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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): April 30, 2012**

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**ATRICURE, INC.**

(Exact name of registrant as specified in charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-51470**  
(Commission  
File Number)

**34-1940305**  
(IRS Employer  
Identification No.)

**6217 Centre Park Drive**  
**West Chester, OH**  
(Address of principal executive offices)

**45069**  
(Zip Code)

**Registrant's telephone number, including area code: (513) 755-4100**

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 2, 2012, AtriCure, Inc. issued a press release regarding its financial results for the first quarter ended March 31, 2012. The Company will hold a conference call on May 3, 2012 to discuss the financial results. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

The information in this Item 2.02 to Form 8-K and in the press release attached as Exhibit 99.1 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this Form 8-K and Exhibit 99.1 shall not be incorporated by reference in any filing or other document under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in any such filing or document.

**Item 5.02. Departure of Directors or Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) Effective April 30, 2012, Julie Piton resigned as Vice President, Finance and Administration and Chief Financial Officer of AtriCure to pursue other opportunities. Ms. Piton’s departure was not due to any disagreement with AtriCure on any matter relating to the Company’s financial condition or financial reporting.

In connection with her resignation, Ms. Piton and AtriCure entered into an agreement (the “Agreement”) pursuant to which Ms. Piton is entitled to receive: (i) all accrued and unpaid base salary through the effective date of the resignation; (ii) payment for any accrued and unused vacation; (iii) continued vesting of all stock options and restricted stock until April 30, 2013; and (iv) twelve (12) months base salary. The foregoing description of the Agreement is a summary only and is qualified in its entirety by reference to the full text of the Agreement which is attached hereto and filed herewith as Exhibit 10.1 and incorporated herein by reference.

The Company is in the process of identifying a qualified candidate to fill the vacancy created by Ms. Piton’s resignation.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

**No. Description**

10.1 Agreement between AtriCure, Inc. and Julie Piton dated effective as of April 30, 2012

99.1 Press Release dated May 2, 2012

**SIGNATURES**

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

ATRICURE, INC.

Dated: May 2, 2012

By: /s/ David J. Drachman  
David J. Drachman  
President and Chief Executive Officer

AGREEMENT  
BETWEEN  
ATRICURE, INC. AND JULIE PITON

AtriCure, Inc. and Julie Piton ("Executive") enter into this Agreement (the "Agreement"), effective on the date falling eight days after the date of signature below (the "Effective Date").

WHEREAS, Executive was employed as Vice President Finance and Administration and Chief Financial Officer for AtriCure, Inc. (the "Company");

WHEREAS, Executive has voluntarily terminated her employment effective April 30, 2012;

WHEREAS, the parties are desirous of resolving all matters concerning Executive's employment with the Company and thereof based upon a mutual understanding, with finality and without further expenditure of time, effort, money, and without admitting that any unlawful or improper action occurred;

NOW, THEREFORE, in consideration of the covenants and mutual promises herein contained, it is agreed as follows:

1. Executive's last day working as Chief Financial Officer of AtriCure is April 30, 2012 (the "Termination Date"). Executive's employment and all positions held within the Company shall end on the Termination Date.

2. Provided Executive executes this Agreement and does not revoke any provision hereof pursuant to Paragraph 6(b), the Company hereby agrees to pay Executive through the Termination Date, the following amounts:

(a) All accrued and unpaid base salary through the Termination Date.

(b) Executive will be paid for any accrued and unused vacation per AtriCure's policy, less all applicable withholding taxes.

(c) Executive's stock options and restricted stock shall continue to vest during the payroll periods described in Paragraph 2(d) below and shall be governed by AtriCure's 2005 Equity Incentive Plan; provided, however, that all awards of equity-based compensation, including stock options and restricted stock (collectively, "Executive Stock Awards") granted to Executive by Company shall be exercisable through April 30, 2013. After April 30, 2013, none of the unvested or unexercised Executive Stock Awards shall become vested or exercisable notwithstanding the terms and conditions of any award agreement or plan document.

(d) Separation pay equal to twelve (12) months of Executive's base salary payable in equal installments for 24 payroll periods (12 months) according to AtriCure's ordinary payroll practices, less all applicable withholding taxes.

Executive acknowledges and agrees that, other than as specifically set forth in this Agreement, Executive is not and will not be due any additional compensation, including, but not limited to, compensation for unpaid salary, unpaid bonus, severance, vacation pay from the Company, and any other compensation after the Date of Termination, except as provided herein. The Company agrees to indemnify Executive to the extent provided in its Second Amended and Restated Bylaws.

3. AtriCure will provide Executive with a letter of reference in a form acceptable to Executive and AtriCure and signed by the Chief Executive Officer. AtriCure will respond to inquiries generally consistent with the letter of reference. Executive shall provide the Company not later than 4:00 p.m. Cincinnati, Ohio time on April 26, 2012 a proposed statement subject to Company consideration to be included in any filing required by the U.S. Securities and Exchange Commission that describes her termination. Any communications to third parties shall be consistent with such statement.

4. Beginning on the Termination Date, Executive shall be eligible to elect COBRA continuation coverage under the group medical, dental, vision and/or FSA plan generally available to other employees of the Company. If Executive exercises her rights under COBRA, AtriCure will make all required COBRA payments due on Executive's behalf during the payroll periods described above in Paragraph 2 (d).

5. (a) Unless otherwise specified herein, Executive agrees that she shall honor and abide by all agreements she signed upon commencement of employment or during employment with the Company, including, but not limited to non-competition, proprietary information, inventions agreement, confidentiality agreements, conflict of interest agreements, arbitration agreements, and business conduct agreements. AtriCure will consider in good faith any reasonable modifications to Executive's non-competition covenants, which still protect the legitimate business interests of AtriCure.

(b) Without limiting any contractual, statutory or other obligations of the Executive and except to the extent otherwise expressly given written consent by the Company in its sole discretion, Executive agrees she will not, directly or indirectly, do any of the following during the twelve (12) month period immediately following the Date of Termination, anywhere within the United States (or any other country in which the Company is doing business): (i) induce any employee of the Company to leave the employ of the Company; (ii) induce any customer, consultant, vendor, advisor, physician, clinical investigator, university, hospital or other party having a business or professional relationship with the Company to cease or adversely change its relationship with the Company; (iii) counsel or advise or engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in (except for up to 1% of the outstanding shares of a publicly traded company), or participate in the financing, operation, management or control of, any other person, firm, corporation, or other entity engaged in or conducting business which is the same as, or competing with, the business being conducted by the Company (including, without limitation, any person, firm, corporation or other entity that designs, manufactures, develops, distributes, markets, promotes or sells any medical devices that may compete with any of the Company's devices). Executive acknowledges that compliance with this paragraph is necessary to protect the national and international business and goodwill of the Company and that breach of any of these provisions will irreparably and continually damage the Company for which money damages may not be adequate. In the event that Executive breaches this paragraph, the Company will cease making any remaining unpaid severance benefits and require reimbursement of any prior benefits paid to Executive under this Agreement. In addition, the Company shall be entitled to preliminarily and/or permanently enjoin Executive from violating this paragraph in order to prohibit such harm. Nothing in this Agreement shall be construed to prohibit the Company from also pursuing any other remedy available to it, the parties having agreed that all remedies are to be cumulative.

(c) Executive will not, directly or indirectly, divert or attempt to divert or take advantage of or attempt to take advantage of any actual or potential business opportunities of AtriCure (e.g., joint ventures, other business combinations, investment opportunities, potential investors in AtriCure, and other similar opportunities) which Executive became aware of during her employment with AtriCure.

(d) Executive agrees she will not, directly or indirectly, disparage or criticize the Company, any of its employees, directors or officers or issue any communication, written or otherwise, that reflects adversely on or encourages any adverse action against the Company, except to the extent testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise truthfully responding to or providing disclosures required by law. The Company agrees that it shall direct its executive officers and Board of Directors that they will not, directly or indirectly, disparage or criticize the Executive, or issue any communication, written or otherwise, that reflects adversely on or encourages any adverse action against the Executive, except to the extent testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise truthfully responding to or providing disclosures required by law.

(e) If Executive violates her obligations under this Agreement, Executive acknowledges that AtriCure has the right to discontinue any further payments and to cancel this Agreement with no further obligations to Executive.

6. (a) Executive, on behalf of Executive and Executive's heirs, executors, administrators, assigns, affiliates and agents, does hereby knowingly and voluntarily release, acquit, and forever discharge the Company, successors, assigns, and past, present, and future directors, officers, employees, trustees, and shareholders of the Company (the "Released Parties") from and against any and all charges, complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies,

damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exist, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with the Released Parties and the termination thereof, which Executive, or any of her heirs, executors, administrators, assigns, affiliates, and agents ever had, now has, or at any time hereafter may have, own, or hold against any of the Released Parties based on any matter (known or unknown) existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, the Company is providing Executive with total consideration, financial or otherwise, which exceeds that which Executive might otherwise have been entitled without the release. By executing this Agreement, Executive is waiving, without limitation, all claims against the Released Parties arising under federal, state, and local labor laws, any employment-related claims under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and any other restriction on the right to terminate employment. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (A) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKER'S BENEFIT PROTECTION ACT OF 1990; (B) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (C) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY THE COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (D) THAT THE COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (E) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED; AND (F) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local court against the Released Parties, including, but not limited to, any of the claims released in this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from instituting any action (i) to enforce the terms of this Agreement; (ii) to file a charge, testify, assist or participate in any manner in an investigation, hearing or proceeding conducted by the Equal Employment Opportunity Commission or similar state agency; however, Executive may not recover any additional compensation or damages as a result of any such participation; (iii) to enforce any rights Executive may have to recover vested benefits under ERISA; or to assert claims that might arise after the date Executive signs the Agreement.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are released in this Paragraph 6; (iv) the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; (v) Executive has the full right and power to grant, execute, and deliver the releases, undertakings, and agreements contained in this Agreement; (vi) Executive has not used any proprietary or confidential information of the Company for her own benefit, or disclosed any such information, directly or indirectly, to any third party, except as such disclosure is permitted under the terms of the relevant confidentiality agreements between him and the Company; and (vii) Executive confirms that she has returned to the Company all documents, materials, recordable media and tangible matter (together with all copies thereof) required to be returned by him to the Company under such agreements as well as any other computer or communication equipment or other property of the Company in her possession or control.

(e) The consideration offered herein is accepted by Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and Executive expressly agrees that Executive is not entitled to and shall not receive any further payments, benefits (except vested ERISA benefits), or other compensation or recovery of any kind from the Company or any of the other Released Parties. Executive further agrees that in the event of any further proceedings whatsoever based upon any matter released herein, the Company and each of the other Released Parties shall have no further monetary or other obligation of any kind to Executive, including without limitation any obligation for any costs, expenses and attorneys' fees incurred by or on behalf of Executive.

7. Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has conferred with or had the opportunity to confer with Executive's attorney regarding the terms and meaning of this Agreement, that Executive has had sufficient time to consider the terms provided for in this Agreement, that no representations or inducements have been made to Executive except as set forth in this Agreement, and that Executive has signed the same KNOWINGLY AND VOLUNTARILY.

8. It is intended that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. The provisions of this Agreement shall be governed by and construed solely in accordance with the internal laws of the state of Ohio. In the event that any paragraph, subparagraph, or provision of this Agreement shall be determined to be partially contrary to governing law or otherwise partially unenforceable, the paragraph, subparagraph, or provision and this Agreement shall be enforced to the maximum extent permitted by law, and if any paragraph, subparagraph, or provision of this Agreement shall be determined to be totally contrary to governing law or otherwise totally unenforceable, the paragraph, subparagraph, or provision shall be severed and disregarded and the remainder of this Agreement shall be enforced to the maximum extent permitted by law.

9. Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state, or local law, regulation, common law, breach of any contract, or any other wrongdoing of any type. Executive and Company agree that this Agreement satisfies and discharges any and all obligations of the parties hereto under Section 8(f) of the Employment Agreement entered into as of January 5, 2007, as amended, between Executive and Company.

10. The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation, or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death.

11. Executive agrees that she will assist and cooperate with the Company, in all reasonable respects, in connection with the defense or prosecution of any claim that may be made against or by the Company, regarding any ongoing or future investigation or dispute or claim of any kind involving the Company, whether civil, administrative or criminal, and as otherwise reasonably requested by the Company.

12. Each party hereby consents to and submits to the jurisdiction of the federal and state courts located in Butler County, Ohio and, except as provided in any existing or future agreement between the parties regarding arbitration, any action or suit under this Agreement shall be brought in the federal or state court with appropriate jurisdiction over the subject matter established or sitting in such city, and each party hereby agrees not to raise in connection therewith, and hereby waives, any defenses based upon the venue, the inconvenience of the forum, the lack of personal jurisdiction, the sufficiency of service of process or the like in any such action or suit brought in accordance with this Paragraph.

13. Except as and to the extent as may be otherwise expressly provided herein, all notices under this Agreement (including, without limitation, any service of process hereunder) shall be in writing and shall be delivered personally or via prepaid, receipted overnight courier service (such as FedEx), or mailed by registered or certified mail, return receipt requested, postage prepaid, to the addresses for the parties set forth on the first page of this Agreement or to such other address as either party shall designate to the other party by written notice in like manner, with all notices to the Company to be further addressed "Attention: Vice President of Human Resources". All notices shall be deemed given and received upon actual delivery.

14. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute one and same instrument. This Agreement may be executed and delivered by exchange of facsimile copies showing the signatures of the parties hereto, and those signatures need not be on the same copy. The facsimile copies showing the signatures of the parties will constitute originally signed copies of the same agreement requiring no further execution.

15. Subject to Paragraph 5(a), this Agreement constitutes the entire agreement between the Company and Executive with respect to the subject matter hereof. Executive affirms that, in entering into this Agreement, she is not relying upon any other oral or written promise or statement made by anyone at any time on behalf of the Company. This Agreement may not be changed or altered, except by a writing signed by the Company and Executive.

ATRICURE, INC.

Julie Piton

By: /s/ Robert Ward  
Robert Ward  
Vice President, Human Resources  
Dated: April 30, 2012

Sign: /s/ Julie Piton  
Dated: April 30, 2012





Contact:

**AtriCure, Inc.**

David J. Drachman

President and Chief Executive Officer

(513) 755-5758

[ddrachman@atricure.com](mailto:ddrachman@atricure.com)

#### **Highlights**

- Record revenue of \$17.5 million – up 11.8%
- Record U.S. product sales of \$13.2 million – up 8.8%
- Record International sales of \$4.3 million – up 25.1% (constant currency)
- Record U.S. AtriClip sales of \$1.8 million – up 18.8%

WEST CHESTER, Ohio – May 2, 2012 – AtriCure, Inc. (Nasdaq: ATRC), a medical device company and a leader in cardiac surgical ablation systems for the treatment of atrial fibrillation, or AF, and systems for the exclusion of the left atrial appendage, today announced financial results for the first quarter of 2012.

Revenue for first quarter 2012 was a new high of \$17.5 million, reflecting 11.8% growth over the first quarter of 2011. Revenue from U.S. product sales was a record \$13.2 million, reflecting growth of 8.8%, and revenue from product sales to international customers was a record \$4.3 million, reflecting growth of 21.9% or 25.1% on a constant currency basis.

“We are pleased with our performance in the first quarter which saw a resurgence of growth in domestic product sales and continued strength in the international markets – notably from our direct markets in Europe and continued growth from Asia. We are increasingly confident that U.S. procedure volumes are stabilizing which we anticipate will continue through the remainder of 2012,” said David J. Drachman, President and Chief Executive Officer of AtriCure. “We anticipate growth accelerating during the second half of 2012. We believe AtriCure is positioned to capitalize on our wide range of premium products, recent AF approval, education and marketing activities, momentum in international markets, and continued investment in regulatory approvals and clinical science.”

#### **First Quarter Financial Results**

Revenue for the first quarter of 2012 was \$17.5 million, an increase of \$1.8 million or 11.8% compared to first quarter 2011 revenue. Domestic revenue increased 8.8% to a record \$13.2 million, including \$1.8 million in sales of the AtriClip system. International revenue was a record \$4.3 million, an increase of \$0.8 million or 21.9% (25.1% on a constant currency basis) when compared to \$3.5 million for the first quarter of 2011. International revenue growth was driven primarily by our direct markets in Europe and an increase in sales in Asia.

Gross profit for the first quarter of 2012 was \$12.8 million compared to \$11.9 million for the first quarter of 2011. Gross margin for the first quarter of 2012 was 73.0% compared to 76.1% for the first quarter of 2011. The decrease in gross margin was primarily due to an increase in manufacturing costs, scrap and inefficiencies primarily associated with the anticipation of transitioning to the manufacturing of PMA approved products, an increased mix of international sales and an increase in capital equipment sales.

Operating expenses for the first quarter of 2012 increased 9.9%, or \$1.3 million, to \$14.2 million from \$13.0 million for the first quarter of 2011. The increase in operating expenses was primarily driven by an increase in clinical-related activities and expenses and an increase in selling, general and administrative expenses, primarily due to an increase in sales and marketing expenditures, along with an increase in training expenses related to the recent FDA clearance of the Synergy Ablation System for the treatment of AF.

Loss from operations for the first quarter of 2012 was \$1.5 million compared to \$1.1 million for the first quarter of 2011. Adjusted EBITDA, a non-GAAP measure, was a loss of \$0.3 million for the first quarter of 2012. Net loss per share was \$0.10 for the first quarter of 2012 and \$0.08 for the first quarter of 2011.

Cash, cash equivalents and investments were \$15.9 million at March 31, 2012 and cash used in operations during the first quarter of 2012 was \$1.1 million.

### **Company Outlook**

AtriCure is providing full year 2012 revenue guidance in a range of 12% to 15% growth over 2011. The Company anticipates gross margin to approximate 73% to 75% of sales in 2012.

### **Management Transition**

Separately, AtriCure has announced that Julie Piton has resigned as the Company's Chief Financial Officer to pursue other opportunities.

"During Julie's tenure, AtriCure developed a strong accounting and finance team with broad capabilities, including an Executive Director of Finance who has assumed responsibility for financial reporting and controls and a Corporate Controller. Based on our internal assessment and input from the diligence conducted by external consultants we are confident that the company is well positioned as we search for her successor." said David J. Drachman, President and Chief Executive Officer. "The Board of Directors and I thank Julie for her contributions and service and wish her well."

### **Conference Call**

AtriCure will host a conference call at 10:00 a.m. Eastern Time on Thursday, May 3, 2012 to discuss its first quarter 2012 financial results. A live web cast of the conference call will be available online from the investor relations page of AtriCure's corporate web site at [www.atricure.com](http://www.atricure.com).

Pre-registration is available and recommended for this call at the following URL:

<https://www.theconferencingservice.com/prereg/key.process?key=PX4WDDLBJ>

You may also access this call through an operator by calling (888) 680-0894 for domestic callers and (617) 213-4860 for international callers at least 15 minutes prior to the call start time using reservation code 68419248.

The webcast will be available on AtriCure's web site and a telephonic replay of the call will also be available through June 3, 2012. The replay dial-in numbers are (888) 286-8010 for domestic callers and (617) 801-6888 for international callers. The reservation code is 91617379.

## **About AtriCure, Inc.**

AtriCure, Inc. is a medical device company and a leader in developing, manufacturing and selling innovative cardiac surgical ablation systems designed to create precise lesions, or scars, in cardiac, or heart, tissue for the treatment of atrial fibrillation, or AF, and systems for the exclusion of the left atrial appendage. The Company believes cardiothoracic surgeons are adopting its ablation products for the treatment of AF during concomitant open-heart surgical procedures and sole-therapy minimally invasive procedures. AF affects more than 5.5 million people worldwide and predisposes them to a five-fold increased risk of stroke. The FDA has not cleared or approved certain AtriCure products for the treatment of AF or a reduction in the risk of stroke.

## **Forward-Looking Statements**

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that address activities, events or developments that AtriCure expects, believes or anticipates will or may occur in the future, such as earnings estimates, other predictions of financial performance, launches by AtriCure of new products and market acceptance of AtriCure’s products. Forward-looking statements are based on AtriCure’s experience and perception of current conditions, trends, expected future developments and other factors it believes are appropriate under the circumstances and are subject to numerous risks and uncertainties, many of which are beyond AtriCure’s control. These risks and uncertainties include the rate and degree of market acceptance of AtriCure’s products, AtriCure’s ability to develop and market new and enhanced products, the timing of and ability to obtain and maintain regulatory clearances and approvals for its products, the timing of and ability to obtain reimbursement of procedures utilizing AtriCure’s products, competition from existing and new products and procedures or AtriCure’s ability to effectively react to other risks and uncertainties described from time to time in AtriCure’s SEC filings, such as fluctuation of quarterly financial results, reliance on third party manufacturers and suppliers, litigation or other proceedings, government regulation and stock price volatility. AtriCure does not guarantee any forward-looking statement, and actual results may differ materially from those projected. AtriCure undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## **Use of Non-GAAP Financial Measures**

To supplement AtriCure’s condensed consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, AtriCure uses certain non-GAAP financial measures in this release as supplemental financial metrics. Non-GAAP financial measures provide an indication of performance excluding certain items. Our management believes that in order to properly understand short-term and long-term financial trends, investors may wish to consider the impact of these excluded items in addition to GAAP measures. The excluded items vary in frequency and/or impact on our continuing operations and our management believes that the excluded items are typically not reflective of our ongoing core business operations. Further, management uses results of operations before these excluded items as a basis for its strategic planning. The non-GAAP financial measures used by AtriCure may not be the same or calculated the same as those used by other companies. Reconciliations of the non-GAAP financial measures used in this release to the most comparable GAAP measures for the respective periods can be found in tables later in this release. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for AtriCure’s financial results prepared and reported in accordance with GAAP.

**ATRICURE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
Revenue	\$17,476,302	\$15,637,081
Cost of revenue	4,724,500	3,744,277
Gross profit	12,751,802	11,892,804
Operating expenses:		
Research and development expenses	3,388,925	2,944,347
Selling, general and administrative expenses	10,858,863	10,022,652
Total operating expenses	14,247,788	12,966,999
Loss from operations	(1,495,986)	(1,074,195)
Other expense	(121,235)	(194,350)
Loss before income tax expense	(1,617,221)	(1,268,545)
Income tax expense	(2,559)	(4,501)
Net (loss) income	<u>\$ (1,619,780)</u>	<u>\$ (1,273,046)</u>
Basic and diluted net loss per share	<u>\$ (0.10)</u>	<u>\$ (0.08)</u>
Weighted average shares used in computing net loss per common share:		
Basic and diluted	<u>16,015,877</u>	<u>15,396,307</u>

**ATRICURE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 15,289,507	\$ 14,182,666
Accounts receivable	9,723,090	9,513,894
Inventories	7,037,280	6,563,138
Other current assets	1,059,754	933,028
Total current assets	<u>33,109,631</u>	<u>31,192,726</u>
Property and equipment, net	2,543,865	2,350,760
Intangible assets	41,666	44,791
Long-term investments	600,000	—
Other assets	292,918	270,613
Total assets	<u>\$ 36,588,080</u>	<u>\$ 33,858,890</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,774,508	\$ 9,265,964
Current maturities of debt and capital lease obligations	2,043,928	1,542,848
Total current liabilities	<u>11,818,436</u>	<u>10,808,812</u>
Long-term debt and capital lease obligations	7,872,712	4,925,775
Other liabilities	2,245,155	2,509,599
Total liabilities	<u>21,936,303</u>	<u>18,244,186</u>
Stockholders' equity:		
Common stock	16,485	16,369
Additional paid-in capital	119,456,229	118,852,948
Other comprehensive income (loss)	15,939	(37,517)
Accumulated deficit	<u>(104,836,876)</u>	<u>(103,217,096)</u>
Total stockholders' equity	<u>14,651,777</u>	<u>15,614,704</u>
Total liabilities and stockholders' equity	<u>\$ 36,588,080</u>	<u>\$ 33,858,890</u>

**ATRICURE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<u>Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (1,619,780)	\$ (1,273,046)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Share-based compensation	688,074	803,407
Depreciation and amortization	478,581	529,746
Write-off of deferred financing costs and discount on long-term debt	—	153,101
Amortization of deferred financing costs and discount on long-term debt	52,277	47,858
(Gain) loss on disposal of equipment	(13,055)	44,450
Amortization/accretion on investments	10,658	—
Change in allowance for doubtful accounts	14,448	6,063
<b>Changes in assets and liabilities</b>		
Accounts receivable	(177,278)	179,718
Inventories	(449,629)	(292,105)
Other current assets	(132,935)	(76,899)
Accounts payable and accrued liabilities	128,363	(1,008,156)
Other non-current assets and liabilities	(63,335)	14,289
Net cash used in operating activities	<u>(1,083,611)</u>	<u>(871,574)</u>
<b>Cash flows from investing activities:</b>		
Purchases of available-for-sale securities	(1,496,617)	(3,281,340)
Maturities of available-for-sale securities	1,437,500	3,650,000
Purchases of equipment	(661,954)	(388,734)
Net proceeds from the sale of assets	23,905	89,476
Net cash (used in) provided by investing activities	<u>(697,166)</u>	<u>69,402</u>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings of debt	10,000,000	7,500,000
Payments on debt and capital leases	(6,551,983)	(2,895,313)
Proceeds from stock option exercises	212,767	221,382
Payment of debt fees	(25,000)	(25,719)
Shares repurchased for payment of taxes on stock awards	(198,073)	(468,445)
Net cash provided by financing activities	<u>3,437,711</u>	<u>4,331,905</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,523</u>	<u>(74,696)</u>
Net increase in cash and cash equivalents	1,659,457	3,455,037
Cash and cash equivalents—beginning of period	9,758,903	4,230,709
Cash and cash equivalents—end of period	<u>\$ 11,418,360</u>	<u>\$ 7,685,746</u>

**ATRICURE, INC.**  
**RECONCILIATION OF GAAP RESULTS TO NON-GAAP RESULTS**  
**(Unaudited)**

**Reconciliation of Non-GAAP Adjusted Earnings (Adjusted EBITDA)**

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
Net loss, as reported	\$(1,619,780)	\$(1,273,046)
Income tax expense	2,559	4,501
Other expense (a)	121,235	194,350
Depreciation and amortization expense	478,581	529,746
Share-based compensation expense	688,074	803,407
Non-GAAP adjusted (loss) earnings (adjusted EBITDA)	\$ (329,331)	\$ 258,958

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
(a) Other includes:		
Net interest expense	\$ (222,529)	\$ (284,110)
Grant income	60,493	—
Gain due to exchange rate fluctuation	3,476	96,031
Non-employee stock option income (expense)	37,325	(6,271)
Other expense	\$ (121,235)	\$ (194,350)

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