has informed MRI INTERVENTIONS thereof by sending an email to the following email addresses: kjenkins@mriinterventions.com and othomas@mriinterventions.com (or such alternative email address(es) as MRI INTERVENTIONS may from time to time designate in writing to SIEMENS).

1.15 The term ”COMMERCIALIZATION TERM” shall mean a one (1) year period starting with the European product release date, as Announced by SIEMENS or one of its AFFILIATES, of the HOST SW FEATURES for the [***].

1.16 The term “POST-COMMERCIALIZATION TERM” shall mean a three (3) year period starting with the end of the COMMERCIALIZATION TERM.

1.17 The term “INFLUENCE TEST” shall mean the testing process that determines the influence of an external system on a MAGNETOM SYSTEM.

1.18 The term "IPR" means all patents, patent applications, as well as other forms of statutory protection rights and copyrights.

1.19 The term “CONFIDENTIAL INFORMATION” shall mean any information and data, including without limitation, any kind of business, commercial or technical information and data disclosed between the PARTIES in connection with the execution or performance of this DEVELOPMENT AGREEMENT, irrespective of the medium in which such information or data is embedded, which is – when disclosed in tangible form – marked “Confidential” by the disclosing PARTY or which is – when disclosed orally or visually – identified as such prior to disclosure and summarized in writing by the disclosing PARTY and said summary is given to the receiving PARTY within thirty (30) days after such disclosure marked “Confidential”. In case of disagreement, the receiving PARTY must present its objections to the summary in writing within thirty (30) days of receipt. Confidential Information shall include any copies or abstracts made thereof as well as any apparatus, modules, samples, prototypes or parts thereof.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

1.20 The term "EXCLUSIVITY PERIOD" shall mean the time between with the signing of this DEVELOPMENT AGREEMENT and the expiration of the POST-COMMERCIALIZATION TERM.

1.21 The term "MAGNETOM SYSTEMS" shall mean the Siemens [***].

1.22 The term "COMMERCIAL PARTY" shall mean a medical device company.

Article 2 - PROJECT SETUP

2.1 SIEMENS will, and if applicable will cause its AFFILIATES to, use reasonable efforts to conduct the WORK to be performed according to Articles 3 and 4. In the event SIEMENS realizes that the WORK under the first sentence of Section 3.1 cannot reasonably be performed according to the milestones, time schedules and/or development/testing plans, SIEMENS shall immediately inform MRI INTERVENTIONS thereof. The PARTIES shall then review the situation and mutually agree on changes with respect to the further performance of such WORK under this DEVELOPMENT AGREEMENT and modify this DEVELOPMENT AGREEMENT respectively; provided, however, that in no event shall there be an increase in the aggregate amount payable by MRI INTERVENTIONS pursuant to the first sentence of Section 5.1. In case, despite their best efforts, the PARTIES are not able to agree upon such changes within thirty (30) days after information of SIEMENS, each PARTY shall have the right, for a five (5) working-day period thereafter, to terminate this DEVELOPMENT AGREEMENT upon written notice to the other PARTY, in which case Sections 11.4 and 11.5 shall apply accordingly. Absent termination of this DEVELOPMENT pursuant the preceding sentence, MRI INTERVENTIONS shall be deemed to have accepted SIEMENS' changes with respect to the further performance of the WORK under the first sentence of Section 3.1.

2.2 SIEMENS shall be free to determine the locations where the WORK under this DEVELOPMENT AGREEMENT shall be performed and may subcontract parts of the WORK while ensuring that the work adheres to SIEMENS' product engineering quality processes.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Article 3 - DEVELOPMENT AND TEST OF HOST SW FEATURES

3.1 SIEMENS agrees to develop the HOST SW FEATURES on the MR host for the [***] software release for the MAGNETOM SYSTEMS. Thereafter, SIEMENS shall maintain the HOST SW FEATURES for the MAGNETOM SYSTEMS. Provided MRI INTERVENTIONS satisfies its obligation to pay for the development of the HOST SW FEATURES (as contemplated in Section 5.1 below), MRI INTERVENTIONS shall have the right to access and utilize with the COMMERCIAL SOFTWARE and other MRI guided interventions user interface and workflow software tools that may be developed from time to time, all capabilities of the HOST SW FEATURES, for any indication or use that, at any time and from time to time, is approved or cleared (or described in an Article 12 MDD certificate) according to applicable medical device law or that is otherwise permitted according to applicable medical device law. To the extent necessary under applicable medical device law, the PARTIES will conclude a separate agreement on the provision of an Article 12 MDD certificate for the use of the COMMERCIAL SOFTWARE in connection with the MAGNETOM SYSTEMS. Any testing necessary to issue the Article 12 MDD certificate shall be at MRI INTERVENTIONS costs. Sections 7.1 and 7.2 shall remain unaffected.

3.2 Only to the extent necessary (i) to achieve regulatory approval or clearance of the COMMERCIAL SOFTWARE or other MRI guided interventions software tools that will interface with the HOST SW FEATURES, (ii) for the issuance of an Article 12 MDD certificate mentioned in Section 3.1 hereinabove, or (iii) for MRI INTERVENTIONS' development of the COMMERCIAL SOFTWARE or such other software tools ("PURPOSE"), SIEMENS agrees to provide MRI INTERVENTIONS with documentation (e.g. regulatory release) of the HOST SW FEATURES that is available at SIEMENS or its AFFILIATES. For the avoidance of doubt, any documentation or other information provided by SIEMENS pursuant to this Section 3.2 shall be regarded as Confidential Information and shall only be used by MRI INTERVENTIONS for the PURPOSE and not be disclosed by MRI INTERVENTIONS to any third party without the prior written permission by SIEMENS.

3.3 MRI INTERVENTIONS shall provide two sets of TEST DEVICES for each field-strength (1.5T and 3T) at its own costs to SIEMENS. The PARTIES shall list the TEST DEVICES, the initial delivery locations and the delivery times in Annex 2 to be agreed between the PARTIES in writing and attached to this DEVELOPMENT AGREEMENT. The TEST DEVICES may only be used for the WORK performed by SIEMENS under Article 3 and 4 and shall be returned to MRI INTERVENTIONS at MRI INTERVENTIONS' costs within a reasonable time after completion of such WORK (or, if earlier, termination of this DEVELOPMENT AGREEMENT). For the avoidance of doubt, SIEMENS may ship to and use the TEST DEVICES at appropriate test locations, such as customer sites or other SIEMENS locations. Absent the gross negligence (or more culpable conduct) of SIEMENS or its AFFILIATES, SIEMENS shall not be liable for any damages to the TEST DEVICES; if requested by MRI INTERVENTIONS, SIEMENS shall provide adequate insurance for the TEST DEVICES at MRI INTERVENTIONS' costs. Until April 1, 2014 latest, both PARTIES may jointly agree on modifications or updates of the TEST DEVICES at MRI INTERVENTIONS' costs and the respective update of Annex 2.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

3.4 To support SIEMENS' development and testing of the HOST SW FEATURES, SIEMENS shall, at SIEMENS' own cost, develop the EP FEATURES compatible with [***]. For the avoidance of doubt, SIEMENS does not commit to provide a product release with regulatory clearance of the EP FEATURES. The PARTIES agree that, in contrast to the HOST SW FEATURES, this user interface software will not run on the MR host but on a separate computer.

3.5 During the development of the HOST SW FEATURES risks may be identified which need to be addressed by MRI INTERVENTIONS in their COMMERCIAL SOFTWARE. SIEMENS shall be obliged to communicate such risks in written documentation of the HOST SW FEATURES. MRI INTERVENTIONS shall be obliged to appropriately handle these risks.

3.6 SIEMENS shall cause its AFFILIATES to take any and all actions necessary to fulfill SIEMENS' obligations and to give MRI INTERVENTIONS the full benefit of its rights, set forth in Article 3.

Article 4 - SUPPORT AND TESTING FOR MRI INTERVENTIONS PRODUCTS

4.1 To support MRI INTERVENTIONS' development and testing of the COMMERCIAL SOFTWARE and corresponding devices, SIEMENS will release, at SIEMENS' own cost, (a) the [***] of the HOST SW FEATURES with European and US regulatory approvals only and (b) a compatible EP FEATURES user interface (without regulatory approval).

4.2 To support MRI INTERVENTIONS' development and testing of the COMMERCIAL SOFTWARE and at MRI INTERVENTIONS' cost, SIEMENS will provide MRI INTERVENTIONS until the end of the COMMERCIALIZATION TERM with (a) design documentation for the EP FEATURES and other SOFTWARE FEATURES, (b) the reasonable support as described in Annex 5 (provided that, upon the expiration of the COMMERCIALIZATION TERM, MRI INTERVENTIONS shall not be required to return to SIEMENS any of the items described in this Section 4.2 or set forth in Annex 5), provided that MRI INTERVENTIONS will not use these items for any other purposes than described in this DEVELOPMENT AGREEMENT and MRI INTERVENTIONS shall not disclose these items to any third party without the prior written permission by SIEMENS.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

4.3 SIEMENS will reserve and provide MRI INTERVENTIONS [***] dedicated to MRI INTERVENTIONS and exclusively for MRI INTERVENTIONS' use for the connection of their catheters with the MAGNETOM SYSTEMS.

4.4 At MRI INTERVENTIONS' cost, SIEMENS will, until the end of the COMMERCIALIZATION TERM, provide MRI INTERVENTIONS with information, instructions, specifications and test procedures in order to reasonably support MRI INTERVENTIONS with the connection of its catheters to the MAGNETOM SYSTEMS. For the avoidance of doubt, any information, instructions, specifications and test procedures provided by SIEMENS pursuant to this Section 4.4 shall be regarded as Confidential Information and shall not be disclosed by MRI INTERVENTIONS to any third party without the prior written permission by SIEMENS.

To the extent MRI INTERVENTIONS needs to obtain any hardware components (i.e. [***]) in order to connect its catheters to the MAGNETOM SYSTEMS, SIEMENS shall sell such components to MRI INTERVENTIONS on SIEMENS' standard terms or otherwise provide assistance to MRI INTERVENTIONS in sourcing those components.

The purpose of the foregoing is [***]. Any further support, if any, and contractual conditions under which SIEMENS performs such further support shall be agreed in a separate written agreement.

In addition to the foregoing, MRI INTERVENTIONS also may, at its own cost, work with a third party to obtain [***], provided that SIEMENS has given its prior written approval (such approval not to be unreasonably withheld, delayed or conditioned). However, the PARTIES agree that MRI INTERVENTIONS may not disclose any CONFIDENTIAL INFORMATION or any other information or loaned items provided by SIEMENS to any third party without prior written approval from SIEMENS.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

4.5 If and to the extent mutually agreed between the PARTIES in a separate agreement SIEMENS will support MRI INTERVENTIONS at MRI INTERVENTIONS' costs in INFLUENCE TESTING with information, access to experts and scanner time for

MAGNETOM SYSTEMS. For the avoidance of doubt, neither PARTY shall be obligated to conclude such an agreement.

4.6 SIEMENS agrees to maintain technical compatibility of the HOST SW FEATURES (for the MAGNETOM SYSTEMS) with the COMMERCIAL SOFTWARE for the term of this DEVELOPMENT AGREEMENT. The PARTIES agree that the COMMERCIAL SOFTWARE shall run on a separate host computer and not on the Siemens MRI system host.

4.7 SIEMENS shall cause its AFFILIATES to take any and all actions necessary to fulfill SIEMENS' obligations, and to give MRI INTERVENTIONS the full benefit of the rights, set forth in Article 4.

4.8 The PARTIES agree that MRI INTERVENTIONS shall be responsible for any damages caused by the combined use of MRI INTERVENTIONS' catheters with a MAGNETOM SYSTEM and shall indemnify SIEMENS of any third party claims, including legal fees, resulting therefrom. Any further details shall be agreed between the PARTIES in writing.

Article 5 - PAYMENT

5.1 MRI INTERVENTIONS shall pay to SIEMENS the one-time sum of US$[***], plus any and all applicable sales taxes as required by law, for the portion of the WORK performed by SIEMENS according to Section 3.1. SIEMENS will invoice these costs according to Annex 3.

In addition MRI INVERVENTIONS shall

a) pay to SIEMENS on a time and material basis the costs necessary to perform the support mentioned under Section 4.2 and Section 4.4;

b) reimburse SIEMENS any costs for scanning time at US sites requested by MRI INTERVENTIONS (for MRI INTERVENTIONS' testing) and paid for by SIEMENS;

these costs, plus any and all applicable sales taxes as required by law, will be invoiced by SIEMENS on a quarterly basis.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

5.2 Payment shall be due within 30 days after issuance of an invoice by SIEMENS.

Article 6 - BACKGROUND RIGHTS

6.1 To the extent MRI INTERVENTIONS is not prevented from doing so under pre-existing agreements, SIEMENS shall have a non-exclusive, non-transferable right to use the MRI INTERVENTIONS RIGHTS in order to develop, manufacture, import, offer for sale, market, sell, lease or otherwise distribute or exploit the SOFTWARE FEATURES and HOST SW FEATURES and/or any other software developed by or on behalf of SIEMENS and/or any of its AFFILIATES

(i) during the EXCLUSIVITY PERIOD within the EXCLUSIVITY FIELD (in each case notwithstanding a termination pursuant to Section 9.9 below), solely for use with MRI INTERVENTIONS' catheters

(ii) after the EXCLUSIVITY PERIOD or outside the EXCLUSIVITY FIELD, also for use with other catheters

Such right shall be sublicensable only to SIEMENS' AFFILIATES and third party contractors with which SIEMENS or its AFFILIATES has contracted to provide software development services on behalf of SIEMENS or its AFFILIATES.

6.2 To the extent SIEMENS and/or any of its AFFILIATES is not prevented from doing so under pre-existing agreements, MRI INTERVENTIONS shall have a non-exclusive, non-transferable right to use the SIEMENS RIGHTS in order to develop, manufacture, import, offer for sale, market, sell, lease or otherwise distribute or exploit COMMERCIAL SOFTWARE and/or other software developed by or on behalf of MRI INTERVENTIONS and/or any of its AFFILIATES

(i) during the EXCLUSIVITY PERIOD within the EXCLUSIVITY FIELD (in each case notwithstanding a termination pursuant to Section 9.9 below), solely for use with Siemens MRI systems

(ii) after the EXCLUSIVITY PERIOD or outside the EXCLUSIVITY FIELD, also for use with other MRI systems.

Such right shall be sublicensable only to MRI INTERVENTIONS AFFILIATES and third party contractors with which MRI INTERVENTIONS or its AFFILIATES has contracted to provide software development services on behalf of MRI INTERVENTIONS or its AFFILIATES. SIEMENS shall cause its AFFILIATES to take such actions which are reasonably necessary to give MRI INTERVENTIONS the full benefit of the right described in this Section 6.2 with respect to SIEMENS RIGHTS owned by such AFFILIATES.

6.3 No implied right or license is granted hereunder by either PARTY to any third party.

6.4 Neither PARTY represents, warrants or guarantees that the other PARTY may develop, manufacture, import, offer for sale, market, sell, lease or otherwise distribute or exploit (hereinafter "USE") the SOFTWARE FEATURES, HOST SW FEATURES or the COMMERCIAL SOFTWARE without infringing third party rights. Therefore each PARTY is under a duty to verify itself whether its USE of the SOFTWARE FEATURES, HOST SW FEATURES or COMMERCIAL SOFTWARE conflicts with third party rights, including but not limited to industrial or intellectual property rights.

Article 7 - RIGHTS UNDER RESULTS

7.1 The RESULTS shall upon their generation become the sole and unlimited property of SIEMENS. In case the RESULTS consist of inventions, SIEMENS shall have therefore the exclusive right, at its cost and expense, to seek at its own discretion and in its own name – in accordance with the applicable legal regulations – for IPR in any desired country, and to continue or to waive these patents, patent applications and copyrights, as well as other forms of statutory protection rights.

In case the RESULTS are protected by copyrights, SIEMENS shall have the transferable, perpetual, worldwide and exclusive right to use, have used or sublicense such copyrights for all types of use, in unmodified or modified form. The types of use include in particular – but are not limited to – the reproduction, distribution, exhibition, public oral presentation, performance and broadcasting of these RESULTS.

MRI INTERVENTIONS shall have no rights to use the RESULTS except as contemplated under this DEVELOPMENT AGREEMENT.

7.2 For the avoidance of any doubt, in no event shall the COMMERCIAL SOFTWARE constitute RESULTS. The COMMERCIAL SOFTWARE shall be owned by MRI INTERVENTIONS. Any and all methods, processes, know-how, proprietary information, trade secrets, technology, designs, digital codes, anonymized clinical data, software, inventions, innovations and improvements made by MRI INTERVENTIONS in the development of the COMMERCIAL SOFTWARE, whether or not protected or protectable by patents, patent applications and copyrights, as well as other forms of statutory protection rights, shall upon their generation become the sole and unlimited property of MRI INTERVENTIONS.

SIEMENS shall have no rights to use the COMMERCIAL SOFTWARE except as contemplated under this DEVELOPMENT AGREEMENT.

Article 8 - LIABILITY

8.1 SIEMENS does not represent, warrant or guarantee that the SOFTWARE FEATURES, HOST SW FEATURES mentioned under Article 3, [***] or any other deliverables or services performed by SIEMENS and/ or its AFFILIATES under this DEVELOPMENT AGREEMENT are free from third party rights, including but not limited to industrial or intellectual property rights or that they are fit for a specific purpose; any malfunction related to HOST SW FEATURES will be rectified by SIEMENS according to the SIEMENS internal product development process.

8.2 In case SIEMENS does not meet the dates and deadlines agreed in this DEVELOPMENT AGREEMENT and provided that SIEMENS has received from MRI INTERVENTIONS the requested TEST DEVICES and other necessary information as well as the agreed payments on time and only if MRI INTERVENTIONS has fulfilled the conditions and duties to assist under this DEVELOPMENT AGREEMENT on time or if no date has been agreed, upon reasonable request without undue delay SIEMENS shall not be relieved from its obligations but the periods shall be extended according to SIEMENS product development process.

8.3 In no event shall SIEMENS liability hereunder exceed the actual loss or damage sustained by MRI INTERVENTIONS, up to the amount of the contract value; provided, however, that the foregoing limitation of liability shall not apply to (i) claims for bodily injury or death or damages to real property or tangible personal property to the extent arising from SIEMENS' negligence or a product defect, or (ii) cases of willful misconduct or gross negligence, or (iii) Siemens breach of the exclusivity provisions in Article 9.2 or (iv) Siemens financial obligations described in Article 11.5.

8.4 Neither PARTY shall be liable to the other PARTY for any loss of use, revenue or anticipated profits; cost of substitute products or services; loss of stored or transmitted or recorded data; or for any indirect, incidental, unforeseen, special, punitive or consequential damages whether based on contract, tort (including negligence), strict liability or any other theory or form of action, even if the other PARTY has been advised of the possibility thereof, arising out of or in connection with this DEVELOPMENT AGREEMENT. The foregoing is a separate, essential term of this DEVELOPMENT AGREEMENT and shall be effective upon failure of any remedy, exclusive or not.

8.5 Notwithstanding any provision herein to the contrary, each PARTY hereby agrees and confirms that, in addition to any other remedies which may be available under this DEVELOPMENT AGREMEENT or at law or in equity, each PARTY will have the right to have all obligations, undertakings, covenants and other provisions of this DEVELOPMENT AGREMEENT specifically performed and will have the right to seek preliminary and permanent injunctive relief to secure specific performance and to prevent a breach or contemplated breach of this DEVELOPMENT AGREEMENT.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Article 9 - EXCLUSIVITY

9.1 MRI INTERVENTIONS intends to commercialize (i.e., to sale, distribute and hold on the market as well as perform reasonable marketing for) the COMMERCIAL SOFTWARE within the European Union and the US.

9.2 Provided that MRI INTERVENTIONS releases the COMMERCIAL SOFTWARE and active catheters within the European Union and/ or the US by the later to occur of (i) [***] after the end of the COMMERCIALIZATION TERM or (ii) [***], SIEMENS shall not, and shall not permit any of its AFFILIATES to, during the EXCLUSIVITY PERIOD within the EXCLUSIVITY FIELD

9.2.1 provide [***] or any other physical connection for catheters for commercial use to (or for the benefit of) any COMMERCIAL PARTY other than MRI INTERVENTIONS (for avoidance of any doubt, the term "commercial use" shall include, but is not limited to, use in a clinical study or trial, if the data from such study or trial will be used to seek any approval or clearance under applicable medical device law)

9.2.2 optimize MR TRACKING methods within the HOST SW FEATURES (e.g. using cross correlation algorithms) for catheters other than MRI INTERVENTIONS' catheters

9.2.3 make available research prototypes ([***]) with MR TRACKING to support the development efforts of any COMMERCIAL PARTY other than MRI INTERVENTIONS, or provide such research prototypes to any site using active catheters from a COMMERCIAL PARTY other than MRI INTERVENTIONS

9.2.4 OEM supply any COMMERCIAL PARTY other than MRI INTERVENTIONS with [***], or, except in MRI INTERVENTIONS' case, permit SIEMENS' [***]to be used in combination with a COMMERCIAL PARTY'S active catheters for commercial use

9.2.5 provide the EP FEATURES to any COMMERCIAL PARTY or to any site that is using active catheters from a COMMERCIAL PARTY other than MRI INTERVENTIONS

9.2.6 designate or refer to any other party as an MRI therapy partner of choice (or the equivalent thereof) in the EXCLUSIVITY FIELD

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

9.2.7 enter into a co-marketing, co-promotion or other similar agreement or relationship with, or otherwise provide marketing or promotional support for, any COMMERCIAL PARTY other than MRI INTERVENTIONS

9.2.8 create or maintain a scientific advisory board (or the equivalent thereof) with any COMMERCIAL PARTY other than MRI INTERVENTIONS

SIEMENS shall cause its AFFILIATES to take any and all actions necessary to fulfill SIEMENS" obligations, and to give MRI INTERVENTIONS the full benefit of the rights, set forth in this Section 9.2.

9.3 The intent of the foregoing is for MRI INTERVENTIONS to have the exclusive right to commercialize MRI-guided catheter-based cardiac electrophysiology with active device tracking, for a commercially relevant period of time. For the sake of clarity, SIEMENS may, subject to the provisions of Section 6.1

9.3.1 provide [***] or any other physical connection for active catheters in the EXCLUSIVITY FIELD for research projects, provided that "research projects" shall not include any clinical study or trial if the data from such study or trial will be used to seek any approval or clearance under applicable medical device law

9.3.2 provide catheter-based treatment of cardiac arrhythmias not featuring MR TRACKING, whether for commercial and non-commercial use

9.3.3 provide any party that part of the IFE that does not include the EP FEATURES, whether for commercial and non-commercial use

9.4 [***]

9.5 In case MRI INTERVENTIONS does not fulfill its obligations under this DEVELOPMENT AGREEMENT and provided that SIEMENS (i) has made MRI INTERVENTIONS aware thereof, (ii) has given MRI INTERVENTIONS a grace period of sixty (60) days to rectify this default, and (iii) has fulfilled its obligations under this DEVELOPMENT AGREEMENT, SIEMENS may terminate the provisions set forth in this Article 9 by giving written notice to MRI INTERVENTIONS, provided such written notice is given within ten (10) days after the expiration of the 60-day grace period.

9.6 Once its active catheters and COMMERCIAL SOFTWARE are commercially available in a particular jurisdiction, MRI INTERVENTIONS shall maintain such commercial availability in order to meet the market demand on the MAGNETOM SYSTEMS in that jurisdiction. In the event MRI INTERVENTIONS fails to maintain such commercial availability, and such failure is not caused by SIEMENS' acts or omissions or by a force majeure event, then SIEMENS shall have the right to terminate the provisions of this Article 9 with respect to that particular jurisdiction only.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

9.7 Upon MRI INTERVENTIONS' reasonable request from time to time, SIEMENS shall provide MRI INTERVENTIONS with a list of all sites to which SIEMENS or any of its AFFILIATES has provided (i) a research prototype ([***]) with MR TRACKING, and/or (ii) the EP FEATURES.

9.8 MRI INTERVENTIONS shall not, and shall not permit any of its AFFILIATES to, during the EXCLUSIVITY PERIOD within the EXCLUSIVITY FIELD, provide to (or for the benefit of) any third party active catheters featuring MR TRACKING for commercial use that are intended to be used with a non-Siemens MRI system (for avoidance of any doubt, the term "commercial use" shall include, but is not limited to, use in a clinical study or trial, if the data from such study or trial will be used to seek any approval or clearance under applicable medical device law).

For the sake of clarity, MRI INTERVENTIONS may, subject to the provisions of Section 6.2, (i) sell or otherwise provide active catheters in the EXCLUSIVITY FIELD for research projects, provided that "research projects" shall not include any clinical study or trial if the data from such study or trial will be used to seek any approval or clearance under applicable medical device law; and (ii) provide active catheters outside the EXCLUSIVITY FIELD, whether for commercial and non-commercial use.

9.9 Either PARTY may terminate the provisions set forth in this Article 9 by giving written notice to the other PARTY within thirty (30) days after

(i) [***] after the end of the COMMERCIALIZATION TERM, or

(ii) [***] after the end of the COMMERCIALIZATION TERM

In case SIEMENS terminates the provisions set forth in this Article 9 according to this Section 9.9, (i) SIEMENS shall pay to MRI INTERVENTIONS an amount of [***] USD in the event SIEMENS terminates within the thirty (30) day period after [***] after the end of the COMMERCIALIZATION TERM, and (ii) SIEMENS shall pay to MRI INTERVENTIONS an amount of [***] USD in the event SIEMENS terminates within the thirty (30) day period after [***] after the end of the COMMERCIALIZATION TERM. In the event a PARTY gives notice of termination outside the time periods set forth above, such notice shall have no force or effect.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Article 10 - OEM SUPPLY AGREEMENT, CO-MARKETING AGREEMENT

The PARTIES intent to enter into good faith discussions with regard to the conclusion of (i) an OEM-supply agreement (for supply of [***] and further components), which also addresses quality management and service obligations and (ii) a Co-Marketing agreement. For the sake of clarity, any supply of [***]and other components, the provision of services, the quality management and the co-marketing shall be expressly subject to said OEM-supply agreement and Co-Marketing agreement and no PARTY shall be obligated to conclude such agreements.

Article 11 - TERM

11.1 This DEVELOPMENT AGREEMENT shall come into force upon signing by both PARTIES and shall be valid until the expiration of the POST-COMMERCIALIZATION TERM, unless earlier terminated as provided herein.

11.2 Termination shall be made in writing.

11.3 This DEVELOPMENT AGREEMENT may be terminated by either PARTY at any time upon giving not less than ninety (90) days prior written notice to the other PARTY if the other PARTY substantially defaults in the performance of this DEVELOPMENT AGREEMENT and does not remedy the default within the 90-day period following such written notice.

11.4 Upon termination of this DEVELOPMENT AGREEMENT SIEMENS shall make a final invoice for the WORK performed but not already paid by MRI INTERVENTIONS.

11.5 Notwithstanding the foregoing, in case SIEMENS terminates this DEVELOPMENT AGREEMENT according to Section 2.1, SIEMENS shall pay to MRI INTERVENTIONS an amount equal to the sum of [***] within 45 calendar days after the termination.

11.6 Articles 6 through 8, Sections 11.4 and 11.5 (to the extent applicable), this Section 11.6, and Articles 12 through 14 shall remain unaffected and kept in full force even after expiration or termination of this DEVELOPMENT AGREEMENT. In addition, if European product release of the HOST SW FEATURES has already occurred at the time of termination, then the second through fifth sentences of Section 3.1 and Section 3.6 (to the extent applicable to Section 3.1) shall also remain unaffected and kept in full force even after expiration or termination of this DEVELOPMENT AGREEMENT; provided, however, that SIEMENS shall not be obligated to conclude any agreement on the provision of an Article 12 MDD certificate as contemplated in Section 3.1, or to perform any testing in connection therewith, unless the termination resulted from SIEMENS' default in the performance of this DEVELOPMENT AGREEMENT.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Article 12 - CONFIDENTIALITY

12.1 Each PARTY will maintain CONFIDENTIAL INFORMATION received by the other PARTY in confidence and will use such CONFIDENTIAL INFORMATION solely for the purposes of this DEVELOPMENT AGREEMENT, provided, however, that such PARTY may disclose such information to its officers, AFFILIATES, and those of its employees and subcontractors who need to know it for the purposes of this DEVELOPMENT AGREEMENT. Each PARTY shall impose on its officers, AFFILIATES, and its employees and subcontractors obligations no less stringent than such PARTY'S confidentiality obligations under this DEVELOPMENT AGREEMENT, and each PARTY will be responsible for any violation of such PARTY's confidentiality obligations under this DEVELOPMENT AGREEMENT by any of its officers, AFFILIATES, employees or subcontractors.

12.2 Neither PARTY shall be liable for disclosure and/or any use of CONFIDENTIAL INFORMATION as described in Section 12.1 above insofar as such information

12.2.1 is in, or becomes part of, the public domain other than through a breach of this DEVELOPMENT AGREEMENT by such PARTY or such PARTY's officers, AFFILIATES, employees or subcontractors;

12.2.2 is already known to such PARTY at or before the time it receives the same from the other PARTY or is disclosed to such PARTY by a third party as a matter of right;

12.2.3 is lawfully obtained by the receiving PARTY from a third party without an obligation of confidentiality;

12.2.4 is independently developed by such PARTY without the benefit of CONFIDENTIAL INFORMATION received from the other PARTY, unless received under the exceptions set out in this Section 12.2

12.2.5 is required to be disclosed by any ruling of a governmental or regulatory authority or court or by mandatory law, provided that written notice of such ruling is given without undue delay to the disclosing PARTY so as to give the disclosing PARTY an opportunity to intervene or

12.2.6 is disclosed and/or used by such PARTY with the prior written consent of the other PARTY.

Article 13 - SUBSTANTIVE LAW

This DEVELOPMENT AGREEMENT shall be governed by the laws of the Commonwealth of Pennsylvania. Each of the PARTIES expressly waives all rights to a jury trial in connection with any dispute under this DEVELOPMENT AGREEMENT.

Article 14 - Miscellaneous

14.1 SIEMENS acknowledges that MRI INTERVENTIONS has certain public disclosure obligations with respect to this DEVELOPMENT AGREEMENT that are imposed by US securities laws and the rules and regulations of the US Securities and Exchange Commission promulgated thereunder, to the extent they are mandatory. Nevertheless, MRI INTERVENTIONS will provide SIEMENS prior to any public disclosure the documents it intends to disclose to give SIEMENS the possibility to review and suggest amendments to protect its CONFIDENTIAL INFORMATION.

14.2 If any term or provision of this DEVELOPMENT AGREEMENT is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability does not affect any other term or provision of this DEVELOPMENT AGREEMENT or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon a final determination that any term or provision is invalid, illegal or unenforceable, the PARTIES will negotiate in good faith to modify this DEVELOPMENT AGREEMENT to effect the original intent of the PARTIES as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

14.3 The PARTIES shall abide by the applicable export license regulations of the respective country(ies).

MRI Interventions, Inc.

Place, Date: 21 Feb 2014

Memphis, TN USA

/s/ Kimble Jenkins

Name:

Kimble Jenkins
(Print)

Title:

CEO

/s/ Oscar Thomas

Name:

Oscar Thomas
(Print)

Title:

VP, Business Affairs

Siemens Medical Solutions USA, Inc.

Place, Date: 20 Feb 2014

Malvern, PA USA

/s/ Gregory Sorensen, MD

Name:

Gregory Sorenson, MD
(Print)

Title:

President and CEO

/s/ Christine H. Lorenz, PhD

Name:

Christine H. Lorenz, PhD
(Print)

Title:

VP Collaborations (Acting)

Annex 1: HOST SW FEATURES

SIEMENS shall develop the following HOST SW FEATURES to support the aim identified in the Preamble.

[***]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Annex 2: TEST DEVICES

[To be agreed between the PARTIES]

Annex 3: MILESTONE PLAN AND PAYMENT OF COSTS
[***]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

CONFIDENTIAL

Annex 4: EP FEATURES

[***]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Annex 5: SUPPORT WITH DEVELOPMENT OF COMMERCIAL SOFTWARE

[***]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

CONFIDENTIAL

EXHIBIT 10.2

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this "Agreement"), is dated as of the 19th day of March, 2014, by and between (i) **BOSTON SCIENTIFIC NEUROMODULATION CORPORATION**, a Delaware corporation ("Purchaser"), and (ii) **MRI INTERVENTIONS, INC.**, a Delaware corporation ("Seller"). Boston Scientific Corporation, a Delaware corporation ("BSC"), and Cardiac Pacemakers, Inc., a Minnesota corporation ("CPI"), both of which are Affiliates of Purchaser, join in the execution of this Agreement for the limited purposes set forth below. Certain capitalized terms used herein are defined in Section 7.2 hereof.

WHEREAS, Purchaser wishes to purchase, and Seller wishes to sell, certain of Seller's intellectual property assets, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein, Purchaser and Seller agree as follows:

ARTICLE I
PURCHASE AND SALE OF ASSETS

1.1 Sale and Purchase of Assets. On the terms and subject to the conditions and other provisions set forth in this Agreement, at the Closing, Seller shall sell, transfer, convey, assign and deliver to Purchaser, and Purchaser shall purchase from Seller, all of Seller's right, title and interest in and to all of the following intellectual property or proprietary rights (the "Transferred Intellectual Property"):

(i) United States patent application [***] entitled [***] and the patent issuing therefrom;

(ii) United States patent application [***] entitled [***] and the patent issuing therefrom;

(iii) all foreign patent applications, and the patents issuing therefrom, corresponding to the intellectual property set forth in foregoing clauses (i) and (ii);

(iv) any and all related United States and foreign provisionals, continuations, divisions, continuations-in-part, extensions, renewals, reissues, revivals, reexaminations and extensions thereof, any national phase PCT applications, any PCT international applications, and all foreign counterparts, and any and all patents issuing therefrom, corresponding to the intellectual property set forth in foregoing clauses (i), (ii) and (iii); and

(v) all remedies against infringements of the intellectual property set forth in foregoing clauses (i), (ii), (iii) and (iv), rights to protection of interests therein, all income, royalties and payments receivable in respect thereof, and all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind with respect thereto (including all damages and payments for past, present or future infringement or misappropriation of such intellectual property, the right to sue and recover for past infringements or misappropriations of such intellectual property, and any and all corresponding rights that have been, now or hereafter may be secured throughout the world with respect to any such intellectual property).

The Transferred Intellectual Property described in the foregoing clauses (i), (ii), (iii) and (iv) includes the intellectual property listed on Schedule 1.1 hereto.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

1.2 Assumption of Liabilities. Purchaser is not assuming (and nothing in this Agreement shall be construed as causing or requiring Purchaser to assume), and will not be liable for, any debts, liabilities, payables, commitments, and/or obligations of any kind or nature whatsoever of Seller, whether absolute or contingent, liquidated or unliquidated, secured or unsecured, and whether or not accrued, matured, known or suspected, or related to or arising from the Transferred Intellectual Property, and whether existing on or arising after the Closing Date or, regardless of when asserted, related to periods prior to the Closing Date (all of such liabilities, the "Retained Liabilities"). Seller shall remain fully and solely liable with respect to all of the Retained Liabilities. For the avoidance of doubt, Retained Liabilities shall not include patent prosecution and maintenance costs, expenses and fees related to the Transferred Intellectual Property ("Patent Prosecution Costs"), whether arising prior to the Closing Date under the BSN Agreements or CPI Agreements or arising after the Closing Date. Purchaser and its Affiliates shall be, and shall remain, responsible for such Patent Prosecution Costs.

1.3 Purchaser License Agreement. The Transferred Intellectual Property described in clauses (i) – (iv) in Section 1.1 above will be subject to a license to be granted by Purchaser to Seller pursuant to a Purchaser License Agreement, in substantially the form attached hereto as Exhibit A, limited to the field described in such Purchaser License Agreement.

1.4 Closing Date Consideration. The purchase price for the Transferred Intellectual Property (the "Purchase Price") shall be Four Million Three Hundred Thirty Eight Thousand Six Hundred One and 24/100 Dollars ($4,338,601.24). The Purchase Price shall be paid at Closing, in consideration for the sale of the Transferred Intellectual Property to Purchaser and subject to the terms and conditions set forth herein, by cancellation of all obligations owing by Seller to BSC pursuant to (i) the Amended and Restated Secured Convertible Promissory Note dated October 16, 2009 and restated February 2, 2012 in the principal amount of $2,492,931.51, (ii) the Amended and Restated Secured Convertible Promissory Note dated November 17, 2009 and restated February 2, 2012 in the principal amount of $926,893.15 and (iii) the Amended and Restated Secured Convertible Promissory Note dated December 18, 2009 and restated February 2, 2012 in the principal amount of $918,776.58 (collectively, the "Notes"). Accordingly, upon the Closing, all of Seller's obligations under the Notes shall be cancelled.

1.5 Release and Discharge of Liens. Upon the Closing, all encumbrances and liens on, all pledges of, and all security interests in, any and all assets, properties and rights of Seller securing Seller's obligations under the Notes (the "BSC Liens") shall be released and discharged in all respects.

1.6 Transfer Documents. At the Closing, Purchaser and Seller will enter into the following additional agreements (the "Transfer Documents"):

(a) an Assignment of Patents and Patent Applications, in substantially the form attached hereto as Exhibit B; and

(b) a Bill of Sale and Assignment, in substantially the form attached hereto as Exhibit C.

1.7 Amendments. At the Closing, Seller and each of Purchaser and CPI, as applicable, will enter into the following additional agreements (the "Amendments") pursuant to which (i) all payment obligations by Purchaser and CPI to Seller pursuant to the BSN Agreements or the CPI Agreements shall be cancelled, except to the extent required under Seller's pre-existing licenses from The Johns Hopkins University and (ii) the licenses granted by Seller to each of Purchaser and CPI as applicable, shall be royalty- and milestone-free with respect to licensed technology owned or controlled by Seller (subject to such licenses from The Johns Hopkins University):

(a) an Amendment to the CPI Agreements, in substantially the form attached hereto as Exhibit D; and

(b) an Amendment to the BSN Agreements, in substantially the form attached hereto as Exhibit E.

1.8 Closing. The closing of the sale of the Transferred Intellectual Property to Purchaser and the related transactions contemplated by this Agreement (the "Closing") shall be held at the offices of Latham & Watkins LLP, 200 Clarendon Street, Boston, Massachusetts (or such other manner, date, time or place as the parties may agree, including remotely via the exchange of documents and signatures) on the date hereof (the "Closing Date").

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

2.1 Organization, Good Standing and Qualification. Seller (i) is a corporation validly existing and in good standing under the laws of Delaware and (ii) has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement, and to perform its obligations under, and carry out the provisions of, this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement.

2.2 Authorization; Binding Obligations; Governmental Consents.

(a) All corporate action on the part of Seller, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement, and the performance of all obligations of Seller hereunder and thereunder, has been taken. This Agreement is and the Transfer Documents, the Amendments and the Purchaser License Agreement will be, upon execution and delivery in connection with the Closing, valid and legally binding obligations of Seller, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) Other than filings required to be made with the U.S. Patent and Trademark Office to assign the Transferred Intellectual Property, no consent, approval, permit, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority on the part of Seller is required in connection with the execution and delivery of this Agreement, the Transfer Documents, the Amendments or the Purchaser License Agreement and the consummation of the transactions contemplated hereby or thereby.

2.3 Compliance with Other Instruments. The execution, delivery and performance of this Agreement will not result in any violation of Seller's certificate of incorporation or bylaws, or be in conflict with or constitute, with or without the passage of time or giving of notice, either a default under any provision, instrument, judgment, order, writ, decree or material contract, or result in the creation of any mortgage, pledge, lien, charge or encumbrance upon any of the properties or assets of Seller or the suspension, revocation, impairment, forfeiture, or nonrenewal of any permit, license, authorization, or approval applicable to the business, operations or any of the assets or properties of Seller.

2.4 Compliance with Law. The execution, delivery and performance of this Agreement do not conflict with, or result in any breach of any provision of, any law, regulation or order applicable to Seller.

2.5 Third Party Consents. No permit, approval, authorization or consent of any Third Party (excluding Governmental Authorities) is required in connection with the execution, delivery and performance by Seller of this Agreement, the Transfer Documents, the Amendments or the Purchaser License Agreement, or the consummation of the transactions contemplated hereby or thereby, other than any such permit, approval, authorization or consent that has been obtained prior to the date of this Agreement.

2.6 Title to Assets. Seller is the lawful owner of and has good and valid title to all of the Transferred Intellectual Property, and has the full right to sell, convey, transfer, assign and deliver the Transferred Intellectual Property to Purchaser. All of the Transferred Intellectual Property is entirely free and clear of any and all liens and encumbrances of Third Parties. Upon the Closing, Seller will convey the Transferred Intellectual Property to Purchaser, and Purchaser will have good and valid title to all of the Transferred Intellectual Property, free and clear of all liens and encumbrances arising from or under Seller.

2.7 Intellectual Property.

(a) Subject to the existing right, title and interest of Purchaser and CPI, as applicable, in the Transferred Intellectual Property, Seller is the sole owner of the entire right, title and interest in and to the Transferred Intellectual Property. Seller has not granted any license or other right to any Third Party with respect to the Transferred Intellectual Property.

(b) No action or claim has been asserted or is pending or, to Seller's knowledge, threatened in writing by any person alleging that the use of the Transferred Intellectual Property interferes with, conflicts with, infringes upon, misappropriates or otherwise violates the intellectual property rights of any Third Party. Seller has no present knowledge from which it could reasonably conclude that the Transferred Intellectual Property is invalid or unenforceable, and, to Seller's knowledge, the same has not been adjudged invalid or unenforceable in whole or in part. No claims or actions are pending or, to Seller's knowledge, threatened in writing against Seller based upon or challenging or seeking to deny or restrict the ownership by Seller of any of the Transferred Intellectual Property. To the knowledge of Seller, no person is engaging in any activity that infringes or misappropriates the Transferred Intellectual Property.

(c) Seller has not agreed and is not otherwise obligated to indemnify or agree or otherwise obligated to a covenant not to sue any Third Party for or against any infringement, misappropriation, or other violation with respect to any Transferred Intellectual Property. Seller is not obligated to provide any consideration (whether financial or otherwise) or account to any Third Party with respect to any exercise of rights by Seller, or any successor to Seller, in any Transferred Intellectual Property.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

3.1 Organization, Good Standing and Qualification. Purchaser is a corporation validly existing and in good standing under the laws of the State of Delaware. Each of Purchaser, BSC and CPI has all requisite corporate power and authority to carry on its business as now conducted, to own and operate its properties and assets, to execute and deliver this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement, as applicable, and to perform its obligations under, and carry out the provisions of, this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement, as applicable.

3.2 Authorization; Binding Obligations; Governmental Consents.

(a) All corporate action on the part of Purchaser, BSC, CPI and their respective officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement, and the performance of all obligations of hereunder and thereunder, have been taken. This Agreement is a valid and legally binding obligation of Purchaser (and BSC and CPI, for the limited purposes for which they join in the execution of this Agreement) enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) No consent, approval, permit, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Authority on the part of Purchaser, BSC or CPI is required in connection with the execution and delivery of this Agreement, the Transfer Documents, the Amendments or the Purchaser License Agreement and the consummation of the transactions contemplated hereby or thereby (other than customary notice filings with the Delaware Secretary of State and the U.S. Patent and Trademark Office to evidence the release and discharge of the BSC Liens upon the Closing).

3.3 Compliance with Other Instruments. The execution, delivery and performance of this Agreement will not result in any violation of Purchaser's certificate of incorporation or bylaws, or be in conflict with or constitute, with or without the passage of time or giving of notice, either a default under any provision, instrument, judgment, order, writ, decree or material contract, or result in the creation of any mortgage, pledge, lien, charge or encumbrance upon any of the properties or assets of Purchaser or the suspension, revocation, impairment, forfeiture, or nonrenewal of any permit, license, authorization, or approval applicable to the business, operations or any of the assets or properties of Purchaser.

3.4 Compliance with Law. The execution, delivery and performance of this Agreement do not conflict with, or result in any breach of any provision of, any law, regulation or order applicable to Purchaser, BSC or CPI.

3.5 Third Party Consents. No permit, approval, authorization or consent of any Third Party (excluding Governmental Authorities) is required in connection with the execution, delivery and performance by Purchaser, BSC or CPI, as applicable, of this Agreement, the Transfer Documents, the Amendments or the Purchaser License Agreement, or the consummation of the transactions contemplated hereby or thereby.

ARTICLE IV
ADDITIONAL AGREEMENTS

4.1 Further Assurances. In case, at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each of Seller and Purchaser shall use their commercially reasonable best efforts to take, or cause to be taken, all such action. Without limiting the foregoing, Seller hereby agrees with Purchaser that, following the Closing Date, Seller will execute, acknowledge and deliver, or will cause to be executed, acknowledged and delivered, all such further transfers, assignments and conveyances, powers of attorney and assurances for selling, transferring, assigning, conveying and confirming to Purchaser the Transferred Intellectual Property or for aiding and assisting in collecting or reducing to possession, any or all of the Transferred Intellectual Property, as Purchaser shall reasonably request. To the extent the Transferred Intellectual Property includes non-United States patents and patent applications, Seller will deliver to Purchaser's representatives executed documents in a form as may be required in the non-U.S. jurisdiction in order to perfect the assignment to Purchaser of the non-U.S. patents and patent applications.

4.2 Public Announcements. Seller shall not issue any press release or otherwise make any public statement or announcement with respect to this Agreement, the Amendments, the Purchaser License Agreement or the acquisition contemplated hereby and related transactions, without the written consent of Purchaser. Notwithstanding the foregoing, Seller is permitted (a) to file a Form 8-K in the form attached hereto as Exhibit F, (b) to make public statements regarding the content of such Form 8-K to investors and in earnings calls consistent with the disclosure set forth in such Form 8-K, (c) to include written disclosure in the Company's reports filed from time to time with the Securities and Exchange Commission that is consistent with the disclosure set forth in such Form 8-K, and (d) to file this Agreement, the Purchaser License Agreement and the Amendments as exhibits to Seller's next Form 10-Q so long as Seller requests confidential treatment with respect to such documents which is reasonably acceptable to Purchaser.

4.3 Release Documents. Promptly following the Closing, Purchaser shall deliver, or cause to be delivered, to Seller UCC-3 termination statements and releases of the BSC Liens to be filed with the US Patent and Trademark Office.

ARTICLE V
CLOSING DELIVERIES

5.1 Closing Deliveries of Seller. At the Closing, Seller shall deliver to Purchaser:

(a) executed counterpart signatures to each of the Transfer Documents;

(b) executed counterpart signatures to each of the Amendments and the Purchaser License Agreement;

(c) documents evidencing the release and discharge of all liens of Third Parties on the Transferred Intellectual Property;

(d) a certificate executed by the Secretary of Seller, dated as of the Closing Date, certifying as to and, where appropriate, attaching certified copies of, (i) the resolutions duly adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement and the consummation of all of the transactions contemplated hereby and thereby, (ii) Seller's certificate of incorporation and bylaws, each as in effect at the Closing Date, and (iii) the name, title, incumbency and signatures of the officers of Seller authorized to execute this Agreement, the Transfer Documents, the Amendments and the Purchaser License Agreement; and

(e) consents or approvals of each person whose consent or approval shall be required in connection with the Closing, if any, under all notes, bonds, mortgages, indentures, contracts, agreements, leases, licenses, permits, franchises and other instruments or obligations to which Seller is a party.

5.2 Closing Deliveries of Purchaser. At the Closing, Purchaser shall deliver, or cause to be delivered, to Seller:

(a) the original Notes, each marked "cancelled";

(b) executed confirmation of satisfaction of indebtedness; and

(c) executed counterpart signatures to each of the Transfer Documents, the Amendments and the Purchaser License Agreement.

ARTICLE VI
INDEMNIFICATION

6.1 Seller Indemnification. Without limiting Purchaser's other remedies in respect of this Agreement, Seller shall indemnify, defend and hold harmless Purchaser, and its directors, officers, employees, representatives and other Affiliates, from and against any and all Damages related to or arising out of or in connection with:

(a) any breach by Seller of any representation, warranty, covenant, agreement, obligation or undertaking made by Seller in or pursuant to this Agreement or the Transfer Documents;

(b) any claims made by any stockholder based upon any alleged breach of fiduciary or other duty by any officer or director of Seller in connection with this Agreement or the transactions contemplated hereby; and

(c) any Retained Liabilities.

6.2 Purchaser Indemnification. Without limiting Seller's other remedies in respect of this Agreement, Purchaser shall indemnify, defend and hold harmless Seller, and its directors, officers, employees, representatives and other Affiliates, from and against any and all Damages related to or arising out of or in connection with any breach by Purchaser of any representation, warranty, covenant, agreement, obligation or undertaking made by Purchaser in or pursuant to this Agreement.

ARTICLE VII
GENERAL PROVISIONS

7.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person or facsimile (received by the person to which it is addressed prior to 5 p.m., local time, on a business day for such person), by registered or certified mail (postage prepaid, return receipt requested) or by recognized overnight courier service to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.1):

if to Purchaser:

c/o Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Attention: Chief Financial Officer
Facsimile: 508-650-8956

with a copy to:

Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Attention: Chief Corporate Counsel
Facsimile: 508-650-8956

if to Seller:

MRI Interventions, Inc.
40 S. Main St., Suite 2550
Memphis, TN 38103
Attention: Vice President, Business Affairs
Facsimile: 901-522-9400

with a copy to:

MRI Interventions, Inc.
40 S. Main St., Suite 2550
Memphis, TN 38103
Attention: Chief Financial Officer
Facsimile: 901-522-9400

7.2 Certain Definitions. For purposes of this Agreement, the term:

"Affiliate" means, with respect to any person or entity, any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such person or entity.

"business day" (whether such term is capitalized or not) means any day other than Saturday, Sunday or a legal holiday on which banks located in Boston, Massachusetts are open for business.

"BSN Agreements" means (i) that certain Technology License Agreement, effective as of December 30, 2005, by and between Seller (f/k/a Surgi-Vision, Inc.) and Purchaser (f/k/a Advanced Bionics Corporation), as amended June 30, 2007, March 19, 2008 and February 2, 2012, and (ii) that certain System and Lead Development and Transfer Agreement, effective as of December 30, 2005, by and between Seller (f/k/a Surgi-Vision, Inc.) and Purchaser (f/k/a Advanced Bionics Corporation), as amended May 31, 2006, June 30, 2007, March 19, 2008 and February 2, 2012.

"CPI Agreements" means (i) that certain Technology License Agreement, effective as of March 19, 2008, by and between Seller (f/k/a Surgi-Vision, Inc.) and CPI, and (ii) that certain Development Agreement, effective as of March 19, 2008, by and between Seller (f/k/a Surgi-Vision, Inc.) and CPI.

"Damages" means all damages, losses, costs, and expenses incurred or suffered by a party with respect to or relating to an event, circumstance or state of facts. Damages shall specifically include court costs and the reasonable fees and expenses of legal counsel arising out of or relating to any direct or Third-Party claims, demands, actions, causes of action, suits, litigations, arbitrations or liabilities. Notwithstanding the foregoing, Damages shall not include consequential, indirect, incidental, special, exemplary, punitive or enhanced damages, lost profits or revenues or diminution in value, unless claimed by a Third Party.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Governmental Authority" means any United States (federal, state or local) or foreign government, or governmental, regulatory or administrative authority, agency or commission.

"person" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, person (including a "person" as defined in Section 13(d)(3) of the Exchange Act), trust, association or entity or government, political subdivision, agency or instrumentality of a government.

"Third Party" means a person other than Seller, Purchaser and any Affiliate of Purchaser.

The following table sets forth certain other defined terms and the Section of the Agreement in which the meaning of each such term appears:

	Section
"Agreement"	Preamble
"Amendments"	1.7
"BSC"	Preamble
"BSC Liens"	1.5
"Closing"	1.8
"Closing Date"	1.8
"CPI"	Preamble
"Notes"	1.4
"Patent Prosecution Costs"	1.2
"Purchase Price"	1.4
"Purchaser"	Preamble
"Purchaser License Agreement"	1.3
"Retained Liabilities"	1.2
"Seller"	Preamble
"Transfer Documents"	1.6
"Transferred Intellectual Property"	1.1

7.3 Fees and Expenses. Each party shall pay its own expenses incurred in connection with the negotiation and consummation of this Agreement, including legal and accounting fees and expenses of their representatives and agents.

7.4 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the Closing be consummated as originally contemplated to the fullest extent possible.

7.5 Entire Agreement; Assignment. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and thereof. This Agreement shall not be assigned by operation of law or otherwise, except that (i) Purchaser may assign all or any of its rights and obligations hereunder to any Affiliate of Purchaser, provided that no such assignment to an Affiliate shall relieve Purchaser of its obligations hereunder, and (ii) after the Closing Date, (a) Purchaser may assign all of its rights and obligations hereunder to a person that acquires all of the capital stock, or substantially all of the assets, of the division or business unit of Purchaser responsible for the Transferred Intellectual Property, and (b) Seller may assign all of its rights and obligations hereunder to a person that acquires all of the capital stock, or substantially all of the assets, of Seller; provided, in each case, that such person assumes this Agreement, in writing, and agrees to be bound by and to comply with all of the terms and conditions hereof.

7.6 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and, except as specifically contemplated or required herein, nothing in this Agreement, express or implied is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.7 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with the terms hereof and that the parties hereof shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

7.8 Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed in that state.

7.9 Consent to Jurisdiction.

(a) EACH OF PURCHASER AND SELLER HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS AND TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS, FOR THE PURPOSE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND EACH OF PURCHASER AND SELLER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT TO SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED EXCLUSIVELY IN ANY MASSACHUSETTS STATE OR FEDERAL COURT SITTING IN THE CITY OF BOSTON. EACH OF PURCHASER AND SELLER AGREES THAT A FINAL JUDGMENT IN ANY 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.

(b) EACH OF PURCHASER AND SELLER IRREVOCABLY CONSENT TO THE SERVICE OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS IN ANY OTHER ACTION OR PROCEEDING RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, ON BEHALF OF ITSELF OR ITS PROPERTY, BY THE PERSONAL DELIVERY OF COPIES OF SUCH PROCESS TO SUCH PARTY. NOTHING IN THIS SECTION 7.9 SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

7.10 Headings; Interpretation. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the word “include,” “includes,” or “including” appears in this Agreement, it shall be deemed in each instance to be followed by the words “without limitation.”

7.11 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[*The remainder of this page is left intentionally blank.*]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this Asset Purchase Agreement to be duly executed and delivered as a sealed instrument as of the date and year first above written.

BOSTON SCIENTIFIC NEUROMODULATION CORPORATION

By: /s/ Dan Brennan
Name: Dan Brennan
Title: Executive Vice President and Chief Financial Officer

MRI INTERVENTIONS, INC.

By: /s/ Kimble Jenkins
Name: Kimble Jenkins
Title: Chief Executive Officer

JOINDER

Boston Scientific Corporation hereby joins in the execution of this Asset Purchase Agreement for the limited purpose of (i) consenting to the transactions contemplated herein, and (ii) agreeing that Section 1.4 and Section 1.5 of this Asset Purchase Agreement shall be binding upon it.

BOSTON SCIENTIFIC CORPORATION

By: /s/ Dan Brennan
Name: Dan Brennan
Title: Executive Vice President and Chief Financial Officer

JOINDER

Cardiac Pacemakers, Inc. hereby joins in the execution of this Asset Purchase Agreement for the limited purpose of consenting to the transactions contemplated herein.

CARDIAC PACEMAKERS, INC.

By: /s/ Vance Brown
Name: Vance Brown
Title: Vice President and Secretary

Exhibit 10.3

EXCLUSIVE LICENSE AGREEMENT

This **EXCLUSIVE LICENSE AGREEMENT** (this "Agreement") is dated as of the 19th day of March, 2014 (the "Effective Date"), by and between (i) **BOSTON SCIENTIFIC NEUROMODULATION CORPORATION**, a Delaware corporation ("Licensor"), and **MRI INTERVENTIONS, INC**., a Delaware corporation ("Licensee").

WHEREAS, Licensor and Licensee have entered into a certain Asset Purchase Agreement, dated as of the date hereof ("Purchase Agreement") pursuant to which, on the Effective Date, Licensor is purchasing from Licensee all right, title and interest in and to the Transferred Intellectual Property (as such term is defined in the Purchase Agreement);

WHEREAS, Licensor has agreed to grant to Licensee an exclusive, royalty-free license to use the Licensed Patents (as defined herein) included in the Transferred Intellectual Property for the limited purposes described, and in accordance with the terms and conditions set forth, in this Agreement; and

WHEREAS, Licensee desires to obtain an exclusive license to use such Licensed Patents for the limited purposes described, and in accordance with the terms and conditions set forth, in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual promises and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS

Section 1.01 Certain Defined Terms. The following terms, when used herein, have the meanings set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Purchase Agreement.

"Confidential Information" means any and all information disclosed by or on behalf of one party or any of its Representatives ("Disclosing Party") to the other party or any of its Representatives ("Receiving Party") under this Agreement, including information relating to the matters which are the subject of this Agreement and all other information regarding Disclosing Party's past, present or future research, technology, know-how, ideas, concepts, designs, products, markets, computer programs, prototypes, processes, machines, manufacture, compositions of matter, business plans and operations, technical information, drawings, specifications, and the like, except information which is: (a) at the time of disclosure, or thereafter becomes, a part of the public domain through no act or omission by Receiving Party or its Representatives; (b) lawfully in the possession of Receiving Party prior to disclosure by or on behalf of Disclosing Party as shown by Receiving Party's written records; (c) lawfully disclosed to Receiving Party by a third party which did not acquire the same under an obligation of confidentiality from or through Disclosing Party as shown by written records; or (d) independently developed by Receiving Party without use of Disclosing Party's Confidential Information as shown by Receiving Party's written records; provided that the exceptions set forth in clauses (b), (c) and (d) shall not apply to any information included in the Transferred Intellectual Property.

"Grant-Back Field" means all fields of use excluding the fields of (i) implantable medical leads for cardiac applications, and (ii) neuromodulation.

"Licensed Patent(s)" means: (a) the patent application(s) described in Section 1.1(i) and (ii) of the Purchase Agreement and designated as Transferred Intellectual Property; (b) any patent application(s) filed as a provisional, continuation, division, or continuation-in-part of the patent application(s) described in clause (a), (c) patents issuing from the patent application(s) described in clauses (a)-(b) and any extensions, renewals, reissues, revivals and reexaminations of patents described in clauses (a)-(b); and (d) any foreign counterpart to the patent application(s) described in clauses (a)-(b) (including continuations, divisions, or continuations-in-part of such patent applications), patents issuing therefrom and extensions, renewals, reissues, revivals and reexaminations thereof.

"Licensed Products" means any product, part or other material, process or service, the identification, discovery, research, development, manufacture, production, use, marketing, offer for sale, sale, distribution, import or export of which, absent the license granted pursuant to this Agreement, would constitute an infringement or misappropriation of the Licensed Patents.

"Representatives" means a party's employees, officers, directors, Affiliates, subcontractors, agents, successors and assigns.

The following table sets forth certain other defined terms and the Section of the Agreement in which the meaning of each such term appears:

	Section
"Agreement"	Preamble
"Disclosing Party"	1.01
"Effective Date"	Preamble
"Indemnifying Party"	8.02
"Indemnitee"	8.02
"Licensee"	Preamble
"Licensee Indemnitees"	7.01(b)
"Licensor"	Preamble
"Licensor Indemnitees"	7.01(a)
"Losses"	7.01(a)
"Prosecution Request"	5.01(b)
"Purchase Agreement"	Recitals
"Receiving Party"	1.01

ARTICLE II.
GRANT OF RIGHTS

Section 2.01 License Grant. Subject to the terms and conditions of this Agreement, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensor hereby grants to Licensee, and Licensee hereby accepts, an exclusive, worldwide, royalty-free, fully paid-up, irrevocable right and license, including the right to sublicense in accordance with Section 2.02 below, under the Licensed Patents, to develop, make, have made, use, have used, exploit, distribute, promote, market, offer for sale, sell, have sold, import and export Licensed Products, solely within the Grant-Back Field.

Section 2.02 Sublicenses. Licensee's right to sublicense its rights under the Licensed Patents pursuant to Section 2.01 is subject to the requirement that Licensee shall enter into a written sublicense agreement with each sublicensee and include in each such sublicense agreement provisions at least as protective of Licensor and its rights in the Licensed Patents as the terms and conditions of this Agreement and otherwise sufficient to enable Licensee to comply with this Agreement. All sublicenses shall expire automatically upon the expiration of the license granted to Licensee hereunder. Licensee shall be responsible and liable for any breaches of this Agreement by its sublicensees.

Section 2.03 Retained Rights**.** Nothing in this Agreement shall be construed to confer any rights upon Licensee by implication, estoppel or otherwise to any technology or to patent rights of Licensor or any other entity, other than the express licenses to the Licensed Patents as set forth in Section 2.01. Title to the Licensed Patents will at all times remain vested in Licensor, and Licensor retains the right (a) to grant licenses to other parties with respect to the Licensed Patents outside of the Grant-Back Field, and (b) to use the Licensed Patents in any manner and for any purpose which Licensor deems fit outside of the Grant-Back Field. Licensor (on behalf of itself and its licensors) retains all rights not expressly granted herein. No other license, express or implied, is granted hereby, and Licensee will not use or practice the Licensed Patents in any other field or for any other purpose, except as expressly set forth in Section 2.01.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations. Each of Licensee and Licensor hereby represents and warrants to the other party that: (a) it is a corporation duly organized and validly existing under the laws of the applicable state of its incorporation, and has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; (b) this Agreement has been duly authorized, executed and delivered by such party and it constitutes the legal, valid and binding obligations of such party, and it is enforceable against such party in accordance with its terms, except to the extent such enforceability may be limited by bankruptcy, reorganization, insolvency or similar laws of general applicability governing the enforcement of the rights of creditors; and (c) neither the execution, delivery and performance of this Agreement nor the consummation by such party of the transactions contemplated hereby will violate or conflict with or constitute a default under any contractual obligation of such party, or any judgment, order or decree applicable to, or binding upon, such party.

Section 3.02 Disclaimer. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 3.01 OF THIS AGREEMENT, LICENSOR MAKES NO OTHER EXPRESS OR IMPLIED WARRANTY AS TO THE LICENSED PATENTS OR THE LICENSED PRODUCTS AND HEREBY DISCLAIMS THE SAME. Without limiting the foregoing, this Agreement and the licenses granted herein do not and shall not be interpreted or construed to include any requirement to file any patent application or secure or maintain any patent.

Section 3.03 Export. Licensee acknowledges and agrees that it shall not export or re-export, directly or indirectly (including via remote access), the Licensed Patents or any Licensed Products or other information or materials it receives pursuant to this Agreement to any country for which the United States or any other relevant jurisdiction requires any export license or other governmental approval at the time of export without first obtaining such license or approval.

ARTICLE IV.
CONFIDENTIALITY

Section 4.01 Nondisclosure and Nonuse Obligations. Receiving Party shall not, without the prior consent of Disclosing Party, disclose any of Disclosing Party's Confidential Information to anyone for any reason at any time or use any of Disclosing Party's Confidential Information for any purpose except as requested by Disclosing Party or as necessary to exercise its rights or perform its obligations under this Agreement. If Receiving Party believes in good faith that it is required by the law of any relevant jurisdiction or pursuant to an order of a court of competent jurisdiction or that of a competent Governmental Authority to disclose any of Disclosing Party's Confidential Information, it shall provide notice to Disclosing Party, to the greatest extent possible, prior to making such disclosure so as to allow Disclosing Party time to undertake legal or other action, to prevent such disclosure or otherwise obtain confidential treatment of such disclosure. In the event that Receiving Party is compelled to disclose any of Disclosing Party's Confidential Information by law, Receiving Party will exercise reasonable efforts to obtain assurance that confidential treatment will be accorded to any of Disclosing Party's Confidential Information so disclosed.

Section 4.02 Representatives. Receiving Party shall limit dissemination of Disclosing Party's Confidential Information to only those of Receiving Party's Representatives having a "need to know", advise each such Representative who receives Disclosing Party's Confidential Information that such information is confidential, and require each such Representative (other than attorneys and other agents who are already under a professional duty of confidentiality) to sign and comply with a written agreement obligating it/he/she to observe all of Receiving Party's obligations hereunder relating to confidentiality and non-disclosure. Each party further acknowledges that the Disclosing Party's disclosure of Disclosing Party's Confidential Information (including that which is a process, machine, manufacture, or composition of matter) is not intended to be an offer for sale or public use. Receiving Party shall not by virtue of this Agreement, obtain any title to, or any interest or license in, any of Disclosing Party's Confidential Information, except as contemplated in this Agreement.

Section 4.03 Third Party Information. Neither party shall, nor shall it permit any of its Representatives, to disclose to the other party any confidential or proprietary information belonging to any third party without the consent of such party.

ARTICLE V.
PATENT PROSECUTION; INFRINGEMENT

Section 5.01 Prosecution.

(a) [***] shall, at its own expense, control and be solely responsible for the prosecution and maintenance of the Licensed Patents. Nothing in this Agreement implies an obligation on [***] to apply for, prosecute or maintain any patent or patent right, including any Licensed Patent. [***] shall cooperate, at [***] reasonable request, with the prosecution and maintenance of the Licensed Patents and in any other proceedings before a patent official or office.

(b) [***] shall have the right, upon reasonable prior written notice to [***] and reasonable request, to inspect, at [***] sole expense, the prosecution documents of [***] with respect to the Licensed Patents related to the Grant-Back Field. The parties agree that such information constitutes Confidential Information of [***] and that the disclosure of such information is not intended to constitute a waiver of any privilege, including attorney-client privilege. In addition, [***] shall provide written notice to [***] prior to abandoning any patent application or issued patent that is part of the Licensed Patents. If [***] desires to prosecute any such patent application, or to pay maintenance fees or annuities to maintain any such issued patent, in any country that [***] determined was not worthwhile to protect [***] rights, [***] may provide [***] with a reasonable written request to prosecute such patent application or maintain such issued patent (a "Prosecution Request"). [***] shall have thirty (30) days to fulfill the Prosecution Request. If [***] fails to complete the Prosecution Request within thirty (30) days of receiving the Prosecution Request, [***] shall notify [***] in writing and if [***] fails to fulfill the Prosecution Request within ten (10) days after such written notice, [***] may independently prosecute the patent application or maintain the issued patent that was the subject of the Prosecution Request, and shall control the remainder of the prosecution for such patent application or the maintenance of such issued patent; provided that (a) [***] retains sole and exclusive ownership of such patent application or issued patent, (b) [***] shall bear all expenses in connection with the prosecution of any patent application or maintenance of any issued patent including attorney's fees and expense, (c) [***] will consult with [***] and its counsel, regarding any material actions to be taken or not taken in connection with the prosecution of such patent application or issued patent and [***] will take into consideration the reasonable requests of [***] regarding such prosecution actions, and (d) [***] shall not take any action or fail to take any action in connection with such prosecution or maintenance of such patent application or issued patent which would adversely affect (i) the Licensed Patents or [***] ownership thereof, or (ii) [***] ability to practice the inventions claimed in the Licensed Patents or freedom to operate under the Licensed Patents outside of the Grant-Back Field.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

Section 5.02 Infringement.

(a) If either party learns of any actual, alleged or threatened infringement or misappropriation of any of the Licensed Patents by a Third Party, such party shall promptly notify the other party and shall provide such other party with all available evidence of such infringement or misappropriation.

(b) [***] shall have the sole right, but not the obligation, to bring suit against any Third Party for infringement or misappropriation of the Licensed Patents and for controlling such suit; provided, that [***] shall have the right to participate, at [***] sole expense, in an advisory capacity in the institution and prosecution of any such suit to the extent it is related primarily to a field of use within the Grant-Back Field. [***] shall pay all costs, fees and expenses associated with any enforcement action, other than the costs, fees and expenses associated with [***] participation in an advisory capacity.

(c) [***] agrees to assist [***] in any such legal proceedings, at [***] reasonable request, and [***] shall reimburse [***] for all reasonable expenses incurred by [***] in providing such assistance, other than the costs, fees and expenses associated with [***] participation in an advisory capacity.

(d) [***]

ARTICLE VI.
TERM

Section 6.01 Term. This Agreement shall commence as of the Effective Date and shall remain in effect until the expiration of the last to expire of the Licensed Patents. For the avoidance of doubt and without limiting any other remedies available to Licensor under this Agreement or by law or equity, this Agreement, including without limitation the license set forth in Section 2.01, is not terminable due to breach.

Section 6.02 Survival. The provisions of this Section 6.02, of Sections 3.02 and 5.02 and of Articles 1, 4, 7 and 8 shall survive the expiration of this Agreement. Nothing herein shall be construed to release either party of any obligation which matured prior to the expiration of this Agreement.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

ARTICLE VII.
RISK ALLOCATION

Section 7.01 Indemnification. Licensee will defend, indemnify and hold harmless Licensor and its subsidiaries, parent corporations, affiliates, officers, directors, partners, employees, agents, successors and assigns (collectively, the "Licensor Indemnitees") from and against any claim, suit, demand, loss, damage, expense (including their reasonable attorney's fees and those that may be asserted by a Third Party) or liability (collectively, "Losses") suffered by or imposed upon the Licensor Indemnitee(s) by any Third Party arising from or related to: (i) any breach of Licensee's representations, warranties or covenants under this Agreement; (ii) the development, use, manufacture, exploitation, marketing, promotion, distribution, sale, export or import of any Licensed Products, and (iii) any gross negligence or intentional misconduct by Licensee, its sublicensees (or its or their respective agents, consultants or employees) in performing its obligations under this Agreement. The foregoing indemnification action shall not apply in the event and to the extent that a court of competent jurisdiction determines that such Losses arose as a result of any Licensor Indemnitee's gross negligence, intentional misconduct or breach of this Agreement.

Section 7.02 Limitation of Liability. EXCEPT FOR (I) BREACHES OF CONFIDENTIALITY, (II) AMOUNTS PAYABLE BY LICENSEE PURSUANT TO SECTION 7.02 (INDEMNIFICATION) OR (III) LICENSEE'S INFRINGEMENT OR MISAPPROPRIATION OF LICENSOR'S INTELLECTUAL PROPERTY RIGHTS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY.

ARTICLE VIII.
MISCELLANEOUS

Section 8.01 Relationship of Parties. For the purposes of this Agreement, each party hereto shall be, and shall be deemed to be, an independent contractor and not an agent, partner, joint venturer, representative or employee of any other party. No party shall have authority to make any statements, representations, compromises of rights or commitments of any kind, assume or create any obligations, or to accept process for or take any other action which shall be binding on the other parties, except as may be explicitly provided for herein or authorized in writing by the other parties.

Section 8.02 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person or facsimile (received by the person to which it is addressed prior to 5 p.m., local time, on a business day for such person), by registered or certified mail (postage prepaid, return receipt requested) or by recognized overnight courier service to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.02):

if to Licensor:

c/o Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Attention: Chief Financial Officer
Facsimile: 508-650-8956

with a copy to:

Boston Scientific Corporation
One Boston Scientific Place
Natick, Massachusetts 01760
Attention: Chief Corporate Counsel
Facsimile: 508-650-8956

if to Licensee:

MRI Interventions, Inc.
40 S. Main St., Suite 2550
Memphis, TN 38103
Attention: Vice President, Business Affairs
Facsimile: 901-522-9400

with a copy to:

MRI Interventions, Inc.
40 S. Main St., Suite 2550
Memphis, TN 38103
Attention: Chief Financial Officer
Facsimile: 901-522-9400

Section 8.03 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the fullest extent possible.

Section 8.04 Entire Agreement. This Agreement, the Purchase Agreement, the Transfer Documents, the Amendments, the CPI Agreements and the BSN Agreements constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between Licensor and Licensee with respect to the subject matter hereof and thereof.

Section 8.05 Assignment. This Agreement shall not be assigned by Licensor by operation of law or otherwise, except that the Licensor may assign all or any of its rights and obligations hereunder to (i) any Affiliate of Licensor, and (ii) a person that acquires all of the capital stock, or substantially all of the assets, of the division or business unit of Licensor responsible for the Transferred Intellectual Property. This Agreement shall not be assigned by Licensee by operation of law or otherwise, except that Licensee may assign all or any of its rights and obligations hereunder to (i) any Affiliate of Licensee; provided that no such assignment to an Affiliate shall relieve Licensee of its obligations hereunder, and (ii) a person that acquires all of the capital stock, or substantially all of the assets, of Licensee, or of the division, business unit or Affiliate of Licensor responsible for the Licensed Patents.

Section 8.06 Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, Licensor and Licensee, or (b) by a waiver in accordance with Section 8.07.

Section 8.07 Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto, or (c) to the extent permitted by applicable law, waive compliance with any of the agreements of the other party or conditions to such party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 8.08 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and, except as specifically contemplated or required herein, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.09 Other Remedies; Specific Performance. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy; provided, that, notwithstanding any provision herein to the contrary, this Agreement is not terminable by Licensor due to Licensee's breach. The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with the terms hereof and that the parties hereof shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 8.10 Interpretive Rules. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and all Article and Section references are to this Agreement unless otherwise specified. The words "include," "includes" and "including" will be deemed to be followed by the phrase "without limitation." The word "days" means calendar days unless otherwise specified herein. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. No provision of this Agreement shall be construed to require either party or their respective officers, directors, subsidiaries or Affiliates to take any action which would violate or conflict with any applicable law. The word "if" means "if and only if." The word "or" shall not be exclusive. The meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to "dollars" or "$" will be deemed references to the lawful money of the United States of America.

Section 8.11 Governing Law. This Agreement shall be governed by, and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts executed in and to be performed in that state.

Section 8.12 Consent to Jurisdiction. Each of the Licensor and Licensee hereby irrevocably submits to the exclusive jurisdiction of the state courts of the Commonwealth of Massachusetts and to the jurisdiction of the United States District Court for the District of Massachusetts, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of the Licensor and Licensee hereby irrevocably agrees that all claims in respect to such action or proceeding may be heard and determined exclusively in any Massachusetts state or federal court witting in the City of Boston. Each of the Licensor and Licensee agrees that a final judgment in any 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. Each of the Licensor and Licensee irrevocably consent to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by the personal delivery of copies of such process to such party. Nothing in this Section 8.12 shall affect the right of any party to serve legal process in any other manner permitted by law.

Section 8.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.13.

Section 8.14 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 8.15 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 8.16 Publicity. Neither party shall use any word, name, logo, image, symbol, slogan, sample or design of the other party or the other party's product, or any quote or statement from an employee, consultant or agent of the other party, in any written or oral advertisement, endorsement or other promotional materials without the prior approval of an authorized representative of the other party or as otherwise contemplated under this Agreement or another agreement between the parties.

[*The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this Exclusive License Agreement to be duly executed and delivered as a sealed instrument as of the date and year first above written.

BOSTON SCIENTIFIC NEUROMODULATION CORPORATION

By: /s/ Tony McAnally
Name: Tony McAnally
Title: VP Finance

MRI INTERVENTIONS, INC.

By: /s/ Kimble Jenkins
Name: Kimble Jenkins
Title: Chief Executive Officer

Exhibit 10.4

OMNIBUS AMENDMENT No. 1
to
TECHNOLOGY LICENSE AGREEMENT
and
DEVELOPMENT AGREEMENT

This **OMNIBUS AMENDMENT** (this "Amendment") is made as of this 19th day of March, 2014, by and between (i) MRI Interventions, Inc., a Delaware corporation formerly known as SurgiVision, Inc. (the "Company"), and (ii) Cardiac Pacemakers, Inc. ("CPI"). Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings set forth in the Development Agreement referred to below.

WHEREAS, the Company and CPI entered into that certain Development Agreement dated as of March 19, 2008, as amended by Section 1.2 of that certain Omnibus Amendment #3 dated as of February 2, 2012 (as amended, the "Development Agreement");

WHEREAS, the Company and CPI entered into that certain Technology License Agreement dated as of March 19, 2008, as amended by Section 1.2 of that certain Omnibus Amendment #3 dated as of February 2, 2012 (as amended, the "License Agreement");

WHEREAS, on the date hereof, CPI, Boston Scientific Neuromodulation Corporation ("BSN"), Boston Scientific Corporation and the Company entered into an Asset Purchase Agreement, pursuant to which BSN shall purchase and the Company shall sell certain of the Company's intellectual property assets (the "Asset Purchase Agreement"); and

WHEREAS, in connection with the Asset Purchase Agreement, the Company and CPI desire to modify certain provisions of the Development Agreement and the License Agreement to eliminate the milestone payment and royalty payment obligations of CPI thereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. **AMENDMENTS TO DEVELOPMENT AGREEMENT**.

1.1. **Amendment of Section 1. Definitions**. The Company and CPI agree that Subsections 1(C), (SS), (TT), (UU), (VV) and (WW) of the Development Agreement are hereby amended in their entirety to read as follows:

"(C) "Billabong Patents" means (i) the Patents listed on Exhibit A to the License Agreement, and (ii) any claims of any future Patent which claim and are entitled to claim (in whole but not in part) priority to a Patent covered by the preceding clause (i).

(SS) [Intentionally Omitted].

(TT) [Intentionally Omitted].

(UU) [Intentionally Omitted].

(VV) [Intentionally Omitted].

(WW) [Intentionally Omitted]."

1.2 **Amendment of Section 3**. The Company and CPI agree that Section 3 of the Development Agreement is hereby amended in its entirety to read as follows:

"3. [Intentionally Omitted]."

1.3 **Amendment of Section 4**. The Company and CPI agree that the introductory paragraph of Section 4 and Subsections 4(A), (B), and (C) of the Development Agreement are hereby amended in their entirety to read as follows:

"4. [Intentionally Omitted].

A. [Intentionally Omitted].

B. [Intentionally Omitted].

C. [Intentionally Omitted]."

1.4 **Amendment of Section 16**. The Company and CPI agree that Subsection 16(R) of the Development Agreement is hereby amended in its entirety to read as follows:

"R. [Intentionally Omitted]."

1.5 [***] Notwithstanding the amendments of Section 1 and Section 4 of the Development Agreement as set forth above, the Company and CPI agree that, solely with respect to a New Lead that is a Royalty Product because [***], CPI shall pay the Company [***]. Capitalized terms that are used in this section but are not otherwise defined in this Amendment shall have the meanings given to such terms in the Development Agreement.

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

II. **AMENDMENTS TO LICENSE AGREEMENT**.

2.1. **Amendment of Section 1. Definitions**. The Company and CPI agree that Subsection 1(C) of the License Agreement is hereby amended in their entirety to read as follows:

"(C) "Billabong Patents" means (i) the Patents listed on Exhibit A, and (ii) any claims of any future Patent which claim and are entitled to claim (in whole but not in part) priority to a Patent covered by the preceding clause (i)."

2.2 **Amendment of Section 3**. The Company and CPI agree that Subsections 3(A), (B), (C), (D), (F), (G), (H) and (I) of the License Agreement are hereby amended in its entirety to read as follows:

"A. [Intentionally Omitted].

B. [Intentionally Omitted].

C. [Intentionally Omitted].

D. [Intentionally Omitted].

***

F. [Intentionally Omitted].

G. [Intentionally Omitted].

H. [Intentionally Omitted].

I. [Intentionally Omitted]."

The Company and CPI acknowledge that the payments described in Section 3(E) of the License Agreement have been previously made by CPI.

2.3 **Amendment of Section 4**. The Company and CPI agree that Section 4 of the License Agreement is hereby amended in its entirety to read as follows:

"4. [Intentionally Omitted]."

2.4 **Amendment of Section 5**. The Company and CPI agree that Section 5 of the License Agreement is hereby amended in its entirety to read as follows:

"5. [Intentionally Omitted]."

2.5 **Amendment of Exhibit A**. The Company and CPI agree that Exhibit A and Exhibit D to the License Agreement are hereby amended by deleting the patents listed on Schedule 1.1 to the Asset Purchase Agreement.

2.6 [***] Notwithstanding the amendment of Section 3 of the License Agreement as set forth above, the Company and CPI agree that, solely with respect to an implantable lead that is a Royalty Product because [***], CPI shall pay the Company, [***]. Capitalized terms that are used in this section but are not otherwise defined in this Amendment shall have the meanings given to such terms in the License Agreement.

III. **MISCELLANEOUS**.

3.1. **No Other Amendments**. Except to the extent amended hereby, all of the definitions, terms, provisions and conditions set forth in each of the Development Agreement and the License Agreement are hereby ratified and confirmed and shall remain in full force and effect.

3.2. **Successors and Assigns**. Except as otherwise provided herein, the terms and conditions of this Amendment shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Amendment, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Amendment, except as expressly provided in this Amendment.

3.3. **Governing Law.** This Amendment shall for all purposes be construed in accordance with and governed by the laws of the State of Minnesota.

3.4. **Counterparts**. This Amendment may be executed in two or more counterparts and the signatures delivered by facsimile, each of which shall be deemed an original, with the same effect as if the signatures were upon the same instrument and delivered in person.

3.5. **Severability**. If one or more provisions of this Amendment are held to be unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of the Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

[The remainder of this page is intentionally left blank.]

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized representatives, all as of the day and year written above.

MRI INTERVENTIONS, INC.

By: /s/ Kimble Jenkins
Name: Kimble Jenkins
Title: Chief Executive Officer

CARDIAC PACEMAKERS, INC.

By: /s/ Vance R. Brown
Name: Vance R. Brown
Title: Vice President and Secretary

Exhibit 10.5

OMNIBUS AMENDMENT No. 4
to
TECHNOLOGY LICENSE AGREEMENT
and
SYSTEM AND LEAD DEVELOPMENT AND TRANSFER AGREEMENT

This **OMNIBUS AMENDMENT** (this "Amendment") is made as of this 19th day of March, 2014, by and between (i) MRI Interventions, Inc., a Delaware corporation formerly known as SurgiVision, Inc. (the "Company"), and (ii) Boston Scientific Neuromodulation Corporation, a Delaware corporation formerly known as Advanced Bionics Corporation ("BSN"). Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings set forth in the Development Agreement referred to below.

WHEREAS, the Company and BSN entered into that certain System and Lead Development and Transfer Agreement dated as of December 30, 2005, as amended by that certain Amendment No. 1 dated as of May 31, 2006, as further amended by that certain Omnibus Amendment dated as of June 30, 2007, as further amended by that certain Omnibus Amendment #2 dated as of March 19, 2008, and as further amended by the certain Omnibus Amendment #3 dated as of February 2, 2012 (as amended, the "Development Agreement");

WHEREAS, the Company and BSN entered into that certain Technology License Agreement dated as of December 30, 2005, as amended by that certain Omnibus Amendment dated as of June 30, 2007, as further amended by that certain Omnibus Amendment #2 dated as of March 19, 2008, and as further amended by the certain Omnibus Amendment #3 dated as of February 2, 2012 (as amended, the "License Agreement");

WHEREAS, on the date hereof, BSN, Cardiac Pacemakers, Inc., Boston Scientific Corporation and the Company entered into an Asset Purchase Agreement, pursuant to which BSN shall purchase and the Company shall sell certain of the Company's intellectual property assets (the "Asset Purchase Agreement"); and

WHEREAS, in connection with the Asset Purchase Agreement, the Company and BSN desire to modify certain provisions of the Development Agreement and the License Agreement primarily to eliminate the milestone payment and royalty payment obligations of BSN thereunder.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises made herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. **AMENDMENTS TO DEVELOPMENT AGREEMENT**.

1.1. **Amendment of Section 10.1(a)**. The Company and BSN agree that Subsection 10.1(a) of the Development Agreement is hereby amended in its entirety to read as follows:

"(a) [Intentionally Omitted]."

1.2. **Amendment of Section 10.1(b)**. The Company and BSN agree that Subsections 10.1(b)(iii), (iv) and (v) of the Development Agreement are hereby amended in their entirety to read as follows:

"(iii) [Intentionally Omitted].

(iv) [Intentionally Omitted].

(v) [Intentionally Omitted]."

1.3. **Amendment of Section 10.3**. The Company and BSN agree that Subsection 10.3 of the Development Agreement is hereby amended in its entirety to read as follows:

"10.3 [Intentionally Omitted]."

1.4 **Amendment of Section 11.7**. The Company and BSN agree that Subsection 11.7 of the Development Agreement is hereby amended in its entirety to read as follows:

"11.7 [Intentionally Omitted]."

1.5 [***] Notwithstanding the amendment of Section 10.1(b) of the Development Agreement as set forth above, the Company and BSN agree that, solely with respect to a Lead meeting the Lead Requirements [***], BSN shall pay the Company [***]. Capitalized terms that are used in this section but are not otherwise defined in this Amendment shall have the meanings given to such terms in the Development Agreement.

II. **AMENDMENTS TO LICENSE AGREEMENT**.

2.1 **Amendment of Section 3**. The Company and BSN agree that Section 3 of the License Agreement is hereby amended in its entirety to read as follows:

"3. [Intentionally Omitted]."

2.2 **Amendment of Section 9**. The Company and BSN agree that Section 9 of the License Agreement is hereby amended in its entirety to read as follows:

"9. Assignability. This Agreement shall not be assigned by Licensor by operation of law or otherwise, except that the Licensor may assign all or any of its rights and obligations hereunder to (i) any Affiliate of Licensor, and (ii) a person that acquires all of the capital stock, or substantially all of the assets, of Licensor, or of the division or business unit or Affiliate of Licensor responsible for the Licensed Technology. This Agreement shall not be assigned by Licensee by operation of law or otherwise, except that Licensee may assign all or any of its rights and obligations hereunder to (i) any Affiliate of Licensee, and (ii) a person that acquires all of the capital stock, or

substantially all of the assets, of Licensee, or of the division, business unit or Affiliate of Licensee responsible for the Licensed Technology."

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

2.3 **Amendment of Exhibit A**. The Company and BSN agree that Exhibit A of the License Agreement is hereby amended in its entirety to read as follows:

"[Intentionally Omitted]"

2.4 [***] Notwithstanding the amendments of Section 3 and Exhibit A of the License Agreement as set forth above, the Company and BSN agree that, solely with respect to a lead, lead-related product or implantable pulse generator that is a Licensed Product because [***], BSN shall pay the Company, [***]. Capitalized terms that are used in this section but are not otherwise defined in this Amendment shall have the meanings given to such terms in the License Agreement.

III. **MISCELLANEOUS**.

3.1. **No Other Amendments**. Except to the extent amended hereby, all of the definitions, terms, provisions and conditions set forth in each of the Development Agreement and the License Agreement are hereby ratified and confirmed and shall remain in full force and effect.

3.2. **Successors and Assigns**. Except as otherwise provided herein, the terms and conditions of this Amendment shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Amendment, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Amendment, except as expressly provided in this Amendment.

3.3. **Governing Law.** This Amendment shall for all purposes be construed in accordance with and governed by the laws of the State of California.

3.4. **Counterparts**. This Amendment may be executed in two or more counterparts and the signatures delivered by facsimile, each of which shall be deemed an original, with the same effect as if the signatures were upon the same instrument and delivered in person.

3.5. **Severability**. If one or more provisions of this Amendment are held to be

[***] Indicates portions of this exhibit that have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.unenforceable under applicable law, such provision shall be excluded from this Amendment and the balance of the Amendment shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized representatives, all as of the day and year written above.

MRI INTERVENTIONS, INC.

By: /s/ Kimble Jenkins
Name: Kimble Jenkins
Title: Chief Executive Officer

BOSTON SCIENTIFIC NEUROMODULATION CORPORATION

By: /s/ Tony McAnally
Name: Tony McAnally
Title: VP Finane

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, Kimble L. Jenkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2014, of MRI Interventions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2014

/s/ Kimble L. Jenkins
Kimble L. Jenkins
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) UNDER
THE SECURITIES EXCHANGE ACT OF 1934

I, David W. Carlson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2014, of MRI Interventions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2014

/s/ David W. Carlson
David W. Carlson
Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

Each of the undersigned, Kimble L. Jenkins and David W. Carlson, certifies pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code, that (1) this quarterly report on Form 10-Q for the quarter ended March 31, 2014, of MRI Interventions, Inc. (the "Company") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and (2) the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2014

/s/ Kimble L. Jenkins
Kimble L. Jenkins
Chief Executive Officer

/s/ David W. Carlson
David W. Carlson
Chief Financial Officer