

INVIVO THERAPEUTICS HOLDINGS CORP.

AUDIT COMMITTEE CHARTER

A. Purpose

The purpose of the Audit Committee is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities by overseeing the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements. The Audit Committee is responsible for (a) reviewing the financial information which will be provided to the stockholders and others, (b) reviewing the systems of internal controls which management and the Board have established, (c) selecting the independent auditors and reviewing their qualifications, independence and performance and (d) monitoring the Company’s compliance with legal and regulatory requirements. The Audit Committee shall discharge these responsibilities, and shall assess the information provided by the Company’s management and the Company’s independent auditors, in accordance with its business judgment.

The Audit Committee will fulfill these responsibilities by carrying out the activities enumerated in Section C of this Charter. The Audit Committee shall be given full and direct access to the Company’s management and independent auditors as necessary to carry out these responsibilities. However, the Audit Committee’s function is one of oversight only and shall not relieve the Company’s management of its responsibilities for preparing financial statements which accurately and fairly present the Company’s financial results and condition, for ensuring the appropriateness of the accounting principles and reporting policies that are used by the Company, and for establishing and maintaining adequate internal control over financial reporting. The Audit Committee’s function also shall not relieve the independent auditors of their responsibilities relating to the audit of the Company’s financial statements, the audit of the Company’s internal control over financial reporting, or the review of the Company’s unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Audit Committee to plan or conduct any audit, to determine or certify that the Company’s financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles (“GAAP”) or applicable law, or to guarantee the independent auditor’s report.

B. Composition of the Audit Committee

Except as otherwise permitted by the applicable rules of the stock exchange on which the Company’s stock is listed, the Audit Committee shall be comprised of not less than three directors, each of whom will be independent as required by Section 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), any rules and regulations promulgated thereunder by the Securities and Exchange Commission (the “SEC”), and other applicable rules, including those of a stock exchange on which the Company’s common stock is listed. No member of the Audit Committee shall have participated in the preparation of the financial

statements of the Company or any current subsidiary of the Company at any time during the preceding three years. Members of the Audit Committee shall be appointed by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. The Board may remove members of the Audit Committee from such committee, with or without cause.

All members of the Audit Committee shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement, at the time of his or her appointment to the Audit Committee. At least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC), at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).

C. Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

1. Review annually this Charter for adequacy and recommend any changes to the Board.
2. Review the significant accounting principles, policies and practices followed by the Company in accounting for and reporting its financial results of operations in accordance with generally accepted accounting principles ("GAAP"), including the Company's internal accounting controls.
3. Coordinate the Board's oversight of the Company's internal control over financial reporting, disclosure controls and procedures and code of conduct.
4. Review the reports of the Chief Executive Officer and Chief Financial Officer required by Rule 13a-14 of the Exchange Act.
5. Review and discuss the financial, investment and risk assessment and management policies followed by the Company in operating its business activities, including guidelines and policies to govern the process by which the Company's exposure to risk is handled.
6. Review and discuss with the Company's management and independent auditors the Company's annual audited financial statements and related disclosures, including the MD&A portion of the Company's filings and the matters required to be discussed by AS 1301: *Communications with Audit Committees*, including (a) the quality as well as acceptability of the accounting principles applied in the financial statements, and (b) new or changed accounting policies; significant estimates,

judgments, uncertainties or unusual transactions; and accounting policies relating to significant financial statement items.

7. Consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.
8. Prepare for inclusion where necessary in a proxy or information statement of the Company, any report required to be prepared by it under SEC rules and regulations.
9. Review (a) any management letters or internal control reports prepared by the independent auditors, (b) responses to prior management letters and (c) the independent auditors' attestation report prior to the filing of the Company's Form 10-K.
10. Review with the independent auditors the Company's internal financial controls.
11. Review and discuss with the independent auditors any communications between the independent audit team and the independent auditors' national office with respect to accounting or auditing issues presented by the engagement.
12. Review the effectiveness of the independent audit effort, including approval of the scope of, and fees charged in connection with, the annual audit, quarterly reviews and any non-audit services being provided.
13. Be directly responsible for the appointment, evaluation, determination of the compensation for, retention (and, when necessary, termination) and oversight of the work of the independent auditors employed to conduct the audit (including resolution of disagreements between the independent auditors and management regarding financial reporting) or other audit, review or attest services. The independent auditors shall report directly to the Audit Committee. The Audit Committee may, in its discretion, seek stockholder ratification of the independent auditors it appoints.
14. Meet with the independent auditors prior to the annual audit to discuss planning and staffing of the audit.
15. Assure regular rotation of the lead independent auditor partner, as required by the Exchange Act, and consider whether rotation of the independent auditor firm is required to ensure independence.
16. Pre-approve all audit services to be provided to the Company, whether by the principal independent auditors or other firms, and all services (review, attest and non-audit) to be provided to the Company by the independent auditors, as set forth in Section 10A of the Exchange Act and the rules and regulations promulgated

thereunder by the SEC. The Audit Committee may establish pre-approval policies and procedures, as permitted by Section 10A of the Exchange Act and the rules and regulations promulgated thereunder by the SEC, for the engagement of independent auditors to render services to the Company, including but not limited to policies that would allow the delegation of pre-approval authority to one or more members of the Audit Committee, provided that any pre-approvals delegated to one or more members of the Audit Committee are reported to the Audit Committee at its next scheduled meeting.

17. Review the hiring policies for any employees or former employees of the independent auditors.
18. Obtain and review on an annual basis a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board, and review and discuss with the independent auditors all significant relationships or services the independent auditors have with the Company which may affect their independence and objectivity. The Audit Committee is responsible for taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditors.
19. Obtain and review on an annual basis a report by the independent auditors describing the firm's internal quality control procedures, and any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and steps taken to deal with such issues.
20. For each of the first three fiscal quarters and prior to the filing of the 10-K, review with management the financial results, and review with the independent auditors the results of their review of the interim financial information and audit of the annual financial statements. The Audit Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Audit Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable auditing standards. The Audit Committee shall direct management to advise the Audit Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent auditor's review of interim financial information.
21. Following completion of any audit or review of financial statements and prior to any public disclosure, discuss with management the Company's earnings press releases (including any "pro forma" or "adjusted" non- GAAP information), significant transactions and accounting estimates, post-audit or post-review

matters such as any differences between the planned and actual scope of the audit or review and recent accounting pronouncements and their impact upon the Company's accounting and financial statements.

22. Review management's analysis of any significant accounting issues, changes, estimates, judgments or unusual items relating to the financial statements and the selection, application and effects of critical accounting policies applied by the Company (including an analysis of the effect of alternative GAAP methods).
23. From time to time as appropriate, obtain and review the reports and other communications required by the independent auditors regarding (a) critical accounting policies and practices; (b) alternative treatments of financial information within GAAP that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) other material written communications between the independent auditors and Company management, such as any management letter or schedule of unadjusted differences; and (d) all other matters required to be communicated by the independent auditors to the Audit Committee under the standards of the Public Company Accounting Oversight Board, including AS 1301: *Communications with Audit Committees*.
24. Following completion of the annual audit and from time to time, as appropriate, review separately with the independent auditors and management (i) any audit problems or difficulties the independent auditors encountered in the course of the audit work and management's response, including any restrictions on the scope of the auditors' activities or on access to requested information and significant disagreements with management; (ii) major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (iii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of alternative GAAP methods; and (iv) the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements.
25. Have sole and direct responsibility for setting the compensation of the independent auditors, and shall engage and determine funding for such independent professional advisers and counsel (including legal, accounting and other advisors) as the Audit Committee determines are appropriate to carry out its functions hereunder. Such independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditors and such independent advisors as established by the Audit Committee. The Company shall provide appropriate funding to the Audit Committee, as determined by the Audit Committee, for payment of (a) compensation to the independent auditors for services approved by the Audit Committee, (b) compensation to any outside

advisers retained by the Audit Committee, and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

26. Discuss with management and the independent auditors any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process or accounting policies.
27. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.
28. Conduct or authorize investigations into such matters as it deems appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.
29. Report to the Board on a regular basis on the major events covered by the Audit Committee and make recommendations to the Board and management concerning these matters.
30. Review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K) and recommend any changes to the Board. The Audit Committee shall further conduct appropriate review and oversight of all related person transactions, if and as defined by applicable rules, including those of a stock exchange on which the Company's common stock is listed, to which the Company is a party.
31. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and approve the Company's entry into swaps, including transactions in swaps that are subject to mandatory clearing, and approve the use of the end-user exception from clearing. The Audit Committee is also authorized to adopt and shall review annually thereafter a policy relating to the Company's use of the non-financial end-user exception, and shall report to the Board on the Company's compliance with and implementation of this policy on at least an annual basis. The Audit Committee may delegate responsibility for implementation of the non-financial end-user policy to the Company's management, as the Audit Committee deems appropriate.

33. At least annually, evaluate its own performance.
34. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Audit Committee or the Board deems necessary or appropriate, including but not limited to the Company's legal and regulatory compliance.

D. Audit Committee Meetings

The Audit Committee shall meet on at least a quarterly basis, and will hold special meetings as circumstances require. At all Audit Committee meetings, a majority of the total number of members shall constitute a quorum. Minutes shall be kept of each meeting of the Audit Committee. The timing of the meetings to be scheduled for an upcoming fiscal year shall be determined by the Audit Committee prior to the beginning of such fiscal year. A calendar of proposed meetings will be reviewed by the Audit Committee at the same time as the annual Audit Committee Charter review. The calendar shall include appropriate meetings to be held separately with representatives of the independent auditors and management, including a meeting to conduct the reviews required above. In addition, the Audit Committee will meet at any time that the independent auditors or management believe communication to the Audit Committee is required. The Audit Committee may also act by unanimous written consent in lieu of a meeting.

E. Compensation

The compensation of the Audit Committee members shall be as determined by the Board. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or a committee of the Board.

F. Subcommittees; Chair

The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting. Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.