

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from _____ to _____

Commission File Number 1-11388

VIVEVE MEDICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-3153858

(I.R.S. Employer Identification No.)

150 Commercial Street
Sunnyvale, California 94086
(Address of principal executive offices)
(Zip Code)

(408) 530-1900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period than the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer," and "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 12, 2016 the issuer had 7,497,857 shares of common stock outstanding.

TABLE OF CONTENTS

Note About Forward-Looking Statements

	Page No.
PART I FINANCIAL INFORMATION	
Item 1. Condensed Consolidated Financial Statements	3
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Quantitative and Qualitative Disclosures About Market Risk	26
Item 4. Controls and Procedures	27
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	28
Item 1A. Risk Factors	28
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	28
Item 3. Defaults Upon Senior Securities	28
Item 4. Mine Safety Disclosures	29
Item 5. Other Information	29
Item 6. Exhibits	32
SIGNATURES	33

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains forward-looking statements. All statements contained in this Quarterly Report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A. "Risk Factors" in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless expressly indicated or the context requires otherwise, the terms "Viveve Medical," the "Company," "we," "us," and "our" in this document refer to Viveve Medical, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiaries.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

VIVEVE MEDICAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2016	December 31, 2015
ASSETS	(unaudited)	(1)
Current assets:		
Cash and cash equivalents	\$ 5,006	\$ 7,360
Accounts receivable	791	593
Inventory	926	1,549
Prepaid expenses and other current assets	1,542	1,228
Total current assets	8,265	10,730
Property and equipment, net	254	239
Other assets	146	138
Total assets	\$ 8,665	\$ 11,107
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,629	\$ 1,432
Accrued liabilities	2,408	1,293
Note payable	4,192	4,446
Total liabilities	8,229	7,171
Commitments and contingences (Note 6)		
Stockholders' equity:		
Preferred stock, no par value; unlimited shares authorized; no shares issued and outstanding as of March 31, 2016 and December 31, 2015	-	-
Common stock and paid-in capital, no par value; unlimited shares authorized as of March 31, 2016 and December 31, 2015; 7,497,857 and 7,490,288 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	53,053	52,447
Accumulated deficit	(52,617)	(48,511)
Total stockholders' equity	436	3,936
Total liabilities and stockholders' equity	\$ 8,665	\$ 11,107

(1) The condensed consolidated balance sheet as of December 31, 2015 has been derived from the audited consolidated financial statements as of that date.

Note: All share and per share data has been adjusted to reflect the 1-for-8 reverse stock split which became effective April 15, 2016, as discussed in Note 2.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIVEVE MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
Revenue	\$ 1,284	\$ 38
Cost of revenue	936	50
Gross profit (loss)	<u>348</u>	<u>(12)</u>
Operating expenses:		
Research and development	1,796	845
Selling, general and administrative	2,548	1,577
Total operating expenses	<u>4,344</u>	<u>2,422</u>
Loss from operations	(3,996)	(2,434)
Interest expense	(108)	(83)
Other expense, net	(2)	(7)
Comprehensive and net loss	<u>\$ (4,106)</u>	<u>\$ (2,524)</u>
Net loss per share:		
Basic and diluted	<u>\$ (0.55)</u>	<u>\$ (1.10)</u>
Weighted average shares used in computing net loss per common share		
Basic and diluted	<u>7,493,011</u>	<u>2,293,057</u>

Note: All share and per share data has been adjusted to reflect the 1-for-8 reverse stock split which became effective April 15, 2016, as discussed in Note 2.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIVEVE MEDICAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (4,106)	\$ (2,524)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	21	17
Stock-based compensation	188	42
Fair value of warrants issued	142	262
Non-cash interest expense	45	48
Changes in assets and liabilities:		
Accounts receivable	(198)	(29)
Inventory	623	(36)
Prepaid expenses and other current assets	(314)	(6)
Other noncurrent assets	(8)	(4)
Accounts payable	197	196
Accrued liabilities	1,361	360
Net cash used in operating activities	<u>(2,049)</u>	<u>(1,674)</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	1	-
Purchases of property and equipment	(37)	-
Net cash used in investing activities	<u>(36)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from note payable	-	1,000
Repayments of notes payable	(299)	-
Transaction costs in connection with November 2015 Offering	(3)	-
Proceeds from exercise of warrant	27	-
Proceeds from exercise of stock option	6	-
Net cash (used in) provided by financing activities	<u>(269)</u>	<u>1,000</u>
Net decrease in cash and cash equivalents	<u>(2,354)</u>	<u>(674)</u>
Cash and cash equivalents - beginning of period	7,360	895
Cash and cash equivalents - end of period	<u>\$ 5,006</u>	<u>\$ 221</u>
Supplemental disclosure:		
Cash paid for interest	\$ 64	\$ 35
Cash paid for income taxes	\$ -	\$ 1
Supplemental disclosure of cash flow information as of end of period:		
Restricted stock awards granted to employees for 2015 accrued bonuses	<u>\$ 246</u>	<u>\$ -</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIVEVE MEDICAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The Company and Basis of Presentation

Viveve Medical, Inc. (“Viveve Medical”, the “Company”, “we”, “our”, or “us”) competes in the women’s health industry by marketing the Viveve System™ as a way to improve the overall sexual well-being and quality of life of women suffering from vaginal laxity.

Interim Unaudited Financial Information

The accompanying unaudited condensed consolidated financial statements of Viveve Medical have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for interim financial information and pursuant to the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the condensed consolidated financial statements have been included.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the Securities and Exchange Commission on March 24, 2016. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results for the year ending December 31, 2016 or any future interim period.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The condensed consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries, Viveve, Inc. and Viveve BV. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. Accounting Standards Update (“ASU”) 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for the Company’s fiscal year beginning January 1, 2016. We have adopted this guidance in the first quarter of 2016. Accordingly, the Company has revised the classification in the condensed consolidated balance sheet to report debt issuance costs as a contra debt liability as of December 31, 2015. This resulted in a decrease of \$387,000 to the December 31, 2015 amounts reported as prepaid expenses and other current assets, total assets, note payable, total liabilities, and total liabilities and stockholders’ equity.

Reverse Stock Split

On April 15, 2016, the Company effected a 1-for-8 reverse stock split of its common stock. On the effective date of the reverse stock split, (i) each 8 shares of outstanding common stock were reduced to one share of common stock; (ii) the number of shares of common stock into which each outstanding warrant or option to purchase common stock is exercisable were proportionately reduced on an 8-to-1 basis; and (iii) the exercise price of each outstanding warrant or option to purchase common stock were proportionately increased on a 1-to-8 basis. All of the share numbers, share prices, and exercise prices have been adjusted, on a retroactive basis, to reflect this 1-for-8 reverse stock split.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with US GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In addition, any change in these estimates or their related assumptions could have an adverse effect on our operating results.

Concentration of Credit Risk and Other Risks and Uncertainties

To achieve profitable operations, the Company must successfully develop, manufacture, and market its products. There can be no assurance that any such products can be developed or manufactured at an acceptable cost and with appropriate performance characteristics, or that such products will be successfully marketed. These factors could have a material adverse effect upon the Company's financial results, financial position, and future cash flows.

The Company's products may require approval from the U.S. Food and Drug Administration or other international regulatory agencies prior to commencing commercial sales. There can be no assurance that the Company's products will receive any of these required approvals. If the Company was denied such approvals or such approvals were delayed, it would have a material adverse effect on the Company's financial results, financial position and future cash flows.

The Company is subject to risks common to companies in the medical device industry including, but not limited to, new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, uncertainty of market acceptance of products, product liability, and the need to obtain additional financing. The Company's ultimate success is dependent upon its ability to raise additional capital and to successfully develop and market its products.

The Company outsources the manufacture and repair of the Viveve System to a single contract manufacturer. Also, certain other components and materials that comprise the Viveve System are currently manufactured by a single supplier or a limited number of suppliers. A significant supply interruption or disruption in the operations of the contract manufacturer or these third-party suppliers would adversely impact the production of our products for a substantial period of time, which could have a material adverse effect on our business, financial condition, operating results and cash flows.

During the three months ended March 31, 2016, three customers accounted for 86% of the Company's revenue. During the three months ended March 31, 2015, one customer accounted for 93% of the Company's revenue.

Revenue Recognition

The Company recognizes revenue from the sale of its products, the Viveve System, single-use treatment tips and ancillary consumables. Revenue is recognized upon shipment, provided that persuasive evidence of an arrangement exists, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. Sales of our products are subject to regulatory requirements that vary from country to country. The Company has regulatory clearance outside the U.S. and currently sells the Viveve System in Canada, Hong Kong, Japan, Europe, the Middle East and Southeast Asia.

The Company does not provide its customers with a contractual right of return.

Customer Advance Payments

From time to time, customers will pay for a portion of the products ordered in advance. Upon receipt of such payments, the Company records the customer advance payment as a component of accrued liabilities. The Company will remove the customer advance payment from accrued liabilities and revenue is recognized upon shipment of the product assuming all other revenue recognition criteria are met.

Product Warranty

The Company's products are generally subject to a one-year warranty, which provides for the repair, rework or replacement of products (at the Company's option) that fail to perform within stated specification. The Company has assessed the historical claims and, to date, product warranty claims have not been significant. The Company will continue to assess the need to record a warranty accrual at the time of sale going forward.

Comprehensive Loss

Comprehensive loss represents the changes in equity of an enterprise, other than those resulting from stockholder transactions. Accordingly, comprehensive loss may include certain changes in equity that are excluded from net loss. For the three months ended March 31, 2016 and 2015, the Company's comprehensive loss is the same as its net loss.

Net Loss per Share

The Company's basic net loss per share is calculated by dividing the net loss by the weighted average number of shares of common stock outstanding for the period. The diluted net loss per share is computed by giving effect to all potentially dilutive common stock equivalents outstanding during the period. For purposes of this calculation, warrants to purchase common stock, stock options and rights to common stock are considered common stock equivalents. For periods in which the Company has reported net losses, diluted net loss per share is the same as basic net loss per share, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

The following securities were excluded from the calculation of net loss per share because the inclusion would be anti-dilutive.

	Three Months Ended March 31,	
	2016	2015
Stock options to purchase common stock	1,131,768	363,252
Warrants to purchase common stock	401,446	301,399
Rights to common stock	-	70,755

Recently Issued and Adopted Accounting Standards

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)." The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and is effective for annual and interim periods beginning after December 15, 2017. We are currently evaluating the impact that this standard will have on our condensed consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 310-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. We are currently evaluating the effect of the adoption of this guidance on our condensed consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs” (“ASU 2015-03”). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for the Company’s fiscal year beginning January 1, 2016 and subsequent interim periods, with earlier adoption permitted. We have adopted this guidance in the first quarter of 2016 and have reclassified our balance sheet to comply with the new standard.

In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory” (“ASU 2015-11”). ASU 2015-11 requires that an entity should measure inventory within the scope of this pronouncement at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The pronouncement does not apply to inventory that is being measured using the last-in, first-out (“LIFO”) method or the retail inventory method. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. ASU 2015-11 will be effective for the Company’s fiscal year beginning January 1, 2017 and subsequent interim periods, with earlier adoption permitted. We are currently evaluating the effect of the adoption of this guidance on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)”. Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for annual reporting periods beginning after December 15, 2018, including interim periods within the reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company is currently evaluating the effect of the adoption of this guidance on its financial statements.

In March 2016, the FASB issued ASU 2016-09, “Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”. This guidance identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within the reporting period, with early adoption permitted. The Company is currently evaluating the effect of the adoption of this guidance on its financial statements.

3. Fair Value Measurements

The Company recognizes and discloses the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements). Each level of input has different levels of subjectivity and difficulty involved in determining fair value.

Level 1 Inputs used to measure fair value are unadjusted quoted prices that are available in active markets for the identical assets or liabilities as of the reporting date. Therefore, determining fair value for Level 1 investments generally does not require significant judgment, and the estimation is not difficult.

Level 2 Pricing is provided by third party sources of market information obtained through investment advisors. The Company does not adjust for or apply any additional assumptions or estimates to the pricing information received from its advisors.

Level 3 Inputs used to measure fair value are unobservable inputs that are supported by little or no market activity and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management’s estimates of market participant assumptions. The determination of fair value for Level 3 instruments involves the most management judgment and subjectivity.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires management to make judgments and consider factors specific to the asset or liability.

There were no financial instruments that were measured at fair value on a recurring basis as of March 31, 2016 and December 31, 2015.

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses as of March 31, 2016 and December 31, 2015 approximate fair value because of the short maturity of these instruments. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of the notes payable approximates fair value.

4. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Customer advance payments	\$ 1,418	\$ 20
Accrued professional fees	432	388
Accrued bonuses	164	613
Accrued vacation	121	68
Accrued clinical trial costs	89	112
Other accruals	184	92
Total accrued liabilities	<u>\$ 2,408</u>	<u>\$ 1,293</u>

5. Note Payable

On September 30, 2014, we entered into a Loan and Security Agreement, as amended on February 19, 2015, May 14, 2015, November 30, 2015 and March 18, 2016 (collectively, the "Loan Agreement"), with Pacific Western Bank (as successor in interest by merger to Square 1 Bank) (the "Lender") pursuant to which we received a term loan in the amount of \$5.0 million, funded in 3 tranches. The first tranche of \$2.5 million was provided to us on October 1, 2014 and proceeds of \$500,000 from the second tranche were received on each of February 19, 2015, March 16, 2015 and April 6, 2015 for aggregate proceeds of \$1,500,000. The first tranche borrowing is repayable in interest only payments until November 1, 2015 and then 30 equal monthly installments of principal and interest at a rate of 5.25% per annum. The second tranche borrowings in February, March and April 2015 are repayable in interest only payments until March 1, 2016 and then 30 monthly equal installments of principal and interest at a rate of 5.00%, 5.06% and 5.00% per annum, respectively. The terms of the loan also require that the Company meet certain financial covenants and milestones in connection with the Company's randomized, blinded and sham-controlled clinical trial in Europe and Canada (the "OUS Clinical Trial"), including, but not limited to, (a) full enrollment as of March 31, 2015, (b) positive 3-month interim data as of July 10, 2015, and (c) positive results from the trial as of January 31, 2016. Full enrollment of the OUS Clinical Trial was achieved prior to March 31, 2015. Additionally, the Company provided evidence to the lender of positive three month interim results with respect to the OUS Clinical Trial, and on July 15, 2015 we received the final \$1,000,000 of the term loan with a drawdown of funds from the third tranche. The third tranche borrowing is repayable in interest only payments until August 1, 2016 and then 30 equal monthly installments of principal and interest at a rate of 6.56% per annum. While we were able to provide evidence of positive 3-month interim data as of July 10, 2015, due to over-enrollment of the OUS Clinical Trial we were unable to provide positive results as of January 31, 2016 and we were not in compliance, as of February 18, 2016, of a covenant requiring us to keep a minimum cash balance at the Lender's institution (the "Covenant Failures"). On March 18, 2016, we entered into the Fourth Amendment to the Loan and Security Agreement pursuant to which the Lender waived the Covenant Failures. The Fourth Amendment also extended the date, to April 30, 2016, of the requirement that we provide evidence of positive results from the OUS Clinical Trial and revised the minimum cash balance requirement. Following execution of the Fourth Amendment, we must maintain a balance of cash of at least \$3,000,000 at the Lender's institution. As of March 31, 2016, the Company was in compliance with all covenants of the Loan Agreement.

As of March 31, 2016 and December 31, 2015, the note payable had an outstanding net loan balance of \$4.2 million and \$4.4 million, respectively, which is recorded as a current liability on the condensed consolidated balance sheets. All borrowings under the Loan Agreement are collateralized by substantially all of the Company's assets, including intellectual property.

In connection with the Loan Agreement, the Company issued a 10-year warrant to the lender for the purchase of 58,962 shares of the Company's common stock at \$4.24 per share. In connection with the first loan amendment in February 2015, the Company also amended the terms of the warrant issued to the lender to provide for an automatic increase of the number of shares the lender may acquire in the event the Company fails to meet certain covenants. In connection with the second loan amendment in May 2015, the Company issued a second 10-year warrant to the lender to purchase a total of 3,125 shares of common stock at an exercise price of \$2.96 per share. (See Note 7.)

The Loan Agreement with the financial institution contains a material adverse change clause, as defined in the Loan Agreement, which would result in an event of default if the lender deems a material adverse change to have occurred to the Company's business. The continuing liquidity issues the Company faces could be construed by the lender (or any subsequent note holder) as a material adverse change which could trigger an acceleration of all of the outstanding debt. As such, the Company has classified all of its outstanding debt balance as a current liability as of March 31, 2016 and December 31, 2015.

As of March 31, 2016, future minimum payments under the note payable are as follows (in thousands):

Year Ending December 31,

2016 (remaining 9 months)	\$	1,530
2017		2,124
2018		1,161
2019		34
Total payments		<u>4,849</u>
Less: Amount representing interest		<u>(315)</u>
Present value of obligations		4,534
Less: Unamortized debt discount		<u>(342)</u>
		4,192
Less: Notes payable, current portion		<u>4,192</u>
Note payable, noncurrent portion	\$	<u>-</u>

6. Commitments and Contingencies

Operating Lease

In January 2012, the Company entered into a lease agreement for office and laboratory facilities. The lease agreement, as amended in January 2015, commenced in March 2012 and will terminate in March 2017. Rent expense for the three months ended March 31, 2016 and 2015 was \$55,000 and \$47,000, respectively.

As of March 31, 2016, future minimum payments under the lease are as follows (in thousands):

Year Ending December 31,

2016 (remaining 9 months)	\$	173
2017		58
Total minimum lease payments	\$	<u>231</u>

Indemnification Agreements

The Company enters into standard indemnification arrangements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with performance of services within the scope of the agreement, breach of the agreement by the Company, or noncompliance of regulations or laws by the Company, in all cases provided the indemnified party has not breached the agreement and/or the loss is not attributable to the indemnified party's negligence or willful malfeasance. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal.

Loss Contingencies

The Company is or has been subject to proceedings, lawsuits and other claims arising in the ordinary course of business. The Company evaluates contingent liabilities, including threatened or pending litigation, for potential losses. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, the Company accrues a liability for the estimated loss. Because of uncertainties related to these matters, accruals are based upon the best information available. For potential losses for which there is a reasonable possibility (meaning the likelihood is more than remote but less than probable) that a loss exists, the Company will disclose an estimate of the potential loss or range of such potential loss or include a statement that an estimate of the potential loss cannot be made. As additional information becomes available, the Company reassesses the potential liability related to pending claims and litigation and may revise its estimates, which could materially impact its condensed consolidated financial statements.

7. Common Stock

Warrants for Common Stock

As of March 31, 2016, outstanding warrants to purchase an aggregate of 401,446 shares of common stock were as follows:

<u>Issuance Date</u>	<u>Exercisable for</u>	<u>Expiration Date</u>	<u>Exercise Price</u>	<u>Number of Shares Outstanding Under Warrants</u>
September 2014	Common Shares	September 23, 2019	\$ 4.24	110,550
September 2014	Common Shares	September 30, 2024	\$ 4.24	58,962
October 2014	Common Shares	October 13, 2019	\$ 4.24	29,000
October 2014	Common Shares	October 31, 2019	\$ 4.24	469
November 2014	Common Shares	November 12, 2019	\$ 4.24	12,500
February 2015	Common Shares	February 17, 2025	\$ 4.00	75,697
March 2015	Common Shares	March 26, 2025	\$ 2.72	1,454
May 2015	Common Shares	May 12, 2025	\$ 4.24	36,229
May 2015	Common Shares	May 14, 2025	\$ 2.96	3,125
May 2015	Common Shares	May 17, 2020	\$ 4.24	21,585
December 2015	Common Shares	December 16, 2025	\$ 5.60	26,875
March 2016	Common Shares	March 31, 2026	\$ 6.08	25,000
				<u>401,446</u>

In connection with a private offering that closed on September 30, 2014, the Company issued warrants to purchase a total of 117,535 shares of common stock at an exercise price of \$4.24 per share. The warrants have a contractual life of five years and are exercisable immediately in whole or in part, on or before five years from the issuance date. A total of 735 and 6,250 shares issuable pursuant to these warrants were exercised in 2015 and March 2016, respectively.

In connection with the Loan Agreement entered into on September 30, 2014, the Company issued a warrant to purchase a total of 58,962 shares of common stock at an exercise price of \$4.24 per share. The warrant has a contractual life of ten years and is exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair value of the warrant was recorded as debt issuance costs, presented in the condensed consolidated balance sheets as a deduction from the carrying amount of the note payable, and will be amortized to interest expense over the loan term. During the three months ended March 31, 2016 and 2015, the Company recorded \$45,000 and \$48,000, respectively, of interest expense relating to the debt issuance costs. As of March 31, 2016, the remaining unamortized debt issuance costs were \$342,000 and the warrant remained outstanding.

In connection with the first loan amendment in February 2015, the Company also amended the terms of the warrant issued to the lender to provide for an automatic increase of the number of shares the lender may acquire in the event the Company fails to meet certain covenants to achieve certain OUS Clinical Trial milestones or capital raising requirements as set forth in the Loan Agreement, as amended, by a number equal to the quotient derived by dividing (i) 1% of the principal balance outstanding under the Loan Agreement by (ii) the exercise price of \$4.24 per share.

In October and November of 2014, the Company issued common stock warrants to various vendors and nonemployee contractors to purchase a total of 47,751 shares of common stock at an exercise price of \$4.24 per share. The warrants have a contractual life of five years and are exercisable in whole or in part, either immediately upon grant or in some cases upon achieving certain milestones or vesting terms. The fair values of the warrants were recorded as professional consulting fees or clinical costs, which are included in selling, general and administrative and research and development expenses in the consolidated statements of operations for the year ended December 31, 2014, depending on the nature of the services provided. Stock-based compensation expense related to these warrants is recognized as the warrants are earned and was zero and \$15,000 for the three months ended March 31, 2016 and 2015, respectively. A total of 5,157 and 625 shares issuable pursuant to warrants issued to two vendors in October 2014 were cancelled in 2015 and March 2016, respectively, as the milestones related to these shares were not achieved.

In February 2015, the Company issued to employees for performance bonuses common stock warrants to purchase a total of 75,697 shares of common stock at an exercise price of \$4.00 per share. The warrants have a contractual life of ten years and are exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair values of the warrants were recorded in selling, general and administrative and research and development expenses in the condensed consolidated statements of operations for the three months ended March 31, 2015, depending on the department classification of the employee. The Company recorded zero and \$244,000 of stock-based compensation expense related to these warrants in the three months ended March 31, 2016 and 2015, respectively.

In March 2015, the Company issued a common stock warrant to a nonemployee contractor to purchase a total of 1,454 shares of common stock at an exercise price of \$2.72 per share. The warrant has a contractual life of ten years and is exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair value of the warrant was recorded as professional consulting fees, which are included in selling, general and administrative expenses in the condensed consolidated statements of operations for the three months ended March 31, 2015. The Company recorded zero and \$3,000 of stock-based compensation expense related to these warrants in the three months ended March 31, 2016 and 2015, respectively.

In May 2015, the Company issued common stock warrants to nonemployee contractors to purchase a total of 36,229 shares of common stock at an exercise price of \$4.24 per share. The warrants have a contractual life of ten years and are exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair values of the warrants were recorded as professional consulting fees, which are included in selling, general and administrative expenses in the condensed consolidated statements of operations for the three months ended June 30, 2015. Stock-based compensation expense related to these warrants was zero for both the three months ended March 31, 2016 and 2015.

In conjunction with the second loan amendment in May 2015, the Company issued a warrant to the lender to purchase a total of 3,125 shares of common stock at an exercise price of \$2.96 per share. The warrant has a contractual life of ten years and is exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair value of the warrant was recorded as debt issuance costs, and was amortized to interest expense over the period from the date of issuance to the end of the extended period to draw down the additional funds in connection with the third tranche or July 15, 2015. During the three months ended March 31, 2016 and 2015, the Company recorded zero of interest expense relating to the debt issuance costs for this warrant. As of March 31, 2016, the remaining unamortized debt issuance costs were zero.

In May 2015, the Company issued a common stock warrant to a nonemployee contractor to purchase a total of 21,585 shares of common stock at an exercise price of \$4.24 per share. The warrant has a contractual life of five years and is exercisable immediately in whole or in part, on or before five years from the issuance date. The fair value of the warrant was recorded as professional consulting fees, which are included in selling, general and administrative expenses in the condensed consolidated statements of operations. Stock-based compensation expense related to these warrants was zero for both the three months ended March 31, 2016 and 2015.

In December 2015, the Company issued common stock warrants to employees and nonemployee contractors for performance bonuses to purchase a total of 26,875 shares of common stock at an exercise price of \$5.60 per share. The warrants have a contractual life of ten years and are exercisable immediately in whole or in part, on or before ten years from the issuance date. The fair values of the warrants were recorded in selling, general and administrative and research and development expenses in the consolidated statements of operations, depending on the department classification of the employee or nonemployee contractor. The stock-based compensation expense related to these warrants was zero for both the three months ended March 31, 2016 and 2015.

In March 2016, the Company issued a common stock warrant to a distributor to purchase a total of 25,000 shares of common stock at an exercise price of \$6.08 per share. The warrant has a contractual life of ten years and is exercisable immediately in whole or in part, on or before ten years from the issuance date. The Company determined the fair value of the warrant using the Black-Scholes option pricing model. Assumptions used were dividend yield of 0%, volatility of 72.1%, risk free interest rate of 1.78% and a contractual life of ten years. The Company recorded \$142,000 of stock-based compensation expense related to these warrants in the three months ended March 31, 2016.

8. Summary of Stock Options

Stock Option Plans

The Company has issued equity awards in the form of stock options from three employee benefit plans. The plans include the Company's 2005 Stock Incentive Plan (the "2005 Plan"), the Viveve Amended and Restated 2006 Stock Plan (the "2006 Plan") and the Company's 2013 Stock Option and Incentive Plan, as amended (the "2013 Plan").

The 2005 Plan was adopted by the Company's board of directors and approved by its stockholders. As of March 31, 2016, 2,778 shares of common stock remain reserved for issuance under the 2005 Plan. The Company does not intend to grant further awards from the 2005 Plan, however, it will continue to administer the 2005 Plan until all outstanding awards are exercised, expire, terminate or are forfeited. There are currently outstanding stock option awards issued from the 2005 Plan covering a total of 2,778 shares of the Company's common stock. The weighted average exercise price of the outstanding stock options is \$102.68 per share and the weighted average remaining contractual term is 1.36 years.

The 2006 Plan was adopted by the board of directors of Viveve, Inc. and was terminated in conjunction with the merger that took place on September 23, 2014 between PLC Systems Inc., Viveve, Inc. and PLC Systems Acquisition Corp. (the “Merger”). Prior to the Merger, the board of directors voted to accelerate the vesting of all unvested options that were outstanding as of the date of the Merger such that all options would be immediately vested and exercisable by the holders. In conjunction with the Merger, the Company agreed to assume and administer the 2006 Plan and all outstanding options to purchase shares of Viveve, Inc. common stock issued from the 2006 Plan were converted into options to purchase shares of the Company’s common stock (rounded down to the nearest whole share). The number of shares of the Company’s common stock into which the 2006 Plan options were converted was determined by multiplying the number of shares covered by each 2006 Plan option by the exchange ratio of 0.0080497 (or .0010062 on a post- reverse stock split basis). The exercise price of each 2006 Plan option was determined by dividing the exercise price of each 2006 Plan option immediately prior to the Merger by the exchange ratio of 0.0080497 (or .0010062 on a post- reverse stock split basis) (rounded up to the nearest cent). There are currently outstanding stock option awards issued from the 2006 Plan covering a total of 39,024 shares of the Company’s common stock and no shares are available for future awards. The weighted average exercise price of the outstanding stock options is \$11.10 per share and the weighted average remaining contractual term is 6.53 years.

The 2013 Plan was also adopted by the Company’s board of directors and approved by its stockholders. The 2013 Plan is administered by the Compensation Committee of the Company’s board of directors (the “Administrator”). Under the 2013 Plan, the Company may grant equity awards to eligible participants which may take the form of stock options (both incentive stock options and non-qualified stock options), stock appreciation rights, restricted, deferred or unrestricted stock awards, performance based awards or dividend equivalent rights. Awards may be granted to officers, employees, nonemployee directors (as defined in the 2013 Plan) and other key persons (including consultants and prospective employees). The term of any stock option award may not exceed 10 years and may be subject to vesting conditions, as determined by the Administrator. Options granted generally vest over four years. Incentive stock options may be granted only to employees of the Company or any subsidiary that is a “subsidiary corporation” within the meaning of Section 424(f) of the Internal Revenue Code. The exercise price of any stock option award cannot be less than the fair market value of the Company’s common stock, provided, however, that an incentive stock option granted to an employee who owns more than 10% of the Company’s outstanding voting power must have an exercise price of no less than 110% of the fair market value of the Company’s common stock and a term that does not exceed five years. On July 22, 2015, the Company’s stockholders approved an amendment to the 2013 Plan increasing the number of shares of common stock authorized for awards under the 2013 Plan from 388,949 shares to a total of 1,262,500 shares. As of March 31, 2016, there are outstanding stock option awards issued from the 2013 Plan covering a total of 1,089,966 shares of the Company’s common stock and there remain reserved for future awards 130,918 shares of the Company’s common stock. The weighted average exercise price of the outstanding stock options is \$6.01 per share, and the remaining contractual term is 9.36 years.

Activity under the 2005 Plan, the 2006 Plan and the 2013 Plan is as follows:

	Three Months Ended March 31, 2016			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Options outstanding, beginning of period	1,022,195	\$ 6.47	9.37	\$ -
Options granted	129,267	\$ 6.35		
Options exercised	(1,314)	\$ 4.80		
Options canceled	(18,380)	\$ 8.55		
Options outstanding, end of period	<u>1,131,768</u>	\$ 6.42	9.24	\$ 414,727
Vested and exercisable and expected to vest, end of period	1,035,338	\$ 6.48	9.22	\$ 392,137
Vested and exercisable, end of period	179,832	\$ 9.86	7.90	\$ 125,415

The aggregate intrinsic value reflects the difference between the exercise price of the underlying stock options and the Company's closing share price as of March 31, 2016.

The options outstanding and exercisable as of March 31, 2016 are as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding as of March 31, 2016	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Number Exercisable as of March 31, 2016	Weighted Average Exercise Price
\$2.64	12,500	\$ 2.64	9.12	-	\$ -
\$3.68 - \$3.76	79,376	\$ 3.75	8.86	21,498	\$ 3.75
\$4.80	212,300	\$ 4.80	8.43	81,288	\$ 4.80
\$6.00	609,003	\$ 6.00	9.72	29,599	\$ 6.00
\$6.24 - \$6.40	129,267	\$ 6.35	9.91	-	\$ -
\$7.12 - \$7.92	41,875	\$ 7.67	9.35	-	\$ -
\$9.92	38,429	\$ 9.92	6.59	38,429	\$ 9.92
\$56.00 - \$72.00	6,810	\$ 69.63	1.42	6,810	\$ 69.63
\$96.00 - \$149.04	2,176	\$ 119.53	1.49	2,176	\$ 119.53
\$296.00	32	\$ 296.00	1.48	32	\$ 296.00
	<u>1,131,768</u>	\$ 6.42	9.24	<u>179,832</u>	\$ 9.86

Stock-Based Compensation

During the three months ended March 31, 2016 and 2015, the Company granted stock options to employees to purchase 129,267 and 79,375 shares of common stock with a weighted average grant date fair value of \$3.56 and \$2.00 per share, respectively. Stock-based compensation expense recognized during the three months ended March 31, 2016 and 2015 was \$188,000 and \$42,000, respectively. As of March 31, 2016, the total unrecognized compensation cost in connection with unvested stock options was approximately \$2,598,000. These costs are expected to be recognized over a period of approximately 3.50 years. The aggregate intrinsic value of options exercised during the three months ended March 31, 2016 and 2015 was \$2,000 and \$0 respectively.

The Company estimated the fair value of stock options using the Black-Scholes option pricing model. The fair value of employee stock options is being amortized on a straight-line basis over the requisite service period of the awards. The fair value of employee stock options granted was estimated using the following assumptions:

	Three Months Ended	
	March 31	
	2016	2015
Expected term (in years)	5	5
Average volatility	66%	62%
Risk-free interest rate	1.55%	1.32%
Dividend yield	0%	0%

Option-pricing models require the input of various subjective assumptions, including the option's expected life and the price volatility of the underlying stock. The expected stock price volatility is based on analysis of the Company's stock price history over a period commensurate with the expected term of the options, trading volume of comparable companies' stock, look-back volatilities and Company specific events that affected volatility in a prior period. The expected term of employee stock options represents the weighted average period the stock options are expected to remain outstanding and is based on the history of exercises and cancellations on all past option grants made by the Company, the contractual term, the vesting period and the expected remaining term of the outstanding options. The risk-free interest rate is based on the U.S. Treasury interest rates whose term is consistent with the expected life of the stock options. No dividend yield is included as the Company has not issued any dividends and does not anticipate issuing any dividends in the future.

The following table shows stock-based compensation expense included in the condensed consolidated statements of operations for the three months ended March 31, 2016 and 2015 (in thousands):

	Three Months Ended	
	March 31,	
	2016	2015
Research and development	\$ 21	\$ 4
Selling, general and administrative	167	38
Total	<u>\$ 188</u>	<u>\$ 42</u>

9. Income Taxes

Provision for Income Tax

For interim periods, the Company estimates its annual effective income tax rate and applies the estimated rate to the year-to-date income or loss before income taxes. The Company also computes the tax provision or benefit related to items reported separately and recognizes the items net of their related tax effect in the interim periods in which they occur. The Company also recognizes the effect of changes in enacted tax laws or rates in the interim periods in which the changes occur.

The Company's effective tax rate is 0% for the three months ended March 31, 2016 and 2015. The Company expects that its effective tax rate for the full year 2016 will be 0%.

10. Related Party Transactions

In June 2006, the Company entered into a Development and Manufacturing Agreement with Stellartech Research Corporation (the "Agreement"). The Agreement was amended on October 4, 2007. Under the Agreement, the Company agreed to purchase 300 generators manufactured by Stellartech. As of March 31, 2016, the Company has purchased 113 units. The price per unit is variable and dependent on the volume and timing of units ordered. In conjunction with the Agreement, Stellartech purchased 37,500 shares of Viveve's common stock. These shares are subject to a right of repurchase by the Company, which lapses over a four-year period. As of March 31, 2016, none of the shares of common stock were subject to repurchase. Under the Agreement, the Company paid Stellartech \$1,215,000 and \$129,000 for goods and services during the three months ended March 31, 2016 and 2015, respectively.

11. Subsequent Events

On April 15, 2016, we effected a 1-for-8 reverse split of our common stock and common stock equivalents.

On April 21, 2016, the Company announced positive top line results from the OUS Clinical Trial providing evidence to our lender that positive results were achieved with respect to the OUS Clinical Trial prior to the loan covenant requirement date of April 30, 2016.

On May 9, 2016, the Company filed the necessary Application for Authorization to Continue into Another Jurisdiction and

Statutory Declaration with the Yukon registrar. On May 10, 2016, the Company filed a Certificate of Conversion and Certificate of Incorporation with the Secretary of State of the State of Delaware to move its domicile from the Yukon Territory to Delaware.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission. In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report, particularly in Part II, Item 1A. "Risk Factors."

Overview of Our Business

In the discussion below, when we use the terms “we”, “us” and “our”, we are referring to Viveve Medical, Inc. and its wholly-owned subsidiary, Viveve, Inc..

We design, develop, manufacture and market a medical device for the non-invasive treatment of vaginal laxity that we refer to as the Viveve Treatment. While our product has not been approved for sale in the U.S., we currently have 17 exclusive partnerships covering distribution of the Viveve System in 51 countries around the world, and we have regulatory clearance to market and sell our product in 22 of those countries:

GEOGRAPHIC REGION	DISTRIBUTION COVERAGE	REGULATORY CLEARANCE
North America	1	1
Latin America	1	-
Europe	28	18
Asia Pacific	11	3
Middle East	10	-
TOTAL	51	22

Outside the U.S., we market and sell the Viveve System, including the single-use treatment tips, through trained sales employees, consultants, and distributors. As of the date of this filing, we have sold 76 Viveve Systems and approximately 1,775 single-use treatment tips in countries outside of the U.S.

Because the revenues we have earned to date have not been sufficient to support our operations, we have relied on sales of our securities, loans from related parties and a bank term loan, as more fully described below, to fund our operations. We are located in Sunnyvale, California.

Recent Events

On September 30, 2014, we entered into a Loan and Security Agreement, as amended on February 19, 2015, May 14, 2015, November 30, 2015, and March 18, 2016 (collectively the “Loan Agreement”), with Pacific Western Bank (as successor in interest by merger to Square 1 Bank) (the “Lender”) pursuant to which we received a term loan in the amount of \$5.0 million, funded in 3 tranches. The first tranche of \$2.5 million was provided to us on October 1, 2014 and proceeds of \$500,000 from the second tranche were received on each of February 19, 2015, March 16, 2015 and April 6, 2015 for aggregate proceeds of \$1.5 million. The first tranche borrowing is repayable in interest only payments until November 1, 2015 and then 30 equal installments of principal and interest at a rate of 5.25% per annum. The second tranche borrowings in February, March and April 2015 are repayable in interest only payments until March 1, 2016 and then 30 equal installments of principal and interest at a rate of 5.00%, 5.06% and 5.00% per annum, respectively. The terms of the loan also require that the Company meet certain financial covenants and milestones in connection with the Company’s randomized, blinded and sham-controlled clinical trial in Europe and Canada (the “OUS Clinical Trial”), including, but not limited to, (a) full enrollment as of March 31, 2015, (b) positive 3-month interim data as of July 10, 2015, and (c) positive results from the trial as of January 31, 2016. Full enrollment of the OUS Clinical Trial was achieved prior to March 31, 2015. Additionally, Viveve Medical provided evidence to the Lender of positive three month interim results with respect to the OUS Clinical Trial, and on July 15, 2015 we received the final \$1.0 million of the term loan with a drawdown of funds from the third tranche. The third tranche borrowing is repayable in interest only payments until August 1, 2016 and then 30 equal installments of principal and interest at a rate of 6.56% per annum. While we were able to provide evidence of positive 3-month interim data as of July 10, 2015, due to over-enrollment of the OUS Clinical Trial we were unable to provide positive results as of January 31, 2016 and we were not in compliance, as of February 18, 2016, of a covenant requiring us to keep a minimum cash balance at the Lender’s institution (the “Covenant Failures”). On March 18, 2016, we entered into the Fourth Amendment to the Loan and Security Agreement pursuant to which the Lender waived the Covenant Failures. The Fourth Amendment also extended the date, to April 30, 2016, of the requirement that we provide evidence of positive results from the OUS Clinical Trial and revised the minimum cash balance requirement. Following execution of the Fourth Amendment, we must maintain a balance of cash of at least \$3,000,000 at the Lender’s institution. On April 21, 2016, we announced positive top line results from the OUS Clinical Trial providing evidence to the Lender that positive results were achieved with respect to the OUS Clinical Trial prior to the loan covenant requirement date of April 30, 2016.



In connection with the terms of the Loan Agreement, we entered into an Intellectual Property Security Agreement, dated as of September 30, 2014, pursuant to which a first priority security interest was created in all of our intellectual property, and we issued a 10-year warrant to the Lender for the purchase of 58,962 shares of Viveve Medical common stock at an exercise price of \$4.24 per share (the “Warrant”), such number of shares to automatically increase in the event that we fail to meet certain covenants to achieve certain OUS Clinical Trial milestones or capital raising requirements as set forth in the Loan Agreement, as amended, by a number equal to the quotient derived by dividing (i) 1% of the principal balance outstanding under the Loan Agreement by (ii) the exercise price of \$4.24 per share (the “Amended Warrant”). In connection with the second amendment to the Loan Agreement in May 2015, Viveve Medical issued a second 10-year warrant to the Lender to purchase a total of 3,125 shares of common stock at an exercise price of \$2.96 per share.

On May 14, 2015, we completed a private offering (the “May 2015 Offering”) pursuant to which we sold 4,054,062 shares of common stock for gross proceeds of approximately \$12.0 million, to 20 accredited investors pursuant to the terms of a Securities Purchase Agreement dated as of May 12, 2015. The net proceeds from the May 2015 Offering were approximately \$11.0 million.

On November 24, 2015, we completed a private offering (the “November 2015 Offering”) pursuant to which we sold 1,071,679 shares of common stock for gross proceeds of approximately \$6,000,000, to 12 accredited investors pursuant to the terms of a Securities Purchase Agreement dated as of November 20, 2015. The net proceeds from the November 2015 Offering were approximately \$5.4 million.

We are subject to risks, expenses and uncertainties frequently encountered by companies in the medical device industry. These risks include, but are not limited to, intense competition, whether we can be successful in obtaining U.S. Food and Drug Administration (the “FDA”) approval for the sale of our product and whether there will be a demand for the Viveve Treatment, given that the cost of the procedure will likely not be reimbursed by the government or private health insurers. In addition, we will continue to require substantial funds to support our clinical trials and fund our efforts to expand regulatory approval for our products in locations in which we do not currently have approval to market our product, including the U.S. We cannot be certain that any additional required financing will be available when needed or on terms which are favorable to us. As noted above, our operations to date have been primarily funded through the sales of our securities, loans from related parties and the bank term loan described above. Various factors, including our limited operating history with minimal revenues to date and our limited ability to market and sell our product have resulted in limited working capital available to fund our operations. The merger that took place on September 23, 2014 between PLC Systems Inc., Viveve, Inc. and PLC Systems Acquisition Corp. and the concurrent private offering was consummated in an effort to raise additional capital and increase public awareness of Viveve, as well as to create opportunities for access to additional capital by increasing liquidity. While we believe that the going public transaction is attractive to investors and even though we completed the May 2015 Offering and the November 2015 Offering, there are no assurances that we will be successful in securing additional financing in the future to fund our operations going forward. Failure to generate sufficient cash flows from operations, raise additional capital or reduce certain discretionary spending could have a material adverse effect on our ability to achieve our intended business objectives. These factors raise substantial doubt about our ability to continue as a going concern.

Plan of Operation

We intend to increase our sales and exposure both internationally and in the United States market by seeking regulatory approvals for the sale and distribution of our product, identifying and training qualified distributors and expanding the scope of physicians who offer the Viveve Treatment to include plastic surgeons, dermatologists, general surgeons, urologists, urogynecologists and primary care physicians. In addition, we intend to use the strategic relationships that we have developed with outside contractors and medical experts to improve the Viveve System by focusing our research and development efforts on various areas including, but not limited to:

- designing new treatment tips optimized for both ease-of-use and to reduce procedure times for patients and physicians;
- increasing security to prevent the re-use of treatment tips, resulting in improved procedure efficacy and reduced safety concerns; and
- developing a new cooling system that integrates a substitute for hydrofluorocarbon, to maintain compliance with changes in international environmental regulations.

The net proceeds received from sales of our securities and the term loan have been used to support commercialization of our product in existing and new markets, for our research and development efforts and for protection of our intellectual property, as well as for working capital and other general corporate purposes. We expect that our cash will be sufficient to fund our activities for the next six months, however, we will continue to require funds to fully implement our plan of operation. Our operating costs include employee salaries and benefits, compensation paid to consultants, professional fees and expenses, costs associated with our clinical trials, capital costs for research and other equipment, costs associated with research and development activities including travel and administration, legal expenses, sales and marketing costs, general and administrative expenses, and other costs associated with an early stage public company subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We also expect to incur expenses related to obtaining regulatory approvals in the U.S. and internationally as well as legal and related expenses to protect our intellectual property. We expect capital expenditures, for the foreseeable future, to be less than \$250,000 annually.

We intend to continue to meet our operating cash flow requirements through the sales of our products and by raising additional funds from the sale of equity or debt securities. If we sell our equity securities, or securities convertible into equity, to raise capital, our current stockholders will likely be substantially diluted. We may also consider the sale of certain assets, or entering into a transaction, such as a merger, with a business complimentary to ours, although we do not currently have plans for any such transaction. While we have been successful in raising capital to fund our operations since inception, other than as discussed in this Quarterly Report, we do not have any committed sources of financing and there are no assurances that we will be able to secure additional funding. If we cannot obtain financing, then we may be forced to curtail our operations or consider other strategic alternatives.

Results of Operations

Comparison of the Three Months Ended March 31, 2016 and 2015

Revenue

	Three Months Ended		Change	
	2016	2015		%
Revenue	\$ 1,284	\$ 38	1,246	3,279%

(in thousands, except percentages)

We recorded revenue of \$1,284,000 for the three months ended March 31, 2016, compared to revenue of \$38,000 for the three months ended March 31, 2015, an increase of \$1,246,000. The increase in revenue was primarily due to sales of 33 Viveve Systems and disposable treatment tips and other ancillary consumables to our new distributors in the first quarter of 2016. Sales in the first quarter of 2015 were limited primarily because of insufficient commercial inventory available for sale. In 2014, inventory production was slowed due to funding constraints and the majority of inventory during the second half of 2014 and the first half of 2015 was used to support our OUS Clinical Trial.

Gross profit (loss)

	Three Months Ended		Change	
	March 31,			
	2016	2015	\$	%
	(in thousands, except percentages)			
Gross profit (loss)	\$ 348	\$ (12)	\$ 360	3,000%

Gross profit was \$348,000, or 27% of revenue, for the three months ended March 31, 2016, compared to a gross loss of \$12,000 for the three months ended March 31, 2015. The increase in gross profit was primarily due to sales of 33 Viveve Systems to our new distributors in the first quarter of 2016. Sales in the first quarter of 2015 did not include any Viveve Systems and were limited to smaller quantities of disposable treatment tips and other ancillary consumables primarily because of insufficient commercial inventory available for sale. In 2014, inventory production was slowed due to funding constraints and the majority of inventory during the second half of 2014 and first half of 2015 was used to support our OUS Clinical Trial.

Research and development expenses

	Three Months Ended		Change	
	March 31,			
	2016	2015	\$	%
	(in thousands, except percentages)			
Research and development	\$ 1,796	\$ 845	\$ 951	113%

Research and development expense totaled \$1,796,000 for the three months ended March 31, 2016, compared to research and development expense of \$845,000 for the three months ended March 31, 2015, an increase of \$951,000 or approximately 113%. Spending on research and development increased in the first quarter of 2016 due primarily to costs associated with increased engineering and development work with our contract manufacturer related to product improvement efforts. The first quarter of 2016 also included higher personnel costs due to new hires and additional stock-based compensation expense due to stock options granted to new employees and additional stock options granted to existing employees for performance bonuses.

Selling, general and administrative expenses

	Three Months Ended		Change	
	March 31,			
	2016	2015	\$	%
	(in thousands, except percentages)			
Selling, general and administrative	\$ 2,548	\$ 1,577	\$ 971	62%

Selling, general and administrative expenses totaled \$2,548,000 for the three months ended March 31, 2016, compared to \$1,577,000 for the three months ended March 31, 2015, an increase of \$971,000 or approximately 62%. The increase in selling, general and administrative expenses in the first quarter of 2016 was primarily attributable to increased sales and marketing efforts to build brand and market awareness, expenses associated with being a public company and financing efforts. Selling, general and administrative expenses during the first quarter of 2016 also included higher personnel costs due to new hires (primarily in connection with our sales and marketing efforts) and additional stock-based compensation expense due to stock options granted to new employees and additional stock options granted to existing employees for performance bonuses.

Interest expense

Three Months Ended		Change	
March 31,			
2016	2015	\$	%
(in thousands, except percentages)			

Interest expense	\$	108	\$	83	\$	25	30%
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During the three months ended March 31, 2016, we had interest expense of \$108,000, compared to \$83,000 for the three months ended March 31, 2015. The increase of \$25,000, or approximately 30%, was due to the interest expense paid for the term loan, which was computed on a higher loan balance in the first quarter of 2016 compared to the loan balance in the first quarter of 2015.

Other expense, net

Three Months Ended		Change	
March 31,			
2016	2015	\$	%
(in thousands, except percentages)			

Other income (expense), net	\$	(2)	\$	(7)	\$	5	71%
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During the three months ended March 31, 2016, we had other expense, net, of \$2,000, compared to other expense, net, of \$7,000 for the three months ended March 31, 2015.

Liquidity and Capital Resources

Three Months Ended March 31, 2016

Liquidity is our ability to generate sufficient cash flows from operating activities to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate financing or to raise capital. We have funded our operations since inception through the sale of our securities, loans from related parties and the bank term loan. To date, we have not generated sufficient cash flows from operating activities to meet our obligations and commitments, and we anticipate that we will continue to incur losses for the foreseeable future.

Because we have incurred losses and reported negative cash flow from operations since inception, our condensed consolidated financial statements have been prepared assuming that we will continue as a going concern. These conditions raise substantial doubt about our ability to continue as a going concern. Our condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The following table summarizes the primary sources and uses of cash for the periods presented below (in thousands):

	Three Months Ended	
	March 31,	
	2016	2015
Net cash used in operating activities	\$ (2,049)	\$ (1,674)
Net cash used in investing activities	(36)	-
Net cash provided by (used in) financing activities	(269)	1,000
Net decrease in cash and cash equivalents	<u>\$ (2,354)</u>	<u>\$ (674)</u>

Operating Activities

We have incurred, and expect to continue to incur, significant expenses in the areas of research and development, regulatory and clinical study costs, associated with the Viveve System.

Operating activities used \$2,049,000 for the three months ended March 31, 2016 compared to \$1,674,000 used for the three months ended March 31, 2015. The primary use of our cash was to fund selling, general and administrative expenses and research and development expenses associated with the Viveve System. Net cash used during the three months ended March 31, 2016 consisted of a net loss of \$4,106,000 adjusted for non-cash expenses including depreciation and amortization of \$21,000, stock-based compensation of \$188,000, fair value of warrant issued to a distributor of \$142,000, non-cash interest expense of \$45,000, and inflows from changes in operating assets and liabilities of \$1,661,000 (primarily related to customer advance payments). Net cash used during the three months ended March 31, 2015 consisted of a net loss of \$2,524,000 adjusted for non-cash expenses including depreciation and amortization of \$17,000, stock-based compensation of \$42,000, fair value of warrants issued to employees for performance bonuses of \$244,000, fair value of warrants issued to service providers of \$18,000 (primarily related to nonemployee contractors), non-cash interest expense of \$48,000, and inflows from changes in operating assets and liabilities of \$481,000.

Investing Activities

Net cash used in investing activities during the three months ended March 31, 2016 and 2015 was \$36,000 and \$0, respectively. Net cash used in investing activities during the three months ended March 31, 2016 was used for the purchase of property and equipment. We expect to continue to purchase property and equipment in the normal course of our business. The amount and timing of these purchases and the related cash outflows in future periods is difficult to predict and is dependent on a number of factors including, but not limited to, any increase in the number of our employees and any changes to the capital equipment requirements related to our development programs and clinical trials.

Financing Activities

Net cash used by financing activities during three months ended March 31, 2016 was \$269,000, which was primarily the result of term loan principal payments of \$299,000, partially offset by proceeds from the exercise of a warrant and a stock option. Cash provided by financing activities during the three months ended March 31, 2015 was \$1,000,000, which was the result of proceeds from the drawdown of funds from the second tranche of the term loan.

Contractual Payment Obligations

We have obligations under a non-cancelable operating lease, a bank term loan and a purchase commitment for inventory. As of March 31, 2016, our contractual obligations are as follows (in thousands):

Contractual Obligations:	Total	Less than			More than
		1 Year	1 - 3 Year	3 - 5 Years	
Non-cancellable operating lease obligations	\$ 231	\$ 173	\$ 58	\$ -	\$ -
Debt obligations (including interest)	4,849	1,530	3,319	-	-
Total	<u>\$ 5,080</u>	<u>\$ 1,703</u>	<u>\$ 3,377</u>	<u>\$ -</u>	<u>\$ -</u>

In June 2006, we entered into a Development and Manufacturing Agreement with Stellartech Research Corporation (the "Agreement"). The Agreement was amended on October 4, 2007. Under the Agreement, we agreed to purchase 300 generators manufactured by Stellartech. As of March 31, 2016 and the date of this filing, we have purchased 113 units. The price per unit is variable and dependent on the volume and timing of units ordered.

In January 2012, we entered into a lease agreement for office and warehousing facilities. The lease agreement, as amended in January 2015, commenced in March 2012 and will terminate in March 2017.

As described above, on September 30, 2014, we entered into the Loan Agreement with the Lender pursuant to which we received a term loan in the amount of \$5.0 million. As of March 31, 2016 and the date of this filing, the outstanding term loan principal balance was \$4.5 million and \$4.3 million, respectively.

Critical Accounting Policies and Estimates

The discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, the terms of existing contracts, observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Please see Note 2 to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2015, that was filed with the SEC on March 24, 2016, for a more complete description of our significant accounting policies. There have been no material changes to the significant accounting policies during the three months ended March 31, 2016.

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)." The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in US GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and is effective for annual and interim periods beginning after December 15, 2017. We are currently evaluating the impact that this standard will have on our condensed consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern (Subtopic 310-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"), to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. We are currently evaluating the effect of the adoption of this guidance on our condensed consolidated financial statements and disclosures.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for the Company's fiscal year beginning January 1, 2016 and subsequent interim periods, with earlier adoption permitted. We have adopted this guidance in the first quarter of 2016.

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory" ("ASU 2015-11"). ASU 2015-11 requires that an entity should measure inventory within the scope of this pronouncement at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The pronouncement does not apply to inventory that is being measured using the last-in, first-out ("LIFO") or the retail inventory method. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. ASU 2015-11 will be effective for the Company's fiscal year beginning January 1, 2017 and subsequent interim periods, with earlier adoption permitted. We are currently evaluating the effect of the adoption of this guidance on our condensed consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. This guidance offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for annual reporting period beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company is currently evaluating the impact on its financial statements upon the adoption of this guidance.

In March 2016, the FASB issued ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". This guidance identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. This guidance is effective for annual reporting period beginning after December 15, 2016, including interim periods within that reporting period, with early adoption permitted. The Company is currently evaluating the impact on its financial statements upon the adoption of this guidance.

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Trends, Events and Uncertainties

Research and development of new technologies is, by its nature, unpredictable. Although we will undertake development efforts with commercially reasonable diligence, there can be no assurance that we will have adequate capital to develop our technology to the extent needed to create future sales to sustain our operations.

We cannot assure you that our technology will be adopted, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, since we have no committed source of financing other than the bank term loan, which has been fully drawn down, we cannot assure you that we will be able to raise money as and when we need it to continue our operations. If we cannot raise funds as and when we need them, we may be required to severely curtail, or even to cease, our operations.

Other than as discussed above and elsewhere in this Quarterly Report on Form 10-Q, we are not aware of any trends, events or uncertainties that are likely to have a material effect on our financial condition.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item.

Item 4. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of management, including our principal executive officer and principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2016, the end of the period covered by this Quarterly Report. Based upon the evaluation of our disclosure controls and procedures as of March 31, 2016, our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer) concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

No changes in the Company's internal control over financial reporting have come to management's attention during the Company's last fiscal quarter that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

On March 11, 2016, the Company filed a demand for Arbitration with the American Arbitration Association (“AAA”) against a former employee, asserting common law and statutory negligence claims against the former employee arising from her alleged negligent performance of certain work duties. The demand seeks damages for lost profits, along with attorney's fees, interest, and costs. On April 7, 2016, the former employee served an arbitration answering statement and counterclaim request (the “Counterclaim”) to our demand. In the Counterclaim, the former employee alleges causes of action for, among other claims, retaliation, wrongful termination, disability-related discrimination, intentional misrepresentation, breach of contract and intentional infliction of emotional distress. The former employee has asked for recovery of general damages, special damages, statutory damages and penalties, damages for emotional distress, restitution and disgorgement, injunctive relief, punitive damages, costs and attorney’s fees. The amount of the damages was not specified in the Counterclaim.

On April 12, 2016 the Company was served with a Notice of Commencement of Action, a Summons and a Complaint. The action was filed in the Supreme Court of the State of New York, New York County, Index No. 951928/2016 and is titled “Denville and Dover Fund LLC , Plaintiff, against Viveve Medical, Inc. (f/k/a PLC Systems, Inc.), Defendant”. The Complaint alleges that PLC Systems, Inc. (“PLC”), during the period from 2011 through 2013, sold securities to the Plaintiff, including a Common Stock Purchase Warrant, No. R-3B, for the purchase of 679,825 pre-merger shares of PLC common stock (the “Warrant”). The Warrant expiration date was February 22, 2016. Plaintiff alleges that the Warrant was exercised on January 30, 2016 but that the Defendant has failed and refused to issue the common stock, as required by the terms of the Warrant. Plaintiff asks the Court to order the Defendant to issue the shares of common stock underlying the Warrant, pay compensatory damages in an amount no less than \$400,000, pay liquidated damages in the amount of \$10,732 accrued from February 4, 2016 through February 10, 2016 and liquidated damages of \$3,066 per day from February 10, 2016 until judgement and for attorney’s fees and the costs and expenses of the legal action. The Company believes the claim is meritless and intends to vigorously defend against the action.

Item 1A. Risk Factors.

We incorporate herein by reference the risk factors included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 24, 2016.

Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds.

On March 10, 2016 the holder of a warrant for the purchase of 21,742 shares of common stock at an exercise price of \$4.24 per share exercised his right to purchase 6,250 warrant shares. The Company relied on Section 4(a)(2) of the Securities Act of 1933, as amended, to issue the warrant shares inasmuch as the holder of the warrant is an accredited investor and there was no form of general solicitation or general advertising employed in the offering.

In March 2016, the Company's board of directors authorized the issuance of a warrant to Dynamic Medical Technologies (Hong Kong) Limited for the purchase of 25,000 shares of common stock at an exercise price of \$6.08 per share. The warrant has a term of 10 years. The warrant was issued in conjunction with an agreement made with Dynamic Medical Technologies (Hong Kong) Limited to distribute the Company’s product. The Company relied on Section 4(a)(2) of the Securities Act of 1933, as amended, to issue the warrant shares inasmuch as the holder of the warrant is an accredited investor and there was no form of general solicitation or general advertising employed in the offering.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Material Modification to Rights of Security Holders.

On May 9, 2016, Viveve Medical, Inc., a Yukon Territory corporation (“Viveve Yukon”), completed a continuance to the State of Delaware (the “Continuance”) pursuant to a Plan of Continuance (the “Plan of Continuance”) approved by its stockholders at the annual meeting of stockholders held on July 22, 2015. As used herein, the “Company” refers to Viveve Medical, Inc., a Delaware corporation.

The Continuance was accomplished by filing (i) an Application for Authorization to Continue to Another Jurisdiction (the “Application for Continuance”) with the Yukon Registrar of Corporations (the “Yukon Registrar”), (ii) a certificate of conversion (the “Certificate of Conversion”) with the Delaware Secretary of State, and (iii) a certificate of incorporation (the “Delaware Certificate of Incorporation”) with the Delaware Secretary of State. In connection with the Continuance, the Company’s Board of Directors (the “Board”) adopted new bylaws (the “Delaware Bylaws”), effective upon completion of the Continuance.

Upon the effectiveness of the Continuance:

- the affairs of the Company ceased to be governed by Yukon Territory’s corporation laws and became subject to Delaware’s corporation laws, and the Company’s prior Articles of Incorporation and prior Bylaws were replaced by the Delaware Certificate of Incorporation and Delaware Bylaws, respectively;
- the Company continues to possess all of the properties of Viveve Yukon and continues to have all of the debts, liabilities and obligations of Viveve Yukon;
- each outstanding share of Viveve Yukon’s common stock converted to an outstanding share of the Company’s common stock;
- each outstanding option, warrant or other right to acquire shares of the Viveve Yukon’s common stock converted to an outstanding option, warrant or other right to acquire shares of the Company’s common stock;
- each employee benefit plan, incentive compensation plan or other similar plan of Viveve Yukon continues to be an employee benefit plan, incentive compensation plan or other similar plan of the Company; and
- each director or officer of Viveve Yukon continues to hold his or her respective office with the Company.

The foregoing description of the Continuance, the Plan of Continuance, the Application for Continuance, the Certificate of Conversion, the Delaware Certificate of Incorporation, and the Delaware Bylaws does not purport to be complete. The summaries included herein are qualified in their entirety by reference to the full text of the Plan of Continuance, the Application for Continuance, the Certificate of Conversion, the Delaware Certificate of Incorporation, and the Delaware Bylaws, copies of which are filed herewith as exhibits and incorporated herein by reference. Certain rights of the Company's stockholders were changed as a result of the Continuance. A more detailed description of the Delaware Certificate of Incorporation and Delaware Bylaws and the changes in rights of the Company's stockholders as a result of the Continuance is set forth in Annex H to the Company's Definitive Proxy Statement filed with the Securities and Exchange Commission on June 23, 2015, which is incorporated in its entirety herein by reference.

Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The disclosure under "Material Modification to Rights of Security Holders" is incorporated herein by reference.

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On May 11, 2016, each of Mark Colella and Carl Simpson notified the Company and the Board of his resignation as a director, effective immediately. The resignations were not due to any disagreement relating to the operations, policies or practices of the Company.

On May 11, 2016, the Company increased the size of the Board from six to seven members and appointed Arlene Morris, Lori Bush and Debora Jorn (the "New Directors") to serve as directors on the Board, effective immediately. The selection of the New Directors was not pursuant to any arrangement or understanding with respect to the New Directors and any other person. In addition, the Board has determined after careful consideration that each of the New Directors meets the criteria for an "independent director" as set forth in Nasdaq Rule 5605(a)(2).

Ms. Morris has been appointed as a member of the Company's Audit Committee and Chair of the Company's Compensation Committee. Ms. Bush has been appointed as a member of the Compensation Committee. Ms. Jorn has been appointed as a member of the Company's Governance and Nominating Committee.

There are no transactions in which any of the New Directors has an interest requiring disclosure under Item 404(a) of Regulation S-K.

The New Directors will be compensated in accordance with the Company's Independent Director Compensation Policy (the "Policy"), effective as of May 11, 2016. Under the Policy, each independent director will be paid an annual retainer of \$25,000, payable by the Company in quarterly installments in restricted stock awards ("RSAs") to be issued pursuant to the Company's 2013 Stock Option and Incentive Plan (the "2013 Plan"). An additional annual retainer of \$7,500 in RSAs will be paid to Ms. Morris as Chair of the Compensation Committee. Daniel Janney will receive an annual retainer of \$10,000 in RSAs as Chair of the Audit Committee and \$5,000 in RSAs as Chair of the Governance and Nominating Committee. In addition, Brigitte Smith will receive an annual retainer of \$15,000 in RSAs as the Chairperson of the Board. The New Directors will also be granted equity-based awards under the 2013 Plan, including (i) an initial award of options to purchase the Company's common stock pursuant to the 2013 Plan ("Stock Options") with a value at the time of issuance of 2x the Subsequent Award (as defined below) in effect at the time of election (the "Initial Award"); and (ii) an annual award of Stock Options with a value at the time of issuance of approximately 0.035% of the outstanding Stock Options issued under the 2013 Plan (the "Subsequent Award"). The Initial Award and Subsequent Award will vest and become exercisable in 36 equal monthly installments beginning on the first day of the month following the date of grant. The New Directors will also be entitled to receive reimbursement for reasonable out-of-pocket travel expenses in accordance with the Company's existing policies.

Pursuant to the Policy, the Board granted to each of the New Directors, together with Jon Plexico who was appointed as a director on March 14, 2016, a 10-year option to purchase 5,250 shares of the Company's common stock at a price of \$7.74 per share.

The New Directors are expected to stand for election to the Board at the 2016 Annual and Special Meeting of the Stockholders.

Other Events.

In connection with the completion of the Continuance and by operation of Rule 12g-3(a) of the Exchange Act, the Company's shares of common stock are deemed registered under Section 12(g) of the Exchange Act and the Company has succeeded to Viveve Yukon's attributes as the registrant with respect thereto.

Item 6. Exhibits.

Exhibit Number	Document
2.1*	Plan of Continuance
2.1.1*	Yukon Application for Authorization to continue to Another Jurisdiction
2.1.2*	Statutory Declaration
3.1*	Certificate of Conversion for Delaware
3.1.1*	Certificate of Incorporation
3.2*	Bylaws
4.1*	Warrant to Purchase Common Stock issued on April 1, to Dynamic Medical Technologies (Hong Kong) Limited
31.1*	Certification of the Company's Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	Certification of the Company's Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2#	Certification of the Company's Principal Financial and Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 .INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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 thereunto duly authorized.

Dated: May 13, 2016

VIVEVE MEDICAL, INC.
(Registrant)

By: /s/ Patricia Scheller
Patricia Scheller
Chief Executive Officer
Principal Executive Officer

By: /s/ Scott Durbin
Scott Durbin
Chief Financial Officer
Principal Financial and Accounting Officer

PLAN OF CONTINUANCE
of
VIVEVE MEDICAL, INC.
a Yukon Territory corporation

into

VIVEVE MEDICAL, INC.
a Delaware corporation

This Plan of Continuance dated as of May 9, 2016 (together with all of the exhibits attached hereto, this "Plan") is hereby adopted by Viveve Medical, Inc., a Yukon Territory corporation (the "Company"), in order to set forth the terms, conditions and procedures governing the continuance of the Company from a Yukon Territory corporation to a Delaware corporation pursuant to Section 265 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), and Sections 191 and 193 of the Yukon Business Corporations Act, as amended (the "YBCA").

RECITALS

WHEREAS, the Company is a corporation organized and existing under the laws of the Yukon Territory, Canada; and

WHEREAS, the form, terms and provisions of this Plan have been authorized, approved and adopted by (a) the Board by unanimous written consent in lieu of a special meeting and (b) the holders of a majority of the outstanding shares of the Company Common Stock (as defined in Section 5a. below) at a meeting duly held on July 22, 2015 at which a quorum was present and voted.

NOW, THEREFORE, that the Company hereby adopts the Plan as follows:

1. Continuance.

a. Upon the Effective Date (as defined in Section 4 below), the Company shall be continued from a Yukon Territory corporation to a Delaware corporation pursuant to Section 265 of the DGCL and Sections 191 and 193 of the YBCA (the "Continuance") and the Company, as continued into a Delaware corporation (the "Resulting Company"), shall thereafter be subject to all of the provisions of the DGCL, except that notwithstanding Section 106 of the DGCL, the existence of the Resulting Company shall be deemed to have commenced on the date the Company commenced its existence in the Yukon Territory, Canada.

b. As promptly as practicable following the adoption of the Plan, the Company shall cause the Continuance to be effective by:

i. executing and filing (or causing the execution and filing of) an Application for Authorization to Continue into Another Jurisdiction pursuant to Section 191 of the YBCA, substantially in the form attached hereto as **Exhibit A** (the "Yukon Application for Continuance"), with the Yukon Registrar of Corporations (the "Yukon Registrar");

ii. executing and filing (or causing the execution and filing of) a Certificate of Conversion pursuant to Sections 103 and 265 of the DGCL, substantially in the form attached hereto as **Exhibit B** (the "Delaware Certificate of Conversion"), with the Secretary of State of the State of Delaware;

iii. executing and filing (or causing the execution and filing of) a Certificate of Incorporation of the Resulting Company, substantially in the form attached hereto as **Exhibit C** (the "Delaware Charter"), with the Secretary of State of the State of Delaware; and

iv. delivering copies to the Yukon Registrar of the Delaware Certificate of Conversion and Delaware Charter as filed with the Secretary of State of the State of Delaware and requesting that the Yukon Registrar issue a certificate of discontinuance under section 191(6) of the YBCA.

c. Upon the Effective Date, the Bylaws substantially in the form attached hereto as **Exhibit D** (the "Delaware Bylaws") shall be the bylaws of the Resulting Company.

2. Effect of Continuance.

a. Upon the Effective Date, the name of the Resulting Company shall be “Viveve Medical, Inc.”

b. Upon the Effective Date, by virtue of the Continuance and without any further action on the part of the Company or its stockholders, the Resulting Company shall, for all purposes of the laws of the State of Delaware, be deemed to be the same entity as the Company existing immediately prior to the Effective Date. Upon the Effective Date, by virtue of the Continuance and without any further action on the part of the Company or its stockholders, for all purposes of the laws of the State of Delaware, all of the rights, privileges and powers of the Company existing immediately prior to the Effective Date, and all property, real, personal and mixed, and all debts due to the Company existing immediately prior to the Effective Date, as well as all other things and causes of action belonging to the Company existing immediately prior to the Effective Date, shall remain vested in the Resulting Company and shall be the property of the Resulting Company and the title to any real property vested by deed or otherwise in the Company existing immediately prior to the Effective Date shall not revert or be in any way impaired by reason of the Continuance; but all rights of creditors and all liens upon any property of the Company existing immediately prior to the Effective Date shall be preserved unimpaired, and all debts, liabilities and duties of the Company existing immediately prior to the Effective Date shall remain attached to the Resulting Company upon the Effective Date, and may be enforced against the Resulting Company to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by the Resulting Company in its capacity as a corporation of the State of Delaware. The rights, privileges, powers and interests in property of the Company existing immediately prior to the Effective Date, as well as the debts, liabilities and duties of the Company existing immediately prior to the Effective Date, shall not be deemed, as a consequence of the Continuance, to have been transferred to the Resulting Company upon the Effective Date for any purpose of the laws of the State of Delaware.

c. The Continuance shall not be deemed to affect any obligations or liabilities of the Company incurred prior to the Continuance or the personal liability of any person incurred prior to the Continuance.

3. Taxes. The Company intends for the Continuance to constitute a tax-free reorganization qualifying under Section 368(a) of the Internal Revenue Code of 1986, as amended. Accordingly, neither the Company nor any of its stockholders should recognize gain or loss for federal income tax purposes as a result of the Continuance (other than any stockholder that validly exercises dissenter’s appraisal rights).

4. Effective Date. The Continuance shall become effective upon the filing of the Delaware Certificate of Conversion and the Delaware Charter with the Secretary of State of the State of Delaware (the time of the effectiveness of the Continuance, the “Effective Date”).

5. Effect of Continuance on the Company’s Securities. Upon the Effective Date, by virtue of the Continuance and without any further action on the part of the Company or its stockholders:

a. Each share of common stock of the Company, no par value per share (“Company Common Stock”) that is issued and outstanding immediately prior to the Effective Date shall convert into one validly issued, fully paid and nonassessable share of common stock, par value \$0.0001 per share, of the Resulting Company (“Resulting Company Common Stock”).

b. Each option to acquire shares of Company Common Stock outstanding immediately prior to the Effective Date shall convert into an equivalent option to acquire the same number of shares of Resulting Company Common Stock, upon the same terms and conditions as were in effect immediately prior to the Effective Date.

c. Each warrant or other right to acquire shares of Company Common Stock outstanding immediately prior to the Effective Date shall convert into an equivalent warrant or other right to acquire the same number of shares of Resulting Company Common Stock, upon the same terms and conditions as were in effect immediately prior to the Effective Date.

d. All of the outstanding certificates representing shares of Company Common Stock immediately prior to the Effective Date shall be deemed for all purposes to continue to evidence ownership of and to represent the same number of shares of Resulting Company Common Stock.

6. Effect of the Continuance on Employee Benefit, Stock Option and Other Equity-Based Plans. Upon the Effective Date, by virtue of the Continuance and without any further action on the part of the Company or its stockholders, each employee benefit plan, stock option plan, and other equity-based plan of the Company shall continue to be a plan of the Resulting Company. To the extent that any such plan provides for the issuance of Company Common Stock, upon the Effective Date, such plan shall be deemed to provide for the issuance of Resulting Company Common Stock.

7. Effect of Continuance on Directors and Officers. Upon the Effective Date, by virtue of the Continuance and without any further action on the part of the Company or its stockholders, the members of the Board and the officers of the Company holding their respective offices in the Company existing immediately prior to the Effective Time shall continue in their respective offices as members of the Board and officers of the Resulting Company.

8. Dissenters' Appraisal Rights . Upon the Effective Date, in accordance with Section 193 of the YBCA, the Resulting Company shall afford each holder of shares of Company Common Stock the right to receive the appraised value for his, her or its shares of the Company Common Stock if such holder fully complies with the provisions of Section 193 of the YBCA.

9. Further Assurances. If, at any time after the Effective Date, the Resulting Company shall determine or be advised that any deeds, bills of sale, assignments, agreements, documents or assurances or any other acts or things are necessary, desirable or proper, consistent with the terms of the Plan, (a) to vest, perfect or confirm, of record or otherwise, in the Resulting Company its right, title or interest in, to or under any of the rights, privileges, immunities, powers, purposes, franchises, properties or assets of the Company existing immediately prior to the Effective Date, or (b) to otherwise carry out the purposes of the Plan, the Resulting Company and its officers and directors are hereby authorized to solicit in the name of the Resulting Company any third-party consents or other documents required to be delivered by any third-party, to execute and deliver, in the name and on behalf of the Resulting Company all such deeds, bills of sale, assignments, agreements, documents and assurances and do, in the name and on behalf of the Resulting Company, all such other acts and things necessary, desirable or proper to vest, perfect or confirm its right, title or interest in, to or under any of the rights, privileges, immunities, powers, purposes, franchises, properties or assets of the Company existing immediately prior to the Effective Date and otherwise to carry out the purposes of the Plan.

10. Copy of Plan of Continuance. After the Effective Date, a copy of this Plan shall be kept on file at the offices of the Resulting Company, and any stockholder of the Resulting Company (or former stockholder of the Company) may request a copy of this Plan at no charge at any time.

11. Termination; Amendment. At any time prior to the Effective Date, the Plan may be terminated or amended by action of the Board if, in the opinion of the Board, such action would be in the best interests of the Company and its stockholders.

12. Third Party Beneficiaries. The Plan shall not confer any rights or remedies upon any person other than as expressly provided herein.

13. Severability. Whenever possible, each provision of the Plan will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Plan.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Company has caused this Plan of Continuance to be duly executed as of the date first above written.

VIVEVE MEDICAL, INC.

By: /s/ Patricia Scheller
Patricia Scheller
Chief Executive Officer

EXHIBIT A

FORM OF YUKON APPLICATION FOR CONTINUANCE

EXHIBIT B

FORM OF DELAWARE CERTIFICATE OF CONVERSION

EXHIBIT C

FORM OF DELAWARE CHARTER

EXHIBIT D

FORM OF DELAWARE BYLAWS

**YUKON APPLICATION FOR AUTHORIZATION
TO CONTINUE INTO ANOTHER JURISDICTION**

1. Name of corporation: VIVEVE MEDICAL, INC.
2. Yukon registry number: 527034
3. Jurisdiction into which the corporation wishes to continue: Delaware
4. Date shareholders authorized continuance: 2015/07/22
5. Name of individual signing: Durbin, Scott C.
6. Title of individual signing: Chief Financial Officer, Secretary
7. Signature: /s/ Scott C. Durbin
8. Date of signature: 4/5/16

**IN THE MATTER OF THE APPLICATION FOR AUTHORIZATION TO CONTINUE INTO
ANOTHER JURISDICTION FILED PURSUANT TO SECTION 191 OF THE *BUSINESS
CORPORATIONS ACT (YUKON)***

IN THE NAME OF

VIVEVE MEDICAL, INC.

STATUTORY DECLARATION

I, Scott C. Durbin, of the City of Chicago in the State of Illinois do solemnly declare that:

I am the Chief Financial Officer and Secretary of **VIVEVE MEDICAL, INC.** (the "Corporation") and I have personal knowledge of the matters herein deposed to.

1. The Corporation was continued under the *Business Corporations Act* (Yukon) and is in good standing under this Act;
2. The Corporation wishes to continue under the *Delaware General Corporation Law*,
3. Section 265 of the *Delaware General Corporation Law* authorizes the continuance and Section 265 complies with the conditions set out in Section 191(9) of the *Business Corporations Act* (Yukon).

AND I make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath.

/s/ Scott C. Durbin
Scott C. Durbin

Declared before me, in the City of
Chicago in Illinois, this 5th day of April, 2016
Cook County/ Notary
NOTARY PUBLIC IN AND FOR

/s/ Gabriel Enriquez
Print name and affix seal

**STATE OF DELAWARE
CERTIFICATE OF CONVERSION
FROM A NON-DELAWARE CORPORATION
TO A DELAWARE CORPORATION
PURSUANT TO SECTION 265 OF THE
DELAWARE GENERAL CORPORATION LAW**

1. The jurisdiction where the Non-Delaware Corporation first formed is the Yukon Territory, Canada.
2. The jurisdiction immediately prior to filing this Certificate is the Yukon Territory, Canada.
3. The date the Non-Delaware Corporation first formed is March 3, 1987.
4. The name of the Non-Delaware Corporation immediately prior to filing this Certificate is Viveve Medical, Inc.
5. The name of the Corporation as set forth in the Certificate of Incorporation is Viveve Medical, Inc.

IN WITNESS WHEREOF, the undersigned being duly authorized to sign on behalf of the converting Non-Delaware Corporation has executed this Certificate on the 9th day of May, 2016.

/s/ Patricia Scheller
Patricia Scheller
Chief Executive Officer

**DELAWARE CERTIFICATE
OF INCORPORATION**

ARTICLE I

The name of this corporation is Viveve Medical, Inc. (the "Corporation").

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 2140 South DuPont Highway, City of Camden, ZIP Code 19934, in the County of Kent. The name of its registered agent at such address is Paracorp Incorporated.

ARTICLE III

The nature of the business or purposes for which the Corporation is organized is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV

1. Authorization. This Corporation is authorized to issue a total of Eighty-Five Million (85,000,000) shares among two classes of stock as follows:

- (a) Seventy-Five Million (75,000,000) shares shall be designated as Common Stock, par value \$0.0001 per share; and
- (b) Ten Million (10,000,000) shares shall be designated as Preferred Stock, par value \$0.0001 per share.

2. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, within the limitations and restrictions stated in this Certificate of Incorporation, to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them, and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of share of such series then outstanding. In case the number of shares of any series shall be so decrease, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of share of such series.

ARTICLE V

The name and mailing address of the incorporator are: Patricia Scheller, 150 Commercial Street, Sunnyvale, CA 94086.

ARTICLE VI

Except as otherwise provided in this Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

ARTICLE VII

The number of directors of the Corporation shall be fixed from time to time by, or in the manner provided in, the Bylaws of the Corporation or amendment thereof duly adopted by the Board of Directors or by the stockholders.

ARTICLE VIII

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE IX

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE X

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended after approval by the stockholders of this Article X to authorize corporate action further eliminating or limiting the personal liability of directors then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL as so amended.

Any repeal or modification of the foregoing provision of this Article X by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE XI

The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has signed this Certificate this 9th day of May, 2016.

/s/ Patricia Scheller
Patricia Scheller
Incorporator

BYLAWS
OF
VIVEVE MEDICAL, INC.

a Delaware Corporation

May 9, 2016

Table of Contents

Article I - Stockholders	4
1. Annual Meeting	4
2. Special Meetings	4
3. Notice of Meetings	4
4. Adjourned Meetings	5
5. Quorum	5
6. Voting and Proxies	5
7. Action at Meeting	5
8. Presiding Officer	5
9. Conduct of Meetings	6
10. Action without a Meeting	6
11. Stockholder Lists	6
Article II - Directors	7
1. Powers	7
2. Number and Qualification	7
3. Vacancies	7
4. Tenure	7
5. Removal	7
6. Meetings	7
7. Notice of Meetings	7
8. Quorum	8
9. Action at Meeting	8
10. Action by Consent	8
Article III - Officers	8
1. Enumeration	8
2. Election	8
3. Qualification	8
4. Tenure	8
5. Removal	9
6. Vacancies	9
7. Chairman and Vice Chairman of the Board of Directors	9
8. Chief Executive Officer	9
9. President	9
10. Vice Presidents and Assistant Vice Presidents	9
11. Treasurer and Assistant Treasurers	9
12. Secretary and Assistant Secretaries	10
13. Other Powers and Duties	10
Article IV - Capital Stock	10
1. Certificates of Stock	10
2. Transfers	11
3. Record Holders	11
4. Record Date	11
5. Lost Certificates	12

Article V - Indemnification	12
1. Definitions	12
2. Indemnification of Directors and Officers	13
3. Indemnification of Non-Officer Employees	14
4. Advancement of Expenses to Directors and Officers Prior to Final Disposition	14
5. Advancement of Expenses to Non-Officer Employees Prior to Final Disposition	15
6. Contractual Nature of Rights	15
7. Non-Exclusivity of Rights	16
8. Insurance	16
9. Other Indemnification	16
10. Merger or Consolidation	16
Article VI - Miscellaneous Provisions	16
1. Fiscal Year	16
2. Seal	16
3. Execution of Instruments	16
4. Voting of Securities	16
5. Resident Agent	17
6. Corporate Records	17
7. Dividends	17
8. Checks, Drafts or Orders	17
9. Amendments	17
10. Waiver of Notice	17
11. Conflict with Other Documents	18
Article VII - Offices	18
1. Registered Office	18
2. Other Offices	18

BYLAWS

of

VIVEVE MEDICAL, INC.

(the “Corporation”)

Article I - Stockholders

1. Annual Meeting. The annual meeting of stockholders shall be held for the election of directors each year at such place, date and time as shall be designated by the board of directors of the Corporation (the “Board of Directors”). Any other proper business may be transacted at the annual meeting. If no date for the annual meeting is established or said meeting is not held on the date established as provided above, a special meeting in lieu thereof may be held or there may be action by written consent of the stockholders on matters to be voted on at the annual meeting, and such special meeting or written consent shall have for the purposes of these Bylaws or otherwise all the force and effect of an annual meeting.

2. Special Meetings. Special meetings of stockholders may be called for any purpose (including, without limitation, the filling of vacancies on the Board of Directors and the election of new members of the Board of Directors). Such special meetings may be called at any time by the Chief Executive Officer, if one is elected, or, if there is no Chief Executive Officer, a President, or by the Board of Directors, or by any stockholder of the Corporation holding 25% or more of the issued and outstanding capital stock of the Corporation (on a fully-diluted basis), but such special meetings may not be called by any other person or persons. The call for the meeting shall state the place, date, hour and purposes of the meeting. Only the purposes specified in the notice of special meeting shall be considered or dealt with at such special meeting.

3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present and vote at such meeting and, in case of a special meeting, the purpose or purposes of the meeting, shall be given by the Secretary (or other person authorized by these Bylaws or by law) not less than ten (10) nor more than sixty (60) days before the meeting to each stockholder entitled to vote thereat and to each stockholder, if any, who, under the certificate of incorporation of the Corporation (as amended, modified or supplemented from time to time, the “Certificate of Incorporation”) or under these Bylaws is entitled to such notice. Except as otherwise provided in the Certificate of Incorporation or any stockholders agreement that may be entered into by and among the Corporation and the stockholders (such stockholder agreement as amended, modified, or supplemented from time to time, the “Stockholders Agreement”), if mailed, notice is given when deposited in the mail, postage prepaid, directed to such stockholder at such stockholder’s address as it appears in the records of the Corporation. Without limiting the manner by which notice otherwise may be effectively given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law (the “DGCL”).

4. Adjourned Meetings. If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

5. Quorum. The holders of a majority in interest of all stock issued, outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present.

6. Voting and Proxies. Except as otherwise provided by the Certificate of Incorporation, the Stockholders Agreement or law, stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the books of the Corporation. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Every proxy must be signed by the stockholder granting the proxy or by his attorney-in-fact. No proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. Proxies shall be filed with the secretary of the meeting, or of any adjournment thereof. Except as otherwise limited therein, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by one of them unless at or prior to exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

7 . Action at Meeting. When a quorum is present, any matter before the meeting shall be decided by vote of the holders of a majority of the shares of stock voting on such matter except where a larger vote is required by law, the Certificate of Incorporation, the Stockholders Agreement or these Bylaws. Any election of directors by stockholders shall be determined by a plurality of the votes cast, except where a larger vote is required by law, the Certificate of Incorporation, the Stockholders Agreement or these Bylaws. The Corporation shall not directly or indirectly vote any share of its own stock; provided, however, that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

8 . Presiding Officer. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors, if one is elected, or in his or her absence, the Vice Chairman of the Board of Directors, if one is elected, or if neither is elected or in their absence, the Chief Executive Officer. The Board of Directors shall have the authority to appoint a temporary presiding officer to serve at any meeting of the stockholders if the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors or the Chief Executive Officer is unable to do so for any reason.

9 . Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the presiding officer of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

10. Action without a Meeting. Except as otherwise provided in the Certificate of Incorporation or the Stockholders Agreement, any action required or permitted by law to be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office, by hand or by certified mail, return receipt requested, or to the Corporation's principal place of business or to the officer of the Corporation having custody of the minute book. Every written consent shall bear the date of signature and no written consent shall be effective unless, within sixty (60) days of the earliest dated consent delivered pursuant to these Bylaws, written consents signed by a sufficient number of stockholders entitled to take action are delivered to the Corporation in the manner set forth in these Bylaws. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

11. Stockholder Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing contained in this Section 11 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting in the manner provided by law. The list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law.

Article II- Directors

1. Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors, who may exercise all the powers of the Corporation except as otherwise provided by law, the Certificate of Incorporation or these Bylaws. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board of Directors until the vacancy is filled.

2. Number and Qualification. Except as otherwise provided in the Certificate of Incorporation or these Bylaws, the number of directors which shall constitute the whole Board of Directors as of the effective date of these Bylaws shall be determined from time to time by resolution of the Board of Directors. The Board of Directors shall consist of not fewer than three (3) and not more than twenty (20) directors. Directors need not be stockholders.

3. Vacancies. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board of Directors, however occurring, may be filled by a vote of holders of a majority of the shares of stock entitled to vote in the election of directors pursuant to the Certificate of Incorporation, and the directors so elected shall hold office until the next annual meeting of the stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

4. Tenure. Except as otherwise provided by law, the Certificate of Incorporation, the Stockholders Agreement or these Bylaws, directors shall hold office until their successors are elected and qualified or until their earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5. Removal. To the extent permitted by law, except as otherwise provided by the Certificate of Incorporation, a director may be removed from office with or without cause by vote of the holders of a majority of the shares of stock entitled to vote in the election of directors pursuant to the Certificate of Incorporation.

6. Meetings. Regular meetings of the Board of Directors may be held at such time, date and place as may be determined by the Board of Directors. Special meetings of the Board of Directors may be called, orally or in writing, by the Chairman of the Board, the Chief Executive Officer, if one is elected, or, if there is no Chief Executive Officer, a President, or by three (3) or more directors, by delivering notice of such meeting to the directors in accordance with Section 8 of this Article II. Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting.

7. Notice of Meetings. Except as otherwise provided in the Stockholders Agreement, regular and special meetings of the Board of Directors shall require notice in accordance with this Section 7, provided that no notice shall be required for regular meetings of the Board of Directors held immediately after the annual meeting of the Stockholders and meetings that are adjourned pursuant to Section 9 of this Article II. Notice of the time, date and place of all regular and special meetings of the Board of Directors shall be given to each director by the Secretary, or Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the officer or one of the directors calling the meeting. Notice shall be given to each director in person, by telephone, by mail, by facsimile, electronic mail or other form of electronic communications, sent to such director's business or home address at least twenty-four (24) hours in advance of the meeting, or by written notice mailed to such director's business or home address at least forty eight (48) hours in advance of the meeting.

8. Quorum. At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time to another place, time or date, without notice other than announcement at the meeting until a quorum shall be present.

9 . Action at Meeting. Except as otherwise provided by law, the Certificate of Incorporation, the Stockholders Agreement or these Bylaws, at any meeting of the Board of Directors at which a quorum is present, a majority of the directors present may take any action on behalf of the Board of Directors.

10 . Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the records of the meetings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Any reference herein to a resolution made at a meeting of the Board of Directors shall include an action taken by written consent in lieu of a meeting.

Article III- Officers

1 . Enumeration. The officers of the Corporation may consist of a President, a Treasurer, a Secretary, and such other officers, including, without limitation, a Chief Executive Officer and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine. The Board of Directors may elect from among its members a Chairman of the Board of Directors and a Vice Chairman of the Board of Directors.

2 . Election. The President, Treasurer and Secretary shall be elected annually by the Board of Directors at their first meeting following the annual meeting of stockholders. Other officers may be chosen by the Board of Directors at such meeting or at any other meeting.

3 . Qualification. No officer need be a stockholder or a director of the Corporation. Any two or more offices may be held by the same person.

4 . Tenure. Except as otherwise provided by the Certificate of Incorporation or by these Bylaws, each of the officers of the Corporation shall hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders and until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign by delivering his or her written resignation to the Corporation, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5 . Removal. The Board of Directors may remove any officer with or without cause by a vote of a majority of the directors then in office.

6 . Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

7 . Chairman and Vice Chairman of the Board of Directors. Except as otherwise provided by the Board of Directors, the Chairman of the Board of Directors, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate. Except as provided by the Board of Directors, in the absence of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Vice Chairman of the Board of Directors shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

8 . Chief Executive Officer. In the absence of the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors, the Chief Executive Officer, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Chief Executive Officer shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

9. President. The President shall, subject to the direction of the Board of Directors, have general supervision and control of the Corporation's business and shall see that all orders and resolutions of the Board of Directors are carried into effect. In the absence of the Chairman of the Board of Directors, Vice Chairman of the Board of Directors and Chief Executive Officer, the President shall preside, when present, at all meetings of stockholders and the Board of Directors. The President shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

10. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

11. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation, except as the Board of Directors may otherwise provide. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of the Treasurer and for the restoration to the Corporation, in case of the Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation. Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time designate.

12. Secretary and Assistant Secretaries. The Secretary shall record the proceedings of all meetings of the stockholders and the Board of Directors (including committees of the Board of Directors) in books kept for that purpose. In the absence of the Secretary from any such meeting an Assistant Secretary, or if such person is absent, a temporary secretary chosen at the meeting, shall record the proceedings thereof. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give authorization to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation), shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, and shall have such other duties and powers as may be designated from time to time by the Board of Directors. Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time designate.

13. Other Powers and Duties. Subject to these Bylaws, each officer of the Corporation shall have in addition to the duties and powers specifically set forth in these Bylaws, such duties and powers as are customarily incident to such officer's office, and such duties and powers as may be designated from time to time by the Board of Directors.

Article IV- Capital Stock

1. Certificates of Stock. Each stockholder shall be entitled to a certificate of capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors, certifying the number of shares owned by such holder in the Corporation. Such certificate shall be signed by a President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary. Such signatures may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the time of its issue. All certificates for shares of stock shall be consecutively numbered or otherwise identified. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law. The Corporation shall be permitted to issue fractional shares.

2 . Transfers. Subject to any restrictions on transfer in the Stockholders Agreement or otherwise applicable to such shares, shares of stock shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation or its transfer agent of the certificate or certificates therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require. In that event the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books.

3 . Record Holders. Except as may otherwise be required by law, by the Certificate of Incorporation, the Stockholders Agreement or by these Bylaws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these Bylaws. It shall be the duty of each stockholder to notify the Corporation of such stockholder's post office address.

4 . Record Date. Except as otherwise provided in the Certificate of Incorporation or in the Stockholders Agreement, in order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date on which it is established, and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, more than ten (10) days after the date on which the record date for stockholder consent without a meeting is established, nor more than sixty (60) days prior to any other action. In such case only stockholders of record on such record date shall be so entitled notwithstanding any transfer of stock on the books of the Corporation after the record date.

If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the next preceding the day on which the meeting is held, (b) the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in this state, to its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded, and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

5 . Lost Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been mutilated, lost, stolen or destroyed, and the Corporation may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to indemnify the Corporation, in a reasonable manner, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Article V - Indemnification

1. Definitions. For purposes of this Article V:

(a) "Corporate Status" describes the status of a person who is serving or has served as a Director or Officer of the Corporation or its Subsidiaries, or is serving or has served at the request of the Corporation or its Subsidiaries as a director, partner, trustee, officer, employee, fiduciary, or agent of any other Corporation, partnership, limited liability company, joint venture, trust, foundation, association, organization, employee benefit plan or other enterprise or legal entity. For purposes of this Section 1(a), an Officer or Director of the Corporation who is serving or has served as a director, partner, trustee, officer, employee, fiduciary, or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation;

(b) “Director” means any person who serves or has served the Corporation or its Subsidiaries as a director on the Board of Directors of the Corporation or its Subsidiaries;

(c) “Disinterested Director” means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation or its Subsidiaries who is not and was not a party to such Proceeding;

(d) “Expenses” means all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) “Non-Officer Employee” means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(f) “Officer” means any person who serves or has served the Corporation or its Subsidiaries as an officer appointed by the Board of Directors of the Corporation or its Subsidiaries;

(g) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitral or investigative; and

(h) “Subsidiary” shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) 50% or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

2. Indemnification of Directors and Officers. Subject to the operation of Section 5 of this Article V of these Bylaws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against any and all Expenses, judgments, penalties, damages, liabilities, losses, excise taxes, fines and amounts reasonably paid in settlement that are incurred by such Director or Officer or on such Director’s or Officer’s behalf in connection with any threatened, pending or completed Proceeding or any claim, issue or matter therein, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director’s or Officer’s Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful; provided, however, that for any action or suit by or in the right of the Corporation, the indemnification hereunder shall be limited to Expenses actually and reasonably incurred by such Director or Officer and except that no indemnification under such circumstances shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and to the extent of a determination of entitlement to indemnification by the Court of Chancery of the State of Delaware. The rights of indemnification provided by this Section 1 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding was authorized by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce an Officer or Director’s rights to indemnification or, in the case of Directors, advancement of Expenses under these Bylaws in accordance with the provisions set forth herein.

3 . Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V of these Bylaws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized by the Board of Directors of the Corporation.

4. Advancement of Expenses to Directors and Officers Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director or Officer in connection with any Proceeding in which such Director or Officer is involved by reason of such Director's or Officer's Corporate Status within ten (10) days after the receipt by the Corporation of a written statement from such Director or Officer requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director or Officer and shall be preceded or accompanied by an undertaking by or on behalf of such Director or Officer to repay any Expenses so advanced if it shall ultimately be determined that such Director or Officer is not entitled to be indemnified against such Expenses.

(b) If a claim for advancement of Expenses hereunder by a Director or Officer is not paid in full by the Corporation within ten (10) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article V shall not be a defense to the action and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director or Officer is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

5. Advancement of Expenses to Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Non-Officer Employee in connection with any Proceeding in which such is involved by reason of the Corporate Status of such Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such to repay any Expenses so advanced if it shall ultimately be determined that such Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

6. Contractual Nature of Rights.

(a) The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any Proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts. If there exists any conflict between this Article V and any agreement for indemnification entered into between the Corporation and a Director, the terms and conditions of such indemnification agreement shall prevail.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within sixty (60) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation in any court of competent jurisdiction to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to the action and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

7. Non-Exclusivity of Rights. The rights to indemnification and advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director or Officer, may have or hereafter acquire under any statute, provision of the Certificate of Incorporation or these Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise.

8. Insurance. The Corporation shall maintain insurance, at its expense, to protect itself and any Director or Officer against any liability asserted against or incurred by the Corporation or any such Director or Officer, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

9. Other Indemnification. The Corporation's obligation, if any, to indemnify any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee, fiduciary, or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise.

10. Merger or Consolidation. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its Directors, or Officers, so that any person who is or was a Director or Officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

Article VI - Miscellaneous Provisions

1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on December 31 of each year.
2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.
3. Execution of Instruments. Subject to any limitations which may be set forth in a resolution of the Board of Directors, all deeds, leases, transfers, contracts, bonds, mortgages, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by, the Chief Executive Officer, a President, or by any other officer, employee or agent of the Corporation as the Board of Directors, the Chief Executive Officer or the President may authorize.
4. Voting of Securities. Unless the Board of Directors otherwise provides, a President, any Vice President or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by this Corporation.
5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.
6. Corporate Records. The original or attested copies of the Certificate of Incorporation, Bylaws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock and transfer records, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, shall be kept at the principal office of the Corporation, at the office of its counsel, or at an office of its transfer agent.
7. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.
8. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.
9. Amendments. Except as provided in the Certificate of Incorporation or the Stockholders Agreement, these Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by the stockholders or by the Board of Directors; provided, however, that (a) the Board of Directors may not alter, amend or repeal any provision of these Bylaws which by law, by the Certificate of Incorporation, the Stockholders Agreement or by these Bylaws requires action by the stockholders and (b) except as provided in the Certificate of Incorporation or the Stockholders Agreement, any alteration, amendment or repeal of these Bylaws by the Board of Directors and any new Bylaw adopted by the Board of Directors may be altered, amended or repealed by the stockholders.
10. Waiver of Notice. Whenever notice is required to be given under any provision of these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting needs to be specified in any written waiver or any waiver by electronic transmission.

11. Conflict with Other Documents. If there exists any conflict between the provisions of these Bylaws and the provisions of the Certificate of Incorporation or the Stockholders Agreement, the applicable provisions of the Certificate of Incorporation or the Stockholders Agreement shall prevail.

Article VII- Offices

1. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at 2140 South DuPont Highway, Camden, Delaware 19934, in the County of Kent. The name of the Corporation's registered agent at such address shall be Paracorp Incorporated. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

THESE SECURITIES AND THE UNDERLYING SHARES OF COMMON STOCK HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT.

COMMON STOCK PURCHASE WARRANT

Issue Date: **April 1, 2016**

To Purchase **200,000** Shares of Common Stock of

VIVEVE MEDICAL, INC.

THIS COMMON STOCK PURCHASE WARRANT CERTIFIES that, for value received, **Dynamic Medical Technologies (Hong Kong) Limited** (the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Issue Date (the "Initial Exercise Date") and on or prior to the close of business on the earlier of the **tenth anniversary of the Issue Date** (the "Termination Date") but not thereafter, to subscribe for and purchase from Viveve Medical, Inc., a Yukon Territory corporation (the "Company"), up to an aggregate of **200,000** shares (the "Warrant Shares") of the Company's common stock, no par value (the "Common Stock") in accordance with Section 3 or Section 4 herein. The purchase price of one share of Common Stock (the "Exercise Price") under this Warrant shall be **\$.76**, subject to adjustment hereunder. The Exercise Price and the number of Warrant Shares for which the Warrant is exercisable shall be subject to adjustment as provided herein.

1. Title to Warrant. Prior to the Termination Date, this Warrant and all rights hereunder are non-transferable.
 2. Authorization of Shares. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).
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Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by the surrender of this Warrant and the Notice of Exercise Form annexed hereto duly executed, at the office of the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of such Holder appearing on the books of the Company). Upon payment of the Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank, the Holder shall be entitled to receive a certificate for the number of Warrant Shares so purchased. Certificates for Warrant Shares purchased hereunder shall be delivered to the Holder within five (5) business days after the date on which this Warrant shall have been exercised as aforesaid (the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised and such certificate or certificates shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price and all taxes required to be paid by the Holder, if any, pursuant to Section 7 prior to the issuance of such shares, have been paid. If the Company fails to deliver to the Holder a certificate or certificates representing the number of Warrant Shares exercised pursuant to this Section 3(a) by the fifth business day after the date of exercise, then the Holder will have the right to rescind such exercise by written notice to the Company. If (i) the Company is obligated to and fails, for any reason, to deliver to the Holder certificates evidencing the Warrant Shares subject to a Notice of Exercise Form by the fifth (5th) day of the Warrant Share Delivery Date (the "Final Delivery Date") and (ii) the Warrant Shares will be, on or before the Final Delivery Date, either (A) registered on an effective registration statement filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or (B) available to be traded pursuant to Rule 144 promulgated under the Securities Act, then the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, the difference between (C) the last sale price of the Company's Common Stock on the Final Delivery Date, as reported by the Principal Trading Market on which the Common Stock is traded and (D) the last sale price of the Company's Common Stock as reported by the Principal Trading Market on which the Common Stock is traded on the date that the certificates for the Warrant Shares are delivered to the Holder. "Principal Trading Market" means the Over the Counter Bulletin Board, the OTC Markets Group Inc. or such other market on which the Common Stock is principally traded at the relevant time.

3. Cashless Exercise. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date, by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 4.

4. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

5. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

6. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder.

7. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

8. Division and Combination.

(a) This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the Holder's and the denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. The Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

(b) The Company shall prepare, issue and deliver at its own expense (other than transfer taxes) the new Warrant or Warrants under this Section 7.

(c) The Company agrees to maintain, at its aforesaid office, books for the registration of this Warrant and any other new Warrants that may be issued upon the division or combination of this Warrant under this Section 7.

9. No Rights as Shareholder until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof. Upon the surrender of this Warrant and the payment of the aggregate Exercise Price, the Warrant Shares so purchased shall be and be deemed to be issued to such Holder as the record owner of such shares as of the close of business on the later of the date of such surrender or payment.

10. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

12. Adjustments of Exercise Price and Number of Warrant Shares. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time upon the happening of any of the following. In case the Company shall (i) pay a dividend in shares of Common Stock or make a distribution in shares of Common Stock to holders of its outstanding Common Stock, (ii) subdivide its outstanding shares of Common Stock into a greater number of shares, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, or (iv) issue any shares of its capital stock in a reclassification of the Common Stock, then in each such case the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior thereto shall be adjusted so that the Holder shall be entitled to receive the kind and number of Warrant Shares or other securities of the Company which it would have owned or have been entitled to receive had such Warrant been exercised in advance thereof. Upon each such adjustment of the kind and number of Warrant Shares or other securities of the Company which are purchasable hereunder, the Holder shall thereafter be entitled to purchase the number of Warrant Shares or other securities resulting from such adjustment at an Exercise Price per Warrant Share or other security obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares purchasable pursuant hereto immediately prior to such adjustment and dividing by the number of Warrant Shares or other securities of the Company resulting from such adjustment. An adjustment made pursuant to this paragraph shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

13. Reorganization, Reclassification, Merger, Consolidation or Disposition of Assets. In case the Company shall reorganize its capital, reclassify its capital stock, consolidate or merge with or into another corporation (where the Company is not the surviving corporation or where there is a change in or distribution with respect to the Common Stock of the Company), or sell, transfer or otherwise dispose of all or substantially all its property, assets or business to another corporation and, pursuant to the terms of such reorganization, reclassification, merger, consolidation or disposition of assets, shares of common stock of the successor or acquiring corporation, or any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring corporation (“Other Property”), are to be received by or distributed to the holders of Common Stock of the Company, then the Holder shall have the right thereafter to receive, at the option of the Holder, upon exercise of this Warrant, the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and Other Property receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a Holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. In case of any such reorganization, reclassification, merger, consolidation or disposition of assets, the successor or acquiring corporation (if other than the Company) shall expressly assume the due and punctual observance and performance of each and every covenant and condition of this Warrant to be performed and observed by the Company and all the obligations and liabilities hereunder, subject to such modifications as may be deemed appropriate (as determined in good faith by resolution of the Board of Directors of the Company) in order to provide for adjustments of Warrant Shares for which this Warrant is exercisable which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 12. For purposes of this Section 12, “common stock of the successor or acquiring corporation” shall include stock of such corporation of any class which is not preferred as to dividends or assets over any other class of stock of such corporation and which is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this Section 12 shall similarly apply to successive reorganizations, reclassifications, mergers, consolidations or disposition of assets.

14. Voluntary Adjustment by the Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

15. Notice of Adjustment. Whenever the number of Warrant Shares or number or kind of securities or other property purchasable upon the exercise of this Warrant or the Exercise Price is adjusted, as herein provided, the Company shall give notice thereof to the Holder, which notice shall state the number of Warrant Shares (and other securities or property) purchasable upon the exercise of this Warrant and the Exercise Price of such Warrant Shares (and other securities or property) after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

16. Notice of Corporate Action. If at any time:

- (a) the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, or any right to subscribe for or purchase any evidences of its indebtedness, any shares of stock of any class or any other securities or property, or to receive any other right, or
- (b) there shall be any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger of the Company with, or any sale, transfer or other disposition of all or substantially all the property, assets or business of the Company to, another corporation or,
- (c) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of such cases (but not in such cases if the rights of the Holder or holders of Common Stock will not be materially affected thereby), the Company shall give to Holder (i) at least 5 business days' prior notice of the date on which a record date shall be selected for such dividend, distribution or right or for determining rights to vote in respect of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, liquidation or winding up, and (ii) in the case of any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up, at least 5 business days' prior notice of the date when the same shall take place. Such notice in accordance with the foregoing clause also shall specify (i) the date on which any such record is to be taken for the purpose of such dividend, distribution or right, the date on which the holders of Common Stock shall be entitled to any such dividend, distribution or right, and the amount and character thereof, and (ii) the date on which any such reorganization, reclassification, merger, consolidation, sale, transfer, disposition, dissolution, liquidation or winding up is to take place and the time, if any such time is to be fixed, as of which the holders of Common Stock shall be entitled to exchange their Warrant Shares for securities or other property deliverable upon such disposition, dissolution, liquidation or winding up. Each such written notice shall be sufficiently given if addressed to Holder at the last address of Holder appearing on the books of the Company and delivered in accordance with Section 19(c).

17. Authorized Shares. The Company covenants that during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the trading market upon which the Common Stock may be listed.

19. Miscellaneous.

(a) Jurisdiction. This Warrant shall constitute a contract under the laws of California, without regard to its conflicts of laws principles or rules.

(b) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

(c) Notices. Any notice, request or other document required or permitted to be given or delivered pursuant to this Warrant shall be deemed to have been sufficiently given and received for all purposes when delivered by hand or by telecopy that has been confirmed as received by 5:00 P.M. on a business day, one (1) business day after being sent by nationally recognized overnight courier or received by telecopy after 5:00 P.M. on any day, or five (5) business days after being sent by certified or registered mail, postage and charges prepaid, return receipt requested, to the following addresses:

If to the Company: Viveve Medical, Inc.
150 Commercial Street
Sunnyvale, CA 94086
Attn: Scott C. Durbin
Fax: (408) 530-1919

If to the Holder: At the Holder's address in the Company's Warrant register.

(d) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant or purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(e) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

(f) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Holder and the Company.

(g) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(h) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized.

Dated: April 1, 2016

VIVEVE MEDICAL, INC.

By: /s/ Scott Durbin

Name: Scott Durbin

Title: Chief Financial Officer

NOTICE OF EXERCISE

To: **VIVEVE MEDICAL, INC.**

(1) The undersigned hereby elects to purchase _____ Warrant Shares of **VIVEVE MEDICAL, INC.** pursuant to the terms of the attached Warrant, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

Name: _____

Address: _____

SSN: _____

The Warrant Shares shall be delivered to the following:

HOLDER NAME

By: _____

Name:

Title:

Dated _____

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**

I, Patricia Scheller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for Viveve Medical, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2016

/s/ Patricia Scheller

Patricia Scheller
Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**

I, Scott Durbin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for Viveve Medical, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2016

/s/ Scott Durbin

Scott Durbin
Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), the undersigned officer of Viveve Medical, Inc. (the "Company"), does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2016

/s/ Patricia Scheller

Patricia Scheller

Chief Executive Officer

(Principal Executive Officer)

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18,
United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), the undersigned officer of Viveve Medical, Inc. (the "Company"), does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 13, 2016

/s/ Scott Durbin

Scott Durbin
Chief Financial Officer
(Principal Financial and Accounting Officer)