

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **December 8, 2015**

SUNSHINE HEART, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-35312
(Commission File Number)

68-0533453
(IRS Employer
Identification No.)

12988 Valley View Road
Eden Prairie, Minnesota 55344
(Address of principal executive offices) (Zip Code)

(952) 345-4200
(Registrant's telephone number, including area code)

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:

- 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))

Item 1.01 Entry into a Material Definitive Agreement.

On December 8, 2015, Sunshine Heart, Inc. (the "**Company**") and Silicon Valley Bank (the "**Bank**") entered into an amendment (the "**Amendment**") to the Company's loan and security agreement (the "**Loan Agreement**").

The Amendment removes the existing requirement to raise a minimum of \$20.0 million in unencumbered net cash proceeds from the issuance and sale by Borrower of its equity securities by March 31, 2016. The Company has instead agreed to a liquidity covenant requiring it to maintain cash and cash equivalents in an amount equal to or greater than eight times Borrower's monthly cash burn amount, calculated at the end of every month by an average of the preceding trailing three months. The Amendment also increases the prepayment fees required to be paid by the Company by 2% overall, such that the Company may prepay the outstanding principal balance of the term loans in whole but not in part, subject to a prepayment fee of 5% of any amount prepaid if the prepayment occurs through and including the first anniversary of the funding date of the term loan, 4% of the amount prepaid if the prepayment occurs after the first anniversary of the funding date of the term loan through and including the second anniversary of the funding date of the term loan, and 3% of any amount prepaid after the second anniversary of the funding date of the term loan and prior to the maturity date.

Except as specifically amended by the Amendment, the Loan Agreement remains in full force and effect.

The foregoing summary is qualified in its entirety by reference to the Amendment, which is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information disclosed under Item 1.01 of this Current Report on Form 8-K is incorporated by reference under this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On December 9, 2015, the Company issued a press release announcing the Amendment. A copy of the press release is furnished herewith as Exhibit 99.2 hereto and incorporated herein by reference.

The information in this Item 7.01, including Exhibit 99.2 attached hereto, is being furnished and shall not be deemed "filed" for any purpose, and shall not be deemed incorporated by reference in any filing under the Securities Act or the Securities Act of 1934, as amended, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	First Amendment to Loan and Security Agreement between Sunshine Heart, Inc. and Silicon Valley Bank dated December 8, 2015.
99.2	Press Release issued by the Company dated December 9, 2015.

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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.

Dated: December 9, 2015

SUNSHINE HEART, INC.

By: /S/ CLAUDIA DRAYTON

Name: Claudia Drayton

Title: Chief Financial Officer

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EXHIBIT INDEX

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**FIRST AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

This First Amendment to Loan and Security Agreement (this “**Amendment**”) is entered into this 8th day of December, 2015 by and between **SILICON VALLEY BANK** (“**Bank**”) and **SUNSHINE HEART, INC.**, a Delaware corporation (“**Borrower**”) whose address is 12988 Valley View Road, Eden Prairie, Minnesota 55344.

RECITALS

- A.** Bank and Borrower have entered into that certain Loan and Security Agreement dated as of February 18, 2015 (as the same may from time to time be further amended, modified, supplemented or restated, the “**Loan Agreement**”).
- B.** Bank has extended credit to Borrower for the purposes permitted in the Loan Agreement.
- C.** Borrower has requested that Bank amend the Loan Agreement to (i) revise a covenant and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein.
- D.** Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

- 1. Definitions.** Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.
- 2. Amendments to Loan Agreement.**
 - 2.1 Section 6.7 (Equity Event).** Section 6.7 is amended in its entirety by inserting in lieu thereof the following:
 - 6.7** Intentionally omitted.
 - 2.2 Section 6.12 (Liquidity).** The Loan Agreement is amended by inserting the following new provision to appear as Section 6.12 (Liquidity) thereof:
 - 6.12 Liquidity.** Borrower shall maintain at all times, tested on the last day of each month commencing on November 30, 2015 and as of the last day of each month thereafter, unrestricted cash and Cash Equivalents in accounts with

Bank or Bank’s Affiliates in an amount equal to or greater than eight (8) times Borrower’s average Monthly Cash Burn Amount (the “**Liquidity Requirement**”). If Borrower fails to comply with the Liquidity Requirement (which failure in and of itself is not an Event of Default), Borrower shall immediately pledge to Bank and thereafter maintain in a separate cash collateral money market account in the name of Borrower, unrestricted cash in an amount equal to fifty percent (50.0%) of the then outstanding Obligations of Borrower to Bank, determined as of the date of such failure to comply with the Liquidity Requirement and thereafter as of the last day of each month. Notwithstanding the foregoing, upon Bank’s receipt of evidence from Borrower that Borrower is in compliance with the Liquidity Requirement, then the unrestricted cash pledged to Bank pursuant to the terms hereof shall be promptly remitted to Borrower’s Designated Deposit Account.

2.3 Section 13.1 (Definitions). Section 13.1 is amended by deleting the definition of “Equity Event” in its entirety.

2.4 Section 13.1 (Definitions). Section 13.1 is amended by deleting the definition of “Prepayment Premium” in its entirety and inserting in lieu thereof the following:

“**Prepayment Premium**” shall be an additional fee payable to Bank in an amount equal to:

- (a) for a prepayment made on or prior to February 18, 2016, five percent (5.0%) of the then outstanding principal amount of the Term Loan Advances as of the date immediately and prior to such prepayment;
- (b) for a prepayment made after February 18, 2016, but on or prior to February 18, 2017, four percent (4.0%) of the then outstanding principal amount of the Term Loan Advances as of the date immediately and prior to such prepayment; and
- (c) for a prepayment made after February 18, 2017, but prior to the Term Loan Maturity Date, three percent (3.0%) of the then outstanding principal amount of the Term Loan Advances as of the date immediately and prior to such prepayment.

2.5 Section 13.1 (Definitions). The Loan Agreement is amended by inserting the following new terms and their respective definitions to appear alphabetically in Section 13.1:

“**Liquidity Requirement**” is defined in Section 6.12.

“**Monthly Cash Burn**” is, with respect to Borrower, as of any date of determination, the result of (a) (i) Net Loss, plus (ii) unfunded capital expenditures, minus (b) (i) depreciation expenses, (ii) non-cash stock compensation expense and (iii) other non-cash expenses as approved by Bank in its sole and absolute discretion.

“**Monthly Cash Burn Amount**” means, as of any date of determination, the most recent Monthly Cash Burn for the preceding trailing three (3) months (calculated on the last day of the subject month), divided by three (3).

“**Net Loss**” is, as of any date of determination, Borrower’s net losses, determined in accordance with GAAP.

2.6 Exhibit B (Compliance Certificate). The Compliance Certificate is amended in its entirety and replaced with the Compliance Certificate in the form of Schedule 1 attached hereto.

3. Limitation of Amendments.

3.1 The amendments set forth in Section 2 above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower delivered to Bank on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting

Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors’ rights.

5. Ratification of Perfection Certificate. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of February 18, 2015 between Borrower and Bank, and acknowledges, confirms and agrees the disclosures and information Borrower provided to Bank in said Perfection Certificate have not changed, as of the date hereof.

6. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

7. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8. Effectiveness. This Amendment shall be deemed effective upon (a) the due execution and delivery to Bank of this Amendment by each party hereto and (b) Borrower’s payment of (i) a fully earned, non-refundable amendment fee in an amount equal to Ten Thousand Dollars (\$10,000.00), and (ii) Bank’s legal fees and expenses incurred in connection with this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BANK

BORROWER

SILICON VALLEY BANK

SUNSHINE HEART, INC.

By: /S/ BRITTANY CLEMENTS
 Name: Brittany Clements
 Title: Vice President

By: /S/ CLAUDIA DRAYTON
 Name: Claudia Drayton
 Title: Chief Financial Officer; Secretary

Schedule 1

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK
 FROM: SUNSHINE HEART, INC. Date: _____

The undersigned authorized officer of SUNSHINE HEART, INC. (“Borrower”) certifies that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (the “Agreement”):

(1) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below; (2) there are no Events of Default; (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.8 of the Agreement; and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under “Complies” column.

<u>Reporting Covenants</u>	<u>Required</u>	<u>Complies</u>
Monthly financial statements with Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited)	FYE within 150 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
Board projections	Earlier of (i) 7 days after Board approval, or (ii) thirty (30) days after FYE	Yes No
Clinical and regulatory updates	Monthly within 30 days	Yes No
<u>Financial Covenants</u>	<u>Required</u>	<u>Actual</u>
Maintain on a Monthly Basis:		
Liquidity	*	Yes No

* As set forth in Section 6.12 of the Loan and Security Agreement.

The following financial covenant analysis and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

Other Matters

Have there been any amendments of or other changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies of any such amendments or changes with this Compliance Certificate. Yes No

The following are the exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions to note.”)

SUNSHINE HEART, INC.

BANK USE ONLY

By: _____
Name: _____
Title: _____

Received by: _____
AUTHORIZED SIGNER

Date: _____

Verified: _____
AUTHORIZED SIGNER

Date: _____
Compliance Status: Yes No

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: _____

I. Liquidity (Section 6.12)

Required: Borrower shall maintain, tested on the last day of each month commencing on November 30, 2015 and as of the last day of each month thereafter, unrestricted cash and Cash Equivalents in accounts with Bank or Bank's Affiliates in an amount equal to or greater than eight (8) times Borrower's average Monthly Cash Burn Amount (the "**Liquidity Requirement**"). If Borrower fails to comply with the Liquidity Requirement (which failure in and of itself is not an Event of Default), Borrower shall immediately pledge to Bank and thereafter maintain in a separate cash collateral money market account in the name of Borrower, unrestricted cash in an amount equal to fifty percent (50.0%) of the then outstanding Obligations of Borrower to Bank, determined as of the date of such failure to comply with the Liquidity Requirement and thereafter as of the last day of each month. Notwithstanding the foregoing, upon Bank's receipt of evidence from Borrower that Borrower is in compliance with the Liquidity Requirement, then the unrestricted cash pledged to Bank pursuant to the terms hereof shall be promptly remitted to Borrower's Designated Deposit Account.

Actual:

A.	Aggregate value of the unrestricted cash and Cash Equivalents of Borrower and its Subsidiaries	\$
B.	Borrower's Net Losses for the preceding trailing three (3) months	\$
C.	Aggregate value of unfunded capital expenditures for the preceding trailing three (3) months	\$
D.	Sum of lines (B) and (C)	\$
E.	Aggregate value of depreciation expenses for the preceding trailing three (3) months	\$
F.	Aggregate value of non-cash stock compensation expense for the preceding trailing three (3) months	\$
G.	Aggregate value of other non-cash expenses as approved by Bank in its sole and absolute discretion for the preceding trailing three (3) months	\$
H.	Sum of lines (E) through (G)	\$
I.	Monthly Cash Burn for the preceding trailing three months (line D minus line H)	\$
J.	Monthly Cash Burn Amount (line I divided by 3)	\$
K.	Line (J) multiplied by 8	\$

Is line A equal to or greater than line K?

No, not in compliance

Yes, in compliance



Sunshine Heart Amends Its Debt Agreement with Silicon Valley Bank

Eden Prairie, MN: December 9, 2015: Sunshine Heart, Inc. (NASDAQ: SSH) announced today it has amended its debt agreement with Silicon Valley Bank to modify the requirement that the Company raise \$20.0 million by March 31, 2016.

“It is a pleasure to continue to work with Silicon Valley Bank which is well established in the healthcare sector as a leading financial partner to emerging companies. We are pleased with the outcome and look forward to continue to strengthen our partnership with Silicon Valley Bank,” commented John Erb, Chairman and Interim Chief Executive Officer of Sunshine Heart.

On December 8, 2015, the Company entered into an agreement with Silicon Valley Bank to modify the loan and security agreement that was signed on February 18, 2015, which had required that the Company complete an equity financing resulting in unencumbered net cash proceeds of at least \$20.0 million by March 31, 2016. The amendment eliminates this requirement, replaces it with a requirement that the Company maintain eight months of cash and cash equivalents on its balance sheet and also increases the fees the Company will pay Silicon Valley Bank in connection with prepayments.

“We’re pleased to continue our partnership with Sunshine Heart as they further develop their C-Pulse system,” said Ben Johnson, Managing Director of Silicon Valley Bank. “This modification illustrates Silicon Valley Bank’s commitment to increasing our clients’ probability of success, as well as our ongoing commitment to support the global life science community.”

Additional details regarding the amendment to the loan agreement are included in a Current Report on Form 8-K filed on December 9, 2015 by Sunshine Heart with the Securities and Exchange Commission.

About the C-Pulse® Heart Assist System

The C-Pulse Heart Assist System, or C-Pulse System, an investigational device in the United States, Canada and countries that do not recognize the CE mark approval, utilizes the scientific principles of intra-aortic balloon counter-pulsation applied in an extra-aortic approach to assist the left ventricle by reducing the workload required to pump blood throughout the body, while increasing blood flow to the coronary arteries. Combined, these potential benefits may help sustain the patient’s current condition or, in some cases, reverse the heart failure process, thereby potentially preventing the need for later-stage heart failure devices, such as left ventricular assist devices (LVADs), artificial hearts or transplants. It may also provide relief from the symptoms of Class III and ambulatory Class IV heart failure and improve quality of life and cardiac function. Based on the results from our feasibility study, we also believe that some patients treated with our C-Pulse System may be able to stop using the device due to sustained improvement in their conditions as a result of the therapy.

Caution: Investigational device, limited by Federal (or United States) Law to Investigational use.

About Sunshine® Heart

Sunshine Heart, Inc. (Nasdaq:SSH) is an early-stage medical device company focused on developing, manufacturing and commercializing the C-Pulse System for treatment of Class III and ambulatory Class IV heart failure. Sunshine Heart has completed an approved U.S. Food and Drug Administration (FDA) feasibility clinical study of the C-Pulse System and presented the results in November 2011. In March 2012, the FDA notified the Company that it could move forward with an investigational device

exemption (IDE) application. Sunshine Heart received unconditional approval from the FDA in November 2012 to initiate its pivotal study. In July 2012, Sunshine Heart received CE Mark approval for its C-Pulse System in Europe. Sunshine Heart is a Delaware corporation headquartered in Minneapolis with wholly owned subsidiaries in Australia and Ireland. The Company has been listed on the NASDAQ Capital Market since February 2012.

About Silicon Valley Bank

For more than 30 years, Silicon Valley Bank (SVB) has helped innovative companies and their investors move bold ideas forward, fast. SVB provides targeted financial services and expertise through its offices in innovation centers around the world. With commercial, international and private banking services, SVB helps address the unique needs of innovators. Forbes named SVB one of America’s best banks (2015) and one of America’s best-managed companies (2014). SVB’s life science and healthcare practice provides a range of financial services to innovative companies that are improving health through technology. Learn more at svb.com/lifescience.

Silicon Valley Bank is the California bank subsidiary and commercial banking operation of SVB Financial Group (Nasdaq:SIVB), and a member of the FDIC. Silicon Valley Bank and SVB Financial Group are members of the Federal Reserve System.

Forward-Looking Statements

Certain statements in this release are forward-looking statements that are based on management’s beliefs, assumptions, expectations, and information currently available to management. All statements that address future operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including, without limitation, our expectations with respect to future clinical study activities and results including patient enrollment in studies. These forward-looking statements are subject to numerous risks and uncertainties, including, without limitation, the possibility that our clinical studies do not meet their enrollment goals, meet their endpoints or otherwise fail, that regulatory authorities do not accept our application or approve the marketing of the C-Pulse System, the possibility that we may be unable to raise the funds necessary for the development and commercialization of our products, that we may not be able to commercialize our products successfully in the EU and the other risk factors described under the caption “Risk Factors” and elsewhere in our filings with the U.S. Securities and Exchange Commission. You should not place undue reliance on forward-

looking statements because they speak only as of the date when made and may turn out to be inaccurate. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

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