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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 2, 2015**

T2 BIOSYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-36571**	**20-4827488**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

101 Hartwell Avenue, Lexington, Massachusetts 02421
(Address of principal executive offices, including Zip Code)

(781) 761-4646
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On November 2, 2015, T2 Biosystems, Inc. (the "Company") issued a press release announcing its financial results for its fiscal quarter ended September 30, 2015 and held a conference call to discuss those results. A copy of the Company's press release and a copy of the transcript of the conference call are furnished with this report as Exhibits 99.1 and 99.2, respectively.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02 and Exhibits 99.1 and 99.2 of this Current Report on Form 8-K are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, such information, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly stated by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	**Description**
99.1	Press Release issued November 2, 2015
99.2	Transcript of conference call held by T2 Biosystems, Inc. on November 2, 2015

SIGNATURES

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

Date: November 6, 2015

T2 BIOSYSTEMS, INC.

By: /s/ Maurice Castonguay
Maurice Castonguay
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued November 2, 2015
99.2	Transcript of conference call held by T2 Biosystems, Inc. on November 2, 2015

FINAL

T2 BIOSYSTEMS REPORTS 2015 THIRD QUARTER RESULTS

Nine New Hospitals Signed Contracts in Q3; Six Hospitals Began Actively Testing

LEXINGTON, Mass. — November 2, 2015 — T2 Biosystems (NASDAQ:TTOO) today reported operating highlights and financial results for the third quarter ended September 30, 2015. Recent operational highlights included:

- During the third quarter, the Company signed contracts for the adoption of T2Candida® and the T2Dx® with nine new hospitals in the United States. This brought the total number of hospitals to 19 as of September 30, 2015.
- In the third quarter, six hospitals completed installation and verification and began using T2Candida to test patients.
- In August, the Company announced the appointment of veteran finance and operations management executive Maurice Castonguay as the Company's chief financial officer.
- In September, a comprehensive data analysis of the Company's T2Candida® product for the detection and monitoring of *Candida* infections and sepsis was published in *Future Microbiology*. The publication compared aggregated results from the utilization of T2Candida in the detection of invasive candidiasis and candidemia to results obtained by blood culture based diagnostics. The analysis included samples acquired from more than 1,900 patients. Out of 55 total cases of patients with Candidemia or Candidiasis, T2Candida detected 53 cases (96.4 percent sensitivity) while blood culture detected only 33 cases (60 percent sensitivity).
- Also during September, at the Interscience Conference on Antimicrobial Agents and Chemotherapy (ICAAC) and the International Society of Chemotherapy (ICC) joint meeting, the Company presented in multiple settings, including a Symposium, discussing *Candida* infections that are missed by blood culture diagnostics, and customers shared their experiences with T2Candida and discussed cases where T2Candida detected positive *Candida* patients early and how the hospital and patients benefitted from the reduction in the use of antifungal drugs based on negative T2Candida test results.
- On October 8, 2015, T2Candida was highlighted in a publication in the New England Journal of Medicine on invasive candidiasis as the most sensitive and specific diagnostic test available for disease diagnosis.
- On October 27, 2015, T2 Biosystems received the prestigious Prix Galien USA award for "Best Medical Technology Product" from the Galien Foundation. The award recognizes breakthroughs in science and technology that can make a difference in the lives of patients.

"We are encouraged by the rate of hospital adoption and the overall commercial progress made in the third quarter and we feel confident that we will achieve our total year-end hospital contract target," said John McDonough, president and CEO of T2 Biosystems. "But what is even more exciting is the growing number of early customers

---

that are taking to podiums, delivering their early and positive experiences with our technology and becoming champions for T2MR as an important new tool against sepsis. It's exciting to see the positive impact our products are having in these initial hospital placements, and we believe that this growing body of evidence and real-world data will continue to drive sales in both hospital and acute care facilities. At this early stage in the deployment of our T2Dx platform, this is a real indicator of our future success."

Financial Results

Total revenue in the third quarter of this year was $1.05 million, which consisted of $245,000 of product revenue from multiple hospitals and $804,000 of research related revenue. The Company did not record any revenue in the third quarter of 2014.

Total operating expenses, excluding costs of product revenue, for the third quarter of 2015 were $11.4 million compared to $7.8 million for the third quarter of 2014. The increase in operating expenses was mainly associated with the growth of our sales organization, expansion of marketing programs and research and development activities related to our product pipeline.

The net loss applicable to common shareholders for the third quarter of 2015 was $11.6 million, or $0.57 loss per share, compared to $8.8 million (after adjustments for accretion of redeemable convertible preferred stock), or $0.71 loss per share for the third quarter of 2014. The increased loss was principally due to the increased operating expenses noted above. The third quarter 2014 loss per share was directly impacted by the weighted average common shares outstanding from the date of the Company's initial public offering (IPO) on August 7, 2014 to the end of the third quarter of 2014. Specifically, for the third quarter of 2015, the Company had 20.3 million weighted average shares outstanding compared to 12.4 million weighted average shares outstanding in the third quarter of 2014.

Outlook

In the fourth quarter of 2015, the Company anticipates slightly lower research revenue and higher revenue being derived from product revenue than was realized in the third quarter of 2015.

Although the Company expects the fourth quarter of 2015 product gross margin to improve, the lack of scale is not expected to produce product gross margin that will have a meaningful impact on the overall operating results.

The Company anticipates total fourth quarter of 2015 operating expenses to increase by 8% to 9% over the third quarter of 2015, and for the cost of product revenue to increase based on increases in product sales. Total costs and expenses in the fourth quarter of 2015 will include approximately $1.9 million in non-cash expenses which are primarily depreciation and stock compensation expenses.

In addition to the $40.1 million of cash and cash equivalents on the Company's balance sheet as of September 30, 2015, the Company has the ability to draw down the $10 million remaining in our existing loan facility. Additionally, in October 2015, the Company entered into a new $10 million equipment lease facility that will be used to help fund the Company's capital asset needs, including the T2Dx Instruments placed in hospitals as part of the reagent rental program offered to customers.

Conference Call

T2 Biosystems' management will discuss the Company's financial results for the third quarter ended September 30, 2015, and provide a general business update during a conference call beginning at 4:30 p.m. Eastern Time today, Monday, November 2, 2015. To join the call, participants may dial 1-877-407-4018 (U.S.) or 1-201-689-8471 (International). To listen to the live call via T2 Biosystems' website, go to http://www.t2biosystems.com, in the Events & Presentations section. A webcast replay of the call will be available for 30 days following the conclusion of the call in the Events & Presentations section of the website.

About T2 Biosystems

T2 Biosystems is focused on developing innovative diagnostic products to improve patient health. With two FDA-cleared products targeting sepsis and a range of additional products in development, T2 Biosystems is an emerging leader in the field of in vitro diagnostics. The Company is utilizing its proprietary T2 Magnetic Resonance platform, or T2MR, to develop a broad set of applications aimed at lowering mortality rates, improving patient outcomes and reducing the cost of healthcare by helping medical professionals make targeted treatment decisions earlier. T2MR enables the fast and sensitive detection of pathogens, biomarkers and other abnormalities in a variety of unpurified patient sample types, including whole blood, eliminating the time-consuming sample prep required in current methods. For more information, please visit www.t2biosystems.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements. These forward-looking statements are based on management's current expectations. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the performance of the Company's diagnostic products and the ability to bring such products to market. These and other important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as supplemented or amended from time to time under "Item 1A.—Risk Factors" in our Quarterly Reports on Form 10-Q, could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While the Company may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, even if subsequent events cause its views to change. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

Media Contact:
Susan Heins, Pure Communications
susan@purecommunicationsinc.com
864-286-9597

Investor Contact:
Matt Clawson, Pure Communications
matt@purecommunicationsinc.com
949-370-8500

T2 Biosystems, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue				
Product revenue	$ 245	$ —	$ 255	$ —
Research revenue	804	—	1,547	—
Total revenue	1,049	—	1,802	—
Costs and expenses:				

Cost of product revenue	829	—	832	—
Research and development	6,204	4,803	18,724	14,572
Selling, general and administrative	5,181	2,984	14,086	7,271
Total costs and expenses	12,214	7,787	33,642	21,843
Loss from operations	(11,165)	(7,787)	(31,840)	(21,843)
Interest expense, net	(501)	(304)	(1,455)	(471)
Other income (expense), net	22	—	37	(1)
Net loss	$ (11,644)	$ (8,091)	$ (33,258)	$ (22,315)
Comprehensive loss	$ (11,644)	$ (8,091)	$ (33,258)	$ (22,315)
Reconciliation of net loss to net loss applicable to common stockholders:				
Net loss	$ (11,644)	$ (8,091)	$ (33,258)	$ (22,315)
Accretion of redeemable convertible preferred stock to redemption value	$ —	$ (758)	$ —	$ (4,570)
Net loss applicable to common stockholders	$ (11,644)	$ (8,849)	$ (33,258)	$ (26,885)
Net loss per share applicable to common stockholders — basic and diluted	$ (0.57)	$ (0.71)	$ (1.64)	$ (5.25)
Weighted-average number of common shares used in computing net loss per share applicable to common stockholders — basic and diluted	20,331,274	12,379,337	20,225,056	5,120,977

T2 Biosystems, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 40,117	$ 73,849
Accounts receivable	378	201
Prepaid expenses and other current assets	1,104	1,076
Inventories	1,057	115
Restricted cash	—	80
Total current assets	42,656	75,321
Property and equipment, net	9,448	2,760
Restricted cash, net of current portion	260	260
Deferred tax assets	313	313
Other assets	447	480
Total assets	$ 53,124	$ 79,134
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 993	$ 735
Accrued expenses and other current liabilities	4,291	3,662
Notes payable	1,417	295
Deferred revenue	1,199	80
Deferred tax liabilities	313	313
Lease incentives	241	87
Total current liabilities	8,454	5,172
Notes payable, net of current portion	19,344	20,660
Lease incentives, net of current portion	1,136	106
Other liabilities	380	195
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized; 20,339,261 and 20,041,645 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	20	20
Additional paid-in capital	160,643	156,576
Accumulated deficit	(136,853)	(103,595)
Total stockholders' equity	23,810	53,001
Total liabilities and stockholders' equity	$ 53,124	$ 79,134

###

Operator:

Greetings and welcome to the T2 Biosystems 2015 Third Quarter Financial Results Call. At this time all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Matt Clawson of Pure Communications. Please go ahead.

Matt Clawson:

Thank you, Stacy. Good afternoon, everybody. Thanks for joining us for the T2 Biosystems third quarter call.

On the call this afternoon to discuss results and operational milestones for the third quarter ended September 30, 2015 are President and CEO, John McDonough; and Chief Financial Officer, Moe Castonguay. John and Moe will lead off the call with some prepared remarks, followed by a question-and-answer period.

I'd like to remind everyone that comments made by Management and responses to questions today will include forward-looking statements. Those include statements related to T2 Biosystems' future financial and operating results and plans for developing and marketing new products. Forward-looking statements are based on estimates and assumptions as of today and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied by those statements, including the risks and uncertainties described in T2 Biosystems' annual report on Form 10-K, filings with the SEC, the risk factors section in its registration statement on Form S-1, as well as other risks and uncertainties detailed in subsequent SEC filings. The Company undertakes no obligation to publicly update or revise any forward-looking statements except as required by law.

With that, I'd like to turn the call over to CEO, John McDonough, for his opening comments. Good afternoon, John.

John McDonough:

Thank you, Matt, and good afternoon, everyone. Thank you for taking the time to join us on the call today.

We had a very productive quarter. I'm pleased to say that all aspects of our business are making substantial progress and that the hospital community, through their adoption of our platform, is demonstrating their confidence, that time and sensitivity are indeed the critical factors in impacting the sepsis crisis in hospitals.

Our new CFO, Moe Castonguay, will give you the financial details in a moment. But all of our financial metrics remain on track. Revenues, operating expenses and earnings per share were all consistent with our expectations. We're also especially pleased with our progress on the other important commercial metrics, engaging the hospitals on our target list, presenting our technology and its value proposition, signing them to contracts, and now seeing the utilization commence following system initiations at our first adopters.

As of the close of the third quarter on September 30, we have signed contracts for T2Candida implementation and T2Dx instrument placement with 19 customers, including 18 hospitals in the United States and one lab in Europe. That means we added nine more during the third quarter.

As of the end of September, six of the accounts are online, ahead of the five we projected to be online on our last call, meaning the installations and verification processes are complete and the hospitals are already testing patients at high risk of sepsis. Orders for T2Candida and revenues have commenced.

We have stated in the past that the time from contract signing through the customer's verification period to testing patients was expected to be three to six months. I'm happy to report that we are tracking right in that range and that the method we suggest to customers for verifying testing procedures is being adopted by virtually all accounts. This is important because it speeds up the time that customers come online, accelerates the impact we can have on patients, and allows the revenue ramp for testing within a hospital to start sooner.

Looking to year-end, we're excited to say that we're on track to close contracts with 30 hospitals by the end of December, as forecast. We said from the start that two-thirds or more of the contracts will close in the second half of the year. Our confidence in achieving the goal of 30 is based on the 19 closed contracts as of September 30, the contracts already closed in Q4, and a very active sales pipeline.

Through conferences and presentations and industry forums, customers are beginning to identify themselves and are beginning to share their positive experiences with T2Candida. Physicians are ultimately discussing their successful clinical outcomes with T2Candida and the T2Dx at conferences and on panel discussions.

For example, Maiken Arendrup, a thought leader and Head of Mycology, Microbiology and Infection Control at Statens Serum Institute, a leading research and laboratory services organization in Denmark, shared data on several patient cases including our identification of candida infections that blood cultures completely missed. She also had a major publication with the *New England Journal of Medicine* on October 8, 2015 that identified T2Candida as the most sensitive and specific diagnostic test available for disease diagnosis.

At the ICAAC Conference in September, the Co-Director of the Anti-Microbial Stewardship Program, with one of our customers that just went live in September testing patients, discussed cases where T2Candida detected patients early and how the hospitals and patients are benefiting from the reduction on the use of anti-fungal drugs based on negative T2Candida test results.

Another case highlighted where blood culture came out positive and our test turned out negative, only to find that T2Candida was correct, saving the patient from pulling a line which could have had a negative impact on the patient, yet another concern about relying solely on blood culture as the basis for sepsis diagnostics. Another story from a hospital that came online in September showed that, of the first 25 patients tested, four were positive and were treated early, which could never have happened without T2.

While that hit rate is certainly above the reported averages, it does hint at the power of the technology, combining the clinical benefit of those four patients getting the right drugs onboard days before they might have otherwise, with the cost savings of avoiding unnecessary drugs for the other 21 patients, this system is essentially paying for itself right out of the gate.

I think people are generally aware that time is our key differentiator. Our case tests take three to five hours, versus all competitive tests where the blood needs to be cultured and can take days. That's a huge advantage in terms of success for a patient and a decrease in expense for the health system.

But we're not just about early detection. It's also just as important to understand that we also offer distinct advantages in terms of sensitivity and accuracy. That's becoming apparent as testimony from physicians now using our products come in. We're picking up sepsis cases that had been missed by blood culture completely. We're not just providing speed at the expense of accuracy or sensitivity; we are providing benefits in speed, accuracy and sensitivity. That's the point we consistently underline to our customers and potential customers.

This point was further demonstrated in a publication in Future Microbiology in August that analyzed data across multiple studies from 55 patients with proven candida infections. T2Candida detected 96% of the patients where blood culture detected only 60%, percentages that are very consistent with our T2Candida FDA clinical trials and percentages that are frequently reported for blood culture.

For us, seeing our systems in use, making the difference that we expected is very rewarding, as does hearing the early physician users up in a podium talking about our products. We believe this continuing evidence in now real-world data will drive usage within these hospitals and adoption by new hospitals, as we move from early adopters toward the mainstream market, hearing from customers will make it easier for others to adopt, and there's already evidence that this will drive sales.

For example, we had begun discussions with one acute care network that has a significant number of candidemic patients. They were considering bringing T2Candida into one of their hospital lab facilities that supports 12 local hospitals when they heard about the Lee Memorial experience at the ICAAC Conference. Based on that experience, they quickly moved to adoption and the entire sales cycle took less than 90 days. This acute care network has three other lab locations that support hospitals of other areas of the country. Success at this first location is expected to lead to adoption at their other lab facilities.

As you know, along with T2Candida, we also have other products in different stages of development, including T2Bacteria, T2Hemostat and T2Lyme. T2Bacteria is being created to rapidly and accurately identify the most significant and inadequately treated bacterial species related to sepsis. Like T2Candida, T2Bacteria will be the first and only diagnostic panel that can provide species-specific diagnostic results in three to five hours directly from a blood sample. All other diagnostics for species identification require a blood culture that is time-consuming, labor-intensive, and misses 30% to 70% of infections. Like T2Candida, the market opportunity for T2Bacteria is large, but it will also include many patients that present the signs and symptoms in the emergency room.

In terms of timing for T2Bacteria, we plan to present data on the full panel at the AMP Conference in Austin, Texas later this week. Regarding the start of our FDA clinical trial for T2Bacteria, it is our expectation that before the end of this year we'll start collecting patient samples for clinical trial sites with a goal of submitting data to the FDA sometime in the third quarter of 2016.

It's difficult to nail the timing precisely. The turnaround time from FDA submission to FDA clearance for T2Candida took four months. Since we'll be seeking a 510(k) clearance for T2Bacteria, perhaps it may be a little bit quicker.

On the commercial front, it bears noting that every T2Dx Instrument we make this year and next can potentially be immediately leveraged when T2Bacteria is approved. The install base of customers we are building today, hospital by hospital, will only get more valuable with the addition of new products.

The T2Hemostat program and timeframe remain unchanged this quarter and continues to draw a growing interest among trauma surgeons and other specialists facing the dual problems of bleeding and clotting and the baby-boomer population that is prone to blood-thinning drug regimens.

Finally, on the strategic front, we're making progress on our partnership with Canon US Life Sciences to develop a diagnostic panel for Lyme disease, a bacterial infection caused by three different bacterial species and spread by ticks. Like sepsis, that market is wide open. The current testing standards have very low sensitivity. Data suggests 90% of patients never get properly diagnosed. T2Lyme will run on the same instrument as T2Candida and T2Bacteria and will also save our customers and the healthcare systems substantial time and money while saving and improving lives.

Progress on that front has resulted in additional interest from other blue chip companies that have identified T2 model applications in other fields. We will continue to update you as these programs get off the ground.

With that, I'll turn the call over to Moe who will cover the financial highlights.

Moe Castonguay:

Thanks, John. As John indicated, we made solid progress in the third quarter, including recording our first commercial revenues from testing patients. Most of the initial T2Candida customers are still in the verification period; however, we did record $245,000 of product revenue from early placements. In addition, we recognized 804,000 in revenue related to research partnerships in the quarter, bringing total revenue to 1.05 million. The Company did not record any revenue in the prior-year third quarter.

We expect our margins to gradually improve over the next year as our volume grows. We are in the early stages of ramping manufacturing operations and have not yet attained economies of scale. As a result, our product margins are not meaningful and are not reflective of what our margins will be when we reach meaningful commercial scale.

Total operating expenses, excluding cost of product revenue, for the third quarter of 2015, were 11.4 million, compared to 7.8 million for the year earlier period. The increase in operating expenses was mainly associated with the growth of our sales organization, expansion of marketing programs to drive customer awareness, and research and development activities for additional applications of T2MR.

The net loss for the third quarter of 2015 was 11.6 million or $0.57 per share, compared to a net loss of 8.8 million after adjustments for accretion of redeemable convertible preferred stock, or $0.71 per share, for the third quarter of 2014. The third quarter 2014 loss per share was directly impacted by the weighted average common shares outstanding from the date of our IPO on August 7, 2014 to the end of the third quarter of 2014. Specifically, for the third quarter of 2015, we had 20.3 million weighted average shares outstanding, compared to 12.4 million weighted average shares outstanding in the third quarter of 2014.

The Company's balance sheet as of September 30, 2015 had total cash and cash equivalents of 40.1 million. In addition to the cash on the balance sheet, we were able to draw an additional 10 million from our debt facilities through December 31, 2015. Additionally, in October 2015, we entered into a $10 million equipment lease facility to help fund our 2016 capital equipment purchases and T2Dx instruments used by our customers in our reagent rental program.

Before I turn the call back to John for his final comments, I'd like to reiterate the outlook John laid out in our second quarter call. As anticipated, the ramp of our product placements in hospitals will be weighted to the fourth quarter as our sales force ramps and our sales pipeline expands. It's also important to note that all nine instrument placements made in the third quarter of 2015 were under our reagent rental program. Based on the trend for this year, we expect 80% to 85% of our target hospitals to choose a reagent rental model where we will place the T2Dx Instrument at the hospital in exchange for an up-charge in the consumables, with the remaining hospitals choosing to purchase the instrument.

When we close the contract at a hospital, we anticipate it will take three to six months for installation and verification and that it could take an additional six to 12 months for our customer to ramp the number of their high-risk patients being tested.

In Q4 2015, we anticipate slightly lower research revenue with growth in product revenue over Q3 as more hospitals roll out their testing of high-risk patients. Although we expect Q4 2015 product margins to improve, the lack of scale will not produce gross margins that will have a meaningful impact on our overall operating results.

We anticipate total Q4 2015 operating expenses to increase 8% to 9% over Q3 of 2015 and for cost of product revenue to increase based on the increases in product sales. Total costs and expenses in Q4 will include approximately 1.9 million in non-cash expenses, which are primarily depreciation and stock compensation expenses.

With that, I'll turn the call back over to John.

John McDonough:

Thank you, Moe. Let me summarize the key takeaways from the quarter.

We continue to hit our targets in terms of revenue, expenses, earnings per share, and most importantly at this point, hospital contracts for our T2Dx Instrument and T2Candida diagnostic panel for detecting sepsis. We're at 19 and should knock down our goal of 30 by the end of the year. Six contracts are online as of September 30 and generating revenue. Patient stories are starting to come in, and physicians are beginning to share anecdotally at conferences and on panels the value they're seeing from our products.

Seeing all of these results make this an especially exciting time for all of us. If we continue to execute as we have, we believe we can continue to build momentum, not only with T2Candida but with new diagnostic panels in development for bacteria, hemostasis and Lyme disease.

As we look out to all these initiatives on the horizon and continue to build towards commercial expansion outside of the United States, I am pleased to report that David Harding is joining the Company in the role of Chief Commercial Officer. David has an extensive background in commercial operations, including roles in marketing, international operations and General Manager at Hologic and Cytyc where I had the opportunity to work with David in the past. His primary role will be to execute the development of an integrated and global Commercial Team to layer (phon) multiple technology launches and then to scale those businesses. David brings great experience to the team, strategic and operationally, as we expand our business globally and with the addition of new product lines in the future.

One final thought. There's been lots of chatter recently among investors and analysts in the diagnostic space over reimbursement news and CMS pricing that was unfavorable for many large molecular diagnostic companies. We are pleased to say that we are in a market where we are not impacted at all by those developments. Our products are covered under DRG codes where hospitals get a fixed sum reimbursement for the patient. All of the economic savings associated with our products drop to the bottom line of the hospital. Our reimbursement codes and models are all intact and stable. In fact, if those DRG codes were under review, that would probably help us, as hospitals would have to look for ways to reduce their cost for treating patients. This is what we do.

Last week, we were honored to receive the Prix Galien Award for the T2Candida panel, which was named the Best Medical Technology Product. There is only one selection in this category annually and it's probably the most prestigious product award recognizing breakthroughs in science and technology that can make a difference in the lives of patients. Selected from a group of industry leaders, including products in the blood culture space and successful products who had been in the market for many years, we are both humbled and honored to receive this recognition.

I would like to extend our thanks, appreciation and respect for the scientists and engineers at T2 Biosystems that have created this breakthrough platform and product. It is exciting times for all of us as we start to see patients being impacted by our work and for our mission to begin to be fulfilled.

With that, I'll turn the call over for questions. Operator?