
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): November 1, 2011

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 November 1, 2011, the Company issued a press release and is holding a conference call regarding its financial results for the third quarter ended September 30, 2011. 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 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>No.</u>	<u>Description</u>
99.1	Press Release dated November 1, 2011

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: November 1, 2011

By: /s/ Julie A. Piton

Julie A. Piton
Vice President, Finance and Administration and
Chief Financial Officer



Contact:

AtriCure, Inc.

Julie A. Piton

Vice President and Chief Financial Officer

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AtriCure Reports Third Quarter 2011 Financial Results

Highlights

- Revenue of \$15.2 million – 5% growth
- International sales of \$3.5 million – up 19%
- U.S. sales of the AtriClip system of \$1.4 million
- FDA Circulatory System Devices Panel recommends approval of AtriCure’s Synergy Ablation System for the treatment of AF

WEST CHESTER, Ohio – November 1, 2011 – AtriCure, Inc. (Nasdaq: ATRC), a medical device company and a leader in cardiac surgical ablation systems and systems for the exclusion of the left atrial appendage, today announced financial results for the third quarter of 2011. Revenue was \$15.2 million, reflecting 5.2 percent growth over the third quarter of 2010. Revenue from product sales in the United States was \$11.8 million, reflecting growth of 1.8 percent, and international revenue was \$3.5 million, reflecting 18.7 percent growth on a GAAP basis and 14.3 percent growth on a constant currency basis.

“We continue to be highly encouraged by our international market growth, which is attributable to our ongoing momentum in both Europe and Asia,” said David J. Drachman, President and Chief Executive Officer. “Importantly, we believe the recent recommendation for approval of our Synergy Ablation System by the Circulatory System Devices Panel of the U.S. Food and Drug Administration (FDA) positions AtriCure to have the first surgical ablation device in the U.S. with an AF approval and the only device with an approval for the treatment of patients with persistent and long-standing persistent AF. We plan to work interactively with the FDA to expedite an approval, which will allow us to thoroughly train surgeons, optimizing patient care and outcomes. An AF approval will mark a new era for patients, physicians and AtriCure.”

Third Quarter Financial Results

Revenue for the third quarter of 2011 was \$15.2 million, an increase of \$0.7 million or 5.2 percent, compared to third quarter 2010 revenue. Domestic revenue increased 1.8 percent to \$11.8 million, including \$1.4 million in sales of the AtriClip system. International revenue was \$3.5 million for the third quarter of 2011 compared to \$2.9 million for the third quarter of 2010. International revenue growth was driven primarily by an increase in our direct markets in Europe and an increase in sales in Asia.

Gross profit for the third quarter of 2011 was \$11.1 million compared to \$11.2 million for the third quarter of 2010. Gross margin for the third quarter of 2011 was 72.8 percent compared to gross margin of 77.2 percent for the third quarter of 2010. The decrease in gross margin was primarily due to an increased mix of revenue from international sales, an increased mix of sales of new products, an increase in capital equipment sales and an increase in manufacturing costs and inefficiencies, primarily associated with new products and the anticipation of transitioning to the manufacturing of PMA approved products.

Operating expenses for the third quarter of 2011 increased 2.2 percent, or \$0.3 million, to \$12.3 million from \$12.0 million for the third quarter of 2010. 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 selling personnel.

Loss from operations for the third quarter of 2011 was \$1.2 million as compared to \$0.8 million for the third quarter of 2010. Adjusted EBITDA, a non-GAAP measure, was a loss of \$0.1 million for the third quarter of 2011. Net loss per share was \$0.07 for the third quarter of 2011 and 2010.

Cash, cash equivalents and investments were \$15.2 million at September 30, 2011 and cash used in operations during the first nine months of 2011 was \$0.9 million, an improvement of \$0.7 million or 45.2 percent, compared to the first nine months of 2010.

FDA Circulatory System Devices Panel Recommends Approval of Synergy Ablation System

On October 26, 2011 AtriCure's Synergy Ablation System received a vote of approval from the Circulatory System Devices Panel of the FDA. The panel recommended that the FDA approve the system for the treatment of AF during open-heart concomitant surgical procedures for the treatment of persistent and long-standing persistent AF. This marks the first time FDA's expert panel has voted to recommend a surgical ablation system to treat AF and the first time any ablation device has been recommended for approval for the treatment of persistent and long-standing persistent AF. The approval recommendation by the panel includes a post-approval study and a physician training program. The FDA is not required to follow the panel's recommendations.

Conference Call

AtriCure will host a conference call at 10:00 a.m. Eastern Time on Tuesday, November 1, 2011 to discuss its third quarter 2011 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.

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

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

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 60505273.

The webcast will be available on AtriCure's web site and a telephonic replay of the call will also be available through December 1, 2011. The replay dial-in numbers are (888) 286-8010 for domestic callers and (617) 801-6888 for international callers. The reservation code is 39253145.

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 and systems for the exclusion of the left atrial appendage. The Company believes cardiothoracic surgeons are adopting its ablation products for the treatment of atrial fibrillation, or 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. AtriCure is conducting clinical trials in support of an AF indication. However, to date, the FDA has not cleared or approved AtriCure's 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 September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue	\$ 15,222,068	\$ 14,473,113	\$ 47,638,712	\$ 42,617,225
Cost of revenue	4,136,651	3,299,152	12,383,013	9,535,461
Gross profit	11,085,417	11,173,961	35,255,699	33,081,764
Operating expenses:				
Research and development expenses	3,069,174	2,937,043	8,892,397	8,017,414
Selling, general and administrative expenses	9,206,794	9,067,807	29,399,217	28,018,385
Total operating expenses	12,275,968	12,004,850	38,291,614	36,035,799
Loss from operations	(1,190,551)	(830,889)	(3,035,915)	(2,954,035)
Other income (expense)	46,583	(196,977)	(314,046)	(849,369)
Loss before income tax (expense) benefit	(1,143,968)	(1,027,866)	(3,349,961)	(3,803,404)
Income tax (expense) benefit	(12,368)	(1,444)	(26,074)	237
Net loss	<u>\$ (1,156,336)</u>	<u>\$ (1,029,310)</u>	<u>\$ (3,376,035)</u>	<u>\$ (3,803,167)</u>
Basic and diluted net loss per share	<u>\$ (0.07)</u>	<u>\$ (0.07)</u>	<u>\$ (0.22)</u>	<u>\$ (0.25)</u>
Weighted average shares used in computing net loss per common share:				
Basic and diluted	<u>15,810,978</u>	<u>15,148,815</u>	<u>15,608,417</u>	<u>15,057,672</u>

ATRICURE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 15,218,849	\$ 12,570,737
Accounts receivable	8,852,834	9,480,064
Inventories	6,543,080	5,680,033
Other current assets	1,125,424	2,917,571
Total current assets	<u>31,740,187</u>	<u>30,648,405</u>
Property and equipment, net	2,110,916	2,723,227
Intangible assets	47,916	89,375
Other assets	221,506	254,707
Total assets	<u>\$ 34,120,525</u>	<u>\$ 33,715,714</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,436,772	\$ 10,841,921
Current maturities of debt and capital lease obligations	1,534,754	2,193,356
Total current liabilities	<u>9,971,526</u>	<u>13,035,277</u>
Long-term debt and capital lease obligations	5,286,027	661,624
Other liabilities	2,770,838	3,282,883
Total liabilities	<u>18,028,391</u>	<u>16,979,784</u>
Stockholders' equity:		
Common stock	16,267	15,664
Additional paid-in capital	117,300,326	114,402,234
Other comprehensive income	(86,831)	79,625
Accumulated deficit	<u>(101,137,628)</u>	<u>(97,761,593)</u>
Total stockholders' equity	<u>16,092,134</u>	<u>16,735,930</u>
Total liabilities and stockholders' equity	<u>\$ 34,120,525</u>	<u>\$ 33,715,714</u>

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

	<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net loss	\$ (3,376,035)	\$ (3,803,167)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	2,249,391	2,144,105
Depreciation and amortization	1,492,449	1,775,699
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	93,646	225,386
Loss (gain) on disposal of equipment	50,699	(1,563)
Change in allowance for doubtful accounts	23,584	(20,509)
Changes in assets and liabilities		
Accounts receivable	505,565	(1,559,264)
Inventories	(880,321)	(1,786,129)
Other current assets	(202,183)	762,289
Accounts payable and accrued liabilities	(884,928)	701,047
Other non-current assets and liabilities	(84,418)	(4,991)
Net cash used in operating activities	<u>(859,450)</u>	<u>(1,567,097)</u>
Cash flows from investing activities:		
Purchases of available-for-sale securities	(12,602,233)	(7,263,213)
Maturities of available-for-sale securities	9,156,241	6,148,491
Purchases of equipment	(851,984)	(1,534,687)
Net proceeds from the sale of equipment	89,476	—
Net cash used in investing activities	<u>(4,208,500)</u>	<u>(2,649,409)</u>
Cash flows from financing activities:		
Proceeds from borrowings of debt	7,500,000	—
Payments on debt and capital leases	(3,661,434)	(1,670,091)
Proceeds from stock option exercises	1,056,492	204,354
Payment of debt fees	(80,930)	(85,059)
Proceeds from issuance of common stock under employee stock purchase plan	345,852	225,084
Shares repurchased for payment of taxes on stock awards	(735,505)	—
Net cash provided by (used in) financing activities	<u>4,424,475</u>	<u>(1,325,712)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(155,721)</u>	<u>162,884</u>
Net decrease in cash and cash equivalents	(799,196)	(5,379,334)
Cash and cash equivalents—beginning of period	4,230,709	8,905,425
Cash and cash equivalents—end of period	<u>\$ 3,431,513</u>	<u>\$ 3,526,091</u>

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

Reconciliation of Non-GAAP Adjusted Earnings (Adjusted EBITDA)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2011	2010	2011	2010
Net loss, as reported	\$ (1,156,336)	\$ (1,029,310)	\$ (3,376,035)	\$ (3,803,167)
Income tax expense (benefit)	12,368	1,444	26,074	(237)
Other (income) expense (a)	(46,583)	196,977	314,046	849,369
Depreciation and amortization expense	414,306	539,046	1,492,449	1,775,699
Share-based compensation expense	711,334	705,124	2,249,391	2,144,105
Non-GAAP adjusted (loss) earnings (adjusted EBITDA)	<u>\$ (64,911)</u>	<u>\$ 413,281</u>	<u>\$ 705,925</u>	<u>\$ 965,769</u>

(a) Other includes:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2011	2010	2011	2010
Net interest expense	\$ (165,448)	\$ (194,756)	\$ (637,604)	\$ (659,702)
Grant income	84,851	52,530	109,064	52,530
Gain (loss) due to exchange rate fluctuation	17,522	(10,627)	153,810	(170,579)
Non-employee stock option income (expense)	109,658	(44,124)	60,684	(71,618)
Other income (expense)	<u>\$ 46,583</u>	<u>\$ (196,977)</u>	<u>\$ (314,046)</u>	<u>\$ (849,369)</u>