NATIONAL GRID TRANSCO PLC
Form U-1/A
June 01, 2005

File No. 70-10295

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

Amendment No. 2 to

FORM U-1
APPLICATION/DECLARATION
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

National Grid Transco plc
1-3 Strand
London WC2N 5EH
United Kingdom

(Names of company filing this statement and
address of principal executive office)

National Grid Transco plc

(Name of top registered holding company)

In the United States, National Grid Transco plc ("National Grid Transco") has filed Schedule TO with the U.S. Securities and Exchange Commission (the "SEC") and holders of the Existing Ordinary Shares and Existing American Depositary Shares are advised to read it as it contains important information. Copies of the Schedule TO and other related documents filed by National Grid Transco are available free of charge on the SEC's website at

***http://www.sec.gov*.**

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On March 25, 2005, National Grid Transco plc ("NGT") filed this Application-Declaration ("Application") on Form U-1 under File No. 70-10295. Amendment No. 1 to the Application was filed on April 29, 2005. This Amendment No. 2 amends and restates the Application with the exception of exhibits that were previously filed.

Item 1. Description of the Proposed Transaction

A. Introduction

This Application seeks authorization under the Public Utility Holding Company Act of 1935 (Act or 1935 Act) relating to the repurchase of certain securities to be issued by NGT. The Application also seeks authorization to solicit shareholder consents in connection with a plan to issue certain securities to effect a return of cash. In addition, the Application seeks authorization, as required under the Act, for a consolidation of NGT's ordinary shares.

B. Background

NGT is a registered holding company under the Public Utility Holding Company Act of 1935 (the Act). NGT s ordinary shares are listed on the London Stock Exchange and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange.

Through its direct wholly-owned subsidiary, National Grid Holdings One plc (NGH One), and that company s subsidiary, National Grid Holdings Limited,[2] NGT owns The National Grid Company plc (NGC) and certain other non-U.S. subsidiaries. NGC is engaged in the transmission of electricity in England and Wales. NGC owns and operates a transmission system consisting of approximately 4,500 route miles of overhead lines and approximately 410 route miles of underground cable together with approximately 340 substations at some 240 sites.

Through NGH One, its subsidiary Lattice Group plc (Lattice Group), and its subsidiary Transco Holdings plc, NGT owns Transco plc (Transco) and certain other non-U.S. subsidiaries. Transco is the owner and operator of the majority of Great Britain s gas transportation and distribution system. Transco s transportation network comprises approximately 4,200 miles of high pressure national transmission pipelines and approximately 170,000 miles of lower pressure regional transmission and distribution systems pipelines. Gas is transported on behalf of approximately 70 shippers either to consumers or third party pipeline systems. Transco receives gas from several coastal reception terminals, storage sites, and onshore fields around Great Britain. An interconnector to Belgium links Transco s own gas transportation system to continental Europe. A second interconnector supplies gas to Eire and Northern Ireland. As well as gas transportation, Transco is responsible for the safety, development and maintenance of the transportation and distribution system. It does not, however, sell gas to consumers. The gas transportation and distribution business in Great Britain is subject to price regulation by the U.K. Gas and Electricity Markets Authority, the same regulator that controls NGC s transmission rates.

NGT s U.S. business is conducted through National Grid USA, a registered holding company and an indirect wholly-owned subsidiary of NGT. National Grid USA is held directly and indirectly by several intermediate registered holding companies. Through its subsidiaries, National Grid USA is engaged in electric transmission and distribution to residential, commercial, and industrial customers in New England and the transmission and distribution of electricity and the distribution of natural gas to residential, commercial, and industrial customers in New York.

The National Grid USA group provides metering, billing, and customer services; manages, designs and builds transmission and distribution-related facilities; and provides related products and services including energy efficiency programs for customers.

National Grid USA owns companies that deliver electricity to approximately 3.3 million customers in New York, Massachusetts, Rhode Island and New Hampshire. These electric public utility companies own and operate approximately 76,000 miles of transmission and distribution lines in New York and New England. The National Grid USA group of companies includes five wholly-owned electricity distribution companies: Niagara Mohawk Power Corporation, Massachusetts Electric Company, The Narragansett Electric Company, Granite State Electric Company, and Nantucket Electric Company, and four other utility companies: New England Power Company, New England Electric Transmission Corporation, New England Hydro-Transmission Corporation and New England Hydro-Transmission Electric Company, Inc.

C. The Proposed Transaction

On August 31, 2004, NGT announced the sale of four U.K. gas distribution networks for £5.8 billion in cash plus approximately £130 million of assumed liabilities. The transactions are subject to certain regulatory consents and approvals including from the U.K. Gas and Electricity Markets Authority, the U.K. Department for Trade and Industry and the U.K. Health and Safety Executive. The Office of Gas and Electricity Markets (Ofgem) has issued a detailed timetable, which outlines the consent and approvals process and NGT is targeting completion of the transactions in the summer of 2005. Completion of the transactions is also subject to termination rights, exercisable by each of NGT and the purchasers, in the event of defined circumstances arising which would have a material adverse impact on the distribution networks being sold. In certain of these circumstances breakage fees would be payable by either NGT or the purchasers.

NGT has indicated that it would provide a one-time return of cash to its shareholders of £2.0 billion from the proceeds of the distribution networks sales. It is expected that the profit from the sale will be significantly in excess of the amount being distributed to shareholders. NGT proposes to effect the return of cash through a mechanism involving a pro rata issuance of B shares to shareholders. For the most part, NGT s proposed issuance of the B shares may be conducted in reliance on prior Commission authorization and the rules under the Act. However, NGT proposes that after issuance it may acquire some or all of the B shares over time (or deferred shares as described below), and such acquisitions may not qualify for the exemption under Rule 42.[3] Accordingly, in this Application NGT seeks authorization to repurchase or convert the B shares.[4] In addition, NGT seeks authorization to solicit shareholder consents with regard to the issuance of the B shares. If required under the Act, NGT also seeks authorization under Section 6(a)(2) of the Act to conduct a share consolidation, or reverse stock split. NGT s B share transactions are explained more fully below.

1. *The B Shares*

The issuance of B shares is an accepted means for U.K. public companies to return cash to shareholders in a way that provides shareholders with choices as to the form and timing of the receipt of funds. NGT would use its share premium account to issue the B shares to existing holders of NGT s ordinary shares following shareholder approval at an Extraordinary General Meeting (EGM) currently scheduled for July 25, 2005. The B shares would rank ahead of the ordinary shares for the payment of dividends and in liquidation and would vote only with respect to matters directly affecting the B share class. Shareholders would receive one B share for every ordinary share that they hold. Holders of NGT ADSs, which represent five NGT ordinary shares, would receive five B shares per ADS.

Shareholders would be asked to elect either (i) a single dividend on the B shares of 65 pence per share, or (ii) to have their B shares repurchased by JPMorgan Cazenove Limited (JPMorgan Cazenove), acting as principal, for 65 pence per share, either immediately after issuance or at a later date.[5] A shareholder that fails to make an election or that does not properly complete the election form will be deemed to have elected alternative (i) above: the single B share dividend.

Shareholders choosing a single dividend for some or all of their B shares will have those B shares for which the election was made converted into deferred shares with no voting rights and negligible value once the dividend is paid.[6] Shareholders choosing the repurchase option may elect to sell some or all of their B shares to JPMorgan Cazenove acting as principal or to hold their B shares for future repurchase offers. Future repurchase offers would be made at 65 pence per B share. Those shareholders electing to hold their B shares for a period of time will be entitled to a dividend on the B shares at a rate per annum of 75% of 12-month Sterling LIBOR[7] (the dividend level used in similar schemes).

Under the terms and conditions of the B shares, NGT will convert all but not some only of the outstanding B shares into ordinary shares at any time after a date in 2007 to be determined and specified in the circular to shareholders, which is not expected to be more than three years after the issuance date. Conversions of the B shares will be effected by NGT through a reorganization of share capital that would result in the elimination of the B shares though their conversion into ordinary shares. The conversion will be on the basis of one new ordinary share for every (M/65) B shares (where M represents the average of the closing mid-market quotations in pence of the new ordinary shares on the London Stock Exchange, as derived from the Daily Official List (as maintained by the U.K. Listing Authority for the purposes of the Financial Services and

Markets Act 2000, as amended) for the five business days immediately preceding the conversion date), fractional entitlements being disregarded and the balance of such shares (including any fractions) shall be deferred shares as described herein.

As is typical with B share schemes, NGT s issuance of the B shares will be accompanied by a share consolidation, known in the U.S. as a reverse stock split. Shareholders will receive a reduced number of new NGT ordinary shares to replace their existing shares according to a ratio to be set prior to the EGM. The ratio will be set using the trading price of NGT s shares immediately before announcement of the details of the transaction and will be designed so that, subject to normal market movements, the share price of the new shares immediately after the £2.0 billion distribution should be approximately equal to the share price of the existing shares immediately beforehand. If NGT did not combine the B share issuance with the consolidation, the value of NGT s ordinary shares would, all things being equal, be expected to decrease by 65 pence per share immediately after the distribution, and NGT s per share financial ratios would also be affected. The share consolidation helps to maintain a consistent and less confusing presentation of per share information to the financial markets. The priorities, preferences, voting rights and other terms of the NGT ordinary shares will not change as a consequence of the share consolidation. Because the consolidation affects each shareholder proportionally, the voting power of each shareholder will be unchanged on the issuance of the B shares (subject to fractional entitlements).[8]

Item 2. Fees, Commissions and Expenses

The fees, commissions and expenses incurred or to be incurred in connection with the preparation and filing of this Application and in connection with the transactions described herein, including the solicitation of shareholder consents related to the issuance of the B shares, the share consolidation and the B share repurchases are estimated as follows:

Activity	GBP (thousands)	USD (thousands)[9]
Legal, accounting and banking fees	2,100	4,020
Printing and postage	2,650	5,072
U.K. Registrar and U.S. Depositary	1,700	3,254
Other costs, filing fees and contingency	550	1,053
Total	7,000	13,399

Item 3. Applicable Statutory Provisions

The proposed transactions are subject to Sections 6(a)(2), 12(c) and 12(e) of the Act and Rules 42, 62 and 65 thereunder.

A. Issues under the Act

The proposed B share issuance is subject to the Act. Although economically a dividend subject to Section 12(c) of the Act and Rule 46, the share issuance also is an issuance of securities by a registered holding company subject to Sections 6 and 7 of the Act. The proposed repurchase of the B shares (and the deferred shares) is subject to Section 12(c) and Rule 42. The share consolidation requires consideration under Section 6(a)(2). Lastly, the solicitation of shareholder consents with regard to the B share scheme is subject to Section 12(e) of the Act.

Notably, the essence of the B share issue, *i.e.*, the return of cash to shareholders, would not reduce NGT s ordinary share capital and the transaction is wholly consistent with the maintenance of a sound capital structure. The £2.0 billion cash payments would be funded entirely by NGT s distributable reserves.[10] NGT s equity as a percentage of its total capitalization would remain greater than 30% after the distribution and NGT would retain its investment grade credit rating.[11] The proposed distribution would not have an adverse effect on NGT s financial soundness and NGT would continue to be able to comply with the financing parameters in the Commission s September 30, 2004 order authorizing the financing program of the NGT group (September Order[12]).

1. *Dividends*

Section 12(c) of the Act provides that a registered holding company may not declare or pay any dividend on any security of such company or acquire, retire, or redeem any security of such company in a manner contrary to Commission rules. Rule 46 under the Act provides that dividends paid out of capital or unearned surplus are not permitted, except by express Commission order, but the rule does not restrict the payment of dividends out of retained earnings. As noted above, the proposed distribution would be paid out of NGT s distributable reserves (generally equivalent to unrestricted retained earnings under U.S. GAAP).

2. *Issuance of B Shares*

The issuance of B shares by NGT is subject to Section 6 of the Act, which provides that it is unlawful for a registered holding company to issue or sell any security except pursuant to a declaration under Section 7 of the Act that has been permitted to become effective by Commission order. The September Order permits NGT to issue various kinds of securities for general corporate purposes, including preferred stock, other forms of preferred securities and securities convertible into common stock. The aggregate amount of securities issued by NGT may not exceed $20 billion outstanding at any one time, exclusive of short-term debt which is subject to a separate limit. The September Order provides that preferred stock may be issued by NGT directly or indirectly through financing subsidiaries and that:

> Preferred stock and other forms of preferred securities may be issued in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating each such series, as determined by National Grid Transco s board of directors, and may be convertible or exchangeable into shares of National Grid Transco common stock or unsecured indebtedness. Dividends or distributions on such securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms which allow the issuer to defer dividend payments for specified periods. National Grid Transco may also issue and sell equity-linked securities in the form of stock purchase units, which combine a security with a fixed obligation (e.g., preferred stock or debt) with a stock purchase contract that is exercisable (either mandatorily or at the option of the holder) within a relatively short period (e.g., three to six years after issuance).[13] The dividend or distribution rates, interest rates, redemption and sinking fund provisions, conversion features, if any, and maturity dates with respect to the preferred stock or other types of preferred securities and equity-linked securities of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by National Grid Transco s board of directors, negotiation or competitive bidding.

The B shares are preferred stock under the September Order. The aggregate amount of B shares to be issued, when added to other securities issued by NGT under the September Order, would be well within the $20 billion issuance limit in the September Order and would otherwise be consistent with the financing parameters set forth in the order. In particular, the effective cost of money associated with the B shares held for a period of time will be 75% of 12-month Sterling LIBOR, per annum, based upon the 65 pence value per share. This rate is substantially less than the 500 basis point cap over the U.K. or U.S. government-issued securities having a term of three to four years (the projected maximum term that the B shares may be held) included in the September Order. The B shares will be outstanding for a limited period of time, expected to be not more than three years. The September Order provides that preferred stock issued by NGT may have a perpetual duration. The issuance expenses associated with the B shares are expected to be between £6 million and £8 million, including the costs of the shareholder solicitation and the EGM, well within the cap in the September Order of 5% of the principal amount of the securities issued.[14] Lastly, as noted above, the issuance of the B shares will not cause NGT s common equity ratio, computed on a U.S. GAAP basis according to the formula set out in the September Order, to fall below 30%, and NGT s rated securities will continue to hold investment grade ratings. The B shares, however, will not be rated.

The B shares will be listed on the London Stock Exchange, but it is unlikely that there will be an active market in the B shares.[15] The B shares will entitle the holders to elect to:

1. receive an immediate dividend of 65 pence per share (an Income Election); or
2. sell their B shares immediately for 65 pence per share (an Initial Capital Election); or
3. wait to sell their shares for 65 pence per share at a later date (a Deferred Capital Election); or
4. hold the B shares until they are converted into ordinary shares (a Final Maturity Election).

The B share alternatives provide shareholders who are U.K. taxpayers with different U.K. tax treatment on the receipt of the cash. U.K. taxpayers who choose Alternative 1: Income Election, in respect of their B shares will receive a single dividend of 65 pence per B share in respect of those B shares. The Single B Share Dividend of 65 pence per B share will generally be taxable as income for U.K. tax purposes. U.K. taxpayers who choose Alternative 2: Initial Capital Election, for some of their B shares will have those B shares bought by JPMorgan Cazenove for 65 pence per B share. The receipt by U.K. shareholders of 65 pence for each B share pursuant to the Initial Capital Election will generally be taxable as capital gain for U.K. tax purposes. U.K. taxpayers who choose Alternative 3: Deferred Capital Election will retain B shares and are expected to have the opportunity to sell them to JPMorgan Cazenove in the future for 65 pence per B share. Any payment by JPMorgan Cazenove of 65 pence for each B share purchased pursuant to a Deferred Capital Election will generally be taxable as capital gain for U.K. tax purposes. Under Alternative 4, a U.K. shareholder who retains B shares until they are converted into ordinary shares, pursuant to a Final Maturity Election, is treated as if there was a reorganization of NGT's share capital. A reorganization of a company's share capital is generally not a taxable event.

U.S. tax rules differ from U.K. tax rules, and, as a result, the B share alternatives do not provide shareholders who are U.S. taxpayers with the same tax treatment provided to shareholders who are U.K. taxpayers. For U.S. taxpayers, the receipt of the B shares, regardless of which B share alternative is elected, should generally be taxable for U.S. federal income tax purposes in the same manner as the receipt of a dividend in cash. Accordingly, the 2005 federal income tax treatment of a U.S. taxpayer should generally be the same under any of the B share alternatives. U.S. taxpayers who elect Alternative 3 and retain their B shares will also have dividend income in future years, and, upon any sale of their B shares pursuant to a future repurchase offer, may have a capital gain or loss.

The B shares conform to the generally accepted definition of preferred stock which is a class of capital stock that pays dividends at a specified rate and that has a preference over common stock in the payment of dividends and the liquidation of assets. The B shares have these features and other features that will be designated by NGT s board of directors at the time of issuance and explained in the shareholder circular. The B shares are authorized preferred stock under the September Order.

3. *Repurchase of B Shares*

The repurchase of the B shares by NGT pursuant to the Initial Capital Election, the Deferred Capital Election, and the Final Maturity Election is subject to Section 12(c) of the Act and Rule 42. Section 12(c), quoted above, restricts the repurchase or redemption by a registered holding company of its securities, except as permitted by rule or order. Rule 42 generally permits NGT to acquire, retire or redeem its securities from unaffiliated parties without a Commission order.[16] The B shares would be issued to NGT s shareholders which generally are unaffiliated with NGT. NGT's officers and directors, however, are affiliates of NGT under Section 2(a)(11)(D) of the Act. Many officers and directors own NGT common stock and would receive B shares. In addition, it is possible, that large institutional investors may from time to time hold more than 5% (but less than 10%) of NGT s shares, typically in a combination of custodial accounts, proprietary accounts and fund accounts. Any repurchase of B shares (or deferred shares) from such affiliates would occur according to the terms of the B shares (and the deferred shares) as provided in the Articles of Association and the shareholder circular and the election(s) made by such investors. In other words, the repurchase of B shares (or deferred shares) from an institutional investor that may be affiliated with NGT, or an officer or director of NGT, would be no different from a repurchase of B shares (or deferred shares) from any other shareholder. In such cases, where the acquisition from an affiliate is on the same terms as are applicable to shareholders generally, it is appropriate for the Commission to find that Section 12(c) of the Act is satisfied.[17] The September Order at 16 provided similar relief for stock repurchases from affiliates, finding that Stock repurchases would be conducted through open market transactions and could include the acquisition at arms -length of National Grid Transco common stock from institutional investors that may have an affiliate interest in National Grid Transco. In this case, the B shares (or deferred shares) would be repurchased in accordance with their terms and the elections made by shareholders (including default elections). These terms are provided for in the Articles of Association and in the shareholder circular. NGT would not provide different or more favorable terms to affiliated holders of B shares (or deferred shares) and therefore, no detriment could occur to unaffiliated shareholders. There is no substantive reason to distinguish an open market repurchase of ordinary shares that complies with the terms of the September Order from the repurchase of B shares (or deferred terms) under the terms of such shares. Accordingly, NGT requests authorization to acquire, retire, redeem and convert the B shares (and to acquire, retire and redeem the deferred shares) in accordance with their terms.[18]

4. *Share Consolidation*

The share consolidation merits analysis under Section 6(a)(2) of the Act, which requires a registered holding company to obtain Commission authorization before it may exercise any privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of an outstanding security of such company. Notably, NGT would pursue the share consolidation only upon the receipt of shareholder authorization at the EGM and therefore NGT would not exercise a privilege or right to alter the terms of the company s ordinary shares, but merely execute the decision made by shareholders.

Further, because the share consolidation changes only the number of issued and outstanding shares, it does not raise the concerns of shareholder discrimination that are the focus of Section 6(a)(2). The proposed share consolidation would reduce pro rata the number of issued

and outstanding NGT ordinary shares with no effect on the priorities, preferences, voting power or other rights of NGT s ordinary shares or any other outstanding NGT security. The gross amount of NGT s ordinary share capital will not change as a result of the share consolidation. The par value of its ordinary shares, however, will increase as there will be a smaller number of ordinary shares in issue. Each new ordinary share will have one vote, like the existing shares, on the same matters that the existing shares now vote. NGT s Memorandum and Articles of Association, which describe the rights of the existing ordinary shares, will be reissued and contain identical provisions for the rights of the new ordinary shares.[19] It is appears, therefore, that the proposed share consolidation does not trigger a requirement for Commission approval under Section 6(a)(2).

If, however, the Commission determines that the share consolidation does require authorization under the Act, NGT hereby requests in the alternative that the Commission grant such authorization.[20]

5. *Solicitation of Shareholder Consents*

Lastly, the solicitation of shareholder consents for the B share issuance and the share consolidation is subject to Section 12(e) and Rule 62. Section 12(e) provides that:

> It shall be unlawful for any person to solicit or to permit the use of his or its name to solicit, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, any proxy, power of attorney, consent, or authorization regarding any security of a registered holding company or a subsidiary company thereof in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this chapter or the rules, regulations, or orders thereunder.

Among the several rules promulgated by the Commission under Section 12(e), Rule 62 provides that a solicitation of any shareholder consent regarding a security of a registered holding company in connection with any other transaction which is or will be the subject of any application or declaration filed with the Commission may not be made unless pursuant to a declaration which has been permitted to become effective.

Notably, Rule 3a12-3(b) under the Securities Exchange Act of 1934 (Exchange Act) exempts securities registered by a foreign private issuer from certain sections of the Exchange Act, including Section 14(a) and the proxy rules thereunder.[21] This exemption expresses the Commission s policy that home country rules applicable to proxy solicitations by foreign private issuers will provide adequate disclosure of the proposed transactions. Because a similar exemption under the 1935 Act is not available, NGT has filed this Application seeking authorization to solicit shareholder consents.

The solicitation will be conducted by mailing a shareholder circular and related communications to be included in Exhibit A to NGT shareholders of record as of a time to be announced in the summer of 2005. The mailing would invite shareholders to vote in person or by proxy at the EGM, which is currently scheduled to occur on July 25, 2005. The fees, expenses and commissions incurred and to be incurred by NGT in connection with the solicitation and related regulatory authorizations are set forth in Item 2, above.

NGT respectfully requests that the Commission s order permitting this Application to become effective permit NGT to commence the solicitation of shareholder consents immediately upon the issuance of the Commission s order herein.

6. *Rule 54 Analysis*

Under Rule 54, in determining whether to approve the issue or sale of a security by a registered holding company for purposes other than the acquisition of an exempt wholesale generator ("EWG") or a foreign utility company ("FUCO"), or other transactions by such registered holding company or its subsidiaries other than with respect to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of any subsidiary which is an EWG or a FUCO upon the registered holding company system if paragraphs (a), (b) and (c) of Rule 53 are satisfied

National Grid Transco's aggregate investment in FUCOs currently exceeds the "safe harbor" afforded by rule 53(a) because its "aggregate investment" (as defined in rule 53(a)(1)) exceeds 50% of its "consolidated retained earnings" (also as defined in rule 53(a)(1)). At March 31, 2005, National Grid Transco's current aggregate investment in FUCOs was GBP 12,149 million (USD 21,868 million), while its consolidated retained earnings calculated in accordance with US GAAP were GBP 3,377 million (USD 6,383 million).

National Grid Transco's investments in FUCOs should not cause a material adverse impact on National Grid Transco's consolidated capitalization. Indeed, National Grid Transco's FUCO investments have contributed positively to the company's financial results. National Grid Transco has no EWG investments. At March 31, 2005, National Grid Transco's consolidated capitalization consisted of 41.8% equity, 58.1% debt and 0.1% preferred stock issued by subsidiaries. On March 9, 2005, when the Commission last authorized an increase in National Grid Transco's FUCO investment limit,[22] the record indicated that National Grid Transco's consolidated capitalization, at September 30, 2004, consisted of 38.3% equity, 61.5% debt and 0.2% preferred stock issued by subsidiaries. At March 31, 2004, National Grid Transco's consolidated capitalization consisted of 41.2% equity, 58.6% debt and 0.2% preferred stock issued by subsidiaries. National Grid Transco's senior unsecured debt is investment grade (rated A- by S&P and Baa1 by Moody's). In accordance with an order of the Commission dated September 30, 2004, Holding Co. Act Release No. 27898, National Grid Transco has committed to maintain a consolidated common equity ratio (subject to certain qualifications), of at least 30%. The transactions proposed in this application will not adversely affect its ability to meet that commitment.

National Grid Transco satisfies the other conditions of paragraphs (a) and (b) of Rule 53, except that the books and records of its FUCO subsidiaries are maintained in accordance with UK GAAP, rather than US GAAP. National Grid Transco is in compliance with the limit in rule 53(a)(3) which provides that no more than 2% of the employees of National Grid Transco's U.S. public utility companies ("Utility Subsidiaries") may render services, at any one time, directly or indirectly, to FUCOs in which National Grid Transco directly or indirectly holds an interest. Further, in accordance with rule 53(a)(4), National Grid Transco has provided a copy of the application in this matter to each regulator referred to below, and National Grid Transco will comply with the rule's other requirements concerning the furnishing of information. None of the circumstances enumerated in subparagraphs (1), (2) and (3) of Rule 53(b) is currently triggered.

National Grid Transco's investments in FUCOs will be segregated from its Utility Subsidiaries and none of the Utility Subsidiaries will provide financing for, extend credit to, or sell or pledge assets directly or indirectly to any FUCO in which National Grid Transco owns any interest. In addition, FUCO investments will not have any negative impact on the ability of the Utility Subsidiaries to fund operations and growth. The Utility Subsidiaries will continue to have financial facilities in place or access to National Grid Transco financing facilities that will adequately support their operations.

All state commissions with jurisdiction over the retail rates of the Utility Subsidiaries have provided the Commission with statements confirming that National Grid Transco's FUCO investments will not have an adverse impact on the ability of the state commissions to protect National Grid Transco's utility subsidiaries subject to their jurisdiction or the subsidiaries' customers.

In particular, the New York Public Service Commission ("NYPSC"), in its letter dated December 1, 2004, has acknowledged that National Grid Transco's "proposed investments will not have an adverse impact on Niagara Mohawk Power Corporation, or its respective customers, or the ability of the [NYPSC] to protect Niagara Mohawk Power Corporation or its ratepayers in New York." The NYPSC also confirmed that it has the authority and resources to protect New York ratepayers and intends to continue exercising that authority.[23] Similarly, the Rhode Island Public Utility Commission ("RIPUC") in its September 23, 2004 letter to the Commission concluded that "[National Grid Transco's] proposed investments will not have an adverse impact on Narragansett Electric [Company], or its respective customers, or the ability of the [RIPUC] to protect ratepayers in Rhode Island. The [RIPUC] is of the view that it has the authority and resources to protect Rhode Island ratepayers and it intends to continue exercising that authority."

The New Hampshire Public Utility Commission ("NHPUC"), in a letter dated September 30, 2004 raised concerns about the potential impact of National Grid Transco's application for increased FUCO investment authorization on the utilities over which the NHPUC has jurisdiction.[24] In its letter dated November 29, 2004, the NHPUC indicates that representatives of the NHPUC and National Grid Transco met to discuss these concerns and the NHPUC has been assured that it would continue to have the jurisdictional authority it currently holds over the National Grid Transco retail utility subsidiaries, including the NHPUC's standards regarding long and short term debt. The NHPUC further expressed its satisfaction that "approval by the Securities and Exchange Commission of the Form U-1 Application [of National Grid Transco] will not infringe upon [the NHPUC's] regulatory authority."

The Massachusetts Department of Telecommunications and Energy ("MDTE") concluded, in its letter dated September 24, 2004, that National Grid Transco's existing interest and proposed additional investments in FUCOs will not have an adverse impact on the ability of the MDTE to protect Massachusetts Electric Company or Nantucket Electric Company or their respective customers. The MDTE also stated that "pursuant to G.L. c. 164, the [MDTE] has the authority and resources to protect ratepayers in Massachusetts and it intends to continue exercising that authority."

Based on the foregoing statements from the affected state commissions, the Commission should find that the requirements of Rule 53(c) are satisfied. Accordingly, given that the conditions of Rule 53(b) are not triggered and the requirements of Rule 53(c) are satisfied, the Commission also should find that the terms of Rule 54 are satisfied.

B. Conclusion

The B share issuance described herein is for the most part fully authorized by the Commission in the September Order. The transaction is a reasonable, necessary and appropriate means to return cash to NGT s shareholders in a manner that provides shareholders with certain options with regard to the receipt of funds. The Application demonstrates that the issuance of the B shares and the return of cash will not adversely affect the financial soundness of NGT and that the repurchase or conversion of the B shares (and the deferred shares) in accordance with their terms is fair and equitable. Wherefore, for all the reasons set forth in this Application, NGT respectfully requests that the Commission authorize the Application and permit the solicitation of shareholder consents, the repurchase or conversion of securities, and the share consolidation, as described herein.

Item 4. Regulatory Approvals

No state commission, and no federal commission, other than the Commission, has jurisdiction over the transactions proposed in this Application.

Item 5. Procedure

NGT respectfully requests that the Commission issue a notice of the transaction proposed herein forthwith. NGT has tentatively scheduled an EGM for shareholders to vote on the B share scheme on July 25, 2005. To meet that schedule, the printing and mailing of the shareholder circular must commence substantially in advance of the meeting date. Accordingly, NGT respectfully requests that the Commission issue an order granting and permitting this Application to become effective by May 31, 2005 so that the printing and distribution of the shareholder circular is not delayed.

Applicants waive a recommended decision by a hearing or other responsible officer of the Commission for approval of the proposed transactions and consent to the Division of Investment Management s assistance in the preparation of the Commission s decision. There should not be a waiting period between the issuance of the Commission s order and the date on which it is to become effective.

Item 6. Exhibits and Financial Statements

Exhibits

A	Draft Shareholder Circular and Letter to Shareholders.*
B	B Share Certificate.
C	NGT Memorandum and Articles of Association (revised)
D-1	Opinion of Counsel of National Grid Transco plc**
D-2	Past Tense Opinion of Counsel.*
E	Form of Notice.**

Financial Statements

FS-1	National Grid Transco plc Financial Statements as of and for the Six Months Ended September 30, 2004, incorporated by reference to National Grid Transco s Report on Form 6-K, filed on November 18, 2004 (SEC File No. 001-14958).
FS-2	Pro Forma National Grid Transco plc Balance Sheet, Income Statement, and Cash Flow Statement (confidential treatment requested).**

* To be filed by amendment.

** Previously filed.

Item 7. Information as to Environmental Effects

The proposed transaction involves neither a major federal action nor significantly affects the quality of the human environment as those terms are used in Section 102(2)(C) of the National Environmental Policy Act, 42 U.S.C. Sec. 4321 et seq. No federal agency is preparing an environmental impact statement with respect to this matter.

S I G N A T U R E

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the Applicant has duly caused this amended Application-Declaration to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 31, 2005

National Grid Transco plc

By: /s/ Helen Mahy
Name: Helen Mahy
Title: Group Company Secretary and General Counsel

Exhibit Index

B	B Share Certificate.
C	NGT Memorandum and Articles of Association (revised)

Endnotes

[1] NGT has issued American Depositary Shares (ADSs) in the U.S. which trade as ADRs and are held by both individuals and U.S. institutions. As of January 31, 2005, 21,114,412 ADSs, representing 105,572,060 ordinary shares, accounted for approximately 3.42% of NGT s publicly issued shares.

[2] NGH One, National Grid Holdings Limited and Lattice Group plc are FUCOs.

[3] For example, an acquisition from an affiliate would not be exempt under Rule 42.

[4] Authorization also is requested to repurchase the deferred shares as described *infra*.

[5] Under the repurchase option, JPMorgan Cazenove will offer to buy B shares for 65 pence per share, free of all dealing expenses and commissions. An initial repurchase election may be made by shareholders shortly after the EGM. It is currently envisaged that JPMorgan Cazenove will make further repurchase offers in 2006 and 2007. Following completion of any repurchase offer, JPMorgan Cazenove will have the right to require NGT to purchase from JPMorgan Cazenove at 65 pence per B share, those B shares purchased from shareholders pursuant to the repurchase offer. If NGT does repurchase any B shares from JPMorgan Cazenove, such B shares will be cancelled and will not be held as treasury shares.

[6] NGT may repurchase all deferred shares in existence at any time for an aggregate consideration of one pence. NGT may cancel the deferred shares so purchased in accordance with the Companies Act (U.K.).

[7] LIBOR refers to the London Interbank Offered Rate, the rate that the most creditworthy international banks dealing in Eurodollars charge each other for large loans.

[8] The issuance of ordinary shares at final maturity in connection with the repurchase or conversion of any outstanding B shares also could change proportional shareholder interests, but this is not a result of the share consolidation but rather a consequence of individual shareholder choice with regard to their B share elections.

[9] GBP converted to USD at 1.91410.

[10] Under U.K. GAAP, although the issuance of the B shares would reduce NGT s share premium account (the equivalent of the additional paid-in capital account under U.S. GAAP) offset by the increase in share capital, the distributions paid to holders of B shares and the amounts paid upon repurchase of the B shares would be paid from NGT s distributable reserves. Under U.K. GAAP, distributable reserves are equivalent to retained earnings, plus other reserves that are distributable, less any restrictions on the distribution of earnings. Generally, distributable reserves are the equivalent of unrestricted retained earnings for U.S. GAAP purposes. On a U.S. GAAP basis, the B share issue and distributions and repurchases connected therewith would not reduce the total of NGT s paid-in capital and additional paid-in capital accounts when compared to the total of paid-in capital and additional paid-in capital before such transactions were undertaken.

[11] NGT expects its consolidated common equity ratio to improve as a result of the gas distribution network sales because NGT intends to pay down a significant amount of debt at the Transco and Transco Holdings plc level. *See also*, Exhibit FS-2, hereto, (submitted under a request for confidential treatment).

[12] Holding Co. Act Release No. 27898. NGT's compliance with the financing parameters in the September Order is described in Item 3.A.3., below.

[13] Any convertible or equity-linked securities would be convertible into or linked only to common stock, preferred securities or unsecured debt securities that National Grid Transco is otherwise authorized to issue directly or indirectly through a financing entity on behalf of National Grid Transco.

[14] U.K. stamp duty is expected to be levied on the repurchase of the B shares at the rate of 0.5% of the value of the B shares, but this tax is not an expense of the issuance.

[15] The B shares will not be listed on any securities exchange or quoted on an inter-dealer quotation system in the U.S. and no market for the B shares is expected to develop in the U.S.

[16] Rule 42 provides:

> A registered holding company or its subsidiary company may acquire, retire or redeem any security of which it is the issuer (or which it has assumed or guaranteed) without the need for prior Commission approval under sections 9(a), 10 and 12(c) of the Act: Provided, This section shall not apply to a transaction by a registered holding company or its subsidiary company with an associate company, an affiliate, or an affiliate of an associate company, or to a transaction by a registered holding company, as defined in Sec. 240.13e-3(a)(3) of this chapter.

[17] *See e.g., In the Matter of Southern Union Gas Company, et al*., Holding Co. Act Release No. 4627 (Oct. 16, 1943) (applying a fair and equitable standard to the redemption of securities under Section 12(c) of the Act), *and In the Matter of Rochester Gas And Electric Corporation, et al*., Holding Co. Act Release No. 4390 (June 29, 1943) (applying a not detrimental to the public interest or the interest of investors or consumers standard to a redemption of securities under Section 12(c) of the Act).

[18] NGT seeks authorization for the conversion of B shares under a Final Maturity Election in case conversions are restricted under Section 12(c) s regulation of the acquisition, retirement, or redemption of NGT s securities.

[19] The language of the new Memorandum and Articles of Association will be revised so that its provisions are stated more clearly, but the substantive rights of shareholders will not be changed.

[20] *See, e.g., FirstEnergy Corp.*, Holding Co. Act Release No. 27844 (May 5, 2004) (authorizing amendments to the governing documents of FirstEnergy to declassify its board of directors, eliminate certain supermajority voting rights, and to terminate a shareholder rights plan under Section 6(a)(2), even though the changes proposed, other than the termination of the rights plan, would be submitted to shareholder vote).

[21] 17 CFR § 240.3a12-3.

[22] *National Grid Transco plc*, Holding Co. Act Release No. 27950 (March 9, 2005).

[23] The NYPSC letter references a November 3, 2004 letter from Kirk L. Ramsauer, Deputy General Counsel, National Grid to Hon. William M. Flynn, Chair of the NYPSC, clarifying that National Grid Transco will restrict any guarantees issued by Niagara Mohawk Holdings, Inc. ("NIMO Holdings") to obligations of NIMO Holdings' direct and indirect subsidiaries.

[24] The New Hampshire jurisdictional utilities are Granite State Electric Company; New England Hydro-Transmission Corporation; New England Power Company; and New England Electric Transmission Corporation.

/TD>62,372 66,366 86,718 20,023 25,371

Research and development

8,940 11,374 15,216 3,222 4,378

Total expenses

71,312 77,740 101,934 23,245 29,749

Loss from operations				
(8,809)	(14,466)	(22,419)	(5,206)	(6,847)

Interest and other, net

(2,316) (2,324) (1,618) (4) (445)

Net loss

(11,125) (16,790) (24,037) (5,210) (7,292)

Net loss per common share:

Basic and diluted[1]

$(0.70) $(0.93) $(1.11) $(0.26) $(0.29)

Weighted average common shares used in computation:

Basic and diluted[1]

15,915,800 18,035,635 21,685,932 20,397,004 24,751,368

(1) See Note 12 of the notes to our audited consolidated financial statements included in our 2013 Form 10-K and Note 9 of the notes to our unaudited consolidated financial statements included in our first quarter 2014 Form 10-Q for a description of the method used to compute basic and diluted net loss per common share and basic and diluted weighted-average number of shares used in per common share calculations.

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	As of September 30, 2013	
	Actual	As Adjusted[1]
	(In thousands) (Unaudited)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 63,227	$ 136,642
Working capital[2]	64,041	137,456
Total current assets	87,995	161,410
Total assets	95,120	168,535
Long-term debt, net of current maturities	5,742	5,742
Total liabilities	29,849	29,849
Total stockholders equity	65,271	138,686

(1) On an adjusted basis to reflect the receipt of the estimated net proceeds from the sale of 2,608,696 shares of common stock in this offering at the public offering price of $30.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Working capital is calculated as total current assets less total current liabilities as of the balance sheet date indicated.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, along with the other information in this prospectus supplement and the accompanying prospectus and the other information incorporated herein or therein by reference. If any of these risks occur, our business could be materially harmed, and our financial condition and results of operations could be materially and adversely affected. As a result, the price of our common stock could decline, and you could lose all or part of your investment.

Risks Relating to Our Business and Operations

We have a history of net losses and a short commercialization experience, and we are likely to continue to incur losses.

We are not profitable and have incurred net losses in each fiscal year since our formation in 1989. In particular, we had net losses of $7.3 million in the three months ended September 30, 2013, $24.0 million in fiscal 2013, $16.8 million in fiscal 2012 and $11.1 million in fiscal 2011. As of September 30, 2013, we had an accumulated deficit of approximately $210.6 million. We commenced commercial sales of the Diamondback 360° in September 2007 and of the Diamondback 360® Coronary OAS in October 2013, and our short commercialization experience makes it difficult for us to predict future performance. We also expect to incur significant additional expenses for sales and marketing, research and development and manufacturing as we continue to commercialize the PAD Systems and the Diamondback 360® Coronary OAS and additional expenses as we seek to develop and commercialize future versions of the PAD Systems, the Diamondback 360® Coronary OAS and any future products. Additionally, we expect that our general and administrative expenses will increase as our business grows. As a result, our operating losses are likely to continue.

We may be unable to sustain our revenue growth.

Our revenue has grown in each of the fiscal years since we commenced commercial sales of the Diamondback 360° in September 2007. Our ability to continue to increase our revenues in future periods will depend on our ability to increase sales of the PAD Systems, and generate significant sales from the Diamondback 360® Coronary OAS and new and improved products we introduce, which will in turn depend in part on our success in growing our customer base and reorders from those customers, and obtaining new applications for our technology. We may not be able to generate, sustain or increase revenues on a quarterly or annual basis. If we cannot achieve or sustain revenue growth for an extended period, our financial results will be adversely affected.

Economic conditions may adversely affect our business.

Adverse worldwide economic conditions may negatively impact our business. A significant change in the liquidity or financial condition of our customers could cause unfavorable trends in their purchases and also in our receivable collections and additional allowances may be required, which could adversely affect our operating results. Adverse worldwide economic conditions may also adversely impact our suppliers ability to provide us with materials and components, which could adversely affect our business and operating results.

The PAD Systems, the Diamondback 360® Coronary OAS and future products may never achieve broad market acceptance.

The PAD Systems, the Diamondback 360® Coronary OAS and future products we may develop may never gain broad market acceptance among physicians, patients and the medical community. The degree of market acceptance of any of

our products will depend on a number of factors, including:

- the actual and perceived effectiveness and reliability of our products;
- the prevalence and severity of any adverse patient events involving our products;

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the results of any clinical trials relating to use of our products;

the availability, relative cost and perceived advantages and disadvantages of alternative technologies or treatment methods for conditions treated by our products;

the degree to which treatments using our products are approved for reimbursement by public and private insurers;

the degree to which physicians adopt the PAD Systems and the Diamondback 360® Coronary OAS;

the extent to which we are successful in educating physicians about PAD and coronary artery disease in general and the existence and benefits of the PAD Systems and the Diamondback 360® Coronary OAS in particular;

the strength of our marketing and distribution infrastructure; and

the level of education and awareness among physicians and hospitals concerning our products.

Failure of the PAD Systems or the Diamondback 360® Coronary OAS to significantly penetrate current or new markets would negatively impact our business, financial condition and results of operations.

Our customers may not be able to achieve adequate reimbursement for using the PAD Systems or the Diamondback 360® Coronary OAS, which could affect the acceptance of our products and cause our business to suffer.

The availability of insurance coverage and reimbursement for newly approved medical devices and procedures is uncertain. The commercial success of our products is substantially dependent on whether third-party insurance coverage and reimbursement for the use of such products and related services are available. We expect our products to continue to be purchased by hospitals and other providers who will then seek reimbursement from various public and private third-party payors, such as Medicare, Medicaid and private insurers, for the services provided to patients. While third-party payors are currently providing reimbursement for use of our products, we can give no assurance that these third-party payors will continue to provide adequate reimbursement for use of our products to permit hospitals and doctors to consider the products cost-effective for patients requiring treatment, or that current reimbursement levels for our products will continue. In particular, the Centers for Medicaid and Medicare Services has proposed reductions in reimbursement levels for office-based labs that, if implemented, could adversely affect our PAD business. In addition, the overall amount of reimbursement available for PAD treatment could decrease in the future. Failure by hospitals and other users of our products to obtain sufficient reimbursement could cause our business to suffer.

Medicare, Medicaid, health maintenance organizations and other third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement, and, as a result, they may not cover or provide adequate payment for use of our products. In order to position our products for acceptance by third-party payors, we may have to agree to lower prices than we might otherwise charge.

Governmental and private sector payors have instituted initiatives to limit the growth of healthcare costs using, for example, price regulation or controls and competitive pricing programs. Some third-party payors also require demonstrated superiority, on the basis of randomized clinical trials, or pre-approval of coverage, for new or innovative devices or procedures before they will reimburse healthcare providers who use such devices or procedures. It is uncertain whether our current products or any future products we may develop will be viewed as sufficiently cost-effective to warrant adequate coverage and reimbursement levels.

If third-party coverage and reimbursement for our products is limited or not available, the acceptance of our products and, consequently, our business will be substantially harmed.

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Healthcare reform legislation could adversely affect our operating results and financial condition.

There have been and continue to be proposals by the federal government, state governments, regulators and third-party payors to control healthcare costs and, more generally, to reform the U.S. healthcare system, some of which have been enacted into law, such as the Patient Protection and Affordable Care Act, or the Patient Act. The Patient Act imposes significant new taxes on medical device makers and these taxes have begun to adversely affect our financial results. The Patient Act and any additional healthcare proposals and laws that may be enacted in the future could also limit the prices we are able to charge for our products or the amounts of reimbursement available for our products and could limit the acceptance and availability of our products. The Patient Act and future healthcare legislation could adversely affect our revenue and financial condition.

Our financial performance may be adversely affected by medical device tax provisions in the health care reform legislation.

The imposition of the 2.3% medical device excise tax enacted as part of the Patient Act has required, and will continue to require, us to identify ways to reduce spending in other areas or raise additional capital to offset the increased expense. We have not been able to pass along the cost of the tax to our customers or offset the cost of the tax through higher sales volumes resulting from the expansion of health insurance coverage, and do not expect to be able to do so in the future, because of the demographics of the current uninsured population. The regulations put forth by the U.S. Department of Treasury in late 2012 did little to lessen the burden of complying with the excise tax statute. Ongoing implementation of this legislation could have a material adverse effect on our results of operations and cash flows.

We have limited data and experience regarding the safety and efficacy of the PAD Systems and the Diamondback 360® Coronary OAS. Any long-term data that is generated may not be positive or consistent with our limited short-term data, which would affect market acceptance of these products.

Because our technology is relatively new in the treatment of PAD and coronary artery disease, we have performed clinical trials only with limited patient populations. The long-term effects of using the PAD Systems and the Diamondback 360® Coronary OAS in a large number of patients have not been studied and the results of short-term clinical use of the PAD Systems or the Diamondback 360® Coronary OAS do not necessarily predict long-term clinical benefits or reveal long-term adverse effects.

Clinical trials conducted with the PAD Systems and the Diamondback 360® Coronary OAS have involved procedures performed by physicians who are very technically proficient. Consequently, both short and long-term results reported in these studies may be significantly more favorable than typical results achieved by physicians, which could negatively impact market acceptance of the PAD Systems and the Diamondback 360® Coronary OAS and materially harm our business.

We face significant competition, must innovate to stay competitive, and may be unable to sell the PAD Systems or the Diamondback 360® Coronary OAS at profitable levels.

The market for medical devices is highly competitive, dynamic and marked by rapid and substantial technological development and product innovation. Our ability to compete depends on our ability to innovate successfully, and while certain barriers exist to entry into our market we cannot assure that new entrants or existing competitors will not be able to develop products that compete directly with our products. We compete against very large and well-known stent and balloon angioplasty device manufacturers, atherectomy catheter manufacturers, pharmaceutical companies, and companies that provide products used by surgeons in peripheral and coronary bypass procedures. We may have

difficulty competing effectively with these competitors because of their well-established positions in the marketplace, significant financial and human capital resources, established reputations and worldwide distribution channels.

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Our competitors may:

- develop and patent processes or products earlier than we will;
- obtain regulatory clearances or approvals for competing medical device products more rapidly than we will;
- market their products more effectively than we will; or
- develop more effective or less expensive products or technologies that render our technology or products obsolete or non-competitive.

We have encountered and expect to continue to encounter potential customers who, due to existing relationships with our competitors, are committed to or prefer the products offered by these competitors. If we are unable to compete successfully, our revenue will suffer. Increased competition might lead to price reductions and other concessions that might adversely affect our operating results. Competitive pressures may decrease the demand for our products and could adversely affect our financial results.

We have limited commercial manufacturing experience and could experience difficulty in producing the PAD Systems and the Diamondback 360® Coronary OAS or may need to depend on third parties to manufacture the products.

We have limited experience in commercially manufacturing the PAD Systems, have even less experience in commercially manufacturing the Diamondback 360® Coronary OAS and have no experience manufacturing these products in the volume that we anticipate will be required if we achieve planned levels of commercial sales. As a result, we may not be able to develop and implement efficient, low-cost manufacturing capabilities and processes that will enable us to manufacture the PAD Systems, the Diamondback 360® Coronary OAS or future products in significant volumes, while meeting the legal, regulatory, quality, price, durability, engineering, design and production standards required to market our products successfully.

The forecasts of demand we use to determine order quantities and lead times for components purchased from outside suppliers may be incorrect. Our failure to obtain required components or subassemblies when needed and at a reasonable cost would adversely affect our business.

In addition, we may in the future need to depend upon third parties to manufacture the PAD Systems, the Diamondback 360® Coronary OAS and future products. Any difficulties in locating and hiring third-party manufacturers, or in the ability of third-party manufacturers to supply quantities of our products at the times and in the quantities we need, could have a material adverse effect on our business.

We depend upon third-party suppliers, including single source suppliers to us and our customers, making us vulnerable to supply problems and price fluctuations.

We rely on third-party suppliers to provide us with certain components of our products and to provide key components or supplies to our customers for use with our products. We rely on single source suppliers for certain components of the PAD Systems and the Diamondback 360® Coronary OAS. We depend on our suppliers to provide

us and our customers with materials in a timely manner that meet our and their quality, quantity and cost requirements. These suppliers may encounter problems during manufacturing for a variety of reasons, any of which could delay or impede their ability to meet our demand and our customers demands.

Any supply interruption from our suppliers or failure to obtain additional suppliers for any of the components used in our products would limit our ability to manufacture our products and could have a material adverse effect on our business, financial condition and results of operations.

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We may need to increase the size of our organization and we may experience difficulties managing growth. If we are unable to manage the anticipated growth of our business, our future revenue and operating results may be adversely affected.

The growth we may experience in the future may provide challenges to our organization, requiring us to rapidly expand our sales and marketing personnel and manufacturing operations. Rapid expansion in personnel may result in less experienced people producing and selling our products, which could result in unanticipated costs and disruptions to our operations. If we cannot scale and manage our business appropriately, our anticipated growth may be impaired and our financial results will suffer.

We may require additional financing, and our failure to obtain additional financing when needed could force us to delay, reduce or eliminate our product development programs or commercialization efforts.

We may be dependent on additional financing to execute our business plan. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. In the event we need or desire additional financing, we may be unable to obtain it by borrowing money in the credit markets or raising money in the capital markets. If adequate funds are not available on a timely basis or at all, we may terminate or delay the development of one or more of our products, or delay establishment of sales and marketing capabilities or other activities necessary to commercialize our products.

We face a risk of non-compliance with the financial covenants in our loan and security agreements with Silicon Valley Bank and Partners for Growth.

We are party to loan and security agreements with Silicon Valley Bank and Partners for Growth. These agreements require us to maintain, among other things, a monthly specified liquidity ratio and contain customary events of default, including, among others, the failure to comply with certain covenants or other agreements. Upon the occurrence and during the continuation of an event of default, amounts due under the agreements may be accelerated by Silicon Valley Bank or Partners for Growth. If we are unable to meet the financial or other covenants under the current loan and security agreements or negotiate future waivers or amendments of such covenants, events of default could occur under the agreements. Upon the occurrence and during the continuance of an event of default under the agreements, Silicon Valley Bank and Partners for Growth have available a range of remedies customary in these circumstances, including declaring all outstanding debt, together with accrued and unpaid interest thereon, to be due and payable, foreclosing on the assets securing the agreements and/or ceasing to provide additional loans, which could have a material adverse effect on us.

The restrictive covenants under these agreements could limit our ability to obtain future financing, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities. The financial and restrictive covenants contained in the agreements could also adversely affect our ability to respond to changing economic and business conditions and place us at a competitive disadvantage relative to other companies that may be subject to fewer restrictions. Transactions that we may view as important opportunities, such as acquisitions, may be subject to the consent of Silicon Valley Bank and Partners for Growth, which consents may be withheld or granted subject to conditions specified at the time that may affect the attractiveness or viability of the transaction.

We are dependent on our senior management team and highly skilled personnel, and our business could be harmed if we are unable to attract and retain personnel necessary for our success.

We are highly dependent on our senior management. Our success will depend on our ability to retain senior management and to attract and retain qualified personnel in the future, including scientists, clinicians, engineers and

other highly skilled personnel and to integrate current and additional personnel in all departments. The loss of members of our senior management, scientists, clinical and regulatory specialists, engineers and sales personnel could prevent us from achieving our objectives of continuing to grow our company. We do not carry key person life insurance on any of our employees.

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Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code or Code), if a corporation undergoes an ownership change, the corporation s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income or taxes may be limited. In general, an ownership change will occur if there is a cumulative change in our ownership by 5-percent shareholders that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. We may have experienced an ownership change in the past and we may also experience ownership changes in the future as a result of this issuance or future transactions in our stock, some of which may be outside our control. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards or other pre-change tax attributes to offset United States federal and state taxable income or taxes may be subject to limitations.

Risks Related to Government Regulation

Our ability to market the PAD Systems in the United States is limited to use as a therapy in patients with PAD and our ability to market the Diamondback 360® Coronary OAS in the United States is limited to use as a therapy in patients with coronary artery disease, and if we want to expand our marketing claims, we will need to file for additional FDA clearances or approvals and conduct further clinical trials, which would be expensive and time consuming and may not be successful.

The PAD Systems received FDA 510(k) clearances in the United States for use as a therapy in patients with PAD, and in October 2013, we received PMA approval to use the Diamondback 360® Coronary OAS as a therapy in patients with coronary artery disease. These general clearances and approvals restrict our ability to market or advertise the PAD Systems and the Diamondback 360® Coronary OAS beyond these uses and could affect our growth.

If we determine to market our orbital technology in the United States for other uses, we would need to conduct further clinical trials and obtain premarket approval from the FDA. Clinical trials are complex, expensive, time consuming, uncertain and subject to substantial and unanticipated delays. There is no assurance that we will be able to obtain FDA approval to use our orbital atherectomy technology for applications other than the treatment of PAD and coronary artery disease.

We are or will be subject to an extensive set of post-market controls that apply to us as we commercialize our products, including annual PMA reports, Medical Device Reports (MDRs) on serious adverse events, complaint handling and analysis under the FDA s Quality System Regulation, or QSR, export controls, advertising and promotion requirements, and potential post-market studies required by the FDA.

We and our suppliers are also subject to regulation by various state authorities, which may inspect our or our suppliers facilities and manufacturing processes and enforce state regulations. Failure to comply with applicable state regulations may result in seizures, injunctions or other types of enforcement actions.

Our promotion of the PAD Systems and the Diamondback 360® Coronary OAS is closely controlled by the FDA and enforcement activities could limit our ability to inform potential customers of the features of the products.

The PAD Systems or the Diamondback 360® Coronary OAS may in the future be subject to product recalls that could harm our reputation and product liability claims that could exceed the limits of available insurance coverage.

The FDA and similar governmental authorities in other countries have the authority to require the recall of commercialized products in the event of material regulatory deficiencies or defects in design or manufacture. For example, since commercialization of the PAD Systems, we have had minor instances of recall involving a single lot of Diamondback 360° devices, two boxes of ViperWire products, and 70 lots of Stealth 360º devices, related

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to Use By date labeling issues; a recall of unused ViperSheath products, which we formerly distributed for Thomas Medical Products; and a recall involving six lots of Stealth 360º micro crown devices due to the potential for an insufficient solder bond. Any recalls of our products or products that we distribute would divert managerial and financial resources, harm our reputation with customers and have an adverse effect on our financial condition and results of operations.

Also, if the PAD Systems or the Diamondback 360® Coronary OAS are defectively designed, manufactured or labeled, contain defective components or are misused, we may become subject to costly litigation by our customers or their patients. The use, misuse or off-label use of the PAD Systems or the Diamondback 360® Coronary OAS may result in injuries that lead to product liability suits, which could be costly to our business. We cannot prevent a physician from using the PAD Systems or the Diamondback 360® Coronary OAS for off-label applications. While we have product liability insurance coverage for our products and intend to maintain such insurance coverage in the future, there can be no assurance that we will be adequately protected from claims that are brought against us.

We are subject to many laws and governmental regulations and any adverse regulatory action may materially adversely affect our financial condition and business operations.

The PAD Systems, the Diamondback 360® Coronary OAS and related manufacturing processes, clinical data, adverse events, recalls or corrections and promotional activities are subject to extensive regulation by the FDA and other regulatory bodies. In particular, we are required to comply with the QSR, and other regulations, which cover the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, storage and shipping of any product for which we obtain marketing clearance or approval. We are also responsible for the quality of components received by our suppliers. Failure to comply with the QSR requirements or other statutes and regulations administered by the FDA and other regulatory bodies, or failure to adequately respond to any observations, could result in, among other things:

warning or other letters from the FDA;

fines, injunctions and civil penalties;

product recall or seizure;

unanticipated expenditures;

delays in clearing or approving or refusal to clear or approve products;

withdrawal or suspension of approval or clearance by the FDA or other regulatory bodies;

orders for physician notification or device repair, replacement or refund;

operating restrictions, partial suspension or total shutdown of production or clinical trials; and

criminal prosecution.

If any of these actions were to occur, it would harm our reputation and cause our product sales to suffer.

Our operations are also subject to regulatory requirements relating to the environment, waste management and health and safety matters, including measures relating to the release, use, storage, treatment, transportation, discharge, disposal and remediation of hazardous substances. Environmental laws and regulations could become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violations.

In addition, our relationships with physicians, hospitals and the marketers of our products are subject to scrutiny under various federal anti-kickback, self-referral, false claims and similar laws, often referred to collectively as healthcare fraud and abuse laws, as further described below.

If our operations are found to be in violation of these laws, we, as well as our employees, may be subject to penalties, including monetary fines, civil and criminal penalties, exclusion from federal and state healthcare

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programs, including Medicare, Medicaid, Veterans Administration health programs, workers compensation programs and TRICARE (the healthcare system administered by or on behalf of the U.S. Department of Defense for uniformed services beneficiaries, including active duty and their dependents, retirees and their dependents), and forfeiture of amounts collected in violation of such prohibitions, which could materially adversely affect our financial condition and business operations.

We are subject to federal and state laws prohibiting kickbacks and false and fraudulent claims which, if violated, could subject us to substantial penalties. Additionally, any challenges to or investigations into our practices under these laws could cause adverse publicity and be costly to respond to, and thus could harm our business.

The federal healthcare program Anti-Kickback Statute, and similar state laws, prohibit payments that are intended to induce health care professionals or others either to refer patients or to purchase, lease, order or arrange for or recommend the purchase, lease or order of healthcare products or services. A number of states have enacted laws that require pharmaceutical and medical device companies to monitor and report payments, gifts and other remuneration made to physicians and other health care professionals and health care organizations. In addition, some state statutes, most notably laws in Massachusetts and Vermont, impose outright bans on certain gifts to physicians. Some of these laws, referred to as aggregate spend or gift laws, carry substantial fines if they are violated. The federal Physician Payments Sunshine Act, or the Sunshine Act, which was enacted by Congress in 2010 as part of the comprehensive health care reform legislation, and the implementing Open Payments regulations under the Sunshine Act, released in February 2013, require us to collect certain data on payments and other transfers of value to physicians and teaching hospitals beginning in August 2013 for public reporting by the end of March 2014.

It is widely anticipated that public reporting under the Sunshine Act and implementing Open Payments regulations will result in increased scrutiny of the financial relationships between industry, physicians and teaching hospitals. These anti-kickback, public reporting and aggregate spend laws affect our sales, marketing and other promotional activities by limiting the kinds of financial arrangements, including sales programs, we may have with hospitals, physicians or other potential purchasers or users of medical devices. They also impose additional administrative and compliance burdens on us. In particular, these laws influence, among other things, how we structure our sales offerings, including discount practices, customer support, education and training programs and physician consulting and other service arrangements. If we were to offer or pay inappropriate inducements to purchase our products, we could be subject to a claim under the federal healthcare program Anti-Kickback Statute or similar state laws. If we fail to comply with particular reporting requirements, we could be subject to penalties under applicable federal or state laws. Other federal and state laws generally prohibit individuals or entities from knowingly presenting, or causing to be presented, claims for payments to Medicare, Medicaid or other third-party payors that are false or fraudulent, or for items or services that were not provided as claimed. Although we do not submit claims directly to government healthcare programs or other payors, manufacturers can be held liable under these laws if they are deemed to cause the submission of false or fraudulent claims by providing inaccurate billing or coding information to customers, by providing improper financial inducements, or through certain other activities.

In providing billing and coding information to customers, we make every effort to ensure that the billing and coding information furnished is accurate and that treating physicians understand that they are responsible for all treatment decisions. Nevertheless, we cannot provide assurance that the government will regard any billing errors that may be made as inadvertent or that the government will not examine our role in providing information to our customers and physicians concerning the benefits of therapy with our devices. Likewise, our financial relationships with customers, physicians, or others in a position to influence the purchase or use of our products may be subject to government scrutiny or be alleged or found to violate applicable fraud and abuse laws. False claims laws prescribe civil, criminal and administrative penalties for noncompliance, which can be substantial. Moreover, an unsuccessful challenge or investigation into our practices could cause adverse publicity, and be costly to respond to, and thus could harm our

business and results of operations.

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New regulations related to conflict minerals may force us to incur additional expenses, may result in damage to our business reputation and may adversely impact our ability to conduct our business.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC promulgated final rules regarding disclosure of the use of certain minerals, known as conflict minerals, that are mined from the Democratic Republic of the Congo and adjoining countries, as well as procedures regarding a manufacturer s efforts to prevent the sourcing of such minerals and metals produced from those minerals. These new requirements require due diligence efforts for the 2013 calendar year, with initial disclosure requirements effective in May 2014. There will be costs associated with complying with these disclosure requirements, including for diligence in regards to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. In addition, the implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products.

Risks Relating to Our Intellectual Property

Our inability to adequately protect our intellectual property could allow our competitors and others to produce products based on our technology, which could substantially impair our ability to compete.

Our success and ability to compete depends, in part, upon our ability to maintain the proprietary nature of our technologies. We rely on a combination of patents, copyrights and trademarks, as well as trade secrets and nondisclosure agreements, to protect our intellectual property. Our issued patents and related intellectual property may not be adequate to protect us or permit us to gain or maintain a competitive advantage. Also, we cannot assure you that any of our pending patent applications will result in the issuance of patents to us. Further, if any patents we obtain or license are deemed invalid and unenforceable, or have their scope narrowed, it could impact our ability to commercialize or license our technology and achieve competitive advantages.

Changes in either the patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States, if at all.

We may, in the future, need to assert claims of infringement against third parties to protect our intellectual property. The outcome of litigation to enforce our intellectual property rights in patents, copyrights, trade secrets or trademarks is highly unpredictable, could result in substantial costs and diversion of resources, and could have a material adverse effect on our financial condition, reputation and results of operations regardless of the final outcome of such litigation.

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 technology or to prevent an unauthorized third party from copying or otherwise obtaining and using our products, technology or other information that we regard as proprietary. In addition, we may not have sufficient resources to litigate, enforce or defend our intellectual property rights. Additionally, third parties may be able to design around our patents.

We also rely on trade secrets, technical know-how and continuing innovation to develop and maintain our competitive position. In this regard, we seek to protect our proprietary information and other intellectual property by having a policy that our employees, consultants, contractors, outside scientific collaborators and other advisors execute non-disclosure and assignment of invention agreements on commencement of their employment or engagement. We cannot provide any assurance that employees and third parties will abide by the confidentiality or assignment terms of these agreements, or that we will be effective in securing necessary assignments from these third parties.

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Claims of infringement or misappropriation of the intellectual property rights of others could prohibit us from commercializing products, require us to obtain licenses from third parties or require us to develop non-infringing alternatives, and subject us to substantial monetary damages and injunctive relief.

The medical technology industry is characterized by extensive litigation and administrative proceedings over patent and other intellectual property rights. The likelihood that patent infringement or misappropriation claims may be brought against us increases as we achieve more visibility in the marketplace and introduce products to market. We are aware of numerous patents issued to third parties that relate to the manufacture and use of medical devices for the treatment of vascular disease. The owners of each of these patents could assert that the manufacture, use or sale of our products infringes one or more claims of their patents. There could also be existing patents of which we are unaware that one or more aspects of our technology may inadvertently infringe. In some cases, litigation may be threatened or brought by a patent-holding company or other adverse patent owner who has no relevant product revenues and against whom our patents may provide little or no deterrence.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management s attention from our business and harm our reputation. If the relevant patents were upheld in litigation as valid and enforceable and we were found to infringe, we could be prohibited from commercializing any infringing products unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain a license on terms acceptable to us, if at all, and we may not be able to redesign any infringing products to avoid infringement.

Risks Relating to this Offering and Ownership of Our Common Stock

Future sales and issuances of our common stock could cause our stock price to fall.

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise additional capital through the issuance of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

To the extent we raise additional capital by issuing additional shares of our common stock, or securities convertible into or exchangeable or exercisable for common stock, our existing stockholders may experience substantial dilution. In addition, future investors could gain rights superior to existing stockholders, such as liquidation and other preferences. We have stock options and warrants outstanding to purchase shares of our capital stock. Our stockholders may incur dilution upon exercise of any outstanding stock options or warrants.

We have broad discretion in the use of the proceeds of this offering and may apply the proceeds in ways with which you do not agree.

Our net proceeds from this offering will be used primarily for working capital and general corporate purposes, which may include optimizing the commercialization of both the PAD Systems and the Diamondback 360® Coronary OAS, funding of clinical trials and studies, expanding our product portfolio and our domestic operations, expanding into international markets, and servicing our outstanding debt obligations. We may also use a portion of the proceeds for the potential acquisition of businesses, technologies and products, although we have no current understandings, commitments or agreements to do so. Our management will have broad discretion over the use and investment of these net proceeds, and, accordingly, you will have to rely upon the judgment of our management with respect to our use of these net proceeds, with only limited information concerning management s specific intentions. You will not have the opportunity, as part of your investment decision, to assess whether we used the net proceeds from this

offering appropriately. We may place the net proceeds in investments that do not produce income or that lose value, which may cause our stock price to decline.

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Our directors and executive officers will continue to have substantial control over us after this offering and could limit your ability to influence the outcome of key transactions, including changes of control.

We anticipate that our executive officers and directors and entities affiliated with them will, in the aggregate, beneficially own 14.3% of our outstanding common stock following the completion of this offering, assuming the underwriters do not exercise their option to purchase additional shares. Our executive officers, directors and affiliated entities, if acting together, would be able to significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other significant corporate transactions. These stockholders may have interests that differ from yours, and they may vote in a way with which you disagree and that may be adverse to your interests. The concentration of ownership of our common stock may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company, and may affect the market price of our common stock. This concentration of ownership of our common stock may also have the effect of influencing the completion of a change in control that may not necessarily be in the best interests of all of our stockholders.

Our stock price is volatile and you may not be able to resell your shares at or above the price at which you purchased your shares.

The market price of our common stock could be subject to significant fluctuations. Market prices for securities of early-stage pharmaceutical, medical device, biotechnology and other life sciences companies have historically been particularly volatile. Our common stock traded as low as $10.38 and as high as $31.12 per share during the last 12 months. In addition to the risk factors described in this section, factors that may cause the market price of our common stock to fluctuate include, but are not limited to:

announcements of technological or medical innovations for the treatment of vascular disease;

announcements related to our recently introduced Diamondback 360® Coronary OAS;

quarterly variations in our or our competitors results of operations;

failure to meet estimates or recommendations by securities analysts who cover our stock;

accusations that we have violated a law or regulation or are subject to a product recall;

sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;

changes in accounting principles; and

general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

Each of these factors could cause the price of our common stock to decline, and you may lose some or all of your investment.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of our common stock.

In the past, following periods of volatility in the market price of a company s securities, stockholders have often instituted class action securities litigation against such company. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our profitability and reputation.

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We do not expect to pay cash dividends for the foreseeable future, and accordingly, stockholders must rely on stock appreciation for any return on their investment in the company.

We anticipate that we will retain our earnings, if any, for future growth and therefore do not anticipate that we will pay cash dividends for the foreseeable future. As a result, appreciation of the price of our common stock is the only potential source of return to stockholders. Investors seeking cash dividends should not invest in our common stock.

If equity research analysts cease to publish research or reports about our business or if they issue unfavorable research or downgrade our common stock, the price of our common stock could decline.

Investors look to reports of equity research analysts for additional information regarding our industry and operations and rely in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. Equity research analysts may elect to cease research coverage of our common stock, which may adversely affect the market price of our common stock. The price of our common stock could decline if one or more of these analysts downgrade our common stock or if they issue other unfavorable commentary about us or our business.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders.

Provisions in our restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us, even if doing so would benefit our stockholders. These provisions include:

- providing that special meetings of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or by a majority of our board of directors;
- requiring a classified board of directors, with three separate classes of directors each serving a three-year term;
- requiring that only business brought before an annual meeting by our board of directors or by a stockholder who complies with the procedures set forth in the bylaws may be transacted at an annual meeting of stockholders;
- requiring advance notice of specified stockholder actions, such as the nomination of directors and stockholder proposals; and
- authorizing the issuance of, without stockholder approval, up to 5,000,000 shares of preferred stock that could adversely affect the rights and powers of the holders of our common stock.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such

transactions are approved by such corporation s board of directors. 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.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain and incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which are subject to the safe harbor created by those sections. Forward-looking statements are based on our management s beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expect, plans, anticipates, believes, es predicts, potential and similar expressions intended to identify forward-looking statements. Examples of these statements include, but are not limited to, any statements regarding our future financial and stock performance, product development and product sales distribution, the commercial launch of the Diamondback 360® Coronary OAS and our expected acceleration of marketing efforts, the possibility of selling our products internationally in the future, clinical trial and regulatory approval expectations, dividend expectations, industry and market expectations, the benefits and uses of our products, effect of regulations, use of proceeds, results of operations or sufficiency of capital resources to fund our operating requirements, and other statements that are other than statements of historical fact. Our actual results could differ materially from those expressed or implied in these forward-looking statements due to a number of factors, including the risks and uncertainties described more fully by us in the section entitled Risk Factors above and in our other filings with the SEC.

You should read this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference herein and therein completely and with the understanding that our actual future results may be materially different from what we expect. You should not place undue reliance on these forward-looking statements. You should assume that the information contained in or incorporated by reference in this prospectus supplement, and the accompanying prospectus is accurate only as of the date on the front cover of this prospectus supplement, and the accompanying prospectus, or as of the date of the documents incorporated by reference herein or therein, as applicable. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. We qualify all of the information presented in this prospectus supplement and the accompanying prospectus, and particularly our forward-looking statements, by these cautionary statements.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $73.4 million, or approximately $84.5 million if the underwriters exercise in full their option to purchase additional shares, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for working capital and general corporate purposes, which may include, but not be limited to:

- optimizing the commercialization of both the PAD Systems and the Diamondback 360® Coronary OAS, including by expanding our sales and marketing organization in connection with commercialization of the Diamondback 360® Coronary OAS;
- funding of clinical trials and studies;
- expanding our product portfolio and our domestic operations, including increasing our core production capabilities, expanding supply alternatives and increasing plant capacity and office size;
- expanding into international markets; and
- servicing our outstanding debt obligations to Silicon Valley Bank and Partners for Growth described below.

We may also use a portion of the net proceeds from this offering for the potential acquisition of businesses, technologies and products, although we have no current understandings, commitments or arrangements to do so.

As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds to us from this offering. Accordingly, we will retain broad discretion over the use of these proceeds. Pending these uses, we intend to invest the net proceeds in investment-grade, interest-bearing securities.

Description of Indebtedness Outstanding

Loan and Security Agreement with Silicon Valley Bank

On March 29, 2010, we entered into an amended and restated loan and security agreement with Silicon Valley Bank, which was subsequently amended on December 27, 2011, June 29, 2012 and May 10, 2013. The agreement, as amended, includes a $12.0 million term loan and a $15.0 million line of credit. The $12.0 million term loan has an initial interest rate of 8.0%, which can be reduced to 7.0% based on the achievement of positive EBITDA for the trailing six month period. The term loan has a 36 month maturity, with repayment terms that include interest only payments during the first six months, followed by 30 equal principal payments of $400,000 plus interest, and a final payment of $100,000 due at maturity. The balance outstanding on the term loan at September 30, 2013 was $5.8 million, net of the associated discount. The $15.0 million line of credit expires on June 30, 2014 and has a floating interest rate equal to the Wall Street Journal s prime rate, plus 1.25%, with an interest rate floor of 4.5%. Interest on borrowings is due monthly and the principal balance is due at maturity. There was not an outstanding balance on the

line of credit at September 30, 2013. The amounts we have borrowed under the agreement were used for working capital and general corporate purposes.

Loan and Security Agreement with Partners for Growth

On April 14, 2010, we entered into a loan and security agreement with Partners for Growth III, L.P. (PFG), which was subsequently amended on August 23, 2011, December 27, 2011, June 30, 2012 and May 10, 2013. The agreement, as amended, provides that PFG will make loans to us up to $5.0 million. The agreement has a

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maturity date of April 14, 2015. The loans bear interest at a floating per annum rate equal to 2.75% above Silicon Valley Bank s prime rate, and such interest is payable monthly. The principal balance of and any accrued and unpaid interest on any notes are due on the maturity date and may not be prepaid by us at any time in whole or in part. The balance outstanding under the loan and security agreement at September 30, 2013 was $4.7 million, net of the associated premium. The amounts we have borrowed under the agreement were used for working capital and general corporate purposes.

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DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock and currently do not anticipate paying any cash dividends for the foreseeable future. We have historically retained earnings, and expect to continue to retain future earnings, to finance the operation and expansion of our business. Any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on our future earnings, capital requirements, financial condition, future prospects, applicable law and other factors that our board of directors deems relevant. In addition, we are restricted from paying dividends under our loan and security agreements with Silicon Valley Bank and Partners for Growth.

PRICE RANGE OF COMMON STOCK

Our common stock is publicly traded on the Nasdaq Global Market under the symbol CSII. The table below sets forth, for the periods indicated, the high and low intra-day sales prices per share of our common stock as reported on the Nasdaq Global Market.

	Low	High
Fiscal 2012		
First Quarter	$ 11.10	$ 16.25
Second Quarter	$ 7.26	$ 11.39
Third Quarter	$ 8.54	$ 10.55
Fourth Quarter	$ 8.24	$ 10.20
Fiscal 2013		
First Quarter	$ 8.60	$ 11.64
Second Quarter	$ 10.38	$ 12.95
Third Quarter	$ 12.70	$ 20.64
Fourth Quarter	$ 16.51	$ 22.67
Fiscal 2014		
First Quarter	$ 19.00	$ 22.84
Second Quarter (through November 20, 2013)	$ 18.83	$ 31.12

On November 20, 2013, the last reported sale price of our common stock as reported on the Nasdaq Global Market was $30.56. As of September 30, 2013, there were approximately 537 holders of record of our common stock. The number of beneficial stockholders is substantially greater than the number of holders of record because a large portion of our common stock is held through brokerage firms.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2013 on:

- an actual basis; and
- an as adjusted basis to reflect the receipt of the estimated net proceeds from the sale of 2,608,696 shares of common stock in this offering at the public offering price of $30.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this capitalization table together with our consolidated financial statements and the related notes included in our first quarter 2014 Form 10-Q and 2013 Form 10-K, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations and other financial information set forth in our first quarter 2014 Form 10-Q and 2013 Form 10-K and incorporated by reference into this prospectus supplement, and other reports we have filed with the SEC.

	As of September 30, 2013	
	Actual	As Adjusted
	(In thousands, except share and per share data)	
Cash and cash equivalents	$ 63,227	$ 136,642
Long-term debt, net of current maturities	5,742	5,742
Stockholders equity:		
Preferred stock, $0.001 par value; 5,000,000 authorized; no shares issued and outstanding, actual and as adjusted		
Common stock, $0.001 par value; 100,000,000 authorized, 25,220,534 issued and outstanding, actual; 100,000,000 authorized, 27,829,230 issued and outstanding, as adjusted	25	28
Additional paid in capital	269,725	343,137
Common stock warrants	6,088	6,088
Accumulated deficit	(210,567)	(210,567)
Total stockholders equity	65,271	138,686
Total capitalization	$ 71,013	$ 144,428

The outstanding shares set forth in the table above excludes, as of September 30, 2013:

- 1,656,774 shares of our common stock issuable upon the exercise of stock options outstanding as of September 30, 2013, at a weighted average exercise price of $9.81 per share, all of which were then

exercisable;

355,919 shares of our common stock reserved for future grants of restricted stock, stock options or other similar equity instruments under our Amended and Restated 2007 Equity Incentive Plan, as of September 30, 2013;

180,709 shares of our common stock reserved for purchase under our Amended and Restated 2006 Employee Stock Purchase Plan, as of September 30, 2013;

1,667,481 shares of our common stock issuable upon the exercise of warrants outstanding as of September 30, 2013, at a weighted average exercise price of $8.91 per share, all of which were then exercisable;

288,420 shares of our common stock issuable upon the conversion of senior convertible promissory notes outstanding as of September 30, 2013, at a weighted average conversion price of $15.60 per share; and

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1,478,170 shares of our common stock available for issuance as of September 30, 2013 upon the conversion of senior convertible promissory notes that may be issued under our Loan and Security Agreement with Partners for Growth III, L.P., dated April 14, 2010, as amended.

Shares available for future issuance under our Amended and Restated 2007 Equity Incentive Plan and Amended and Restated 2006 Employee Stock Purchase Plan do not include shares that may become available for issuance pursuant to provisions in these plans that provide for the automatic annual increase in the number of shares reserved thereunder and the re-issuance of shares that are cancelled or forfeited in accordance with such plans.

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DESCRIPTION OF COMMON STOCK

The following summary of the terms of our common stock is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws, copies of which are on file with the SEC as exhibits to previous SEC filings. Please refer to Where You Can Find More Information below for directions on obtaining these documents.

As of September 30, 2013, we were authorized to issue 100,000,000 shares of common stock, par value $0.001 per share. As of September 30, 2013, we had 25,220,534 shares of common stock outstanding.

General

The holders of our common stock are entitled to one vote for each share on all matters voted on by stockholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by our board with respect to any series of preferred stock, the holders of such shares possess all voting power. Our certificate of incorporation does not provide for cumulative voting in the election of directors. No cash dividends have been previously paid on our common stock and none are anticipated during the remainder of fiscal year 2014. We are restricted from paying dividends under our loan and security agreements with Silicon Valley Bank and Partners for Growth. The holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Nasdaq Global Market

Our common stock is listed for quotation on the Nasdaq Global Market under the symbol CSII.

Anti-Takeover Effect of Delaware Law and Certain Charter and Bylaw Provisions

Our certificate of incorporation and bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change of control of our company. These provisions are as follows:

- they provide that special meetings of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or by a majority of our board of directors;

- they provide for a classified board of directors, with three separate classes of directors each serving a three-year term;

they provide that only business brought before an annual meeting by our board of directors or by a stockholder who complies with the procedures set forth in the bylaws may be transacted at an annual meeting of stockholders;

they provide for advance notice of specified stockholder actions, such as the nomination of directors and stockholder proposals; and

they allow us to issue, without stockholder approval, up to 5,000,000 shares of preferred stock that could adversely affect the rights and powers of the holders of our common stock.

We are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a

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business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who (i) owns 15% or more of the voting stock of a corporation, or (ii) is any affiliate or associate of a corporation and who, within three years prior, did own 15% or more of the voting stock of that corporation, and, in each case, the affiliates and associates of such person.

Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation or is or was serving at the corporation s request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person s conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of expenses, including attorneys fees but excluding judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that a court of competent jurisdiction shall determine that such indemnity is proper.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of its officers, directors, employees and agents, against any liability asserted against and incurred by such persons in any such capacity.

Section 102(b)(7) of the Delaware General Corporation Law provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

Our Amended and Restated Bylaws provide that we shall indemnify our directors and officers to the fullest extent permitted by the laws of the State of Delaware or any other applicable law. As permitted by our Amended and Restated Bylaws, we have additionally entered into indemnification agreements with each of our non-employee directors that provide for indemnification and expense advancement to the fullest extent permitted by the laws of the State of Delaware.

Our Amended and Restated Bylaws provide that we may purchase and maintain insurance policies on behalf of our directors and officers against specified liabilities for actions taken in their capacities as such, including liabilities

under the Securities Act. We have obtained directors and officers liability insurance to cover liabilities our directors and officers may incur in connection with their services to us.

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Our Restated Certificate of Incorporation, as amended, provides that the liability of our directors for monetary damages shall be eliminated to the fullest extent under applicable law.

SEC Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, officers or persons controlling our company, we understand that it is the SEC s opinion that such indemnification is against public policy as expressed in the Securities Act and therefore is unenforceable.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

FOR NON-U.S. HOLDERS OF COMMON STOCK

This section summarizes material U.S. federal income and estate tax considerations relating to the ownership and disposition of our common stock by certain non-U.S. holders who hold our common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code (the Code). This summary does not provide a complete analysis of all potential tax considerations (including the Medicare contribution tax). The information provided below is based on provisions of the Code, the U.S. treasury regulations adopted thereunder, rulings and judicial decisions as of the date of this prospectus. These authorities may change, possibly with retroactive effect, or the Internal Revenue Service (the IRS), might interpret the existing authorities differently. In either case, the tax considerations of owning or disposing of our common stock could differ from those described below. For purposes of this summary, a non-U.S. holder means a beneficial owner of our common stock that is for U.S. federal income tax purposes:

- an individual who is neither a citizen nor a resident of the United States;
- a corporation that is not created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate that is not subject to U.S. federal income tax on income from non-U.S. sources which is not effectively connected with the conduct of a trade or business within the United States; or
- a trust unless (i) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all of its substantial decisions or (ii) it has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes is the owner of our common stock, the tax treatment of a partner in the partnership or an owner of the entity will depend upon the status of the partner or other owner and the activities of the partnership or other entity. If you are treated as a partner in such entity holding our common stock, you should consult your tax advisor as to the particular U.S. federal income and estate tax consequences applicable to you.

This summary does not represent a description of the U.S. federal income and estate tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws (including if you are a U.S. expatriate or former long-term resident of the U.S, controlled foreign corporation, passive foreign investment company, bank, insurance company or other financial institution, dealer or trader in securities, a person who holds our common stock as a position in a hedging transaction, straddle or conversion transaction, or other person subject to special tax treatment). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary. Finally, this summary does not describe the effects of any applicable foreign, state, or local laws.

PERSONS CONSIDERING AN INVESTMENT IN OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE, GIFT AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND

DISPOSITION OF OUR COMMON STOCK IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Dividends

As discussed under in the Dividend Policy section above, we do not currently expect to make distributions on our stock. If we do make a distribution of cash or other property (other than certain distributions of our stock) in respect of our common stock, the distribution generally will be treated as a dividend to the extent of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. If the

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amount of a distribution exceeds our current and accumulated earnings and profits, such excess generally will be treated first as a tax-free return of capital, on a share-by-share basis, to the extent of the non-U.S. holder s tax basis in our common stock, and thereafter as capital gain.

In the event we do pay dividends, any dividend paid to a non-U.S. holder in respect of our common stock generally will be subject to U.S. withholding tax at a 30% rate. The withholding tax might apply at a reduced rate under the terms of an applicable income tax treaty between the United States and the non-U.S. holder s country of residence. To obtain a reduced rate of withholding under a treaty, a non-U.S. holder must certify its entitlement to treaty benefits by providing a properly completed IRS Form W-8BEN or other applicable form to us or our paying agent prior to payment of the dividends. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder s behalf, the holder will be required to provide appropriate documentation to the agent. The holder s agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. For payments made to a foreign partnership (or other foreign entity treated as a partnerships for U.S. federal income tax purposes), the certification requirements generally apply to the partners or other owners rather than to the partnership or other entity, and the partnership or other entity must provide the partners or other owners documentation to us or our paying agent. Special rules, described below, apply if a dividend is effectively connected with a U.S. trade or business conducted by a non-U.S. holder. A non-U.S. holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty generally may obtain a refund of any excess amounts withheld from the IRS by filing an appropriate claim for refund with the IRS.

Sale of Common Stock

Subject to the discussion below under Backup Withholding and Information Reporting and Legislation Relating to Foreign Accounts, non-U.S. holders generally will not be subject to U.S. federal income tax on any gains realized on the sale, exchange, or other disposition of our common stock. The gain, however, would be subject to U.S. federal income tax if:

- the gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business and, if a treaty applies, is attributable to a permanent establishment of the non-U.S. holder in the United States, in which case the special rules described below apply;

- the non-U.S. holder is an individual who holds our common stock as a capital asset and who is present in the United States for 183 days or more in the taxable year of the sale, exchange, or other disposition, and certain other requirements are met; or

- the rules of the Foreign Investment in Real Property Tax Act, or FIRPTA (described below), treat the gain as effectively connected with a U.S. trade or business.

A non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States, and if such non-U.S. holder is a corporation, it may also be subject to the branch profits tax generally equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

Unless an applicable income tax treaty provides otherwise, gain described in the second bullet point above will be subject to a flat rate of 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the non-U.S. holder individual is not considered a resident of the United States.

The FIRPTA rules may apply to a sale, exchange or other disposition of our common stock if we are, or were within five years before the transaction, a U.S. real property holding corporation, or USRPHC. In general, we would be a USRPHC if the fair market value of our United States real property interests equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests and our other assets used or held

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for use in a trade or business (all as determined for U.S. federal income tax purposes). We do not believe that we are currently a USRPHC or that we will become one in the future. Even if we become a USRPHC, if our common stock is regularly traded on an established securities market, such common stock will be treated as United States real property interests only if the non-U.S. holder actually or constructively held more than five percent of such regularly traded common stock any time during the shorter of (i) the five-year period preceding the date of a disposition of our common stock or (ii) the non-U.S. holder s holding period for our common stock.

Dividends Effectively Connected With a U.S. Trade or Business

If any dividend on our common stock is effectively connected with a U.S. trade or business conducted by the non-U.S. holder, then the dividend will be subject to U.S. federal income tax at the regular graduated rates as if such holder were a resident of the United States. If the non-U.S. holder is eligible for the benefits of a tax treaty between the United States and the holder s country of residence, any effectively connected dividend would generally be subject to U.S. federal income tax only if it is also attributable to a permanent establishment or fixed base maintained by the holder in the United States. Payments of dividends that are effectively connected with a U.S. trade or business (and, if a treaty applies, are attributable to a permanent establishment or fixed base in the United States) will not be subject to the 30% withholding tax if the holder claims exemption from withholding by providing a properly completed IRS Form W-8ECI. If the non-U.S. holder is a corporation, that portion of its earnings and profits that is effectively connected with its U.S. trade or business would generally be subject to a branch profits tax. The branch profits tax rate is generally 30%, although an applicable income tax treaty might provide for a lower rate.

U.S. Federal Estate Tax

The estates of non-U.S. holder individuals (as specifically determined for U.S. federal estate purposes) generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and therefore will be included for U.S. federal estate tax purposes in the taxable estate of a non-U.S. holder individual. The U.S. federal estate tax liability of the estate of a non-U.S. holder individual may be affected by a treaty between the United States and the non-U.S. holder individual s country of residence.

Backup Withholding and Information Reporting

The Code and the regulations adopted thereunder require those who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by backup withholding rules. These rules require the payors to withhold tax from payments subject to information reporting if the recipient fails to provide his taxpayer identification number to the payer, furnishes an incorrect identification number, or repeatedly fails to report interest or dividends on his returns. The withholding tax rate is currently 28%. The backup withholding rules do not apply to payments to corporations, whether domestic or foreign.

Payments to non-U.S. holders of dividends on our common stock will generally not be subject to backup withholding, and payments of proceeds made to non-U.S. holders by a broker upon a sale of our common stock will not be subject to backup withholding, in each case so long as the non-U.S. holder certifies its nonresident status and the payer does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code or such holder otherwise establishes an exemption. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to such dividends. Information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of our common stock. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

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Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of our common stock under the backup withholding rules generally may be credited against any U.S. federal income tax liability of the holder.

Legislation Relating to Foreign Accounts

Legislation commonly referred to as FATCA imposes withholding taxes on certain types of payments made to foreign financial institutions (as specifically defined for this purpose) and certain other non-U.S. entities. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and gross sales proceeds to foreign intermediaries and certain non-U.S. holders. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a foreign non-financial entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the foreign non-financial entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner or (iii) the foreign financial institution or foreign financial entity qualifies for an exemption. If the payee is a foreign financial institution, it generally must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. The IRS recently issued guidance that, among other things, defers the implementation of the 30% U.S. federal withholding tax with respect to dividends until July 1, 2014 and with respect to gross proceeds on a disposition of stock until January 1, 2017.

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UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,630,435
Leerink Swann LLC	521,739
William Blair & Company, L.L.C.	182,609
JMP Securities LLC	117,391
Dougherty & Company LLC	52,174
Feltl and Company, Inc.	52,174
Wunderlich Securities, Inc.	52,174
Total	2,608,696

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representative has advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $1.08 per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Per Share	Without Option	With Option
Public offering price	$ 30.00	$ 78,260,880	$ 90,000,000
Underwriting discount	$ 1.80	$ 4,695,653	$ 5,400,000
Proceeds, before expenses, to us	$ 28.20	$ 73,565,227	$ 84,600,000

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The expenses of the offering, not including the underwriting discount, are estimated at $150,000 and are payable by us. We have agreed to reimburse the underwriters for up to $25,000 of expenses relating to clearance of this offering with FINRA.

Option to Purchase Additional Shares

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus supplement, to purchase up to 391,304 additional shares at the public offering price, less the underwriting discount. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter s initial amount reflected in the above table.

No Sales of Similar Securities

We, each of our executive officers and directors and certain of their affiliated funds have agreed that, subject to certain exceptions, without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, we and such executive officers, directors and affiliated funds will not, during the period ending 90 days after the date of this prospectus supplement:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or securities convertible into or exercisable or exchangeable for common stock;

- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

- in our case, file a registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock; or

- in the case of our directors and officers and certain of their affiliated funds, make any demand for or exercise any right with respect to, the registration of shares of common stock or any security convertible into or exercisable or exchangeable for common stock;

whether any such transaction described in the first two bullet points above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

With respect to us, the lock-up restrictions described above do not apply to (i) shares to be sold in this offering; (ii) the issuance of shares upon the exercise of outstanding stock options or warrants or grants of stock options or other stock-based awards under our equity plans, upon the exercise of currently outstanding options granted outside of such plans, or the issuance and/or conversion of convertible promissory notes issued to Partners for Growth III, L.P.; (iii) the filing of registration statements on Form S-8; or (iv) the filing of registration statements upon the demand or request of certain stockholders pursuant to the Registration Rights Agreement dated March 16, 2009, entered into by

us with such stockholders, provided that no sales of shares registered pursuant to any such registration statements are permitted during the 90-day restricted period.

With respect to our directors and executive officers and certain of their affiliated funds, the lock-up restrictions described above do not apply to (i) transfers by bona fide gift or by will or intestate succession, distributions to limited partners, members, stockholders or wholly-owned subsidiaries of the director or officer, or transfers pursuant to any court-approved order or settlement agreement not involving any public sale of securities, provided that, in each case, the donee, transferee or distributee agrees in writing to the same restrictions set forth above, and no filing under section 16(a) of the Exchange Act is required or shall be voluntarily made during the 90-day restricted period, (ii) sales of shares, transfers of shares to us, or withholding

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of shares by us, upon a vesting event of outstanding restricted stock awards to cover tax withholding obligations of the director or officer in connection with such vesting event; (iii) transfers of shares under a trading plan pursuant to Rule 10b5-1 under the Exchange Act existing on the date of this prospectus supplement; or (iv) the establishment of a new trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided that such plan does not permit transfers or sales during the 90-day restricted period and, except as required by applicable law, no public announcement or filing under the Exchange Act regarding the establishment of such plan is voluntarily made during the 90-day restricted period.

The 90-day restricted period in all of the agreements is subject to extension if (i) during the last 17 days of the restricted period we issue an earnings release or material news or a material event relating to us occurs or (ii) prior to the expiration of the restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, in which case the restrictions imposed in these lock-up agreements shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Nasdaq Global Market Listing

The shares are listed on the Nasdaq Global Market under the symbol CSII.

Price Stabilization, Short Positions

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representative may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option granted to them. Naked short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor

any of the underwriters make any representation that the representative will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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Passive Market Making

In connection with this offering, underwriters and selling group members may engage in passive market making transactions in the common stock on the Nasdaq Global Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker s bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters and dealers are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute this prospectus supplement and the accompanying prospectus by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a Relevant Member State), no offer of shares may be made to the public in that Relevant Member State other than:

A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require the Company or the representative to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that

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the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representative has been obtained to each such proposed offer or resale.

The Company, the representative and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market

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Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (DFSA). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (ASIC), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the Corporations Act), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the Exempt Investors) who are sophisticated investors (within the meaning of section 708(8) of the Corporations Act), professional investors (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the

public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of

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which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Non-CIS Securities may not be circulated or distributed, nor may the Non-CIS Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Non-CIS Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Non-CIS Securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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LEGAL MATTERS

The validity of the shares of common stock we are offering will be passed upon for us by Fredrikson & Byron, P.A., Minneapolis, Minnesota. Davis Polk & Wardwell LLP, Menlo Park, California, is counsel for the underwriters.

EXPERTS

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control Over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended June 30, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement, and information in documents that we file later with the SEC will automatically update and supersede information in this prospectus supplement. We incorporate by reference into this prospectus supplement the documents listed below and any future filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until we close this offering, including all filings made after the date of the initial registration statement and prior to the effectiveness of the registration statement. We hereby incorporate by reference the following documents (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 10-K for the year ended June 30, 2013;
- our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013;
- our Current Reports on Form 8-K filed on September 16, 2013, October 22, 2013, November 1, 2013 and November 15, 2013;
- the description of our common stock contained in our registration statement on Form 8-A filed June 26, 2006, under the Securities Act, including any amendment or report filed for the purpose of updating such description; and
- the portions of our definitive Proxy Statement on Schedule 14A filed on October 1, 2013 incorporated by reference into our Annual Report on Form 10-K for the year ended June 30, 2013.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Cardiovascular Systems, Inc.

651 Campus Drive

St. Paul, Minnesota 55112-3495

Attention: Investor Relations

Phone: (651) 259-1600

Copies of these filings are also available, without charge, through the Investors section of our website (www.csi360.com) as soon as reasonably practicable after they are filed electronically with the SEC. The information contained on or accessible through our website is not incorporated by reference into, and should not be considered part of, this prospectus supplement, the accompanying prospectus or the information incorporated herein by reference.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC for the securities we are offering by this prospectus supplement. This prospectus supplement and the accompanying prospectus do not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information.

We are required to file annual and quarterly reports, special reports, proxy statements, and other information with the SEC. You can read our SEC filings, including the registration statement, on the SEC s website at http://www.sec.gov. You also may read and copy any document we file with the SEC at its public reference facility at:

Public Reference Room

100 F Street N.E.

Washington, DC 20549.

Please call the SEC at 1-800-732-0330 for further information on the operation of the public reference facilities.

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PROSPECTUS

CARDIOVASCULAR SYSTEMS, INC.

$75,000,000

Common Stock

Preferred Stock

Warrants

Debt Securities

Units

The securities covered by this prospectus may include shares of our common stock; shares of preferred stock; warrants to purchase shares of our common stock, preferred stock and/or debt securities; debt securities consisting of debentures, notes or other evidences of indebtedness; or units consisting of any combination of such securities. We may offer the securities from time to time in one or more series or issuances directly to our stockholders or purchasers, or through agents, underwriters or dealers as designated from time to time.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide specific terms of the securities offered in a supplement to this prospectus. Such a prospectus supplement may also add, update or change information contained in this prospectus. This prospectus may not be used to consummate a sale of securities unless accompanied by the applicable prospectus supplement. We will sell these securities directly to our stockholders or to purchasers or through agents on our behalf or through underwriters or dealers as designated from time to time. If any agents or underwriters are involved in the sale of any of these securities, the applicable prospectus supplement will provide the names of the agents or underwriters and any applicable fees, commissions or discounts.

Our common stock is traded on the Nasdaq Global Market under the symbol CSII. On October 23, 2013, the closing price of our common stock was $28.84.

Investing in our securities involves risks. See Risk Factors on page 3. You should carefully read this prospectus, the documents incorporated herein, and the applicable prospectus supplement before making any investment decision.

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

The date of this prospectus is October 25, 2013

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ABOUT THIS PROSPECTUS

The securities described in this prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may offer to sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $75,000,000.00. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities under this shelf registration, we will provide a prospectus supplement that will contain specific information about the terms of such offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any applicable prospectus supplement, including all documents incorporated herein by reference, together with additional information described under Where You Can Find More Information below.

We have not authorized any dealer, agent or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or an accompanying prospectus supplement. This prospectus and the accompanying prospectus supplement, if any, do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and any accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus and any accompanying prospectus supplement, if any, is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any accompanying prospectus supplement is delivered or securities are sold on a later date.

Unless the context otherwise requires, CSI, the Company, we, us, our and similar names refer to Cardiovascular Systems, Inc.

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OUR COMPANY

We are a medical device company focused on developing and commercializing minimally invasive treatment solutions for vascular disease. Interventional endovascular treatment of peripheral artery disease, or PAD, is our initial area of focus. PAD is caused by the accumulation of plaque in peripheral arteries, most commonly occurring in the pelvis and legs. PAD is a progressive disease, and, if left untreated, can lead to limb amputation or death.

Our primary products, the Stealth 360° PAD System (Stealth 360°), Diamondback 360° PAD System (Diamondback 360°), and Diamondback Predator 360° PAD System (Predator 360°), are catheter-based platforms capable of treating a broad range of plaque types in leg arteries both above and below the knee and address many of the limitations associated with existing treatment alternatives. We refer to the Stealth 360°, the Diamondback 360°, and the Predator 360° collectively in this prospectus as the PAD Systems. In August 2007, the U.S. Food and Drug Administration, or FDA, granted us 510(k) clearance for the use of the Diamondback 360° as a therapy in patients with PAD. We commenced commercial introduction of the Diamondback 360° in the United States in September 2007. We received 510(k) clearance of the Predator 360° in March 2009 and commenced a commercial launch in April 2009. We received 510(k) clearance of the Stealth 360° in March 2011 and commenced a commercial launch that same month. The Stealth 360° contains additional ease of use and physician control features while incorporating the orbital mechanism of action and crown configurations of the Diamondback 360° and Predator 360°. As of June 30, 2013, nearly 120,000 of our devices had been sold to leading institutions across the United States.

In October 2013, we received premarket approval (PMA) from the FDA to market our Diamondback 360° Coronary Orbital Atherectomy System (OAS) as a treatment for severely calcified coronary arteries. According to the article in Circulation entitled Patterns of Calcification in Coronary Artery Disease, significant arterial calcium is present in 38% of patients undergoing a percutaneous coronary intervention. Significant calcium contributes to poor outcomes and higher treatment costs in coronary interventions when traditional therapies are used, including a substantially higher occurrence of death and major adverse cardiac events (MACE). We began a controlled commercial launch of the Diamondback 360° Coronary OAS following our receipt of PMA approval.

In support of the PMA, we submitted to the FDA results from our ORBIT II study evaluating the safety and effectiveness of our Diamondback 360° Coronary OAS. ORBIT II demonstrated that this technology produced clinical outcomes that exceeded the trial s two primary safety and efficacy endpoints by a significant margin, within one of the most challenging patient populations. At 30 days, ORBIT II results showed patient freedom from MACE was 89.8% and procedural success was 89.1%. Excluding in-hospital MACE, procedural success was 98.6% with 97.7% of stents successfully delivered. Moreover, 92.8% of patients were free from severe angiographic complications, and core lab assessed final procedure residual stenosis was 4.7%.

In addition to the PAD Systems and the Diamondback 360° Coronary OAS, we have expanded our product portfolio through internal product development and establishment of business relationships with other medical device companies. We offer multiple accessory products designed to complement the use of the PAD Systems, and we have an exclusive distribution agreement with Asahi-Intecc Co., Ltd. to market its peripheral guidewire line in the United States.

We were incorporated as Replidyne, Inc. in Delaware in 2000. On February 25, 2009, Replidyne, Inc. completed its business combination with Cardiovascular Systems, Inc., a Minnesota corporation (CSI-MN), in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of November 3, 2008, by and among Replidyne, Responder Merger Sub, Inc., a wholly-owned subsidiary of Replidyne (Merger Sub), and CSI-MN (the Merger Agreement). Pursuant to the Merger Agreement, Merger Sub merged with and into CSI-MN, with CSI-MN continuing after the merger as the surviving corporation and a wholly-owned subsidiary of Replidyne. At the effective

time of the merger, Replidyne changed its name to Cardiovascular

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Systems, Inc. (CSI) and CSI-MN changed its name to CSI Minnesota, Inc. Following the merger of Merger Sub with CSI-MN, CSI-MN merged with and into CSI, with CSI continuing after the merger as the surviving corporation.

Replidyne was a biopharmaceutical company focused on discovering, developing, in-licensing and commercializing anti-infective products.

CSI-MN was incorporated in Minnesota in 1989. From 1989 to 1997, we engaged in research and development on several different product concepts that were later abandoned. Since 1997, we have devoted substantially all of our resources to the development of the PAD Systems and our Viper line of ancillary products.

Our common stock is traded on the Nasdaq Global Market under the symbol CSII. On October 23, 2013, the closing price of our common stock was $28.84. As of October 23, 2013, the aggregate market value of our outstanding common stock held by non-affiliates was approximately $656,031,757, based on 25,644,922 shares of outstanding common stock, of which approximately 22,747,287 shares are held by non-affiliates, and a per share price of $28.84 based on the closing sale price of our common stock on October 23, 2013.

Our principal executive office is located at 651 Campus Drive, St. Paul, Minnesota 55112. Our telephone number is (651) 259-1600, and our website is www.csi360.com. The information contained in or connected to our website is not incorporated by reference into, and should not be considered part of, this prospectus.

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RISK FACTORS

Investing in our securities involves risk. You should consider the risks, uncertainties and assumptions discussed under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 filed on September 11, 2013 with the Securities and Exchange Commission (SEC), which is incorporated herein by reference, and may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our operations. If any of these risks were to occur, our business, financial condition, and results of operations could be severely harmed. This could cause the trading price of our common stock to decline, and you could lose all or part of your investment.

In addition, any prospectus supplement applicable to each offering of our securities will contain a discussion of the risks applicable to such an investment in us. Prior to making a decision about investing in our securities, you should carefully consider the specific factors discussed under the heading Risk Factors in the applicable prospectus supplement, together with all of the other information contained or incorporated by reference in such prospectus supplement or appearing or incorporated by reference in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus, any prospectus supplement and the other documents we have filed with the SEC that are incorporated herein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of CSI to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of financing needs, revenue, expenses, earnings or losses from operations, or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning product research, development and commercialization plans and timelines; any statements regarding safety and efficacy of product candidates; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. In addition, forward-looking statements may contain the words believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, will result, might, or any variations of such words or other words with similar meanings.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. You should read this prospectus, any supplements to this prospectus and the documents that we reference in this prospectus with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements contained in this prospectus and any supplements to this prospectus, whether as a result of new information, future events or otherwise.

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USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities covered by this prospectus for general corporate purposes, which may include working capital, capital expenditures, research and development expenditures, repayment of indebtedness with Silicon Valley Bank and Partners for Growth described below, clinical trial expenditures, commercial expenditures, acquisitions of new technologies or businesses, and investments. Additional information on the use of net proceeds from the sale of securities covered by this prospectus may be set forth in any prospectus supplement relating to the specific offering.

Description of Indebtedness Outstanding

Loan and Security Agreement with Silicon Valley Bank

On March 29, 2010, we entered into an amended and restated loan and security agreement with Silicon Valley Bank. The agreement was amended on December 27, 2011 to increase outstanding borrowings, and subsequently amended on June 29, 2012 to modify financial covenants and reduce the interest rate and other fees, and on May 10, 2013 to modify financial covenants. The agreement, as amended, includes a $12.0 million term loan and a $15.0 million line of credit. The $12.0 million term loan has an initial interest rate of 8.0%, which can be reduced to 7.0% based on the achievement of positive EBITDA for the trailing six month period. The $12.0 million term loan has a 36 month maturity, with repayment terms that include interest only payments during the first six months, followed by 30 equal principal payments of $400,000 plus interest, and a final payment of $100,000 due at maturity. The $15.0 million line of credit expires on June 30, 2014 and has a floating interest rate equal to the Wall Street Journal s prime rate, plus 1.25%, with an interest rate floor of 4.5%. Interest on borrowings is due monthly and the principal balance is due at maturity.

Loan and Security Agreement with Partners for Growth

On April 14, 2010, we entered into a loan and security agreement with Partners for Growth III, L.P. (PFG), as amended on August 23, 2011, December 27, 2011, June 30, 2012 and May 10, 2013. The amended agreement provides that PFG will make loans to us up to $5.0 million. The agreement has a maturity date of April 14, 2015. The loans bear interest at a floating per annum rate equal to 2.75% above Silicon Valley Bank s prime rate, and such interest is payable monthly. The principal balance of and any accrued and unpaid interest on any notes are due on the maturity date and may not be prepaid by us at any time in whole or in part.

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PLAN OF DISTRIBUTION

We may sell the securities offered through this prospectus (1) to or through underwriters or dealers, (2) directly to purchasers, including our affiliates, (3) through agents, or (4) through a combination of any of these methods. The securities may be distributed at a fixed price or prices, which may be changed, market prices prevailing at the time of sale, prices related to the prevailing market prices, or negotiated prices. The prospectus supplement will include the following information:

- the terms of the offering;
- the names of any underwriters or agents;
- the name or names of any managing underwriter or underwriters;
- the purchase price of the securities;
- the net proceeds from the sale of the securities;
- any delayed delivery arrangements;
- any underwriting discounts, commissions and other items constituting underwriters compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any commissions paid to agents.

Sale through underwriters or dealers

If underwriters are used in the sale, the underwriters will acquire the securities for their own account, including through underwriting, purchase, security lending or repurchase agreements with us. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions. Underwriters may sell the securities in order to facilitate transactions in any of our other securities (described in this prospectus or otherwise), including other public or private transactions and short sales. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless otherwise indicated in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all the

offered securities if they purchase any of them. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers. The prospectus supplement will include the names of the principal underwriters, the respective amount of securities underwritten, the nature of the obligation of the underwriters to take the securities and the nature of any material relationship between an underwriter and us.

If dealers are used in the sale of securities offered through this prospectus, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. The prospectus supplement will include the names of the dealers and the terms of the transaction.

Direct sales and sales through agents

We may sell the securities offered through this prospectus directly. In this case, no underwriters or agents would be involved. Such securities may also be sold through agents designated from time to time. The prospectus supplement will name any agent involved in the offer or sale of the offered securities and will describe any commissions payable to the agent by us. Unless otherwise indicated in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any sale of those securities. The terms of any such sales will be described in the prospectus supplement.

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Delayed delivery contracts

If the prospectus supplement indicates, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The applicable prospectus supplement will describe the commission payable for solicitation of those contracts.

Market making, stabilization and other transactions

Unless the applicable prospectus supplement states otherwise, each series of securities offered by us will be a new issue and will have no established trading market, other than our common stock, which is listed on the Nasdaq Global Market. We may elect to list any series of offered securities on an exchange. Any underwriters that we use in the sale of offered securities may make a market in such securities, but may discontinue such market making at any time without notice. Therefore, we cannot assure you that the securities will have a liquid trading market.

Any underwriter may also engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Rule 104 under the Securities Exchange Act of 1934, as amended. Stabilizing transactions involve bids to purchase the underlying security in the open market for the purpose of pegging, fixing or maintaining the price of the securities. Syndicate covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover syndicate short positions.

Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the securities originally sold by the syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the securities to be higher than it would be in the absence of the transactions. The underwriters may, if they commence these transactions, discontinue them at any time.

Derivative transactions and hedging

We, the underwriters or other agents may engage in derivative transactions involving the securities. These derivatives may consist of short sale transactions and other hedging activities. The underwriters or agents may acquire a long or short position in the securities, hold or resell securities acquired and purchase options or futures on the securities and other derivative instruments with returns linked to or related to changes in the price of the securities. In order to facilitate these derivative transactions, we may enter into security lending or repurchase agreements with the underwriters or agents. The underwriters or agents may effect the derivative transactions through sales of the securities to the public, including short sales, or by lending the securities in order to facilitate short sale transactions by others. The underwriters or agents may also use the securities purchased or borrowed from us or others (or, in the case of derivatives, securities received from us in settlement of those derivatives) to directly or indirectly settle sales of the securities or close out any related open borrowings of the securities.

Electronic auctions

We may also make sales through the Internet or through other electronic means. Since we may from time to time elect to offer securities directly to the public, with or without the involvement of agents, underwriters or dealers, utilizing the Internet or other forms of electronic bidding or ordering systems for the pricing and allocation of such securities, you should pay particular attention to the description of that system we will provide in a prospectus supplement.

Such electronic system may allow bidders to directly participate, through electronic access to an auction site, by submitting conditional offers to buy that are subject to acceptance by us, and which may directly affect the price or other terms and conditions at which such securities are sold. These bidding or ordering systems may

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present to each bidder, on a so-called real-time basis, relevant information to assist in making a bid, such as the clearing spread at which the offering would be sold, based on the bids submitted, and whether a bidder s individual bids would be accepted, prorated or rejected. For example, in the case of a debt security, the clearing spread could be indicated as a number of basis points above an index treasury note. Of course, many pricing methods can and may also be used.

Upon completion of such an electronic auction process, securities will be allocated based on prices bid, terms of bid or other factors. The final offering price at which securities would be sold and the allocation of securities among bidders would be based in whole or in part on the results of the Internet or other electronic bidding process or auction.

General information

Agents, underwriters, and dealers may be entitled, under agreements entered into with us, to indemnification by us against certain liabilities, including liabilities under the Securities Act.

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DESCRIPTION OF COMMON STOCK

The following summary of the terms of our common stock is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws, copies of which are on file with the SEC as exhibits to previous SEC filings. Please refer to Where You Can Find More Information below for directions on obtaining these documents.

As of October 23, 2013, we are authorized to issue 100,000,000 shares of common stock, par value $0.001 per share. As of October 23, 2013, we had 25,644,922 shares of common stock outstanding.

General

The holders of our common stock are entitled to one vote for each share on all matters voted on by stockholders, including elections of directors, and, except as otherwise required by law or provided in any resolution adopted by our board with respect to any series of preferred stock, the holders of such shares possess all voting power. Our certificate of incorporation does not provide for cumulative voting in the election of directors. No cash dividends have been previously paid on our common stock and none are anticipated during fiscal year 2014. We are restricted from paying dividends under our Loan and Security Agreements with Silicon Valley Bank and Partners for Growth. Our common stock is not redeemable.

The holders of our common stock have no preemptive rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company.

Nasdaq Global Market

Our common stock is listed for quotation on the Nasdaq Global Market under the symbol CSII.

Anti-Takeover Effect of Delaware Law and Certain Charter and Bylaw Provisions

Our certificate of incorporation and bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change of control of our company. These provisions are as follows:

- they provide that special meetings of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or by a majority of our board of directors;

- they provide for a classified board of directors, with three separate classes of directors each serving a three-year term;

they provide that only business brought before an annual meeting by our board of directors or by a stockholder who complies with the procedures set forth in the bylaws may be transacted at an annual meeting of stockholders;

they provide for advance notice of specified stockholder actions, such as the nomination of directors and stockholder proposals; and

they allow us to issue, without stockholder approval, up to 5,000,000 shares of preferred stock that could adversely affect the rights and powers of the holders of our common stock.

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We are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an interested stockholder is a person who owns 15% or more of the voting stock of a corporation, or any affiliate or associate of a corporation who, within three years prior, did own 15% or more of the voting stock of that corporation.

Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation or is or was serving at the corporation s request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person s conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of expenses, including attorneys fees but excluding judgments, fines and amounts paid in settlement, actually and reasonably incurred by the person in connection with the defense or settlement of the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that a court of competent jurisdiction shall determine that such indemnity is proper.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of its officers, directors, employees and agents, against any liability asserted against and incurred by such persons in any such capacity.

Section 102(b)(7) of the General Corporation Law of the State of Delaware provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

Our Amended and Restated Bylaws provide that we shall indemnify our directors and officers to the fullest extent permitted by the laws of the State of Delaware or any other applicable law. As permitted by our Amended and Restated Bylaws, we have additionally entered into indemnification agreements with each of our non-employee directors that provide for indemnification and expense advancement to the fullest extent permitted by the laws of the State of Delaware.

Our Amended and Restated Bylaws provide that we may purchase and maintain insurance policies on behalf of our directors and officers against specified liabilities for actions taken in their capacities as such, including liabilities under the Securities Act. We have obtained directors and officers liability insurance to cover liabilities our directors and officers may incur in connection with their services to us.

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Our Restated Certificate of Incorporation, as amended, provides that the liability of our directors for monetary damages shall be eliminated to the fullest extent under applicable law.

SEC Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, officers or persons controlling our company, we understand that it is the SEC s opinion that such indemnification is against public policy as expressed in the Securities Act and therefore is unenforceable.

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DESCRIPTION OF PREFERRED STOCK

We are authorized to issue up to 5,000,000 shares of preferred stock, par value $0.001 per share. Our board is authorized to provide for the issue of all or any of the shares of the preferred stock in one or more series, and to fix the number of shares and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as stated in our board s resolutions. Our board is also authorized to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. The number of authorized shares of preferred stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the common stock, without a vote of the holders of the preferred stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of preferred stock.

The authority possessed by our board to issue preferred stock could potentially be used to discourage attempts by third parties to obtain control of us through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our board may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock. There are no current agreements or understandings with respect to the issuance of preferred stock.

If we offer a specific class or series of preferred stock under this prospectus, we will describe the terms of the preferred stock in the prospectus supplement for such offering and will file a copy of the certificate establishing the terms of the preferred stock with the SEC. To the extent required and applicable, this description will include:

- the title and stated value;
- the number of shares offered, the liquidation preference per share and the purchase price;
- the dividend rate(s), period(s) and/or payment date(s), or method(s) of calculation for such dividends;
- whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;
- the procedures for any auction and remarketing, if any;
- the provisions for a sinking fund, if any;
- the provisions for redemption, if applicable;

any listing of the preferred stock on any securities exchange or market;

whether the preferred stock will be convertible into our common stock, and, if applicable, the conversion price (or how it will be calculated) and conversion period;

whether the preferred stock will be exchangeable into debt securities, and, if applicable, the exchange price (or how it will be calculated) and exchange period;

voting rights, if any, of the preferred stock;

a discussion of any material U.S. federal income tax considerations applicable to the preferred stock;

the relative ranking and preferences of the preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of the affairs of our company; and

any material limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our company.

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The preferred stock offered by this prospectus, when issued, will not have, or be subject to, any preemptive or similar rights.

Transfer Agent and Registrar

The transfer agent and registrar for any series or class of preferred stock will be set forth in each applicable prospectus supplement.

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DESCRIPTION OF WARRANTS

As of October 23, 2013, we had warrants outstanding to purchase 1,657,154 shares of our common stock. We may issue warrants to purchase shares of our common stock, preferred stock and/or debt securities in one or more series together with other securities or separately, as described in each applicable prospectus supplement. Below is a description of certain general terms and provisions of the warrants that we may offer. Particular terms of the warrants will be described in the applicable warrant agreements and the applicable prospectus supplement for the warrants.

The applicable prospectus supplement will contain, where applicable, the following terms of and other information relating to the warrants:

- the specific designation and aggregate number of, and the price at which we will issue, the warrants;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- the designation, amount and terms of the securities purchasable upon exercise of the warrants;
- if applicable, the exercise price for shares of our common stock and the number of shares of common stock to be received upon exercise of the warrants;
- if applicable, the exercise price for shares of our preferred stock, the number of shares of preferred stock to be received upon exercise, and a description of that class or series of our preferred stock;
- if applicable, the exercise price for our debt securities, the amount of our debt securities to be received upon exercise, and a description of that series of debt securities;
- the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if the warrants may not be continuously exercised throughout that period, the specific date or dates on which the warrants may be exercised;
- whether the warrants will be issued in fully registered form or bearer form, in definitive or global form or in any combination of these forms, although, in any case, the form of a warrant included in a unit will correspond to the form of the unit and of any security included in that unit;
- any applicable material U.S. federal income tax consequences;

the identity of the warrant agent for the warrants and of any other depositaries, execution or paying agents, transfer agents, registrars or other agents;

the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;

if applicable, the date from and after which the warrants and the common stock, preferred stock and/or debt securities will be separately transferable;

if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

the anti-dilution provisions of the warrants, if any;

any redemption or call provisions;

whether the warrants are to be sold separately or with other securities as parts of units; and

any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

Transfer Agent and Registrar

The transfer agent and registrar for any warrants will be set forth in the applicable prospectus supplement.

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DESCRIPTION OF DEBT SECURITIES

We will issue the debt securities offered by this prospectus and any accompanying prospectus supplement under an indenture to be entered into between us and the trustee identified in the applicable prospectus supplement. The terms of the debt securities will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as in effect on the date of the indenture. We have filed a copy of the form of indenture as an exhibit to the registration statement in which this prospectus is included. The indenture will be subject to and governed by the terms of the Trust Indenture Act of 1939.

We may offer under this prospectus up to an aggregate principal amount of $75,000,000 in debt securities, or if debt securities are issued at a discount, or in a foreign currency, foreign currency units or composite currency, the principal amount as may be sold for an initial public offering price of up to $75,000,000. Unless otherwise specified in the applicable prospectus supplement, the debt securities will represent our direct, unsecured obligations and will rank equally with all of our other unsecured indebtedness.

The following statements relating to the debt securities and the indenture are summaries, qualified in their entirety by reference to the detailed provisions of the debt securities we issue and the indenture we enter into with the trustee.

General

We may issue the debt securities in one or more series with the same or various maturities, at par, at a premium, or at a discount. We will describe the particular terms of each series of debt securities in a prospectus supplement relating to that series, which we will file with the SEC.

The prospectus supplement will set forth, to the extent required and applicable, the following terms of the debt securities in respect of which the prospectus supplement is delivered:

- the title of the series;
- the aggregate principal amount, and, if a series, the total amount authorized and the total amount outstanding;
- the issue price or prices, expressed as a percentage of the aggregate principal amount of the debt securities;
- any limit on the aggregate principal amount;
- the date or dates on which principal is payable;
- the interest rate or rates (which may be fixed or variable) or, if applicable, the method used to determine such rate or rates;

the date or dates from which interest, if any, will be payable and any regular record date for the interest payable;

the place or places where principal and, if applicable, premium and interest, is payable;

the terms and conditions upon which we may, or the holders may require us to, redeem or repurchase the debt securities;

the denominations in which such debt securities may be issuable, if other than denominations of $1,000 or any integral multiple of that number;

whether the debt securities are to be issuable in the form of certificated securities (as described below) or global securities (as described below);

the portion of principal amount that will be payable upon declaration of acceleration of the maturity date if other than the principal amount of the debt securities;

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the currency of denomination;

the designation of the currency, currencies or currency units in which payment of principal and, if applicable, premium and interest, will be made;

if payments of principal and, if applicable, premium or interest, on the debt securities are to be made in one or more currencies or currency units other than the currency of denomination, the manner in which the exchange rate with respect to such payments will be determined;

if amounts of principal and, if applicable, premium and interest may be determined by reference to an index based on a currency or currencies or by reference to a commodity, commodity index, stock exchange index or financial index, then the manner in which such amounts will be determined;

the provisions, if any, relating to any collateral provided for such debt securities;

any addition to or change in the covenants and/or the acceleration provisions described in this prospectus or in the indenture;

any events of default, if not otherwise described below under Events of Default ;

the terms and conditions, if any, for conversion into or exchange for shares of our common stock or preferred stock;

any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents; and

the terms and conditions, if any, upon which the debt securities shall be subordinated in right of payment to our other indebtedness.

We may issue discount debt securities that provide for an amount less than the stated principal amount to be due and payable upon acceleration of the maturity of such debt securities in accordance with the terms of the indenture. We may also issue debt securities in bearer form, with or without coupons. If we issue discount debt securities or debt securities in bearer form, we will describe material U.S. federal income tax considerations and other material special considerations which apply to these debt securities in the applicable prospectus supplement.

We may issue debt securities denominated in or payable in a foreign currency or currencies or a foreign currency unit or units. If we do, we will describe the restrictions, elections, and general tax considerations relating to the debt securities and the foreign currency or currencies or foreign currency unit or units in the applicable prospectus supplement.

Debt securities offered under this prospectus and any prospectus supplement will be subordinated in right of payment to certain of our outstanding senior indebtedness, including our credit facilities. In addition, we will seek the consent of the holders of any such senior indebtedness prior to issuing any debt securities under this prospectus to the extent required by the agreements evidencing such senior indebtedness.

Exchange and/or Conversion Rights

We may issue debt securities that can be exchanged for or converted into shares of our common stock or preferred stock. If we do, we will describe the terms of exchange or conversion in the prospectus supplement relating to these debt securities.

Transfer and Exchange

We may issue debt securities that will be represented by either:

book-entry securities, which means that there will be one or more global securities registered in the name of a depositary or a nominee of a depositary; or

certificated securities, which means that they will be represented by a certificate issued in definitive registered form.

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We will specify in the prospectus supplement applicable to a particular offering whether the debt securities offered will be book-entry or certificated securities.

Certificated Debt Securities

If you hold certificated debt securities, you may transfer or exchange such debt securities at the trustee s office or at the paying agent s office or agency in accordance with the terms of the indenture. You will not be charged a service charge for any transfer or exchange of certificated debt securities but may be required to pay an amount sufficient to cover any tax or other governmental charge payable in connection with such transfer or exchange.

You may effect the transfer of certificated debt securities and of the right to receive the principal of, premium, and/or interest, if any, on the certificated debt securities only by surrendering the certificate representing the certificated debt securities and having us or the trustee issue a new certificate to the new holder.

Global Securities

If we decide to issue debt securities in the form of one or more global securities, then we will register the global securities in the name of the depositary for the global securities or the nominee of the depositary, and the global securities will be delivered by the trustee to the depositary for credit to the accounts of the holders of beneficial interests in the debt securities.

The prospectus supplement will describe the specific terms of the depositary arrangement for debt securities of a series that are issued in global form. None of us, the trustee, any payment agent or the security registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global debt security or for maintaining, supervising or reviewing any records relating to these beneficial ownership interests.

No Protection in the Event of Change of Control

The indenture does not have any covenants or other provisions providing for a put or increased interest or otherwise that would afford holders of our debt securities additional protection in the event of a recapitalization transaction, a change of control, or a highly leveraged transaction. If we offer any covenants or provisions of this type with respect to any debt securities covered by this prospectus, we will describe them in the applicable prospectus supplement.

Covenants

Unless otherwise indicated in this prospectus or the applicable prospectus supplement, our debt securities will not have the benefit of any covenants that limit or restrict our business or operations, the pledging of our assets or the incurrence by us of indebtedness. We will describe in the applicable prospectus supplement any material covenants in respect of a series of debt securities.

Consolidation, Merger and Sale of Assets

The form of indenture provides that we will not consolidate with or merge into any other person or convey, transfer, sell or lease our properties and assets substantially as an entirety to any person, unless:

the person formed by the consolidation or into or with which we are merged or the person to which our properties and assets are conveyed, transferred, sold or leased, is a corporation organized and existing under the laws of the U.S., any state or the District of Columbia or a corporation or comparable legal entity organized under the laws of a foreign jurisdiction and, if we are not the surviving person, the

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surviving person has expressly assumed all of our obligations, including the payment of the principal of and, premium, if any, and interest on the debt securities and the performance of the other covenants under the indenture; and

immediately before and immediately after giving effect to the transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, has occurred and is continuing under the indenture.

Events of Default

Unless otherwise specified in the applicable prospectus supplement, the following events will be events of default under the indenture with respect to debt securities of any series:

we fail to pay any principal or premium, if any, when it becomes due;

we fail to pay any interest within 30 days after it becomes due;

we fail to observe or perform any other covenant in the debt securities or the indenture for 60 days after written notice specifying the failure from the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of that series; and

certain events involving bankruptcy, insolvency or reorganization of us or any of our significant subsidiaries.

The trustee may withhold notice to the holders of the debt securities of any series of any default, except in payment of principal of or premium, if any, or interest on the debt securities of a series, if the trustee considers it to be in the best interest of the holders of the debt securities of that series to do so.

If an event of default (other than an event of default resulting from certain events of bankruptcy, insolvency or reorganization) occurs, and is continuing, then the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of any series may accelerate the maturity of the debt securities. If this happens, the entire principal amount, plus the premium, if any, of all the outstanding debt securities of the affected series plus accrued interest to the date of acceleration will be immediately due and payable. At any time after the acceleration, but before a judgment or decree based on such acceleration is obtained by the trustee, the holders of a majority in aggregate principal amount of outstanding debt securities of such series may rescind and annul such acceleration if:

all events of default (other than nonpayment of accelerated principal, premium or interest) have been cured or waived;

all lawful interest on overdue interest and overdue principal has been paid; and

the rescission would not conflict with any judgment or decree.

In addition, if the acceleration occurs at any time when we have outstanding indebtedness that is senior to the debt securities, the payment of the principal amount of outstanding debt securities may be subordinated in right of payment to the prior payment of any amounts due under the senior indebtedness, in which case the holders of debt securities will be entitled to payment under the terms prescribed in the instruments evidencing the senior indebtedness and the indenture.

If an event of default resulting from certain events of bankruptcy, insolvency or reorganization occurs, the principal, premium and interest amount with respect to all of the debt securities of any series will be due and payable immediately without any declaration or other act on the part of the trustee or the holders of the debt securities of that series.

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The holders of a majority in principal amount of the outstanding debt securities of a series will have the right to waive any existing default or compliance with any provision of the indenture or the debt securities of that series and to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, subject to certain limitations specified in the indenture.

No holder of any debt security of a series will have any right to institute any proceeding with respect to the indenture or for any remedy under the indenture, unless:

- the holder gives to the trustee written notice of a continuing event of default;
- the holders of at least 25% in aggregate principal amount of the outstanding debt securities of the affected series make a written request and offer reasonable indemnity to the trustee to institute a proceeding as trustee;
- the trustee fails to institute a proceeding within 60 days after such request; and
- the holders of a majority in aggregate principal amount of the outstanding debt securities of the affected series do not give the trustee a direction inconsistent with such request during such 60-day period.

These limitations do not, however, apply to a suit instituted for payment on debt securities of any series on or after the due dates expressed in the debt securities.

We will periodically deliver certificates to the trustee regarding our compliance with our obligations under the indenture.

Modification and Waiver

From time to time, we and the trustee may, without the consent of holders of the debt securities of one or more series, amend the indenture or the debt securities of one or more series, or supplement the indenture, for certain specified purposes, including:

- to provide that the surviving entity following a change of control permitted under the indenture will assume all of our obligations under the indenture and debt securities;
- to provide for certificated debt securities in addition to uncertificated debt securities;
- to comply with any requirements of the SEC under the Trust Indenture Act of 1939;

to provide for the issuance of and establish the form and terms and conditions of debt securities of any series as permitted by the indenture;

to cure any ambiguity, defect or inconsistency, or make any other change that does not materially and adversely affect the rights of any holder; and

to appoint a successor trustee under the indenture with respect to one or more series.

From time to time we and the trustee may, with the consent of holders of at least a majority in principal amount of an outstanding series of debt securities, amend or supplement the indenture or the debt securities series, or waive compliance in a particular instance by us with any provision of the indenture or the debt securities. We may not, however, without the consent of each holder affected by such action, modify or supplement the indenture or the debt securities or waive compliance with any provision of the indenture or the debt securities in order to:

reduce the amount of debt securities whose holders must consent to an amendment, supplement, or waiver to the indenture or such debt security;

reduce the rate of or change the time for payment of interest or reduce the amount of or postpone the date for payment of sinking fund or analogous obligations;

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reduce the principal of or change the stated maturity of the debt securities;

make any debt security payable in money other than that stated in the debt security;

change the amount or time of any payment required or reduce the premium payable upon any redemption, or change the time before which no such redemption may be made;

waive a default in the payment of the principal of, premium, if any, or interest on the debt securities or a redemption payment;

waive a redemption payment with respect to any debt securities or change any provision with respect to redemption of debt securities; or

take any other action otherwise prohibited by the indenture to be taken without the consent of each holder affected by the action.

Defeasance of Debt Securities and Certain Covenants in Certain Circumstances

The indenture permits us, at any time, to elect to discharge our obligations with respect to one or more series of debt securities by following certain procedures described in the indenture. These procedures will allow us either:

to defease and be discharged from any and all of our obligations with respect to any debt securities, except for the following obligations (which discharge is referred to as legal defeasance):

(1) to register the transfer or exchange of such debt securities;

(2) to replace temporary or mutilated, destroyed, lost or stolen debt securities;

(3) to compensate and indemnify the trustee; or

(4) to maintain an office or agency in respect of the debt securities and to hold monies for payment in trust; or

to be released from our obligations with respect to the debt securities under certain covenants contained in the indenture, as well as any additional covenants which may be contained in the applicable supplemental indenture (which release is referred to as covenant defeasance).

In order to exercise either defeasance option, we must deposit with the trustee or other qualifying trustee, in trust for that purpose:

- money;
- U.S. Government Obligations (as described below) or Foreign Government Obligations (as described below) that through the scheduled payment of principal and interest in accordance with their terms will provide money; or
- a combination of money and/or U.S. Government Obligations and/or Foreign Government Obligations sufficient in the written opinion of a nationally-recognized firm of independent accountants to provide money;

that, in each case specified above, provides a sufficient amount to pay the principal of, premium, if any, and interest, if any, on the debt securities of the series, on the scheduled due dates or on a selected date of redemption in accordance with the terms of the indenture.

In addition, defeasance may be effected only if, among other things:

- in the case of either legal or covenant defeasance, we deliver to the trustee an opinion of counsel, as specified in the indenture, stating that as a result of the defeasance neither the trust nor the trustee will be required to register as an investment company under the Investment Company Act of 1940;

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in the case of legal defeasance, we deliver to the trustee an opinion of counsel stating that we have received from, or there has been published by, the Internal Revenue Service a ruling to the effect that, or there has been a change in any applicable federal income tax law with the effect that (and the opinion shall confirm that), the holders of outstanding debt securities will not recognize income, gain or loss for U.S. federal income tax purposes solely as a result of such legal defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner, including as a result of prepayment, and at the same times as would have been the case if legal defeasance had not occurred;

in the case of covenant defeasance, we deliver to the trustee an opinion of counsel to the effect that the holders of the outstanding debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if covenant defeasance had not occurred; and

certain other conditions described in the indenture are satisfied.

If we fail to comply with our remaining obligations under the indenture and applicable supplemental indenture after a covenant defeasance of the indenture and applicable supplemental indenture, and the debt securities are declared due and payable because of the occurrence of any undefeased event of default, the amount of money and/or U.S. Government Obligations and/or Foreign Government Obligations on deposit with the trustee could be insufficient to pay amounts due under the debt securities of the affected series at the time of acceleration. We will, however, remain liable in respect of these payments.

The term U.S. Government Obligations as used in the above discussion means securities that are direct obligations of or non-callable obligations guaranteed by the United States of America for the payment of which obligation or guarantee the full faith and credit of the United States of America is pledged.

The term Foreign Government Obligations as used in the above discussion means, with respect to debt securities of any series that are denominated in a currency other than U.S. dollars, (1) direct obligations of the government that issued or caused to be issued such currency for the payment of which obligations its full faith and credit is pledged or (2) obligations of a person controlled or supervised by or acting as an agent or instrumentality of such government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by that government, which in either case under clauses (1) or (2), are not callable or redeemable at the option of the issuer.

Regarding the Trustee

We will identify the trustee with respect to any series of debt securities in the prospectus supplement relating to the applicable debt securities. You should note that if the trustee becomes a creditor of ours, the indenture and the Trust Indenture Act of 1939 limit the rights of the trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim, as security or otherwise. The trustee and its affiliates may engage in, and will be permitted to continue to engage in, other transactions with us and our affiliates. If, however, the trustee acquires any conflicting interest within the meaning of the Trust Indenture Act of 1939, it must eliminate such conflict or resign.

The holders of a majority in principal amount of the then outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee. If an event of default occurs and is continuing, the trustee, in the exercise of its rights and powers, must use the degree of care and

skill of a prudent person in the conduct of his or her own affairs. Subject to that provision, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any of the holders of the debt securities, unless they have offered to the trustee reasonable indemnity or security.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-3 with the SEC for the securities we are offering by this prospectus. This prospectus does not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information.

We are required to file annual and quarterly reports, special reports, proxy statements, and other information with the SEC. We make these documents publicly available, free of charge, on our website at www.csi360.com as soon as reasonably practicable after filing such documents with the SEC. You can read our SEC filings, including the registration statement, on the SEC s website at http://www.sec.gov. You also may read and copy any document we file with the SEC at its public reference facility at:

Public Reference Room

100 F Street N.E.

Washington, DC 20549.

Please call the SEC at 1-800-732-0330 for further information on the operation of the public reference facilities.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information in documents that we file later with the SEC will automatically update and supersede information in this prospectus. We incorporate by reference into this prospectus the documents listed below and any future filings made by us with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until we close this offering, including all filings made after the date of the initial registration statement and prior to the effectiveness of the registration statement. We hereby incorporate by reference the following documents:

- our Annual Report on Form 10-K for the year ended June 30, 2013;
- our Current Reports on Form 8-K filed on August 7, 2013, September 16, 2013 and October 22, 2013 (excluding any information furnished in such reports under Item 2.02, Item 7.01 or Item 9.01);
- the description of our common stock contained in our registration statement on Form 8-A filed June 26, 2006, under the Securities Act, including any amendment or report filed for the purpose of updating such description; and
- our definitive Proxy Statement on Schedule 14A filed on October 1, 2013.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Cardiovascular Systems, Inc.

651 Campus Drive

St. Paul, Minnesota 55112-3495

Attention: Investor Relations

Phone: (651) 259-1600

Copies of these filings are also available, without charge, through the Investors section of our website (www.csi360.com) as soon as reasonably practicable after they are filed electronically with the SEC. The information contained on our website is not a part of this prospectus.

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LEGAL MATTERS

The validity of the issuance of the securities offered hereby will be passed upon for us by Fredrikson & Byron, P.A., Minneapolis, Minnesota. The validity of any securities will be passed upon for any underwriters or agents by counsel that we will name in the applicable prospectus supplement.

EXPERTS

The financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended June 30, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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2,608,696 Shares

Common Stock

P R O S P E C T U S S U P P L E M E N T

BofA Merrill Lynch

Leerink Swann

William Blair

JMP Securities

Dougherty & Company

Feltl & Company

Wunderlich Securities

November 20, 2013