

INVIVO THERAPEUTICS HOLDINGS CORP.
Form DEF 14A
April 19, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No. [])

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

InVivo Therapeutics Holdings Corp.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: INVIVO THERAPEUTICS HOLDINGS CORP. - Form DEF 14A

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

One Broadway, 14th Floor

Cambridge, MA 02142

April 20, 2012

Dear InVivo Shareholders:

I am pleased to invite you to attend the 2012 Annual Meeting of Shareholders (the Annual Meeting) of InVivo Therapeutics Holdings Corp., to be held on Wednesday, May 30, 2012 at 10:00 a.m., local time, at our corporate offices located at One Broadway, 14th Floor, Cambridge, Massachusetts 02142.

Specific details regarding admission to the meeting and the business to be conducted at the Annual Meeting are included in the Notice of Annual Meeting of Shareholders and Proxy Statement. We encourage you to carefully read these materials, as well as the enclosed Annual Report to Shareholders for the fiscal year ended December 31, 2011. Our Board of Directors recommends that you vote in favor of each of the director nominees and for each other proposal set forth in the Notice of Annual Meeting and Proxy Statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible. As an alternative to voting in person at the Annual Meeting, you may vote by completing and returning the proxy card. Voting by either of these methods will ensure your representation at the Annual Meeting.

Thank you for your continued support.

Sincerely,

FRANK M. REYNOLDS

Chief Executive Officer and Chief Financial Officer

INVIVO THERAPEUTICS HOLDINGS CORP.

One Broadway, 14th Floor

Cambridge, MA 02142

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On Wednesday, May 30, 2012

To the Shareholders of InVivo Therapeutics Holdings Corp.:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of InVivo Therapeutics Holdings Corp., a Nevada corporation, will be held on Wednesday, May 30, 2012 at 10:00 a.m., local time, at our corporate offices located at One Broadway, 14th Floor, Cambridge, Massachusetts 02142, for the following purposes:

1. To consider and vote upon a proposal to elect one Class I director to hold office for a three-year term ending at the annual meeting of shareholders in 2015 and until his successor is duly elected and qualified;
 2. To consider and vote upon a proposal to approve and adopt an amendment to our 2010 Equity Incentive Plan to increase the number of shares of common stock available for issuance thereunder from 3,500,000 shares to 6,500,000 shares;
 3. To consider and vote upon a proposal to ratify the appointment of Wolf & Company, P.C., an independent registered public accounting firm, as the independent auditor of our company for the fiscal year ending December 31, 2012; and
 4. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.
- The Board of Directors has no knowledge of any other business to be transacted at the Annual Meeting.

Admission of shareholders to the Annual Meeting will be on a first-come, first-served basis, and picture identification will be required to enter the Annual Meeting. An individual arriving without picture identification will not be admitted unless it can be verified that the individual is an InVivo shareholder. Use of cameras, cellular phones, recording equipment and other electronic devices will not be permitted at the Annual Meeting. We reserve the right to inspect any persons or items prior to their admission to the Annual Meeting.

Only shareholders of record as of the close of business on Wednesday, April 18, 2012 are entitled to notice of, and to vote at, the Annual Meeting. All shareholders are cordially invited to attend the meeting.

By order of the Board of Directors,

LAUREN MITAROTONDO

Secretary

Cambridge, Massachusetts

April 20, 2012

YOUR VOTE IS IMPORTANT

In order to ensure your representation at the Annual Meeting, please submit your proxy and voting instructions by completing, signing and dating the proxy card as promptly as possible and returning it in the enclosed envelope (to which no postage needs to be affixed if mailed in the United States). Please refer to the section entitled "Voting Instructions" of the proxy statement for a description of the voting instructions.

INVIVO THERAPEUTICS HOLDINGS CORP.

PROXY STATEMENT

For the Annual Meeting of Shareholders

To Be Held On Wednesday, May 30, 2012

General

This proxy statement (this Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the Board of Directors, or Board) of InVivo Therapeutics Holdings Corp., a Nevada corporation, for use at its 2012 Annual Meeting of Shareholders (the Annual Meeting), which will be held on Wednesday, May 30, 2012 at 10:00 a.m., local time, at our corporate offices located at One Broadway, 14th Floor, Cambridge, Massachusetts 02142, and at any adjournments or postponements thereof, for the purposes set forth in the Notice of Annual Meeting of Shareholders. You may obtain directions to the location of our Annual Meeting by writing or calling our Investor Relations Department at One Broadway, 14th Floor, Cambridge, MA 02142, or telephone (617) 475-1520.

On or about April 23, 2012, we are mailing this proxy statement and proxy card together with an annual report consisting of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and other information required by the rules of the Securities and Exchange Commission, or the SEC. Our principal executive offices are located at One Broadway, 14th Floor, Cambridge, MA 02142 and our telephone number is (617) 475-1520.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on May 30, 2012: Pursuant to rules promulgated by the SEC, we have elected to provide access to our proxy materials both by sending you this full set of proxy materials including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This Proxy Statement, the Notice of Meeting and our 2011 Annual Report are available at www.cstproxy.com/invivotherapeutics/2012.

Solicitation

The cost of soliciting proxies, including expenses in connection with preparing, printing and mailing of the Notice of Annual Meeting of Shareholders, this Proxy Statement, and any additional solicitation material will be borne by our company. We may engage a paid proxy solicitor to assist in the solicitation. Copies of solicitation materials will be furnished to brokerage houses, nominees, fiduciaries and custodians to forward to beneficial owners of our common stock held in their names. In addition to the solicitation of proxies by mail, our directors, officers and other employees may, without additional compensation, solicit proxies by telephone, facsimile, electronic communication and personal interviews. We will also reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to shareholders.

Record Date, Voting Securities and Votes Required

Only holders of record of our common stock as of the close of business on Wednesday, April 18, 2012 will be entitled to receive notice of, and vote at, the Annual Meeting and any adjournments or postponements thereof. As of the record date, there were 63,954,093 shares of our common stock issued and outstanding and entitled to vote at the Annual Meeting. The holders of our common stock are entitled to one vote for each share held as of the record date on any proposal presented at the Annual Meeting.

A majority of the shares of our common stock issued and outstanding, present in person or represented by proxy at the Annual Meeting and entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting. Votes withheld, abstentions and broker non-votes (as described below) shall be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting.

The affirmative vote of the holders of a plurality of the votes cast at the Annual Meeting is required for the election of Class I director (Proposal No. 1). For the remainder of the proposals (Proposal No. 2 and Proposal No. 3), the number of votes cast at the Annual Meeting in favor of the proposal must exceed the number of votes cast in opposition to such proposal in order for the proposals to be approved.

Shares which abstain from voting on a particular matter and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter (broker non-votes) will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, neither abstentions nor broker non-votes will have any effect upon the outcome of voting with respect to any of the proposals to be presented at the Annual Meeting.

Voting Instructions

Included with these proxy materials is a proxy card or a voting instruction card from your bank, broker or other nominee for the Annual Meeting, with instructions for voting by mail.

Those shareholders who elect to vote by mail, should complete, sign and return the proxy card in the prepaid and addressed envelope that was enclosed with the proxy materials, and the shares will be voted at the Annual Meeting in the manner directed. If you complete, sign and return your proxy card, it will be voted as you direct. In the event no choice is specified on a signed proxy card, the persons named as proxies will vote:

FOR the election of Dr. Richard J. Roberts to our Board of Directors as a Class I director;

FOR the approval and adoption of the amendment to our 2010 Equity Incentive Plan;

FOR the ratification of the appointment of Wolf & Company, P.C. as the independent auditor of our company for the fiscal year ending December 31, 2012; and

In their discretion as to any other matter that may be properly brought before the Annual Meeting or any adjournments thereof. If the shares you own are held in street name by a bank, broker or other nominee, that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares. Under applicable stock exchange rules, if you do not give instructions to your bank, broker or other nominee, it will still be able to vote your shares with respect to certain discretionary items, but will not be allowed to vote your shares with respect to certain non-discretionary items. In the case of non-discretionary items, the shares that do not receive voting instructions will be treated as broker non-votes, the effect of which is discussed above in the section entitled Record Date, Voting Securities and Votes Required. As a result, brokers, banks and other nominees may no longer use discretionary authority to vote shares on the election of directors or the proposal to approve the amendment to our 2010 Equity Incentive Plan if they have not received specific voting instructions from their clients. For your vote to be counted on these proposals, you now will need to communicate your voting decisions to your broker, bank, or other nominee before the date of the Annual Meeting.

If you are a shareholder as of the record date and attend the meeting, you may personally deliver your completed proxy card or vote in person at the meeting.

Revocability of Proxy

You may revoke your proxy at any time before it is voted at the Annual Meeting by:

notifying our Secretary in writing at our principal executive offices located at One Broadway, 14th Floor, Cambridge, MA 02142, Attention: Secretary, before the Annual Meeting that you have revoked your proxy; or

attending the Annual Meeting and voting in person at the Annual Meeting.

If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a proxy from your nominee authorizing you to vote your street name shares held as of the record date.

A copy of our Annual Report on Form 10-K (with exhibits) has also been filed with the SEC and may be accessed from the SEC's homepage at www.sec.gov or may be obtained without charge upon written request to InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, MA 02142, Attention: Secretary.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of April 15, 2012, with respect to the beneficial ownership of our common stock by the following:

each person known by us to beneficially own more than 5% of the outstanding shares of our common stock;

each of our named executive officers (as defined in Executive Compensation) and directors; and

all of our executive officers and directors as a group.

Unless otherwise indicated in the footnotes to the following table, each person named in the table has sole voting and investment power and that person's address is c/o InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, Massachusetts 02142. Shares of our common stock subject to options or warrants currently exercisable or exercisable within 60 days of April 15, 2012 are deemed outstanding for computing the share ownership and percentage of the person holding such options and warrants, but are not deemed outstanding for computing the percentage of any other person. The percentage ownership of our common stock of each person or entity named in the following table is based on 63,928,372 shares of our common stock outstanding as of April 15, 2012, plus any shares subject to options or warrants currently exercisable or exercisable within 60 days of April 15, 2012 held by such person.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
5% Shareholders		
Robert S. Langer	8,056,953	12.6%
Kevin Kimberlin(1)	4,461,537	6.7%
Directors and Named Executive Officers		
Frank Reynolds(2)	14,906,372	23.1%
Adam K. Stern(3)	3,570,524	5.5%
Dr. Richard J. Roberts(4)	911,563	1.4%
George Nolen(5)	156,968	*
Christi Pedra(6)	187,951	*
Dr. Edward Wirth		
All directors and executive officers as a group (6 persons)	19,786,503	29.5%

* Less than one percent.

- (1) Represents (i) 1,947,321 shares held by Optical Partners, LLC and (ii) 2,514,216 shares underlying warrants held by Spencer Trask Ventures, Inc. The address for Mr. Kimberlin is c/o Spencer Trask Ventures, Inc., 750 Third Avenue, 11th Floor, New York, New York 10017.
- (2) Includes 528,712 shares issuable upon the exercise of stock options.
- (3) Includes (i) 1,245,802 shares underlying warrants held by Mr. Stern; (ii) 801,507 shares held by ST Neuroscience Partners, LLC; (iii) 150,000 shares underlying warrants held by ST Neuroscience Partners, LLC; (iv) 475,079 shares held by Pavilion Capital Partners, LLC; (v) 323,053 shares held by Piper Venture Partners, LLC; and (vi) 75,000 shares issuable upon the exercise of stock options held by Mr. Stern.
- (4) Represents shares issuable upon the exercise of stock options.
- (5) Includes (i) 10,000 shares underlying warrants and (ii) 30,984 shares issuable upon the exercise of stock options.
- (6) Includes (i) 10,000 shares underlying warrants and (ii) 167,951 shares issuable upon the exercise of stock options.

PROPOSAL NO. 1

ELECTION OF CLASS I DIRECTOR

Our Board of Directors currently has five members serving on a classified board, consisting of two Class I directors (term expiring at this Annual Meeting), two Class II directors (term expiring at our 2013 annual meeting of shareholders) and one Class III director (term expiring at our 2014 annual meeting of shareholders). At each annual meeting of our shareholders, directors are elected for a full term of three years to succeed those whose terms are expiring, unless a director is elected to a class which has a term expiring in less than three years, in which case the director will be elected for the remainder of the term of such class.

On April 3, 2012, Ms. Christi M. Pedra, a current Class I director, informed our company that she will not stand for re-election at the Annual Meeting. Ms. Pedra will serve out her current term as a director, and following the Annual Meeting there will be a vacancy in Class I.

The persons named in the enclosed proxy will vote to elect Dr. Richard J. Roberts as Class I director unless the proxy is marked otherwise. Dr. Roberts will be elected to hold office until the 2015 annual meeting of shareholders and until his successor is elected and qualified. Dr. Roberts has agreed to serve if elected. However, if for some reason he is unable to accept nomination, or election, proxies will be voted for the election of a nominee designated by our Board of Directors.

Biographical and certain other information concerning our nominee for re-election to the Board and our other directors is set forth below. Information with respect to the number of shares of common stock beneficially owned by each director, as of April 15, 2012, appears above in the section entitled Security Ownership of Certain Beneficial Owners and Management. No director or executive officer is related by blood, marriage or adoption to any other director or executive officer.

The Board of Directors recommends a vote FOR the election of Dr. Richard J. Roberts as a Class I director.

Nominee for Election to the Board as Class I Director

Dr. Richard J. Roberts, Ph.D., 68, has been a director of our company since October 2010 and a director of InVivo Therapeutics Corporation, our wholly-owned subsidiary, since November 2008. Dr. Roberts has been the Chief Scientific Officer at New England Biolabs since July 1, 2005. Dr. Roberts joined InVivo Therapeutics Corporation's Scientific Advisory Board in June 2007. He was awarded the 1993 Nobel Prize in Physiology or Medicine along with Phillip Allen Sharp for the discovery of introns in eukaryotic DNA and the mechanism of gene-splicing. He holds a B.Sc. in Chemistry and a Ph.D. in Organic Chemistry from the University of Sheffield, U.K. Dr. Roberts has discovered and cloned restriction enzymes and been involved in studies of Adenovirus-2, beginning with studies of transcription that led to the discovery of split genes and mRNA splicing. His laboratory has pioneered the application and development of computer methods for protein and nucleic acid sequence analysis that continues to be a major research focus for Dr. Roberts. In determining that Dr. Roberts should continue serving as a director of our company, our Board of Directors considered his experience and understanding of the science and technology involved in our business.

Current Class II Directors

George Nolen, our lead director, 55, has been a director of our company since October 2010 and a director of InVivo Therapeutics Corporation, our wholly-owned subsidiary, since December 2009. Mr. Nolen is currently a senior managing director at Madison Capital Partners, a private investment firm he joined in October 2010. From 2004 until his retirement in August 2009, Mr. Nolen was the President and Chief Executive Officer of Siemens Corporation, the U.S. subsidiary of Siemens, AG. Prior to his role at Siemens USA, Mr. Nolen held numerous roles in Siemens including President of Siemens Information and Communications division,

overseeing this business from 1998 to 2004. He is a graduate of Virginia Tech, where he currently serves as the Rector of the University's Board of Visitors. Mr. Nolen brings to the Board extensive leadership and business experience through his successful and long-running career at Siemens.

Adam K. Stern, 48, has been a director of our company since October 2010 and was designated as such by Spencer Trask Ventures, an investment banking firm. Mr. Stern is Senior Managing Director of Spencer Trask, and has over 20 years of venture capital and investment banking experience focusing primarily on the technology and life science sectors of the capital markets. He currently manages the structured finance group of Spencer Trask. Mr. Stern joined Spencer Trask in September 1997 from Josephthal & Co., members of the New York Stock Exchange, where he served as Senior Vice President and Managing Director of Private Equity Marketing and held increasingly responsible positions from 1989 to 1997. He has been a licensed securities broker since 1987 and a General Securities Principal since 1991. Mr. Stern is a director of Organovo Holdings, Inc., a development stage, biopharmaceutical public company, and he also served as a director of PROLOR Biotech, Inc., a development stage biopharmaceutical public company from May 2007 until June 2011. Mr. Stern also currently sits on the boards of various private companies. Mr. Stern holds a Bachelor of Arts degree with honors from The University of South Florida in Tampa. Mr. Stern brings to the Board extensive financial experience through his career in the financial sector. Pursuant to the terms of a placement agency agreement between our company and Spencer Trask Ventures, until December 3, 2012, Spencer Trask has the right to designate one member to our Board of Directors, and Mr. Stern is the designee.

Current Class III Director

Frank M. Reynolds, 49, has been our Chairman of the Board of Directors, Chief Executive Officer, President and Chief Financial Officer since October 2010 and CEO of InVivo Therapeutics Holdings Corp., our wholly-owned subsidiary, since 2005. He is an Executive Board Member of the Irish American Business Chamber and has served on the board of the Special Olympics of Massachusetts, Philadelphia Cares, and Wharton Consulting Partners. Mr. Reynolds brings to the Board over 25 years of executive management experience. From November 2002 until May 2005, he was the Director of Global Business Development at Siemens Corporation where he had global responsibilities for new business. In 1999, he founded and served as CEO of Expand the Knowledge, Inc., an IT consulting company with a focus on life sciences. Mr. Reynolds filed for personal bankruptcy in 2003, which was discharged in August 2003. Mr. Reynolds suffered an injury to his spine in 1992. While recovering from this injury, he took the opportunity to earn two Master's degrees and he currently holds a Master of Business Administration from Sloan Fellows Program in Global Innovation and Leadership 2006, Massachusetts Institute of Technology; a Master's of Science in Technology Management 2005, The Wharton School of Business, University of Pennsylvania; a Master's of Science in Engineering 2003, University of Pennsylvania; a Master's of Science in Management Information Systems 2001, Temple University; a Master's of Science in Health Administration 1996; Saint Joseph's University; and a Master's of Science in Psychology 1994, Chestnut Hill College. He also has a Bachelor of Science in Marketing 1984, Rider University. In addition to his management experience, Mr. Reynolds' executive role at our company provides him a deep knowledge of the day-to-day business and long-term strategy of our company.

CORPORATE GOVERNANCE AND BOARD MATTERS

Independence of Members of the Board

We are not currently listed on any national securities exchange or quoted on an inter-dealer quotation system that has a requirement that the Board of Directors be independent. However, in evaluating the independence of the members and the composition of the committees of our Board of Directors, the Board of Directors utilizes the definition of independence as that term is defined by the listing standards of the Nasdaq Stock Market and applicable SEC rules, including the rules relating to the independence standards of an audit committee and the non-employee director definition of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Using these standards, the Board of Directors has determined that Mr. Nolen, Dr. Roberts and Ms. Pedra are currently independent directors. The Board of Directors has determined that Mr. Stern is not independent as a result of our payments to Spencer Trask, and that Mr. Reynolds is not independent as a result of his employment relationship with our company.

Board Meetings and Attendance

The Board of Directors held four meetings during fiscal year 2011. All directors attended more than seventy-five percent of the meetings. All directors attended in excess of 75% of the meetings of the committees of our Board of Directors on which they served. Our directors are encouraged, but not required, to attend our annual meetings of shareholders. All of our directors attended our 2011 annual meeting of shareholders, and we expect that all of our directors will attend this Annual Meeting.

Board Leadership Structure

The Board of Directors does not have a policy on whether the offices of Chairman and Chief Executive Officer should be separate and, if they are to be separate, whether the Chairman should be selected from among the independent directors or should be an employee of our company. In the event the Chairman is not an independent director, the Board of Directors may designate a lead independent director. The duties of the lead independent director, as set forth in our Corporate Governance Guidelines, include (i) chairing any meeting of the independent directors in executive session, (ii) facilitating communications between other members of the Board of Directors and the Chairman (however, each director is free to communicate directly with the Chairman), (iii) in the event a shareholder seeks to communicate with the Board of Directors, accepting and responding to such communications in conjunction with the Chairman, and (iv) working with the Chairman (a) in the preparation of the agenda for each board meeting, (b) in scheduling the time devoted to matters at each board meeting and (c) as required, in determining the need for special meetings of the Board of Directors. The appointment of lead independent director rotates among the independent directors, but no more frequently than annually, and the Board of Directors periodically reviews the matter to determine if and when a rotation is advisable.

The Board of Directors has determined that a board leadership structure featuring a single leader as Chairman and Chief Executive Officer currently best serves our interests and those of our shareholders. The combined role promotes consistent and unified leadership, timely decision-making, strategy development and execution and effective management of company resources. The combined role also facilitates information flow between management and the Board of Directors. Combining the roles of Chairman and Chief Executive Officer makes clear that the individual serving in these roles has primary responsibility for managing our business, under the oversight and review of the Board of Directors. The Chief Executive Officer is the individual with primary responsibility for implementing our strategy, directing the work of other executive officers and leading implementation of our strategic plans as approved by the Board of Directors. This structure results in a single leader being directly accountable to the Board of Directors and, through the Board of Directors, to shareholders, and enables the Chief Executive Officer to act as the key link between the Board of Directors and other members of management. In light of the combined role of Chairman and Chief Executive Officer, the Board of Directors has also determined to appoint a lead independent director, who is currently George Nolen.

Committees of the Board

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

Audit Committee

Our Board of Directors has a standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee assists the Board of Directors in fulfilling its responsibilities to shareholders concerning our financial reporting and internal controls. The Audit Committee facilitates open communication among the Audit Committee, the Board of Directors, our independent auditor and management. The Audit Committee discusses with management and our independent auditor the financial information developed by us, our systems of internal controls and our audit process. The Audit Committee is solely and directly responsible for appointing, evaluating, retaining, and, where necessary, terminating the engagement of our independent auditor. The independent auditor meets with the Audit Committee (both with and without the presence of our management) to review and discuss various matters pertaining to the audit, including our financial statements, the report of the independent registered public accounting firm on the results, scope and terms of their work, and their recommendations concerning the financial practices, controls, procedures and policies employed by us. The current members of our Audit Committee are George Nolen, Chairman, Dr. Richard J. Roberts, and Christi Pedra. The Audit Committee held four meetings in fiscal year 2011.

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

The Audit Committee is charged with establishing procedures for (i) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters. The Audit Committee reviews and oversees all related party transactions on an ongoing basis. The Audit Committee is authorized, without further action by the Board of Directors, to engage independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on our website.

The Board of Directors has determined that all of the members of the Audit Committee are independent (as defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules), and that the Audit Committee members meet the independence requirements contemplated by Rule 10A-3 under the Exchange Act. The Board has determined that George Nolen is an audit committee financial expert (as defined in Item 407(d)(5) of Regulation S-K).

Governance, Nominating and Compensation (GNC) Committee

The GNC Committee assists the Board in fulfilling its responsibilities relating to (i) compensation of our executive officers, (ii) the director nomination process and (iii) reviewing our compliance with SEC corporate governance requirements. The Board of Directors has adopted a written charter for the GNC Committee, a copy of which is available on our website. The Board of Directors has determined that all of the members of the GNC Committee are independent (as defined by the listing standards of the Nasdaq Stock Market and the applicable SEC rules). The current members of our GNC Committee are Christi Pedra, Chairperson, George Nolen and Dr. Richard J. Roberts. The GNC Committee held four meetings in fiscal year 2011.

The GNC Committee determines salaries, incentives and other forms of compensation for the Chief Executive Officer and our executive officers and reviews and makes recommendations to the Board with respect to director compensation. The GNC Committee annually reviews and approves the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's

performance in light of these goals and objectives, and sets the Chief Executive Officer's compensation level based on this evaluation. The GNC Committee meets without the presence of executive officers when approving or deliberating on executive officer compensation, but may invite the Chief Executive Officer to be present during the approval of, or deliberations with respect to, other executive officer compensation. The GNC Committee reviews and approves the terms of any and all offer letters, employment agreements, severance agreements, change-in-control agreements, indemnification agreements and other material agreements between us and our executive officers. In addition, the GNC Committee administers our stock incentive compensation and equity-based plans.

The GNC Committee makes recommendations to the Board of Directors concerning all facets of the director nominee selection process. Generally, the GNC Committee identifies candidates for director nominees in consultation with management and the independent members of the Board of Directors, through the use of search firms or other advisers, through the recommendations submitted by shareholders or through such other methods as the GNC Committee deems to be helpful to identify candidates. Once candidates have been identified, the GNC Committee confirms that the candidates meet the independence requirements and qualifications for director nominees established by the Board of Directors. The GNC Committee may gather information about the candidates through interviews, questionnaires, background checks, or any other means that the GNC Committee deems to be helpful in the evaluation process. The GNC Committee meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board of Directors. Upon selection of a qualified candidate, the GNC Committee would recommend the candidate for consideration by the full Board of Directors.

In considering whether to include any particular candidate in the slate of recommended director nominees, the Board of Directors will consider the candidate's integrity, education, business acumen, knowledge of our business and industry, experience, diligence, conflicts of interest and the ability to act in the interests of all shareholders. As a matter of practice, the Board of Directors considers the diversity of the backgrounds and experience of prospective directors as well as their personal characteristics (e.g., gender, ethnicity, age) in evaluating and making decisions regarding board composition in order to facilitate deliberations that reflect a broad range of perspectives. The Board of Directors does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow our Board of Directors to fulfill its responsibilities.

The GNC Committee will consider director candidates who are recommended by our shareholders. Such recommendation for nomination must be in writing and include the following:

the name and address of the shareholder making the recommendation;

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

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

the principal occupation and experience of the director nominee;

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

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

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

Nominations must be sent to the GNC Committee by U.S. mail, courier or expedited delivery service to InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, Massachusetts 02142, Attn: Chair,

GNC Committee. The chair of the GNC Committee will then provide the nomination to the GNC Committee for consideration. Assuming that the required material has been provided on a timely basis, the GNC Committee will evaluate shareholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Our Board's Role in Risk Oversight

We are a development stage company and as such have not yet developed a risk management policy or procedure. Generally, the entire Board of Directors, the Audit Committee and the GNC Committee are involved in overseeing our major risk exposures and monitor and assess those risks in reviews with management and with our outside advisors and independent registered public accounting firm. The Audit Committee reviews regulatory risk, operational risk and enterprise risk, particularly as they relate to financial reporting, on a regular basis with management, our independent registered public accounting firm and our outside consultants and advisors. In its regular meetings, the Audit Committee discusses the scope and plan for the internal audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs. The GNC Committee monitors our governance and succession risk and our compensation policies and related risks by review with management and outside advisors.

Shareholder Communications with the Board

Shareholders may communicate with the Board of Directors or any individual member thereof by sending written communications to the following address: The Board of Directors, c/o Secretary, InVivo Therapeutics Holdings Corp., One Broadway, 14th Floor, Cambridge, Massachusetts 02142. The Secretary will forward all such correspondence accordingly, except for mass mailings, job inquiries, surveys, business solicitations or advertisements, personal grievances, matters as to which we tend to receive repetitive or duplicative communications, or patently offensive or otherwise inappropriate material.

Compensation of Directors

The Board of Directors has adopted a compensation policy for non-employee directors. The policy provides that each non-employee director shall be paid an annual retainer of \$25,000 per year (paid quarterly and delivered at each regularly scheduled quarterly Board meeting). In addition, the policy provides that the lead independent director, chairman of the GNC Committee and the chairman of the Audit Committee shall each receive an additional annual fee of \$5,000 (paid quarterly and delivered at each regularly scheduled quarterly Board meeting). Each non-employee director shall also receive \$1,000 for each in-person board meeting attended, \$500 for each telephonic board meeting attended, and \$500 for each board committee meeting attended. Each non-employee director will also receive an annual grant, on December 10 of each calendar year, of a nonqualified stock option under our 2010 Equity Incentive Plan to purchase up to 50,000 shares of our common stock at an exercise price equal to the closing price of our common stock on the date of grant, and that such option shall be exercisable as to 1/12 of the original number of shares subject to the option on the one-month anniversary of the grant date and shall be exercisable as to an additional 1/12 of the original number of shares subject to the option each monthly anniversary thereafter until fully vested on the 12-month anniversary of the grant date, provided that such director remains a director of our company on each such vesting date. On December 10, 2011, we issued stock options for 50,000 shares exercisable at \$2.26 per share to each of George Nolen, Dr. Richard J. Roberts, Christi Pedra and Adam Stern. The aggregate fair value for the 200,000 shares granted was \$286,080.

DIRECTOR COMPENSATION FOR FISCAL 2011

The following table sets forth compensation earned and paid to each non-employee director for service as a director during fiscal 2011.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards \$(1)(2)	All Other Compensation (\$)	Total (\$)
George Nolen	\$ 45,500		\$ 62,790		\$ 108,290
Christi M. Pedra	\$ 40,500		\$ 62,790		\$ 103,290
Dr. Richard J. Roberts	\$ 35,500		\$ 62,790		\$ 98,290
Adam K. Stern	\$ 30,000		\$ 62,790		\$ 92,790

- (1) The amounts shown in this column represent the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board Accounting Standards Codification 718, not the actual amounts paid to or realized by the directors during fiscal 2011. The assumptions used in determining grant date fair value of these awards are set forth in Note 14 to our Consolidated Financial Statements appearing in our Annual Report on 10-K filed with the SEC for the period ended December 31, 2011.
- (2) As of December 31, 2011, the aggregate number of vested and unvested options to purchase shares of our common stock outstanding for each director was as follows: Mr. Nolen, 173,934 shares; Ms. Pedra, 223,935 shares; Dr. Roberts, 967,547 shares; and Mr. Stern, 100,000 shares.

Scientific and Business Advisory Boards

In addition to our executive officers and directors, we also have a Scientific Advisory Board and a Business Advisory Board that provide guidance our company. The Scientific Advisory Board reviews the progress of our company's product development and provides input to management regarding scientific issues relating to our product and potential markets. The Business Advisory Board provides business expertise and regulatory advice to our CEO and our company. Both boards are advisory only and do not have the power to make decisions on behalf of our company, and may but are not required to include officers, directors or employees of our company. We do not pay members of our advisory boards any cash compensation and plan to compensate members of the advisory boards through the issuance of stock options.

The following persons are the members of our advisory boards and hold the positions set forth opposite their respective names.

Dr. Edward D. Wirth	Chief Science Officer and Scientific Advisory Board Member
Dr. Richard J. Roberts	Director and Scientific Advisory Board Member
Dr. Robert S. Langer	Scientific Advisory Board Member
Dr. V. Reggie Edgerton	Scientific Advisory Board Member
Dr. Jonathan R. Slotkin	Scientific Advisory Board Member
Dr. Todd Albert	Scientific Advisory Board Member
Dr. David Feigal	Business Advisory Board Member

Dr. Edward D. Wirth III, 47, our Chief Science Officer, joined our company in December 2011. Additional biographical information concerning Dr. Wirth may be found below under the caption Management.

Dr. Richard J. Roberts, PhD, has been a director of our company since October 2010 and joined the Scientific Advisory Board of InVivo Therapeutics Corporation our wholly-owned subsidiary, in June 2007. Additional biographical information concerning Dr. Roberts may be found above under Proposal No. 1, Election of Class I Director.

Robert S. Langer, ScD, Scientific Advisory Board Member, is the David H. Koch Institute Professor at the Massachusetts Institute of Technology (MIT). Dr. Langer has written over 1,100 articles. He also has

approximately 760 issued and pending patents worldwide. Dr. Langer's patents have been licensed or sublicensed to over 220 pharmaceutical, chemical, biotechnology and medical device companies. He received his Bachelor's Degree from Cornell University in 1970 and his Sc.D. from the Massachusetts Institute of Technology in 1974, both in Chemical Engineering. He served as a member of the United States Food and Drug Administration's SCIENCE Board from 1995-2002 and as its Chairman from 1999-2002. Dr. Langer has received over 180 major awards including the 2006 United States National Medal of Science; the Charles Stark Draper Prize and the 2008 Millennium Prize. In 1989, Dr. Langer was elected to the Institute of Medicine of the National Academy of Sciences, and in 1992 he was elected to both the National Academy of Engineering and to the National Academy of Sciences. Dr. Langer has received honorary doctorates from 16 national and international universities.

Dr. Reggie Edgerton, PhD, Scientific Advisory Board Member, has been the Director of U.C.L.A.'s Edgerton Lab since 1968 and is a professor in the Department of Physiological Sciences at U.C.L.A. His research is focused on neural control of movement and how this neural control adapts to altered use and after spinal cord injury. He completed his Ph.D. under the direction of Drs. Wayne Van Huss, Rex Carrow, and William Heusner at Michigan State University. Dr. Edgerton is on the Scientific Advisory Board of The Christopher Reeves Foundation (CRF) and his laboratory is one of eight in the world receiving funding from the CRF. In addition to serving on the board of the CRF, he is currently on the Scientific Advising board of the American Paralysis Association. Dr. Edgerton has co-authored two books and is the author of approximately 300 research papers.

Jonathan Slotkin, MD, Scientific Advisory Board Member, is a clinical neurosurgeon and research scientist. Clinically, Dr. Slotkin has expertise in complex spinal surgery, minimally invasive spinal surgery, spinal oncology surgery and brain tumor surgery. Dr. Slotkin completed residency training in neurosurgery at Harvard Medical School, Brigham and Women's Hospital. He performed a fellowship in complex spinal surgery with Dr. Eric J. Woodard. He is the co-editor of a two-volume publication on spinal surgery. Dr. Slotkin is currently a neurosurgeon with the Washington Brain and Spine Institute. Dr. Slotkin has authored or co-authored several peer-reviewed scientific publications in the areas of repair after spinal cord injury in animal models, and in vivo quantum dot labeling of neural stem cells.

Todd J. Albert, MD, Scientific Advisory Board Member, is the James Edwards Professor and Chair of the Department of Orthopaedics at Jefferson Medical College. He is also the President of the Rothman Institute in Philadelphia. Previously, he served as Co-director of Reconstructive Spine Surgery and the Spine Fellowship Program at Thomas Jefferson University. Dr. Albert graduated magna cum laude from Amherst College and received his doctor of medicine degree from the University of Virginia School of Medicine. Dr. Albert serves on the boards of several scientific journals, including Spine, The Spine Journal, and The Journal of Spinal Disorders and Techniques, as well as medical associations. He is Chair of Network Development for the National Spine Network. Dr. Albert has published over 200 scientific articles, authored over 40 book chapters, and seven textbooks on spinal surgery.

David W. Feigal Jr., MD, Business Advisory Board Member, recently served as Vice President, Global Regulatory at Amgen, Inc. Previously, Dr. Feigal was Senior Vice President, Head of Global Regulatory and Global Safety Surveillance at Elan. Prior to joining Elan in November 2006, he spent 12 years with the FDA. During his time at the FDA, he was Head of the Center for Devices and Head of the Center for Biologics for five years each. Before joining the FDA, Dr. Feigal worked for 10 years within the academic and hospital settings of the University of California in San Diego, San Francisco and Davis. He holds a BA from University of Minnesota, an MD from Stanford University and a Master of Public Health from the University of California, Berkeley.

PROPOSAL NO. 2

APPROVAL OF AN AMENDMENT TO OUR 2010 EQUITY INCENTIVE PLAN INCREASING THE NUMBER OF SHARES AVAILABLE FOR ISSUANCE UNDER THE PLAN FROM 3,500,000 TO 6,500,000

Our Board of Directors has adopted and is seeking shareholder approval of an amendment to our 2010 Equity Incentive Plan (the Plan) to increase the number of shares of our common stock that are available to be issued through grants or awards made under the Plan or through the exercise of options granted under the Plan from 3,500,000 shares to 6,500,000. Of the 3,500,000 shares of common stock currently authorized for issuance in connection with grants made under the Plan, 65,111 shares remain available for future grants or awards as of April 15, 2012. While some additional shares may become available under the plan through employee terminations, this number is expected to be inconsequential.

The Plan provides equity compensation to our officers, directors, employees and consultants and is necessary in order to maintain competitive compensation practices and to align the interests of our officers, directors, employees and consultants with our shareholders, in accordance with our executive compensation philosophy. Our Board of Directors recommends the increase in shares available under the Plan in order to enable us to continue to provide a source of equity to attract, motivate, retain and reward high-quality executives and other employees, officers, directors and consultants. Our Board of Directors believes that equity-based compensation promotes growth and provides a meaningful incentive to personnel of successful companies.

The increase of 3,000,000 shares of our common stock available for grant under the Plan will result in additional potential dilution of our outstanding stock. Based solely on the last reported sale price of our common stock as quoted on the OTC Bulletin Board on April 13, 2012 of \$2.36 per share, the maximum aggregate market value of the additional 3,000,000 shares of our common stock to be reserved for issuance under the plan would be \$7,080,000.

Shareholder approval of the amendment to the plan is required (i) to comply with certain exclusions from the limitations of Section 162(m) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, as described below, (ii) to comply with the incentive stock options rules under Section 422 of the Code, and (iii) should we seek listing on a national securities exchange, for purposes of complying with the shareholder approval requirements for the listing of such shares.

The Board of Directors recommends a vote FOR the adoption of the amendment to our 2010 Equity Incentive Plan.

The following is a summary of certain principal features of the plan, reflecting the proposed amendment. This summary is qualified in its entirety by reference to the complete text of the plan. Shareholders are urged to read the actual text of the plan in its entirety which is set forth as [Appendix A](#) to this proxy statement.

Summary of 2010 Equity Incentive Plan

The Plan provides for the grant of incentive stock options, or ISOs, as defined in Section 422 of the Code, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, or SARs, performance units, performance shares and other stock or cash awards as the administrator of the Plan may determine, which we refer to collectively as Awards, to our directors, officers, employees and consultants.

Shares Subject to the Plan

Under the Plan, the aggregate number of shares of our common stock that may be granted, assuming approval of this Proposal No. 2, is 6,500,000 shares. Under the Plan, no more than 2,000,000 shares may be granted as Awards to any one individual during any calendar year. The maximum aggregate amount of cash that may be paid in cash during any calendar year with respect to one or more Awards payable in cash is \$2,000,000.

The shares subject to the Plan, the limitations on the number of shares that may be awarded under the Plan, and shares and option prices subject to Awards outstanding under the Plan, will be adjusted as the Plan administrator deems appropriate to reflect stock dividends, stock splits, combinations or exchanges of shares, merger, consolidation, spin-off, recapitalization, or other similar transactions.

Shares subject to Awards under the Plan that have expired, been forfeited or settled in cash, or otherwise terminated without having been exercised may be added back to the Plan and may be granted as new Awards. Shares used to pay the tax or exercise price of an Award will become available for future grant or sale under the Plan. Shares granted under the Plan may be previously authorized but unissued shares, treasury shares or shares bought on the open market or otherwise.

Administration; Amendments

Generally, our Governance, Nominating and Compensation Committee, or GNC Committee, will administer the Plan. The GNC Committee has the authority to:

select the individuals who will receive Awards;

determine the terms and conditions of any Award, including the exercise price and vesting (including acceleration thereof);

modify and amend the terms of any Award

prescribe, amend or rescind rules relating to the administration of the Plan;

interpret the terms of the Plan and any Award, and any matters arising under the Plan; and

make all other determinations as may be necessary or advisable to administer the Plan.

The GNC Committee or the Board may also amend the Plan. Amendments to the Plan are subject to shareholder approval to the extent required by law. No change may be made that increases the total number of shares of our common stock reserved for issuance pursuant to i