(4) Financing Arrangements

In December, 2011, the Company entered into several agreements with entities affiliated with Deerfield Management, a healthcare investment fund ("Deerfield"), pursuant to which Deerfield agreed to provide $15 million in funding to the Company. The agreements consisted of a Facility Agreement (the "Facility Agreement"), a Revenue Purchase Agreement (the "Revenue Purchase Agreement") and the issuance of warrants to purchase up to 550,000 shares of the Company's common stock at an exercise price of $3.50 (the "Warrants").

On April 30, 2014, the Company agreed to pay Deerfield $4.1 million to terminate the Revenue Purchase Agreement, which eliminated the ability to extend the last debt payment for an additional year and eliminated the payment obligation for 2017 under the Revenue Purchase Agreement. The Company recorded a loss of $0.9 million in connection with termination of the Revenue Purchase Agreement. In addition, Deerfield exercised their Warrants, for an aggregate purchase price of $1,575,000, and the Company issued 450,000 shares of common stock to Deerfield, pursuant to the terms of the Warrants. The Warrants to purchase an additional 100,000 shares of common stock were cancelled, since these Warrants were exercisable only in the event the Company extended the last debt payment for an additional year.

On March 31, 2015, the Company repaid in full the aggregate amount outstanding under the Deerfield Facility Agreement. The Facility Agreement was to mature on December 29, 2016 and was able to be repaid prior to the maturity date at the Company's option without penalty or premium. The Company used cash on hand to pay the $11.25 million outstanding principal amount due under the Facility Agreement and approximately $162,000 in accrued and unpaid interest on such principal amount.

The Company recorded a loss on the extinguishment of debt of approximately $1.7 million at the termination date in the quarter ended March 31, 2015.

The following amounts are included in interest expense in our consolidated statement of operations for the years ended December 31, 2016 and 2015 (in thousands):

	December 31, 2016	December 31, 2015
Cash interest expense	$ -	$ 163
Non-cash amortization of debt discount	-	254
Amortization of debt costs	-	13
Amortization of settlement obligations	82	146
Interest expense capital lease	70	220
Capital lease - fair value amortization	(89)	(146)
Total interest expense	$ 63	$ 650

Cash interest expense represents the amount of interest paid in cash under the agreements, which represents the interest of 5.75% on the Facility Agreement that was terminated in March 2015. Non-cash amortization is the amortization of the discount on the Facility Agreement. The amortization of debt costs represents the costs incurred with the financing, which is primarily the facility fee and the finder's fee which had been capitalized and was expensed using the effective interest method. The facility fee and finders fee were written off with the termination of the Facility Agreement and were included in the loss on extinguishment of debt. The amortization of the settlement obligations represent the interest associated with the settlement agreements for both Zeiss and Hologic, Inc.("Hologic"), see Note 9(f) to our Consolidated Financial Statements.