UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

August 30, 2013
Date of Report (date of earliest event reported)

SafeStitch Medical, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**0-19437**	**11-2962080**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification Number)**

4400 Biscayne Blvd.
Miami, Florida 33137
(Address of principal executive offices)

305-575-4600
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

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

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

FORWARD-LOOKING STATEMENTS

This Current Report on Form 8-K contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements contain statements about our expectations, beliefs or intentions regarding our product development and commercialization efforts, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements.

Many factors could cause our actual operations or results to differ materially from the operations and results anticipated in forward-looking statements. These factors include, but are not limited to:

- our history of operating losses;
- our need to obtain additional funding to continue our operations;
- our ability to successfully develop, clinically test and commercialize our products;
- the timing and outcome of the regulatory review process for our products;
- changes in the health care and regulatory environments of the United States and other countries in which we intend to operate;
- our ability to attract and retain key management, marketing and scientific personnel;
- competition from new market entrants;
- our ability to successfully prepare, file, prosecute, maintain, defend and enforce patent claims and other intellectual property rights;
- our ability to successfully transition from a research and development company to a marketing, sales and distribution concern;
- and our ability to identify and pursue development of additional products; and
- the other factors contained in the section entitled "Risk Factors" contained in this Current Report on Form 8-K.

We do not undertake any obligation to update forward-looking statements, except as required by applicable law.

EXPLANATORY NOTE

This Current Report on Form 8-K is being filed in connection with a series of transactions consummated by us that relate to the business combination between us and TransEnterix, Inc., which are described herein, together with certain related actions taken by us.

The information contained in this Current Report on Form 8-K responds to the following items of Form 8-K:

Item 1.01 Entry into a Material Definitive Agreement.

Item 2.01 Completion of Acquisition or Disposition of Assets.

As used in this Current Report on Form 8-K, (1) the terms the "Company," "we," "us," and "our" refer to the combined enterprises of SafeStitch Medical, Inc., a Delaware corporation ("SafeStitch"), and TransEnterix, Inc., a Delaware corporation ("TransEnterix"), after giving effect to the Merger (defined below) and the related transactions described herein, (2) the term "SafeStitch" refers to the business of SafeStitch Medical, Inc., prior to the Merger, and (3) the term "TransEnterix" refers to the business of TransEnterix, Inc., prior to the Merger, in each case unless otherwise specifically indicated or as is otherwise contextually required.

Item 1.01. Entry into a Material Definitive Agreement.

The disclosures in the introductory paragraph under the headings "The Merger", "The Private Placement", and "SVB Loan" set forth in Items 2.01 and 2.03 of this Current Report on Form 8-K are incorporated herein by reference into this Item 1.01.

Item 2.01. Completion of Acquisition or Disposition of Assets.

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

As previously reported in the Current Report on Form 8-K, filed by SafeStitch with the Securities and Exchange Commission ("SEC") on August 14, 2013 (the "Prior Form 8-K"), SafeStitch entered into an Agreement and Plan of Merger (the "Original Merger Agreement") with Tweety Acquisition Corp., a Delaware corporation and wholly owned subsidiary of SafeStitch ("Merger Sub"), and TransEnterix. Pursuant to the Merger Agreement, Merger Sub agreed to merge with and into TransEnterix, with TransEnterix surviving the Merger as SafeStitch's wholly owned subsidiary (the "Merger"). Additionally, on August 30, 2013, SafeStitch, TransEnterix and Merger Sub entered into a First Amendment to the Original Merger Agreement (the "Amendment" and, together with the Original Merger Agreement, the "Merger Agreement"), which adjusted the Exchange Ratio (as defined below).

The Merger

On September 3, 2013, pursuant to the Merger Agreement, Merger Sub and TransEnterix consummated the Merger, and TransEnterix became a wholly owned subsidiary of SafeStitch.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of TransEnterix's capital stock issued and outstanding immediately preceding the Merger was converted into the right to receive 1.1533 shares (the "Exchange Ratio") of SafeStitch's common stock, par value $0.001 per share ("Common Stock"), other than those shares of TransEnterix's common stock held by non-accredited investors, which shares were instead converted into the right to receive an amount in cash per share of SafeStitch common stock equal to $1.08, without interest, which is the volume-weighted average price of a share of Common Stock on the OTCBB for the 60-trading day period ended on August 30, 2013 (one day prior to the effective date of the Merger). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, SafeStitch assumed all of TransEnterix's options and warrants issued and outstanding immediately prior to the Merger at the same exchange ratio, which are now exercisable for approximately 15,680,775 and 1,397,937 shares of Common Stock, respectively. Following the Merger, TransEnterix's former stockholders now

hold approximately 65% of the Common Stock on a fully-diluted basis. Immediately following the Private Placement (as defined below), approximately 167,246,615 shares of Common Stock are outstanding, 7,544,704.4 shares of Series B Preferred Stock are outstanding, and there are approximately 26,623,712 shares of our Common Stock reserved for the exercise of outstanding options and warrants.

The foregoing description of the Merger Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Original Merger Agreement and the Amendment, which are filed as Exhibit 2.1 and Exhibit 2.2, respectively, to this Current Report on Form 8-K, and each of which is incorporated by reference herein.

The Private Placement

Additionally, as previously reported in the Prior Form 8-K, in connection with the Merger Agreement, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain private investors (the "Investors"), pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares of the Company's Series B Convertible Preferred Stock, par value $0.01 per share (the "Series B Preferred Stock"), each share of which is convertible, subject to certain conditions, into ten (10) shares of Common Stock (the "Conversion Shares" and, together with the Series B Preferred Stock, the "Private Placement Securities"), for a purchase price of $4.00 per share of Series B Preferred Stock, which was paid in cash, cancellation of certain indebtedness of TransEnterix or a combination thereof (the "Private Placement"). On September 3, 2013 (the "Closing Date"), the Company issued and sold 7,544,704.4 shares of Series B Preferred Stock to the Investors. Pursuant to the Purchase Agreement, the Company may agree to issue and sell up to an additional 1,205,295.6 shares of Series B Preferred Stock within two weeks subsequent to the Closing Date.

Among the Investors that purchased the Private Placement Securities were Frost Gamma Investments Trust, an entity controlled by Dr. Phillip Frost, one of the largest beneficial owners of the Company's Common Stock, and Dr. Jane Hsiao, the Company's prior Chairman of the Board (collectively, the "Related-Party Investors"), each of whom acquired shares of Series B Preferred Stock in the Private Placement pursuant to the same terms, and subject to the same conditions, as those applicable to all other Investors.

None of the shares of Common Stock issuable pursuant to the Merger, the warrants or options assumed in the Merger or the shares of Common Stock issuable upon exercise of such warrants and options (collectively, the "Merger Securities") or the Private Placement Securities have been registered under the Securities Act. The Company offered and sold the Merger Securities and the Private Placement Securities in reliance upon the exemptions from registration contained in Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. Each Investor and each person acquiring Merger Securities represented or will be required to represent to the Company that such person was an "accredited investor" as defined in Rule 501(a) under the Securities Act and that such person was acquiring or will be acquiring the Private Placement Securities or Merger Securities, as applicable, for investment and not with a view to distribution thereof.

In connection with the Merger Agreement and the Private Placement, the Investors and certain of the Company's and TransEnterix's former stockholders, including the Related-Party Investors, agreed to enter into lock-up and voting agreements (each, a "Lock-up and Voting Agreement"), pursuant to which such persons agreed, subject to certain exceptions, not to sell, transfer or otherwise convey any of the Company's securities held by them (collectively, "Covered Securities") for one year following the Closing Date. The Lock-up and Voting Agreements provide that such persons may sell, transfer or convey: (i) up to 50% of their respective Covered Securities during the period commencing on the one-year anniversary of the Closing Date and ending on the eighteen-month anniversary of the Closing Date; and (ii) up to an aggregate of 75% of their respective Covered Securities during the period commencing on the eighteen-month anniversary of the Closing Date and ending on the two-year anniversary of the Closing Date. The restrictions on transfer contained in the Lock-up and Voting Agreements cease to apply to the Covered Securities following the second anniversary of the Closing Date.

Additionally, pursuant to the Lock-up and Voting Agreements, each person party thereto has agreed, for the period commencing on the Closing Date and ending on the one-year anniversary of the Closing Date, to vote all of such person's Covered Securities in favor of: (i) amending the Company's Amended and Restated Certificate of Incorporation to change the legal name of the Company to "TransEnterix, Inc."; (ii) effecting a reverse stock split of the Common Stock on terms approved by the Company's board of

directors (the "Board"); and (iii) amending the Company's 2007 Incentive Compensation Plan in order to increase the number of shares of Common Stock available for issuance thereunder. We expect the events described in (i) – (iii) above to occur in the fourth quarter of 2013.

In connection with the Merger Agreement and the Private Placement, the Company and the Investors entered into that certain Registration Rights Agreement dated September 3, 2013 by and among the Company and the Investors (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company is obligated to provide registration rights and certain other standard expense reimbursement and indemnification rights for the benefit of the Investors. After two years, the Company is required to file a registration statement on Form S-3, subject to the Company's eligibility to use such form, to register for resale certain shares of Common Stock held by the Investors, and the Company is required to maintain the effectiveness of such registration statement until the earlier of: (i) the sale of all securities covered by the registration statement; or (ii) 36 months. After one year, if the Company registers a primary offering of its securities, the Registration Rights Agreement also requires that the Company include securities owned by the Investors in such registered primary offering, subject to certain restrictions including customary underwriter cutbacks. The Registration Rights Agreement terminates upon the earlier of: (x) with respect to any holder, when all of its securities have been sold by such holder; (y) a change of control of the Company, in which the registrable securities are sold or can be sold immediately after the change of control; and (z) five years following the Closing Date.

The foregoing description of the Purchase Agreement, the Lock-Up and Voting Agreement and the Registration Rights Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Purchase Agreement, the form of Lock-up and Voting Agreement and the Registration Rights Agreement, which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.10, respectively, to this Current Report on 8-K and incorporated by reference herein.

SVB Loan

In connection with the Merger, on the Closing Date, we became a party to, and jointly and severally liable for, $9.4 million of the outstanding debt of TransEnterix under that certain Loan and Security Agreement, dated as of January 17, 2012, by and among TransEnterix, Silicon Valley Bank ("SVB") and Oxford Finance LLC ("Oxford"), as amended to date (the "SVB-Oxford LSA"). The SVB-Oxford LSA was funded in two tranches with the first one closing on January 17, 2012 in the amount of $4.0 million and the second one closing on December 21, 2012 in the amount of $6.0 million. The first tranche had an initial interest-only term of twelve months, which was subsequently extended to eighteen months upon the achievement of certain milestones, followed by a thirty-month term requiring payment of principal and interest. The second tranche, which requires payment of principal and interest concurrently with principal and interest payments due under the first tranche, is coterminous with the first tranche. The loans under the SVB-Oxford LSA mature on January 1, 2016. Amounts outstanding under the SVB-Oxford LSA accrue interest at a rate of 8.75% per annum. In connection with the SVB-Oxford LSA, TransEnterix issued to the lenders thereunder warrants to purchase shares of its Series B-1 preferred stock in an amount equal to 4.0% of the loan amount.

The SVB-Oxford LSA contains customary restrictive covenants including, without limitation, restrictions on our ability to: (1) change the nature of our business; (2) incur additional indebtedness; (3) incur liens; (4) make certain investments; (5) make certain dispositions of assets; (6) merge, dissolve, consolidate or sell all or substantially all of our assets; and (7) enter into transactions with affiliates. If we breach our obligations under the SVB-Oxford LSA, then, subject to applicable cure periods, SVB and Oxford may declare all amounts outstanding under the SVB-Oxford LSA immediately due and payable.

The foregoing description of the SVB-Oxford LSA is only a summary and is qualified in its entirety by reference to the complete text of the SVB-Oxford LSA, which is filed as Exhibit 10.8 to this Current Report on Form 8-K and incorporated by reference herein.

Accounting Treatment

The Merger is being treated as a reverse acquisition of SafeStitch for financial accounting and reporting purposes. As such, TransEnterix is treated as the acquirer for accounting and financial reporting purposes while SafeStitch is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the assets and liabilities and the historical operations that

will be reflected in the Company's future financial statements filed with the SEC will be those of TransEnterix, and the Company's assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of TransEnterix.

Smaller Reporting Company

Following the consummation of the Merger, the Company will continue to be a "smaller reporting company," as defined in Regulation S-K promulgated under the Exchange Act.

FORM 10 INFORMATION

For purposes of this Current Report on Form 8-K, the Company is providing certain information that it would be required to disclose if it were a registrant filing a general form for registration of securities on Form 10 under the Exchange Act. As such, the terms the "Company," "we," "us," and "our" refer to the combined enterprises of SafeStitch and TransEnterix, after giving effect to the Merger and the related transactions described below, except with respect to information for periods before the consummation of the Merger which refer expressly to TransEnterix or SafeStitch, as specifically indicated.

BUSINESS

Company Overview

We are a medical device company that is pioneering the use of flexible instruments and robotics to improve the outcomes of minimally invasive surgery by specifically addressing the challenges presented to patients, surgeons, hospitals and payers in laparoscopy and robotic surgery today. We believe that future outcomes of minimally invasive surgery will be enhanced through our combination of more advanced tools and robotic functionality which will: (i) empower surgeons with improved precision, dexterity and visualization; (ii) improve patient comfort and post-operative recovery given the lower trauma associated with procedures utilizing fewer incisions and; (iii) provide a cost-effective robotic system, compared to existing alternatives today, for a potentially wide range of clinical applications.

Our strategy is to focus on the development and commercialization of a novel robotic assisted surgical system called The SurgiBot™ System ("SurgiBot"). The system utilizes flexible instruments through articulating channels controlled directly by the surgeon, with robotic assistance, at the patient's bedside. The flexible nature of the system allows for multiple instruments to be introduced and deployed through a single space, thereby offering room for visualization and manipulation once in the body. The system also integrates three dimensional, or 3-D, vision technology which we believe will enhance the quality of visualization of key structures and will support complex surgical tasks.

TransEnterix

TransEnterix was founded and originally incorporated under the laws of the State of Delaware in 2007. TransEnterix gained experience by developing and launching a manual laparoscopic device called the SPIDER® Surgical System. The SPIDER® system utilizes flexible instruments and articulating channels controlled directly by the surgeon. The SPIDER® system also allows for multiple instruments to be introduced via a single small incision. The product is U.S. Food and Drug Administration ("FDA") cleared to establish a path of entry for laparoscopic instruments for use during minimally invasive abdominal laparoscopic surgery and has received CE Mark approval.

SafeStitch

SafeStitch was originally incorporated in August 1988 as NCS Ventures Corp. under the laws of the State of Delaware, after which SafeStitch's name was changed to Cellular Technical Services Company, Inc. On September 4, 2007, SafeStitch acquired SafeStitch LLC, and, in January 2008, SafeStitch changed its name to SafeStitch Medical, Inc.

On September 3, 2013, TransEnterix merged with a wholly owned subsidiary of SafeStitch, an FDA-registered medical device company focused on the development of medical devices that manipulate tissues for the treatment of obesity, gastroesophageal reflux disease ("GERD"), hernia formation, esophageal obstructions, Barrett's Esophagus, and other intraperitoneal abnormalities through endoscopic and minimally invasive surgery. Prior to the Merger, SafeStitch was focused on its Gastroplasty Device for the treatment of obesity and GERD and developing a pipeline of surgical devices to be utilized in treating obesity, GERD, Barrett's Esophagus, esophageal structures and airway problems during endoscopy.

Market Overview

TransEnterix Market Segments

Over the past two decades laparoscopic surgery has emerged as a minimally invasive alternative to open surgery. In laparoscopic surgery, multiple incisions are spread over the body, carbon dioxide gas insufflation is used to create room in the body cavity, and long rigid instruments are introduced through ports placed in the incisions to perform surgical tasks. Millions of laparoscopic surgical procedures across a broad range of clinical applications are now performed each year worldwide, though many surgeries are still performed in an open fashion.

While laparoscopy has improved the minimally invasive nature of many previously open procedures, it still has many limitations. Traditional, or rigid, laparoscopy still requires multiple incisions to achieve the visualization and instrument triangulation required to perform successful surgery. Laparoscopy also creates physical challenges by forcing the surgeon's hands and arms into awkward angles, requiring the surgeon to hold instruments in fixed positions for long periods of time, and requiring an assistant to stabilize and move a laparoscopic camera. Another challenge associated with laparoscopic surgery is the creation of a cumbersome and potentially tissue damaging fulcrum at the patient's abdominal wall where instruments are manipulated. Nearly all laparoscopic instruments are rigid instruments that lack the internal articulation required to enhance dexterity in complex tasks. Most laparoscopic surgeries are performed with two dimensional, or 2-D, visualization of a 3-D operative space, making depth perception difficult.

Robotic and computer controlled assistance have developed as technologies which offer the potential to improve upon many aspects of the laparoscopic surgical experience. While initial widespread adoption of robotic surgery was focused on urologic and gynecologic procedures that were primarily performed in an open fashion prior to robotics, recently developed robotic approaches have been applied to many other clinical applications, in particular general surgery. Despite recent advances, we believe that there are many limitations created by current robotic surgery systems used in connection with laparoscopic surgeries. Existing robotic systems require a large capital investment. Moreover, existing robotic systems require the surgeon to sit outside the sterile field, therefore removing their ability to be scrubbed in and patient side. There are further challenges in maneuvering the patient once the large, immobile existing robotic systems are fixed in place. Existing robotic systems also suffer from the challenges associated with having a fulcrum near the incision in a patients' abdominal wall. Hundreds of thousands of robotic assisted surgical procedures are now performed each year worldwide, but they still represent a small fraction of the number of total laparoscopic procedures performed worldwide.

Both traditional laparoscopic surgery and robotic surgery have begun to migrate towards methods and technologies that may allow for fewer incisions in the patient. The first major attempts at reduced incision or single incision surgery were through access ports that utilized long, rigid instruments. These instruments were usually crowded in a small space, often at the patient's belly button, along with a laparoscopic camera for visualization. This structure resulted in instrument collision, difficulty in establishing triangulation and working space for the instruments, and often difficulty associated with crossing of instruments. More recent attempts at reduced incision surgery have leveraged robotic technology, but these efforts have reduced the benefits offered by robotic surgical systems and are plagued by some of their limitations.

SafeStitch Market Segments

SafeStitch's product portfolio and its products under development prior to the Merger were primarily designed to address three market opportunities: obesity, GERD, and hernia repair.

SafeStitch's lead products under development have been designed for use in the treatment of obesity patients. Bariatric surgery has become more prevalent. An estimated 350,000 to 400,000 bariatric surgical procedures are performed annually worldwide. Bariatric surgery is usually recommended for those people with a BMI of 35 or higher. Currently, the most common bariatric operations include gastric bypass, gastric sleeve and the gastric banding. Gastric bypass combines the creation of a small stomach pouch to restrict food intake and the construction of a duodenal bypass, thereby decreasing the body's ability to absorb nutrients from food. In the gastric sleeve procedure, the stomach volume is significantly reduced, which accelerates the flow of food through the stomach. For gastric banding procedures, a small inflatable/deflatable band (which allows adjustment to the size of the opening between the pouch and the stomach) is placed around the upper part of the stomach, creating a small pouch, so that patients feel full sooner.

The SafeStitch products under development can also be used to treat GERD and GERD-related complications such as Barrett's Esophagus. In GERD patients, the esophageal junction does not close completely and acid or bile from the stomach enters the esophagus. Both the hydrochloric acid and bile from the stomach can damage the esophagus. A significant portion of the adult population in the United States suffers from GERD symptoms. Left untreated for a prolonged period of time, GERD can lead to complications such as Barrett's Esophagus, a precancerous change to the lining of the esophagus that can develop into an often fatal form of cancer of the esophagus. Worldwide, there are approximately 200,000 GERD surgical procedures performed annually. We believe that none of the currently available outpatient endoscopic procedures have proven effective in reversing inflammation of the esophagus or the amount of acid reflux. Another common GERD complication is scar tissue in the esophagus that inhibits the movement of swallowed food and drink. This and other types of esophageal restrictions are treated by inserting a dilator tube or inflatable balloon at the stricture and dilating the esophagus. Approximately 2 million esophageal dilations are performed annually worldwide, and 20 million endoscopies are performed annually worldwide. The SafeStitch dilator uses basic principles of safety to prevent esophageal perforation; a complication that can be devastating to the patient. Endoscopies require a bite block to protect the endoscope, the patient's teeth and their airway. We have developed an airway bite block, described below, that is used during an endoscopy and is intended to prevent a low oxygen level during the procedure due to a restricted airway. The latter problem is commonly encountered in obese patients during upper endoscopy and if uncorrected can lead to brain damage and cardiac arrest or arrhythmia.

SafeStitch's AMID HFD product is a stapler that uses non-absorbable titanium staples and is designed for use in open surgical repair of both inguinal (groin) and ventral (abdominal) hernias and for the approximation of tissue, including skin. Hernias impact approximately 3% of the world's population, and roughly 800,000 inguinal hernias are repaired annually in the United States. Greater than 60% of the inguinal hernia repairs performed in developed countries are performed using the Lichtenstein technique popularized by Dr. Parviz Amid, the inventor of the AMID HFD. During the repair, mesh is affixed to tissues to prevent hernia recurrence. Hernias are also repaired through open incision without affixing mesh, and laparoscopically with mesh reinforcement.

Product Overview

We are addressing the challenges in laparoscopy and robotic surgery with innovative products which leverage the best features of both approaches to minimally invasive surgery.

SurgiBot™

The SurgiBot™ is currently in development and is designed as a reduced incision, patient-side robotic surgery system. The system is intended to bring many of the advantages of robotic assistance to single incision laparoscopic surgery while mitigating many of the drawbacks of existing robotic surgery systems.

The SurgiBot™ is a system composed of four key components:

- **The SurgiBot™ Base**: A reusable robotic base that interfaces with the instruments that are introduced into the patient;
- **The EndoDrive:** A reposable (limited multi-use), single port, surgical access device for abdominal surgery that interfaces with the SurgiBot™ Base;
- **The Positioning Arm:** A reusable arm that supports and repositions the SurgiBot™ Base at the patient's bedside; and
- **The 3-D Vision System:** A 3-D scope and vision system for laparoscopic surgical visualization.

Key features of the system are:

- **Precision with scaling:** The SurgiBot™ enables small internal movements to be made with minimal surgeon input, and the system allows different ratios of internal movement to external input;
- **Strength:** The SurgiBot™ features powered motion driven by motors controlled by the surgeon's input;
- **Ergonomics:** The SurgiBot™ stabilizes multiple instruments and a laparoscope, utilizes minimal external input from the surgeon to generate maximum internal force;
- **Patient side:** The SurgiBot™ is a patient side system that allows the operator to remain in the sterile field next to the patient;
- **Internal Triangulation:** The SurgiBot™ utilizes a deployment mechanism to achieve triangulation of multiple instruments inside the body vs. crossing instruments at the patient's abdominal wall. The SurgiBot™ allows for triangulation to be adjusted during a procedure, and to be maintained at positions deep in a body cavity;
- **Direct surgeon connection to the instruments:** The SurgiBot™ allows an operator to receive sensory tactile input along several degrees of motion. Existing robotic systems lack any such tactile input;
- **3-D steerable vision for the entire OR:** The SurgiBot™ utilizes a 3-D visualization system that enables enhanced depth perception and tissue identification. The SurgiBot™ utilizes 3-D technology that can be viewed by multiple participants in the operating room; and
- **Reposable and reusable:** The SurgiBot™ is designed with reposable and reusable components in an effort to balance performance, reliability, and cost effectiveness.

We believe the SurgiBot™ will address the needs of the large and growing, yet underserved, population of physicians and hospitals who wish to offer the benefits of robotic surgery without the functional and economic challenges of current solutions. The SurgiBot™ is designed for a potentially wide range of clinical applications, and we believe the system will be particularly attractive for general, bariatric, and gynecologic surgery. In addition, we believe that the SurgiBot™ can be offered to hospitals at a significant cost advantage relative to existing robotic surgery systems, and we expect hospitals and physicians will be able to utilize existing laparoscopic procedure codes to receive reimbursement for procedures performed with the SurgiBot™.

We currently estimate that we will file our 510(k) pre-market application for the SurgiBot™ with the FDA in 2014.

SPIDER® Surgical System

The SPIDER® Surgical System has a unique design that accommodates a range of flexible instruments through articulating instrument delivery tubes and working channels that also allow for the use of rigid instruments. True right and true left instrumentation and triangulation can now be achieved through a single site. Unlike early single port techniques, the SPIDER® system eliminates awkward crossed arms movement, allowing a single surgeon to operate the device instinctively with true right and left instrument manipulation. Its flexible instruments and intra-abdominal triangulation capability are technologies not available in any other commercially available surgical system.

Key features of the SPIDER® system are:

- Triangulation achieved via single site access through the belly button;
- True left and true right instrumentation for surgeons;

- Flexible, articulating instruments;
- A single-operator platform; and
- An open platform with multiple working channels.

The SPIDER® Surgical System is commercially available in a limited release in select markets worldwide. As of the date hereof, we have received FDA clearance and CE mark approval for the system, and the system has been used in over 3,000 procedures worldwide.

SafeStitch Product Overview

The following products were developed by SafeStitch prior to the Merger, and we are currently evaluating commercialization options for each of them:

The AMID™ HFD

SafeStitch developed the AMID HFD in cooperation with Dr. Parviz Amid, a pioneer of and renowned expert in the Lichtenstein Hernia Repair. This stapler uses non-absorbable titanium staples to repair inguinal (groin) or ventral (abdominal) hernias. The staples are used to fix mesh in place, which helps prevent the recurrence of a hernia. In November 2009, SafeStitch received FDA clearance to market the AMID HFD in the United States as a Class II device, and, in February 2010, SafeStitch received CE Mark approval to market the stapler in the European Union and other countries requiring CE Mark. After SafeStitch commenced production of the AMID HFD in 2010, it voluntarily suspended sales in order to implement several improvements and a more robust and reliable commercial manufacturing process. Thereafter, SafeStitch submitted a "Special 510(k)" to the FDA that was cleared in February 2012. SafeStitch began commercial sales in the United States during the second quarter of 2012. Additionally, SafeStitch has supplemented its Technical File for clearance to market the AMID HFD in the European Union.

SMART Dilator™

Dilators are used when an endoscopy demonstrates the narrowing of the esophagus. Narrowing may be treated by administering GERD medication or by using a dilator to expand the esophagus. Approximately 800,000 dilations are performed in the United States each year. According to peer-reviewed literature, dilation results in a 0.5-1.0% perforation rate. Untreated perforation of the esophagus is fatal, usually within two days. Research indicates that, during dilation, the physician should place no greater than two pounds of pressure on the dilator. The Company's SMART Dilator has a handle that changes from green to yellow and then to red, providing the physician a visual indicator of how close he or she is to the recommended two pound limit. Additionally, the SMART Dilator handle locks in place when the force applied to the dilator exceeds 2.5 pounds of pressure. While there are numerous dilators on the market, none include a feedback mechanism similar to that provided by the SMART Dilator. In February 2009, SafeStitch received FDA clearance to market the SMART Dilator in the United States as a Class II device.

Bite Blocks

A bite block is used to protect the endoscope used in transoral gastrointestinal procedures and is utilized in almost all such procedures. A number of bite blocks are on the market.

Standard Bite Block. SafeStitch's Standard Bite Block is designed with a bigger lip guard and slightly different aperture than other bite blocks to prevent patient induced dislodgement. Because this is a Class I device, significant testing has not been necessary; however, in 2008, Creighton University Medical Center performed a bite block study to test for comfort during endoscopic procedures in human patients and satisfactory results were obtained. This is a Class I 510(k)-exempt device that requires no preclearance from the FDA prior to marketing.

Airway Bite Block. The Airway Bite Block provides a secure system for a soft airway that assists breathing in patients with larger tongues or smaller throats. The Airway Bite Block was tested following Institutional Review Board ("IRB") approval at Creighton University Medical Center in 2008. The Airway Bite Block will come in two sizes. This is a Class I 510(k)-exempt device that requires no preclearance from the FDA prior to marketing.

SafeStitch Product Development Pipeline Overview

The following products were under development by SafeStitch prior to the Merger and we are currently evaluating ongoing development options and future commercialization opportunities for each of them.

Intralumenal Gastroplasty Device for Obesity and GERD ("Gastroplasty Device")

The Gastroplasty Device consists of a set of instruments designed to perform incision-less, endoscopic surgery by introduction through the mouth and esophagus. Bariatric and GERD operations are generally performed through an external abdominal incision, and often laparoscopically. Traditional surgery has the potential for significant complications and often requires an in-patient hospital stay, which is expensive.

The Gastroplasty Device is the most tested of our SafeStitch products under development, and has demonstrated its potential for effectiveness. In animal tests and *ex vivo* human testing, the Gastroplasty Devices have been successful in suturing and excising tissue and reducing stomach size. We successfully tested our first investigational devices in five patients in Hungary, and follow up observations were reviewed in September 2012, which was approximately 24 months following the initial procedures. At the 24-month follow-up, we observed, through endoscopic visualization, that the operative site showed significant scar tissue as intended, with the scar forming a restrictive ring for weight loss or, in the case of GERD, a barrier to prevent acid from refluxing into the esophagus. We also observed that the weight loss and esophageal monitoring was satisfactory and as expected. We have expanded our *in vivo* human testing of this device in Hungary during 2013 and expect to continue to gather additional data. We are preparing obesity trial protocols for this device in preparation for submitting the final investigational device exemption ("IDE") trial plans to the FDA for review.

Barrett's Excision Device for Treatment and Diagnosis ("Barrett's Device")

Barrett's Esophagus, which is caused by GERD, is a condition in which the lining of the esophagus imitates the stomach mucosa, beginning at the esophageal junction and migrating upward. Barrett's esophageal tissue is pre-cancerous and can result in difficulty in swallowing, malignancy and death. The Barrett's Device is designed to assist in both the diagnosis of and treatment of Barrett's Esophagus.

Existing treatments include medication, laparoscopic surgery and cauterization. The Barrett's Device allows the mucosa to be suctioned, cut off completely and tested; the advantage over radiofrequency ablation and other excision devices is that there are clean margins to allow the pathologist to definitively determine if cancer is present and its location and depth. No incision will be required, and the procedure will be an outpatient procedure. We expect this device to be more effective and less costly than existing procedures.

In more than ten *ex vivo* human esophageal tests and in animal *in vivo* tests, the Barrett's Device has successfully excised tissue with the desired width, length, depth and contour.

Business Strategy

Our strategy is to focus our resources on the development and commercialization of the SurgiBot™. We are planning to make the product available, initially in a number of international markets, subject to our obtaining the requisite regulatory and government clearances. Additionally, we will continue to review all commercialization options for the remaining products in our portfolio, including our SPIDER® Surgical System, AMID HFD, SMART Dilator and bite blocks.

We believe there are a broad set of hospitals that could benefit from the addition of robotic-assisted minimally invasive surgery at a lower cost of entry than existing robotic surgery systems. We believe that there are a broad set of surgeons that can benefit from the ease of use, visualization and precision of robotic surgery while remaining patient-side in a manner consistent with laparoscopic surgery. We believe that there are a broad set of patients that will seek a minimally invasive option offering minimal scarring and fewer incisions for many common general and gynecologic surgeries.

Following the Merger, we will evaluate all products previously under development by SafeStitch, prior to the Merger, their associated market opportunities, and the potential commercialization plans with respect to these products.

Research and Development

We plan to focus our research and development efforts on the SurgiBot™. Our experience with the SPIDER® Surgical System has significantly advanced the development of certain components of the SurgiBot™. The EndoDrive device is very similar to the function and form of the SPIDER® Surgical System that is inserted into the patient and features flexible articulating channels. The instruments used with both the SurgiBot™ and the SPIDER® system are long and flexible with many similar instrument tips and performance requirements. In addition to internal expertise, we continue to collaborate extensively with outside experts in robotic systems and visualization technologies.

During the fiscal years ended December 31, 2012 and 2011, TransEnterix incurred research and development expenses of approximately $5.9 million and $6.6 million, respectively, while SafeStitch incurred research and development expenses of $2.9 million and $3.7 million, respectively. Both TransEnterix and SafeStitch funded their respective research and development expenses primarily from proceeds raised from equity and debt financing transactions. As both TransEnterix and SafeStitch have had limited past revenues from sales of products, no customers were obligated to pay any material portion of such research and development expenses.

Intellectual Property

We believe that our intellectual property and expertise is an important competitive resource. Our experienced research and development team has created a substantial portfolio of intellectual property, including patents, patent applications, trade secrets and proprietary know-how. We maintain an active program of intellectual property protection, both to assure that the proprietary technology developed by us is appropriately protected and, where necessary, to assure that there is no infringement of our proprietary technology by competitive technologies.

As of date of this Current Report on Form 8-K, through TransEnterix, we hold 2 patents and have filed more than 30 patent applications in the United States and abroad. In each instance, we own all right, title and interest, and no licenses, security interests or other encumbrances have been granted on such patents and patent applications.

We intend to seek further patent and other intellectual property protection in the United States and internationally where available and when appropriate.

We also have intellectual property from SafeStitch. We have exclusively licensed technology, know-how and patent applications from Creighton University, or Creighton, for most of the SafeStitch products and products under development. These applications include systems and techniques for minimally invasive gastrointestinal procedures, a dilator for use with an endoscope, and bite blocks for use with an endoscope and for preserving airways of patients during endoscopy. In addition, we have certain rights to other Creighton intellectual property that we have not yet defined as products under development. In total, we have eight patent applications pending in the United States, including those that are exclusively licensed from Creighton. We are also pursuing several of these applications in other countries, and three such foreign patents have been issued.

Pursuant to our exclusive license and development agreement with Creighton (the "Creighton Agreement"), we own all inventions conceived of and reduced to practice solely by our employees and agents, and all patent applications and patents claiming such inventions developed without the use of any licensed patent rights or associated know-how, and Creighton owns all inventions conceived of and reduced to practice solely by Dr. Filipi, or any Creighton employees or agents who work directly with Dr. Filipi in the course of performing duties for us, and all patent applications and patents claiming such inventions, which inventions, patent applications and all resulting licensed patent rights are subject to the exclusive license and development agreement. Together with Creighton, we jointly own all inventions conceived of and reduced to practice jointly by Dr. Filipi, and/or any university employees or agents who work directly with him, and our employees or agents. Notwithstanding the foregoing, Creighton owns all inventions conceived of or reduced to practice under its research and development budget, and all patent applications and patents claiming such inventions, even if conceived of solely by our employees or agents, and such inventions, patent applications and all resulting licensed patent rights are subject to the Creighton Agreement.

Creighton is obligated to file, prosecute and maintain all licensed patents and all patent applications and patents disclosing and claiming inventions made in whole or in part by university employees, agents or contractors resulting from the research and development the university engages in on our behalf in such countries as we designate. We have the right, but not the obligation, at our sole expense, to enforce our licensed patent rights and associated know-how under the Creighton Agreement against any infringer, including the right to file suit for patent infringement naming Creighton as a party, and the right to settle such suit with the university's consent, which shall not be unreasonably withheld. Creighton is entitled to 1.5% of any amount collected as a result of such judgment or settlement. In the event that we choose not to file suit for patent infringement within 180 days after becoming aware of infringement, Creighton has the right, but not the obligation, at its sole expense, to enforce the licensed patent rights and associated know-how against any infringer, including the right to file suit for patent infringement naming us as a party, and the right to settle such suit with our consent, which shall not be unreasonably withheld. Creighton shall pay us 1.5% of any amount collected as a result of such judgment or settlement.

Competition

Our industry is highly competitive, subject to change and significantly affected by new product introductions and other activities of industry participants. Many of our competitors have significantly greater financial and human resources than we do and have established reputations with our target customers, as well as worldwide distribution channels that are more established and developed than ours.

There are many competitive offerings in the field of minimally invasive surgery. Several companies have launched devices that enable reduced incision or single incision laparoscopic surgery with or without robotic assistance. Our surgical competitors include, but are not limited to: Applied Medical, Covidien, Intuitive Surgical, Johnson & Johnson, Olympus America, and Stryker.

In addition to surgical competitors, there are many products and therapies that are designed to reduce the need or attractiveness of surgical intervention. These products and therapies may impact the overall volume of surgical procedures and negatively impact our business.

Additionally, there are a number of competitors to the SafeStitch products and products under development. The table below lists our products, sourced from SafeStitch and from TransEnterix, and the significant competitors in these product fields:

SafeStitch Products	Significant Competitors
AMID HFD	Covidien.
SMART Dilator™	Boston Scientific Corporation, Cook Medical Supply, Inc., and Miller Medical Specialties.
Standard and Airway Bite Blocks	C.R. Bard, Inc, ConMed Corporation, U.S. Endoscopy, Omni Medical Supply, Inc. and Olympus Medical Equipment Services America, Inc.

SafeStitch Products Under Development	Significant Competitors
Gastroplasty Device	USGI Medical, Endo Gastric Solutions, Inc., ValenTx, Inc., GI Dynamics, Inc. and Medigus, Ltd.
Barrett's Device	Olympus Medical Equipment Services America, Inc. and Covidien.

TransEnterix Products and Products Under Development	Significant Competitors
SPIDER® Surgical System	Applied Medical, Stryker, Olympus America, and Covidien
SurgiBot™	Intuitive Surgical

Government Regulation of our Medical Device Development Activities

The U.S. government regulates healthcare through various agencies, including but not limited to, the FDA, which administers the Federal Food, Drug and Cosmetic Act (the "FDCA"). The design, testing, manufacture, distribution, advertising, and marketing of medical devices are subject to extensive regulation by federal, state, and local governmental authorities in the United States, including the FDA, and by similar agencies in other countries. Any device product that we develop must receive all requisite regulatory approvals or clearances, as the case may be, before it may be marketed in a particular country.

Device Development

Medical devices are subject to varying levels of premarket regulatory controls, the most comprehensive of which requires that a clinical study or evaluation be conducted before a medical device receives approval for commercial distribution. The FDA classifies medical devices into one of three classes: (i) Class I devices are relatively simple and can be manufactured and distributed with general controls; (ii) Class II devices are somewhat more complex and require greater scrutiny; and (iii) Class III devices are new and frequently help sustain life.

In the United States, a company generally can obtain permission to distribute a new medical device in one of two ways. The first applies to any device that is substantially equivalent to a device first marketed prior to May 1976, or to another device marketed after that date, but which was substantially equivalent to a pre-May 1976 device. These devices are either Class I or Class II devices. To obtain FDA permission to distribute the device, a company generally must submit a Section 510(k) submission, and receive an FDA order finding substantial equivalence to a predicate device (pre-May 1976 or post-May 1976 device that was substantially equivalent to a pre-May 1976 device) and permitting commercial distribution of that medical device for its intended use. A 510(k) submission must provide information supporting a claim of substantial equivalence to the predicate device. If clinical data from human experience are required to support the 510(k) submission, these data must be gathered in compliance with IDE regulations for investigations performed in the United States. The 510(k) process is normally used for products of the type that the we propose distributing. The FDA review process for premarket notifications submitted pursuant to section 510(k) takes, on average, about 90 days, but it can take substantially longer if the FDA has concerns, and there is no guarantee that the FDA will "clear" the device for marketing, in which case the device cannot be distributed in the United States. There is also no guarantee that the FDA will deem the applicable device subject to the 510(k) process, as opposed to the more time-consuming, resource-intensive and problematic, pre-market approval ("PMA") process described below. In 2011, the FDA issued a series of draft guidance documents designed to reform the 510(k) clearance process. Similarly, the Medical Device User Fee Amendments of 2012 authorized the FDA to collect user fees for the review of certain premarket submissions received on or after October 1, 2012, including 510(k) submissions. These fees are intended to improve the medical device review process, but the actual impact on the industry is still unknown.

The second, more comprehensive, approval process applies to a new device that is not substantially equivalent to a pre-1976 product or that is to be used in supporting or sustaining life or preventing impairment. These devices are normally Class III devices. For example, most implantable devices are subject to the approval process. Two steps of FDA approval are generally required before a company can market a product in the United States that is subject to approval, as opposed to clearance. First, a company must comply with IDE regulations in connection with any human clinical investigation of the device. These regulations permit a company to undertake a clinical study of a "non-significant risk" device without formal FDA approval. Prior express FDA approval is required if the device is a significant risk device. Second, the FDA must review the company's PMA application, which contains, among other things, clinical information acquired under the IDE. Additionally, devices subject to PMA approval may be subject to a panel review to obtain market approval and are required to pass a factory inspection in accordance with the current Good Manufacturing Practice standards in order to obtain approval. The FDA will approve the PMA application if it finds there is reasonable assurance that the device is safe and effective for its intended use. The PMA process takes substantially longer than the 510(k) process and it is conceivable that the FDA would not agree with our assessment that our medical device that we propose to distribute should be Class I

or Class II devices. If that were to occur, we would be required to undertake the more complex and costly PMA process. However, for either the 510(k) or the PMA process, the FDA could require us to run clinical trials, which would pose certain other risks and uncertainties.

We intend to continue in discussions with the FDA regarding the appropriate regulatory pathway for our products, with primary emphasis directed toward confirming the regulatory pathway for our SurgiBot™, a Class II device. While clinical trial data for Class II devices is generally not required, we have not received any directive from the FDA that clinical studies of the SurgiBot™ will be required for market clearance. Should a clinical study be required to support a 510(k) submission, the Company would seek FDA advisement on study design, endpoints and statistical methods.

Even when a clinical study has been approved by the FDA or deemed approved, the study is subject to factors beyond a manufacturer's control, including, but not limited to, the fact that the institutional review board at a specified clinical site might not approve the study, might decline to renew approval, or might suspend or terminate the study before its completion. There is no assurance that a clinical study at any given site will progress as anticipated. In addition, there can be no assurance that the clinical study will provide sufficient evidence to assure the FDA that the product is safe and effective, a prerequisite for FDA approval of a PMA, or substantially equivalent in terms of safety and effectiveness to a predicate device, a prerequisite for clearance under 510(k). Even if the FDA approves or clears a device, it may limit its intended uses in such a way that manufacturing and distribution of the device may not be commercially feasible.

After clearance or approval to market is given, the FDA and foreign regulatory agencies, upon the occurrence of certain events, are authorized under various circumstances to withdraw the clearance or approval of the device, or require changes to a device, its manufacturing process or its labeling or require additional proof that regulatory requirements have been met.

A manufacturer of a device approved through the PMA is not permitted to make changes to the device, which affects its safety or effectiveness without first submitting a supplement application to its PMA and obtaining FDA approval for that supplement, prior to marketing the modified device. In some instances, the FDA may require clinical trials to support a supplement application. A manufacturer of a device cleared through the 510(k) process must submit a special premarket notification if it intends to make a change or modification in the device that could significantly affect the safety or effectiveness of the device, such as a significant change or modification in design, material, chemical composition, energy source, labeling or manufacturing process. Any change in the intended uses of a PMA device or a 510(k) device requires an approval supplement or cleared premarket notification. Exported devices are subject to the regulatory requirements of each country to which the device is exported, as well as certain FDA export requirements.

A company that intends to manufacture medical devices is required to register with the FDA before it begins to manufacture the device for commercial distribution. As a result, we and any entity that manufactures products on our behalf will be subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation requirements and other regulations. In the European Community, we are required to maintain certain International Organization for Standardization certifications in order to sell products and we or our manufacturers would be required to undergo periodic inspections by notified bodies to obtain and maintain these certifications. These regulations require us or our manufacturers to manufacture products and maintain documents in a prescribed manner with respect to design, manufacturing, testing, labeling and control activities. Further, we are required to comply with various FDA and other agency requirements for labeling and promotion. The FDA's Medical Device Reporting regulations require that we provide information to the FDA whenever there is evidence to reasonably suggest that a device may have caused or contributed to a death or serious injury or, if a malfunction were to occur, could cause or contribute to a death or serious injury. In addition, the FDA prohibits us from promoting a medical device for unapproved indications.

Impact of Regulation

The FDA, in the course of enforcing the FDCA, may subject a medical device company such as our Company to various sanctions for violating FDA regulations or provisions of the FDCA, including requiring recalls, issuing Warning Letters, seeking to impose civil money penalties, seizing devices that the agency believes are non-compliant, seeking to enjoin distribution of a specific type of device or other product, seeking to revoke a clearance or approval, seeking disgorgement of profits.

Further, the levels of revenues and profitability of medical companies like our Company may be affected by the continuing efforts of government and third party payers to contain or reduce the costs of health care through various means. For example, in certain foreign markets, pricing or profitability of products is subject to governmental control. In the United States, there have been, and we expect that there will continue to be, a number of federal and state proposals to implement similar governmental controls. Therefore, we cannot assure you that any of our products will be considered cost effective, or that, following any commercialization of our products, reimbursement will be available or sufficient to allow us to manufacture sell them competitively and profitably.

International Regulation and Potential Impact

The Company intends to pursue continued expansion into international markets. Some of these markets maintain unique regulatory requirements outside of or in addition to those of the U.S. FDA and the European Union. Due to the variations in regulatory requirements within territories, the Company may be required to perform additional safety or clinical testing or fulfill additional agency requirements for specific territories. The Company may also be required to apply for registration using third parties within those territories and may be dependent upon the third parties' successful regulatory processes to file, register and list the product applications and associated labeling. These additional requirements may result in delays in international registrations and commercialization of our products in certain countries.

Employees

We presently have 86 employees, including 2 part-time employees, and make extensive use of third party contractors, consultants and advisors to perform many of our present activities. We have not entered into any collective bargaining agreements with any of our employees.

RISK FACTORS

An investment in our Company involves a significant level of risk. Investors should carefully consider the risk factors described below together with the other information included in this Current Report on Form 8-K. If any of the risks described below occurs, or if other risks not identified below occur, our business, financial condition, and results of operations could be materially and adversely affected.

Risks Related to our Business

We have a history of operating losses, and we may not be able to achieve or sustain profitability. In addition, we may be unable to continue as a going concern.

We are a medical device company with a limited operating history. We are not profitable and have incurred losses since our inception. Our consolidated financial statements for the years ended December 31, 2012 and 2011 were prepared on a "going concern" basis and substantial doubt exists about our ability to continue as a going concern as a result of recurring losses and an accumulated deficit. We continue to incur research and development and general and administrative expenses related to our operations.

TransEnterix's net losses for the years ended December 31, 2012 and 2011 were $15.4 million and $17.0 million, respectively, and TransEnterix had an accumulated deficit of $68.6 million as of December 31, 2012. Further, TransEnterix's net loss for the six months ended June 30, 2013 was $9.1 million. Additionally, SafeStitch's net losses for the years ended December 31, 2012 and 2011 were $6.7 million and $5.7 million, respectively, and SafeStitch had an accumulated deficit of $29.5 million as of December 31, 2012. Finally, SafeStitch's net loss for the six months ended June 30, 2013 was $1.5 million.

We expect to continue to incur losses for the foreseeable future, and these losses will likely increase as we prepare for clinical trials of our products and continue to commercialize our cleared or approved products. If our products fail in clinical trials or do not gain regulatory clearance or approval, or if our products do not achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Absent a significant increase in revenue or additional equity or debt financing, we may not be able to sustain our ability to continue as a going concern.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all.

It is highly likely that the net proceeds of the Private Placement will not be sufficient to support clinical and pre-clinical development of our products and product candidates and provide us with the necessary resources to commercialize these products and product candidates. While we are currently focused on our SurgiBot™ product, we intend to advance multiple additional products through clinical and pre-clinical development in the future. We will likely need to raise substantial additional capital in addition to the net proceeds of the Private Placement in order to continue our operations and achieve our business' objectives.

Our future funding requirements will depend on many factors, including, but not limited to:

- the costs associated with the integration of the respective businesses and operations of SafeStitch and TransEnterix;
- the costs associated with establishing a sales force and commercialization capabilities;
- the costs associated with the expansion of our manufacturing capabilities;
- our need to expand our research and development activities;
- the rate of progress and cost of our clinical trials;

- the costs of acquiring, licensing or investing in businesses, products and technologies;
- the costs and timing of seeking and obtaining FDA and other non-U.S. regulatory clearances and approvals;
- the economic and other terms and timing of our existing licensing arrangement and any collaboration, licensing or other arrangements into which we may enter in the future;
- our need and ability to hire additional management, scientific, medical and sales and marketing personnel;
- the effect of competing technological and market developments;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems; and
- our ability to maintain, expand and defend the scope of our intellectual property portfolio.

Until we generate a sufficient amount of product revenue to finance our cash requirements, which may never occur, we expect to finance future cash needs primarily through public or private equity offerings, debt financings or strategic collaborations. We do not know whether additional funding will be available on acceptable terms, or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more of our clinical trials or research and development programs. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution; and debt financing, if available, may involve restrictive covenants that limit our operations. To the extent that we raise additional funds through collaboration and licensing arrangements, it may be necessary to relinquish some rights to our products or grant licenses on terms that may not be favorable to us.

We may fail to realize some or all of the anticipated benefits of the business combination of SafeStitch and TransEnterix, which may adversely affect the value of our Common Stock.

The success of the integration of TransEnterix will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the respective business and operations of SafeStitch and TransEnterix. To realize these anticipated benefits and cost savings, we must successfully combine the acquired business with our legacy operations and integrate our respective operations, technologies and personnel, which is particularly challenging given the geographic and cultural differences between the personnel and facilities based in Florida and North Carolina and the lack of experience we have in combining businesses. If we are not able to achieve these objectives within the anticipated time frame or at all, the anticipated benefits and cost savings of the acquisition may not be realized fully or at all or may take longer to realize than expected, and the value of our Common Stock may be adversely affected. In addition, the overall integration of the businesses is a complex, time-consuming and expensive process that, without proper planning and effective and timely implementation, could significantly disrupt our operations. Further, it is possible that the integration process could adversely affect our ability to maintain our research and development operations, result in the loss of key employees and other senior management, or to otherwise achieve the anticipated benefits of the acquisition.

Risks in integrating TransEnterix into our operations in order to realize the anticipated benefits of the acquisition include, among other factors:

- failure to effectively coordinate research and development efforts to communicate our product capabilities and expected product roadmap;
- failure to compete effectively against companies already serving the broader market opportunities expected to be available to us and our potential expanded product offerings;
- coordinating research and development activities to enhance the introduction of new devices and platforms acquired in the acquisition;

- failure to successfully integrate and harmonize financial reporting and information technology systems of the two companies;
- retaining TransEnterix's relationships with partners;
- integrating a senior management team as well as members from both companies into our Board;
- retaining and integrating key employees from TransEnterix and SafeStitch;
- managing effectively the diversion of management's attention from business matters to integration issues;
- combining research and development capabilities effectively and quickly;
- integrating partnership efforts so that new partners acquired can easily do business with us; and
- transitioning all facilities to a common information technology environment.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual cost synergies, if achieved at all, may be lower than we expect and may take longer to achieve than anticipated. If we are not able to adequately address these challenges, we may be unable to successfully integrate the operations of the business acquired from TransEnterix into our own, or to realize the anticipated benefits of the integration. The anticipated benefits and synergies assume a successful integration and are based on projections, which are inherently uncertain, and other assumptions. Even if integration is successful, anticipated benefits and synergies may not be achieved. An inability to realize the full extent of, or any of, the anticipated benefits of the acquisition, as well as any delays encountered in the integration process, could have an adverse effect on our business and results of operations, which may affect the value of the shares of our Common Stock.

We have incurred significant costs related to the Merger and expect to incur additional costs as integration plans continue. If we are unable to offset the costs of the acquisition through realization of efficiencies, our financial condition, liquidity and results of operations will suffer.

We have incurred, and expect to continue to incur, various non-recurring costs associated with combining the operations of TransEnterix with our own business, including, but not limited to, legal, accounting and financial advisory fees. The substantial majority of non-recurring expenses have been composed of these costs and expenses related to the execution of the acquisition, facilities and systems consolidation costs and employment-related costs. We have also incurred fees and costs related to formulating and implementing integration plans. Additional unanticipated costs may be incurred in the integration of the businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental acquisition and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

We have incurred a substantial amount of indebtedness as a result of our assumption of TransEnterix's outstanding debt in connection with the Merger, which may adversely affect our financial resources and our ability to operate our business.

In connection with the Merger, we became a party to, and jointly and severally liable for, $9.4 million of the outstanding debt of TransEnterix, and the associated obligations owed by TransEnterix, under the SVB-Oxford LSA, entered into by and among TransEnterix, SVB, and Oxford. Our resulting substantial level of indebtedness and other financial obligations increase the possibility that we may be unable to pay, when due, the principal of, interest on, or other amounts due in respect of, our indebtedness.

Further, under the SVB-Oxford LSA, we are subject to certain restrictive covenants that, among other things, may limit our ability to obtain additional financing for working capital requirements, product development activities, debt service requirements, and general corporate or other purposes. These restrictive covenants include, without limitation, restrictions on our ability to: (1) change the nature of our business; (2) incur additional indebtedness; (3) incur liens; (4) make certain investments; (5) make certain dispositions of assets; (6) merge, dissolve, consolidate or sell all or substantially all of our assets; and (7) enter into transactions with affiliates.

If we breach any of these restrictive covenants or are unable to pay our indebtedness under the SVB-Oxford LSA when due, this could result in a default under the SVB-Oxford LSA. In such event, SVB and/or Oxford, as the case may be, may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable under the SVB-Oxford LSA, to be immediately due and payable. Any such occurrence would have an immediate and materially adverse impact on our business and results of operations.

Medicare legislation and future legislative or regulatory reform of the health care system may affect our ability to sell our products profitably.

In the United States, there have been a number of legislative and regulatory initiatives, at both the federal and state government levels, to change the healthcare system in ways that, if approved, could affect our ability to sell our products and provide our laboratory services profitably. While many of the proposed policy changes require congressional approval to implement, we cannot assure you that reimbursement payments under governmental and private third party payor programs will remain at levels comparable to present levels or will be sufficient to cover the costs allocable to patients eligible for reimbursement under these programs. Any changes that lower reimbursement rates under Medicare, Medicaid or private payor programs could negatively affect our business.

To the extent that our products are deemed to be durable medical equipment ("DME"), they may be subject to distribution under Medicare's Competitive Acquisition regulations, which could adversely affect the amount that we can seek from payors. Non-DME devices used in surgical procedures are normally paid directly by the hospital or health care provider and not reimbursed separately by third-party payors. As a result, these types of devices are subject to intense price competition that can place a small manufacturer at a competitive disadvantage.

Most significantly, on March 23, 2010, President Obama signed into law both the Patient Protection and Affordable Care Act (the "Affordable Care Act") and the reconciliation law known as Health Care and Education Affordability Reconciliation Act (the "Reconciliation Act") and, combined we refer to both Acts as the "2010 Health Care Reform Legislation." The constitutionality of the 2010 Health Care Reform Legislation was confirmed on June 28, 2012 by the Supreme Court of the United States. Specifically, the Supreme Court upheld the individual mandate and includes changes to extend medical benefits to those who currently lack insurance coverage. Extending coverage to a large population could substantially change the structure of the health insurance system and the methodology for reimbursing medical services, drugs and devices. These structural changes could entail modifications to the existing system of third-party payors and government programs, such as Medicare and Medicaid, the creation of a government-sponsored healthcare insurance source, or some combination of both, as well as other changes. Additionally, restructuring the coverage of medical care in the United States could impact the reimbursement for diagnostic tests. If reimbursement for our diagnostic tests is substantially less than we or our clinical laboratory customers expect, or rebate obligations associated with them are substantially increased, our business could be materially and adversely impacted.

Beyond coverage and reimbursement changes, the 2010 Health Care Reform Legislation subjects manufacturers of medical devices to an excise tax of 2.3% on certain U.S. sales of medical devices in January 2013. This excise tax will likely increase our expenses in the future. Regulations under the 2010 Health Care Reform Legislation are expected to continue being drafted, released and finalized throughout the next several years. Pending the promulgation of these regulations, we are unable to fully evaluate the impact of the 2010 Health Care Reform Legislation.

Further, the 2010 Health Care Reform Legislation includes the Physician Payments Sunshine Act, which, in conjunction with its implementing regulations, requires manufacturers of certain drugs, biologics, and devices that are covered by Medicare and Medicaid to record all transfers of value to physicians and teaching hospitals starting on August 1, 2013 and to begin reporting the same for public disclosure to the Centers for Medicare and Medicaid Services by March 31, 2014. Several other states and a number of countries worldwide have adopted or are considering the adoption of similar transparency laws. The failure to report appropriate data may result in civil or criminal fines and/or penalties.

Finally, we are unable to predict what additional legislation or regulation, if any, relating to the health care industry or third-party coverage and reimbursement may be enacted in the future or what effect such legislation or regulation would have on our business. Any cost containment measures or other health care system reforms that are adopted could have a material and adverse effect on our ability to commercialize our existing and future products successfully.

Some of our technologies are in an early stage of development and not yet proven. Further, our related product research and development activities may not lead to our technologies and products being commercially viable.

We are engaged in the research and development of minimally invasive surgical devices, robotic surgical devices, and intralumenal medical devices that manipulate tissues for the treatment of certain intraperitoneal abnormalities. The effectiveness of our technologies is not well-known in, or may not be accepted generally by, the clinical medical community. Further, some of our products are still in early stages of development and are prone to the risks of failure inherent in medical device product development. In particular, any of our products in clinical trials may fail to show desired efficacy and safety traits despite early promising results. A number of companies in the medical device industry have suffered significant setbacks in advanced clinical trials, even after obtaining promising results at earlier points. The occurrence of any such events would have a material adverse effect on our business.

Our product research and development activities may not result in commercially viable products.

Some of our products are still in early stages of development and are prone to the risks of failure inherent in medical device product development. For any Class III devices, we will likely be required to undertake significant clinical trials to demonstrate to the FDA that our devices are safe and effective for their intended uses. We may also be required to undertake clinical trials by non-U.S. regulatory agencies. Clinical trials are expensive and uncertain processes that may take years to complete. Failure can occur at any point in the process, and early positive results do not ensure that the entire clinical trial will be successful. Products in clinical trials may fail to show desired efficacy and safety traits despite early promising results. A number of companies in the medical device industry have suffered significant setbacks in advanced clinical trials, even after obtaining promising results at earlier points.

The results of previous clinical experience with our devices and devices similar to those that we are developing may not be indicative of future results, and our current and planned clinical trials may not satisfy the requirements of the FDA or other non-U.S. regulatory authorities.

Positive results from limited *in vivo* and *ex vivo* animal trials we have conducted or early clinical experience with the test articles or with similar devices should not be relied upon as evidence that later-stage or large-scale clinical trials will succeed. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our Class III products are safe and effective for their intended uses. Generally, clinical data is not required to support a 510(k) application, but if applicable for our Class II products, we may require clinical data to demonstrate that the devices are substantially equivalent in terms of safety and effectiveness to devices that are already marketed under Section 510(k).

Further, our products may not be cleared or approved, as the case may be, even if the clinical data are satisfactory and support, in our view, clearance or approval. The FDA or other non-U.S. regulatory authorities may disagree with our trial design and our interpretation of the clinical data. Any of these regulatory authorities may change requirements for the clearance or approval of a product even after reviewing and providing comment on a protocol for a pivotal clinical trial that has the potential to result in FDA approval. These regulatory authorities may also clear or approve a product for fewer or more limited uses than we request or, for a Class III device, may grant approval contingent on the performance of costly post-marketing clinical trials. In addition, the FDA or other non-U.S. regulatory authorities may not approve or clear the labeling claims necessary or desirable for the successful commercialization of our products.

We are highly dependent on the success of our products, and we cannot give any assurance that our products will receive regulatory clearance or that any of our products or future products will be successfully commercialized.

We are highly dependent on the success of our products, especially the SurgiBot™ and the SPIDER® Surgical System. While we have received FDA and CE Mark clearance for the SPIDER® Surgical System, we cannot give any assurance that the FDA will permit us to clinically test or grant regulatory clearance for the SurgiBot™, nor can we give any assurance that the SurgiBot™, the SPIDER® Surgical System, or any of our other products will be successfully commercialized, for a number of reasons, including, without limitation, the potential introduction by our competitors of more clinically-effective or cost-effective alternatives or failure in our sales and marketing efforts, or our failure to obtain positive coverage determinations or reimbursement. Any failure to obtain clearance or approval of our products or to successfully commercialize them would have a material and adverse effect on our business.

If our competitors develop and market products that are more effective, safer or less expensive than our products and future products, our commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive, and we face significant competition from many medical device companies that are researching and marketing products designed to address minimally invasive and robotic surgery as well as the intraperitoneal abnormalities we are endeavoring to address. We are currently developing and commercializing medical devices that will compete with other medical devices that currently exist or are being developed. Products we may develop in the future are also likely to face competition from other medical devices and therapies. Many of our competitors have significantly greater financial, manufacturing, marketing and product development resources than we do. Large medical device companies, in particular, have extensive experience in clinical testing and in obtaining regulatory clearances or approvals for medical devices. These companies also have significantly greater research and marketing capabilities than we do. As indicated, there are also other methods to perform minimally invasive or robotic surgery and other methods to treat obesity, such as diet, exercise and medicine. Other competitors have developed products and therapies, such as medical implants that occupy volume in the stomach to promote the feeling of satiety (Helioscopie) or gastric sleeves to reduce food intake. Some of the medical device companies we expect to compete with include Applied Medical, Covidien, Intuitive Surgical, Johnson & Johnson, Olympus, Stryker, USGI Medical, Endo Gastric Solutions, Inc., ValenTx, Inc., Dynamics, Inc., Medigus, Ltd., Cook Medical Supply, Inc., C.R. Bard, Inc., ConMed Corporation, U.S. Endoscopy and a number of minimally invasive surgical device, robotic surgical device, and bite block manufacturers and providers of products and therapies that are designed to reduce the need or attractiveness of surgical intervention. In addition, many other universities and private and public research institutions are or may become active in research involving surgical devices for gastrointestinal abnormalities and minimally invasive and robotic surgery.

We believe that our ability to successfully compete will depend on, among other things:

- the results of our clinical trials;
- the efficacy, safety and reliability of our products;
- the speed at which we develop our products;
- our ability to commercialize and market any of our products that may receive regulatory clearance or approval;
- our ability to design and successfully execute appropriate clinical trials;
- the timing and scope of regulatory clearances or approvals;
- appropriate coverage and adequate levels of reimbursement under private and governmental health insurance plans, including Medicare;
- our ability to protect intellectual property rights related to our products;

- our ability to have our partners manufacture and sell commercial quantities of any approved products to the market; and
- acceptance of future products by physicians and other health care providers.

If our competitors market products that are more effective, safer, easier to use or less expensive than our products or future products, or that reach the market sooner than our products, we may not achieve commercial success. In addition, the medical device industry is characterized by rapid technological change. It may be difficult for us to stay abreast of the rapid changes in each technology. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or products obsolete or less competitive.

Our product development activities could be delayed or stopped.

We do not know whether other planned clinical trials will be completed on schedule, or at all, and we cannot guarantee that our planned clinical trials will begin on time or at all. The commencement of our planned clinical trials could be substantially delayed or prevented by several factors, including:

- limited number of, and competition for, suitable patients that meet the protocol's inclusion criteria and do not meet any of the exclusion criteria;
- limited number of, and competition for, suitable sites to conduct our clinical trials, and delay or failure to obtain FDA approval, if necessary, to commence a clinical trial;
- delay or failure to obtain sufficient supplies of the product for our clinical trials;
- requirements to provide the medical device required in our clinical trial at cost, which may require significant expenditures that we are unable or unwilling to make;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
- delay or failure to obtain IRB approval or renewal to conduct a clinical trial at a prospective or accruing site, respectively.

The completion of our clinical trials could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrollment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues;
- lack of efficacy evidenced during clinical trials;
- termination of our clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or medical investigators to follow our clinical trial protocols or allocate sufficient resources to complete our clinical trials; and
- inability to monitor patients adequately during or after treatment.

Our clinical trials may be suspended or terminated at any time by us, the FDA, other regulatory authorities or the IRB for any given site. Any failure or significant delay in completing clinical trials for our products could materially harm our financial results and the commercial prospects for our products.

The regulatory approval and clearance processes are expensive, time-consuming and uncertain and may prevent us or our collaboration partners from obtaining approvals or clearances, as the case may be, for the commercialization of some or all of our products.

The research, testing, manufacturing, labeling, approval, clearance, selling, marketing and distribution of medical devices are subject to extensive regulation by the FDA and other non-U.S. regulatory authorities, which regulations differ from country to country. We are not permitted to market our products in the United States until we receive a clearance letter under the 510(k) process or approval of a PMA from the FDA, depending on the nature of the device. While we have already received FDA clearance for the Class II SPIDER® Surgical System, we intend to continue discussions with the FDA regarding the appropriate regulatory approval for our Class II SurgiBot™ and the Gastroplasty Device, the classification of which has not yet been confirmed by the FDA. Obtaining approval of any PMA can be a lengthy, expensive and uncertain process. While the FDA normally reviews a premarket notification in 90 days, there is no guarantee that our future products will qualify for this more expeditious regulatory process, which is reserved for Class I and II devices, nor is there any assurance, that even if a device is reviewed under the 510(k) premarket notification process, that the FDA will review it expeditiously or determine that the device is substantially equivalent to a lawfully marketed non-PMA device. If the FDA fails to make this finding, then we cannot market the device. In lieu of acting on a premarket notification, the FDA may seek additional information or additional data which would further delay our ability to market the product.

Regulatory approval of a PMA, PMA supplement or clearance pursuant to a 510(k) premarket notification is not guaranteed, and the approval or clearance process, as the case may be, is expensive, uncertain and may, especially in the case of the PMA application, take several years. The FDA also has substantial discretion in the medical device clearance process or approval process. Despite the time and expense exerted, failure can occur at any stage, and we could encounter problems that cause us to abandon clinical trials or to repeat or perform additional pre-clinical studies and clinical trials. The number of pre-clinical studies and clinical trials that will be required for FDA clearance or approval varies depending on the medical device candidate, the disease or condition that the medical device candidate is designed to address, and the regulations applicable to any particular medical device candidate. The FDA can delay, limit or deny clearance or approval of a medical device candidate for many reasons, including:

- a medical device candidate may not be deemed safe or effective, in the case of a PMA application;
- a medical device candidate may not be deemed to be substantially equivalent to a device lawfully marketed either as a grandfathered device or one that was cleared through the 510(k) premarket notification process;
- FDA officials may not find the data from pre-clinical studies and clinical trials sufficient;
- the FDA might not approve our third-party manufacturer’s processes or facilities for our Class III PMA devices; or
- the FDA may change its clearance or approval policies or adopt new regulations.

Even if we obtain regulatory clearances or approvals for our products, the terms thereof and ongoing regulation of our products may limit how we manufacture and market our products, which could materially impair our ability to generate anticipated revenues.

Once regulatory clearance or approval has been granted, the cleared or approved product and its manufacturer are subject to continual review. Any cleared or approved product may only be promoted for its indicated uses. In addition, if the FDA or other non-U.S. regulatory authorities clear or approve any of our products, the labeling, packaging, adverse event reporting, storage, advertising

and promotion for the product will be subject to extensive regulatory requirements. We and the manufacturers of our products are also required to comply with the FDA's QSR, which include requirements relating to quality control and quality assurance, as well as the corresponding maintenance of records and documentation. Moreover, device manufacturers are required to report adverse events by filing Medical Device Reports with the FDA, which are publicly available. Further, regulatory agencies must approve our manufacturing facilities for Class III devices before they can be used to manufacture our products, and all manufacturing facilities are subject to ongoing regulatory inspection. If we fail to comply with the regulatory requirements of the FDA, either before or after clearance or approval, or other non-U.S. regulatory authorities, or if previously unknown problems with our products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the products, manufacturers or manufacturing process;
- adverse inspectional observations (Form 483), warning letters, non-warning letters incorporating inspectional observations;
- civil or criminal penalties or fines;
- injunctions;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- suspension or withdrawal of regulatory clearances or approvals;
- total or partial suspension of production;
- imposition of restrictions on operations, including costly new manufacturing requirements; and
- refusal to clear or approve pending applications or premarket notifications.

In addition, the FDA and other non-U.S. regulatory authorities may change their policies and additional regulations may be enacted that could prevent or delay regulatory clearance or approval of our products. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are not able to maintain regulatory compliance, we would likely not be permitted to market our future products and we may not achieve or sustain profitability.

Even if we receive regulatory clearance or approval to market our products, the market may not be receptive to our products, or third-party payors, including government payors, may not provide coverage for our products or for procedures using our products, which could undermine our financial viability.

Even if our products obtain regulatory clearance or approval, resulting products may not gain market acceptance among physicians, patients, health care payors and/or the medical community. To date, we have experienced minimal sales of the AMID HFD and SPIDER® Surgical System and have not made any sales of the SurgiBot™ or the Gastroplasty Device. We believe that the degree of market acceptance will depend on a number of factors, including:

- timing of market introduction of competitive products;
- safety and efficacy of our products;
- physician training in the use of our products;
- prevalence and severity of any side effects;

- potential advantages or disadvantages over alternative treatments;
- strength of marketing and distribution support;
- price of our future products, both in absolute terms and relative to alternative treatments; and
- availability of coverage and reimbursement from government and other third-party payors.

If our products fail to achieve market acceptance, we may not be able to generate significant revenue or achieve or sustain profitability.

The coverage and reimbursement status of newly cleared or approved medical devices is uncertain, and failure to obtain adequate coverage and adequate reimbursement could limit our ability to market any future products we may develop and decrease our ability to generate revenue from any of our existing and future products that may be cleared or approved.

There is significant uncertainty related to the third-party coverage and reimbursement of newly cleared or approved medical devices. Normally, surgical devices are not directly covered; instead, the procedure using the device is subject to a coverage determination by the insurer. The commercial success of our existing and future products in both domestic and international markets will depend in part on the availability of coverage and adequate reimbursement from third-party payors, including government payors, such as the Medicare and Medicaid programs, managed care organizations and other third-party payors. Government and other third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for new products and, as a result, they may not cover or provide adequate payment for our existing and future products. These payors may conclude that our products are not as safe or effective as existing devices or that procedures using our devices are not as safe or effective as the existing procedures using other devices. These payors may also conclude that the overall cost of the procedure using one of our devices exceeds the overall cost of the competing procedure using another type of device, and third-party payors may not approve our products for coverage and adequate reimbursement. The failure to obtain coverage and adequate reimbursement for our existing and future products or health care cost containment initiatives that limit or restrict reimbursement for our existing and future products may reduce any future product revenue.

If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our products.

We will need to effectively manage our managerial, operational, financial, development, marketing and other resources in order to successfully pursue our research, development and commercialization efforts for our existing and future products. Our success depends on our continued ability to attract, retain and motivate highly qualified management and pre-clinical and clinical personnel. The loss of the services of any of our senior management, particularly Todd M. Pope and Richard M. Mueller, could delay or prevent the development or commercialization of our products. We do not maintain “key man” insurance policies on the lives of these individuals or the lives of any of our other employees. We employ these individuals on an at-will basis and their employment can be terminated by us or them at any time, for any reason and with or without notice. We will need to hire additional personnel as we continue to expand our research and development activities and build a sales and marketing organization.

We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel among medical device and other businesses. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that will impede significantly the achievement of our research and development objectives, our ability to raise additional capital and our ability to implement our business strategy. In particular, if we lose any members of our senior management team, we may not be able to find suitable replacements in a timely fashion or at all and our business may be harmed as a result.

Because our manufacturing capabilities are limited, we will rely on third parties to manufacture and supply some of our products. An inability to find additional or alternate sources for these products could materially and adversely affect our financial condition and results of operations.

We currently operate manufacturing facilities for production of the SPIDER® Surgical System and maintain manufacturing facilities for the AMID HFD product. In the future, we may choose to use a third party manufacturer for these as well as our other products. In addition, currently, certain of our SPIDER® Surgical System and the AMID HFD product component parts come from third-party suppliers. If these manufacturing partners are unable to produce our products or component parts in the amounts that we require, we may not be able to establish a contract and obtain a sufficient alternative supply from another supplier on a timely basis and in the quantities we require.

Our products require precise, high quality manufacturing. We and our contract manufacturers will be subject to ongoing periodic unannounced inspection by the FDA and non-U.S. regulatory authorities to ensure strict compliance with QSR, cGMP and other applicable government regulations and corresponding standards. If we or our contract manufacturers fail to achieve and maintain high manufacturing standards in compliance with QSR, we may experience manufacturing errors resulting in patient injury or death, product recalls or withdrawals, delays or interruptions of production or failures in product testing or delivery, delay or prevention of filing or approval of marketing applications for our products, cost overruns or other problems that could seriously harm our business.

Any performance failure by us or on the part of our contract manufacturers could delay clinical development or regulatory clearance or approval of our products or commercialization of our products and future products, depriving us of potential product revenue and resulting in additional losses. In addition, our dependence on any third party for manufacturing could adversely affect our future profit margins. Our ability to replace any then-existing manufacturer may be difficult because the number of potential manufacturers is limited and, in the case of Class III devices, the FDA must approve any replacement manufacturer before manufacturing can begin. It may be difficult or impossible for us to identify and engage a replacement manufacturer on acceptable terms in a timely manner, or at all.

We currently have a limited sales, marketing and distribution organization. If we are unable to develop our sales, marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our products.

We currently have limited marketing, sales and distribution capabilities, including a limited number of direct sales representatives. We intend to distribute our products, including our SPIDER® Surgical System and the AMID HFD product, through direct sales and independent contractor and distribution agreements with companies possessing established sales and marketing operations in the medical device industry, but there can be no assurance that we will successful. To the extent that we enter into co-promotion or other licensing arrangements, our product revenue is likely to be lower than if we directly market or sell our products. In addition, any revenue we receive will depend in whole or in part upon the efforts of such third parties, which may not be successful and are generally not within our control. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our products. If we are not successful in commercializing our existing and future products, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

We rely significantly on licenses from third parties, particularly our license with Creighton, and any loss of our rights under such license agreements, or failure to properly maintain or enforce the patent applications underlying such license agreements, could materially adversely affect our business prospects.

A significant number of our patent applications in our patent portfolio are not owned by us, but are licensed from Creighton and other third parties. Presently, we rely on licensed technology for our products and may license additional technology from other third parties in the future. Such license agreements give us rights for the commercial exploitation of the patents resulting from the patent applications, subject to certain provisions of the license agreements. Failure to comply with these provisions could result in the loss of our rights under these license agreements. Our inability to rely on these patent applications which are the basis of our technology would have a material adverse effect on our business.

Further, our success will depend in part on the ability of us, Creighton and our other third party licensors to obtain, maintain and enforce patent protection for our licensed intellectual property and, in particular, those patents to which we have secured exclusive rights. We, Creighton or our other third party licensors may not successfully prosecute the patent applications which are licensed to us, may fail to maintain these patents, may determine not to pursue litigation against other companies that are infringing these patents, or may pursue such litigation less aggressively than necessary to obtain an acceptable outcome from any such litigation. Without protection for the intellectual property we have licensed, other companies might be able to offer substantially identical products for sale, which could materially adversely affect our competitive business position, business prospects and results of operations.

If we or our licensors are unable to obtain and enforce patent protection for our products, our business could be materially harmed.

Our success depends, in part, on our ability to protect proprietary methods and technologies that we develop or license under the patent and other intellectual property laws of the United States and other countries, so that we can prevent others from unlawfully using our inventions and proprietary information. However, we may not hold proprietary rights to some patents required for us to commercialize our proposed products. We have numerous patent applications that are in process. For example, with respect to the SPIDER® Surgical System and the SurgiBot™, we have two issued patents and we have filed over 30 patent applications in the United States and abroad. To our knowledge, none of the technology we have licensed has been patented in the U.S. Because certain U.S. patent applications are confidential until patents issue, such as applications filed prior to November 29, 2000, or applications filed after such date which will not be filed in foreign countries, third parties may have filed patent applications for technology covered by our pending patent applications without our being aware of those applications, and our patent applications may not have priority over those applications. For this and other reasons, we or our third-party collaborators may be unable to secure desired patent rights, thereby losing desired exclusivity. If licenses are not available to us on acceptable terms, we will not be able to market the affected products or conduct the desired activities, unless we challenge the validity, enforceability or infringement of the third party patent or otherwise circumvent the third party patent.

Our strategy depends on our ability to promptly identify and seek patent protection for our discoveries. In addition, we will rely on third-party collaborators to file patent applications relating to proprietary technology that we develop jointly during certain collaborations. The process of obtaining patent protection is expensive and time-consuming. If our present or future collaborators fail to file and prosecute all necessary and desirable patent applications at a reasonable cost and in a timely manner, our business will be adversely affected. Despite our efforts and the efforts of our collaborators to protect our proprietary rights, unauthorized parties may be able to develop and use information that we regard as proprietary.

The issuance of a patent provides a presumption, but does not guarantee that it is valid. Any patents we have obtained, or obtain in the future, may be challenged or potentially circumvented. Moreover, the United States Patent and Trademark Office (the "USPTO") may commence interference proceedings involving our patents or patent applications. Any such challenge to our patents or patent applications would be costly, would require significant time and attention of our management and could have a material adverse effect on our business. In addition, future court decisions may introduce uncertainty in the enforceability or scope of any patent, including those owned by medical device companies.

Our pending patent applications may not result in issued patents. The patent position of medical device companies, including ours, is generally uncertain and involves complex legal and factual considerations. The standards that the USPTO and its foreign counterparts use to grant patents are not always applied predictably or uniformly and can change. There is also no uniform, worldwide policy regarding the subject matter and scope of claims granted or allowable in medical device patents. Accordingly, we do not know the degree of future protection for our proprietary rights or the breadth of claims that will be allowed in any patents issued to us or to others. The legal systems of certain countries do not favor the aggressive enforcement of patents, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Therefore, the enforceability or scope of our owned or licensed patents in the United States or in foreign countries cannot be predicted with certainty, and, as a result, any patents that we own or license may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection for our pending patent applications, those we may file in the future, or those we may license from third parties, including Creighton University.

We cannot assure you that any patents that will issue, that may issue or that may be licensed to us will be enforceable or valid or will not expire prior to the commercialization of our products, thus allowing others to more effectively compete with us. Therefore, any patents that we own or license may not adequately protect our future products.

If we or our licensors are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, know-how and confidential and proprietary information. To maintain the confidentiality of trade secrets and proprietary information, we will seek to enter into confidentiality agreements with our employees, consultants and collaborators upon the commencement of their relationships with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees also generally provide and will generally provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions. Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations.

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.

Other entities may have or obtain patents or proprietary rights that could limit our ability to manufacture, use, sell, offer for sale or import products or impair our competitive position. In addition, to the extent that a third party develops new technology that covers our products, we may be required to obtain licenses to that technology, which licenses may not be available or may not be available on commercially reasonable terms, if at all. If licenses are not available to us on acceptable terms, we will not be able to market the affected products or conduct the desired activities, unless we challenge the validity, enforceability or infringement of the third party patent or circumvent the third party patent, which would be costly and would require significant time and attention of our management. Third parties may have or obtain valid and enforceable patents or proprietary rights that could block us from developing products using our technology. Our failure to obtain a license to any technology that we require may materially harm our business, financial condition and results of operations.

If we become involved in patent litigation or other proceedings related to a determination of rights, we could incur substantial costs and expenses, substantial liability for damages or be required to stop our product development and commercialization efforts, any of which could materially adversely affect our liquidity, business prospects and results of operations.

Third parties may sue us for infringing their patent rights. Likewise, we may need to resort to litigation to enforce a patent issued or licensed to us or to determine the scope and validity of proprietary rights of others. In addition, a third party may claim that we have improperly obtained or used its confidential or proprietary information. Furthermore, in connection with our third-party license agreements, we generally have agreed to indemnify the licensor for costs incurred in connection with litigation relating to intellectual property rights. The cost to us of any litigation or other proceeding relating to intellectual property rights, even if resolved in our favor, could be substantial, and the litigation would divert our management's efforts. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of any litigation could limit our ability to continue our operations.

If any parties successfully claim that our creation or use of proprietary technologies infringes upon their intellectual property rights, we might be forced to pay damages, potentially including treble damages, if we are found to have willfully infringed on such parties' patent rights. In addition to any damages we might have to pay, a court could require us to stop the infringing activity or obtain a license. Any license required under any patent may not be made available on commercially acceptable terms, if at all. In addition, such licenses are likely to be non-exclusive and, therefore, our competitors may have access to the same technology licensed to us. If we fail to obtain a required license and are unable to design around a patent, we may be unable to effectively market some of our technology and products, which could limit our ability to generate revenues or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations.

Our business may become subject to economic, political, regulatory and other risks associated with domestic and international operations.

Our business is subject to risks associated with conducting business domestically and internationally, in part due to some of our suppliers being located outside the U.S. Accordingly, our future results could be harmed by a variety of factors, including:

- difficulties in compliance with U.S. and non-U.S. laws and regulations;
- changes in U.S. and non-U.S. regulations and customs;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws; and
- difficulties associated with staffing and managing foreign operations, including differing labor relations.

Risks Related to Our Common Stock

Our stockholders have experienced dilution of their percentage ownership of our stock and may experience additional dilution in the future.

As a result of the business combination with TransEnterix, we issued new shares of Common Stock to certain former TransEnterix stockholders, representing approximately 65% of the total outstanding voting power of all our stockholders immediately following the closing of the Merger. The issuance of these shares caused our existing stockholders at the time of the Merger to experience immediate and significant dilution in their percentage ownership of our outstanding Common Stock. In addition, the Private Placement of Series B Preferred Stock will cause substantial dilution to our stockholders, as each share of Series B Preferred Stock will convert into ten shares of our Common Stock.

Because it is highly likely that the net proceeds of the Private Placement will not be sufficient to support clinical and pre-clinical development of our products and provide us with the necessary resources to commercialize these products, we will likely need to raise substantial additional capital in addition to the net proceeds of the Private Placement in order to continue our operations and achieve our business' objectives. The future issuance of the Company's equity securities will further dilute the ownership of our outstanding Common Stock.

The market price of our Common Stock has been, and may continue to be, highly volatile, and such volatility could cause the market price of our Common Stock to decrease and could cause you to lose some or all of your investment in our Common Stock.

During the two years ended December 31, 2012, the market price of our Common Stock fluctuated from a high of $1.70 per share to a low of $0.21 per share. Additionally, from January 1, 2013 through August 16, 2013, the market price of our Common Stock fluctuated from a high of $1.49 per share to a low of $0.22 per share. The market price of our Common Stock may continue to fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the announcement of new products or product enhancements by us or our competitors;
- developments concerning intellectual property rights and regulatory approvals;
- variations in our and our competitors' results of operations;
- changes in earnings estimates or recommendations by securities analysts, if our Common Stock is covered by analysts;
- developments in the medical device industry;
- the results of product liability or intellectual property lawsuits;
- future issuances of Common Stock or other securities;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- general market conditions and other factors, including factors unrelated to our operating performance.

Further, the stock market in general, and the market for medical device companies in particular, has recently experienced extreme price and volume fluctuations. The volatility of our Common Stock is further exacerbated due to its low trading volume. Continued market fluctuations could result in extreme volatility in the price of our Common Stock, which could cause a decline in the value of our Common Stock and the loss of some or all of your investment.

Some or all of the "restricted" shares of our Common Stock held by our stockholders, including, but not limited to, shares issued in connection with: (i) our acquisition of SafeStitch LLC in 2007; (ii) our 2008, 2010, 2012 and 2013 private placements; (iii) the 2010 conversion into Common Stock of all outstanding shares of our Series A Preferred Stock; and (iv) the Private Placement, may be offered from time to time in the open market pursuant to an effective registration statement under the Securities Act, or without registration pursuant to Rule 144 promulgated thereunder, and these sales may have a depressive effect on the market price of our Common Stock.

Moreover, following the consummation of the Merger, we may effect a reverse split of our Common Stock in connection with our plans to apply to list on the Nasdaq Stock Market. While there will not be any change in a stockholder's economic interest in the Company as a result of such a reverse stock split, stockholders may not view such a reverse stock split in a favorable manner. If such a reverse stock split is not viewed favorably by stockholders, this could result in increased volatility in the price and trading volume of our Common Stock, which could also cause a decline in the value of our Common Stock.

Trading of our Common Stock is limited, and trading restrictions imposed on us by applicable regulations may further reduce trading in our Common Stock, making it difficult for our stockholders to sell their shares; and future sales of Common Stock could reduce our stock price.

Trading of our Common Stock is currently conducted on the OTCBB. The liquidity of our Common Stock is limited, not only in terms of the number of shares that can be bought and sold at a given price, but also as it may be adversely affected by delays in the timing of transactions and reduction in security analysts' and the media's coverage of us, if at all. As of immediately following the consummation of the Merger and the Private Placement, approximately 64% of the issued and outstanding shares of our Common Stock are held by officers, directors and beneficial owners of at least 10% of our outstanding shares, each of whom is subject to certain restrictions with regard to trading our Common

Stock. These factors may result in different prices for our Common Stock than might otherwise be obtained in a more liquid market and could also result in a larger spread between the bid and asked prices for our Common Stock. In addition, without a large public float, our Common Stock is less liquid than the stock of companies with broader public ownership, and, as a result, the trading prices of our Common Stock may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate his investment in our Common Stock. Trading of a relatively small volume of our Common Stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger. We cannot predict the prices at which our Common Stock will trade in the future, if at all.

Sales by stockholders of substantial amounts of our shares of Common Stock, the issuance of new shares of Common Stock by us or the perception that these sales may occur in the future could materially and adversely affect the market price of our Common Stock, and you may lose all or a portion of your investment in our Common Stock.

Because our Common Stock may be a "penny stock," it may be more difficult for investors to sell shares of our Common Stock, and the market price of our Common Stock may be adversely affected.

Our Common Stock may be a "penny stock" if, among other things, the stock price is below $5.00 per share, it is not listed on a national securities exchange or it has not met certain net tangible asset or average revenue requirements. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This risk-disclosure document provides information about penny stocks and the nature and level of risks involved in investing in the penny-stock market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold penny stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the penny stock. If a penny stock is sold to an investor in violation of the penny stock rules, the investor may be able to cancel its purchase and get its money back.

If applicable, the penny stock rules may make it difficult for stockholders to sell their shares of our Common Stock. Because of the rules and restrictions applicable to a penny stock, there is less trading in penny stocks and the market price of our Common Stock may be adversely affected. Also, many brokers choose not to participate in penny stock transactions. Accordingly, stockholders may not always be able to resell their shares of our Common Stock publicly at times and prices that they feel are appropriate.

Directors, executive officers, principal stockholders and affiliated entities own a significant percentage of our capital stock, and they may make decisions that you do not consider to be in the best interests of our stockholders.

Our directors, executive officers, principal stockholders and affiliated entities beneficially own, in the aggregate, approximately 64% of our outstanding voting securities as of immediately following the consummation of the Merger and the private placement financing. As a result, if some or all of them acted together, they would have the ability to exert substantial influence over the election of our board of directors and the outcome of issues requiring approval by our stockholders. This concentration of ownership may also have the effect of delaying or preventing a change in control of our company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise recover a premium for their shares over current market prices.

Moreover, as of the closing of the acquisition and private placement offering, certain former TransEnterix stockholders, own approximately 65% of the total outstanding shares of our Common Stock, and have designated six of the members serving on our nine-member board of directors. Accordingly, as a group, if the former TransEnterix stockholders do not sell their shares received in the acquisition, they will be able to exert significant influence over the outcome of a range of corporate matters, including significant corporate transactions requiring a stockholder vote, such as a Merger or a sale of the combined company or its assets. This potential concentration of ownership and influence in management and board decision-making could also harm the price of our Common Stock by, among other things, discouraging a potential acquirer from seeking to acquire shares of our Common Stock (whether by making a tender offer or otherwise) or otherwise attempting to obtain control of our company.

FINANCIAL INFORMATION

Management Discussion and Analysis of Financial Condition and Results of Operations of TransEnterix

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, TransEnterix's audited annual financial statements and the related notes thereto and TransEnterix's unaudited interim financial statements and the related notes thereto, each of which appear elsewhere in this Current Report on Form 8-K. This discussion contains certain forward-looking statements that involve risks and uncertainties, as described under the heading "Forward-Looking Statements in this Current Report on Form 8-K. Actual results could differ materially from those projected in the forward-looking statements. For additional information regarding these risk and uncertainties, please see the disclosure under the heading "Risk Factors" elsewhere in this Current Report on Form 8-K. The Management Discussion and Analysis of Financial Condition and Results of Operations below is based upon only the financial performance of TransEnterix.

For information regarding the financial results of SafeStitch, you should refer to SafeStitch's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on April 1, 2013, and its Quarterly Reports on Forms 10-Q for the quarters ended March 31, 2013 and June 30, 2013, filed with the SEC on May 15, 2013 and August 14, 2013, respectively.

Overview

TransEnterix (referred to in this discussion and analysis set forth below as "TransEnterix," "we," us," or "our") is a medical device company that is pioneering the use of flexible instruments and robotics to improve how minimally invasive surgery is performed. We believe that the future of surgery will be enabled through more advanced tools which allow for fewer incisions and trauma to the patient, advanced precision, dexterity and visualization for the surgeon, and an economically compelling solution for the hospital.

We were founded in 2007 and have gained experience by developing and launching a manual laparoscopic device called the SPIDER® Surgical System. In July 2009, we received FDA clearance to market the SPIDER® Surgical System, a Class II device, and, in August 2010, we received CE Mark clearance to market the device in the European Union and other countries requiring CE Mark clearance. The SPIDER® system utilizes flexible instruments and articulating channels controlled directly by the surgeon. The system also allows for multiple instruments to be introduced through a single small incision.

We are developing a novel robotic assisted surgical system called the SurgiBot™. The SurgiBot™ utilizes flexible instruments through articulating channels controlled directly by the surgeon with robotic assistance at the patient's bedside. The flexible nature of the system allows for multiple instruments to be introduced and deployed through a single space, thereby offering room for visualization and manipulation once in the body. The system also integrates 3-D vision technology which we believe will enhance the quality of visualization of key structures and support complex surgical tasks.

Our strategy is to focus resources on execution of development and commercialization of the SurgiBot™.

Recent Events

TransEnterix Bridge Loan

On August 5, 2013, we secured a bridge loan in the amount of $2.0 million, bearing interest at 8% per annum through September 15, 2013, and 10% thereafter. In connection with the consummation of the Merger of TransEnterix with SafeStitch, the outstanding balance owed under the bridge loan was converted into shares of the combined company on September 3, 2013.

Merger

As previously reported in this Current Report on Form 8-K, on September 3, 2013, pursuant to the Merger Agreement, Merger Sub and TransEnterix consummated the Merger, and TransEnterix became a wholly owned subsidiary of SafeStitch.

Pursuant to the Merger Agreement, upon consummation of the Merger, each share of TransEnterix's capital stock issued and outstanding immediately preceding the Merger was converted into the right to receive 1.1533 shares of SafeStitch's Common Stock, other than those shares of TransEnterix's Common Stock held by non-accredited investors, which shares were instead converted into the right to receive an amount in cash per share equal to $1.08, without interest, which is the volume-weighted average price of a share of Common Stock on the OTCBB for the 60-trading day period ended on August 30, 2013 (one day prior to the effective date of the Merger). Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, SafeStitch assumed all of TransEnterix's options and warrants issued and outstanding immediately prior to the Merger at the same exchange ratio, which are now exercisable into approximately 15,680,775 and 1,397,937 shares of Common Stock, respectively. Following the Merger, TransEnterix's former stockholders now hold approximately 65% of the Common Stock on a fully-diluted basis. Immediately following the Private Placement, approximately 167,246,615 shares of Common Stock are outstanding, 7,544,704.4 shares of Series B Preferred Stock are outstanding, and there are approximately 26,623,773 shares of our Common Stock reserved for the exercise of outstanding options and warrants.

The foregoing description of the Merger Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Original Merger Agreement and the Amendment, which are filed as Exhibit 2.1 and Exhibit 2.2, respectively, to this Current Report on Form 8-K, and each of which is incorporated by reference herein.

Private Placement

In connection with the Merger Agreement, the Company entered into the Purchase Agreement with the Investors, pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares of the Company's Series B Preferred Stock, each share of which is convertible, subject to certain conditions, into ten (10) shares of Common Stock for a purchase price of $4.00 per share of Series B Preferred Stock, which was paid in cash, cancellation of certain indebtedness of TransEnterix or a combination thereof. On September 3, 2013, the Company issued and sold 7,544,704.4 shares of Series B Preferred Stock to the Investors. Pursuant to the Purchase Agreement, the Company may agree to issue and sell up to an additional 1,205,295.6 shares of Series B Preferred Stock within two weeks subsequent to the Closing Date.

Among the Investors that purchased the Private Placement Securities were Related-Party Investors, each of whom acquired shares of Series B Preferred Stock in the Private Placement pursuant to the same terms, and subject to the same conditions, as those applicable to all other Investors.

Lock-Up and Voting Agreement

In connection with the Merger Agreement and the Private Placement, the Investors and certain of the Company's and TransEnterix's former stockholders, including the Related-Party Investors, agreed to enter into Lock-up and Voting Agreements, pursuant to which such persons agreed, subject to certain exceptions, not to sell, transfer or otherwise convey any of the Company's Covered Securities held by them for one year following the Closing Date. The Lock-up and Voting Agreements provide that such persons may sell, transfer or convey: (i) up to 50% of their respective Covered Securities during the period commencing on the one-year anniversary of the Closing Date and ending on the eighteen-month anniversary of the Closing Date; and (ii) up to an aggregate of 75% of their respective Covered Securities during the period commencing on the eighteen-month anniversary of the Closing Date and ending on the two-year anniversary of the Closing Date. The restrictions on transfer contained in the Lock-up and Voting Agreements cease to apply to the Covered Securities following the second anniversary of the Closing Date.

Additionally, pursuant to the Lock-up and Voting Agreements, each person party thereto has agreed, for the period commencing on the Closing Date and ending on the one-year anniversary of the Closing Date, to vote all of such person's Covered Securities in favor of: (i) amending the Company's Amended and Restated Certificate of Incorporation to change the legal name of the Company to "TransEnterix, Inc."; (ii) effecting a reverse stock split of the Common Stock on terms approved by the Company's Board; and (iii) amending the Company's 2007 Incentive Compensation Plan in order to increase the number of shares of Common Stock available for issuance thereunder. We expect the events in (i) – (iii) above to occur in the fourth quarter of 2013.

Registration Rights Agreement

In connection with the Merger Agreement and the Private Placement, the Company and the Investors entered into the Registration Rights Agreement. Pursuant to the Registration Rights Agreement, the Company is obligated to provide registration rights and certain other standard expense reimbursement and indemnification rights for the benefit of the Investors. After two years, the Company is required to file a registration statement on Form S-3, subject to the Company's eligibility to use such form, to register for resale certain shares of Common Stock held by the Investors, and the Company is required to maintain the effectiveness of such registration statement until the earlier of: (i) the sale of all securities covered by the registration statement; or (ii) 36 months. After one year, if the Company registers a primary offering of its securities, the Registration Rights Agreement also requires that the Company include securities owned by the Investors in such registered primary offering, subject to certain restrictions including customary underwriter cutbacks. The Registration Rights Agreement terminates upon the earlier of: (x) with respect to any holder, when all of its securities have been sold by such holder; (y) a change of control of the Company, in which the registrable securities are sold or can be sold immediately after the change of control; and (z) five years following the Closing Date.

The foregoing description of the Purchase Agreement, the Lock-Up and Voting Agreement and the Registration Rights Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Purchase Agreement, the form of Lock-up and Voting Agreement and the Registration Rights Agreement, which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.10, respectively, to this Current Report on 8-K and incorporated by reference herein.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations set forth below under the headings "Results of Operations" and "Liquidity and Capital Resources" have been prepared in accordance with U.S. GAAP and should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this Current Report Form 8-K. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our critical accounting policies and estimates, including stock-based compensation, inventory, intellectual property and long-lived assets. We base our estimates on historical experience and on various other assumptions that are believed 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. A more detailed discussion on the application of these and other accounting policies can be found in Note 2 in the Notes to the Financial Statements set forth in our financial statements for the years ended December 31, 2012 and 2011, which are attached as Exhibit 99.1 to this Current Report on Form 8-K. Actual results may differ from these estimates under different assumptions and conditions.

While all accounting policies impact the financial statements, certain policies may be viewed as critical. Critical accounting policies are those that are both most important to the portrayal of financial condition and results of operations and that require management's most subjective or complex judgments and estimates. Our management believes the policies that fall within this category are the policies on accounting for stock-based compensation, intellectual property and long-lived assets and inventory.

Accounting for Stock-Based Compensation

We recognize as expense, the grant-date fair value of stock options and other stock-based compensation issued to our employees and non-employee directors over the requisite service periods, which are typically the vesting periods. TransEnterix uses the Black-Scholes-Merton model to estimate the fair value of its stock-based payments. The volatility assumption used in the Black-Scholes-Merton model is based on the calculated historical volatility based on an analysis of reported data for a peer group of companies. The expected term of options granted by us has been determined based upon the simplified method, because we do not have sufficient historical information regarding our options to derive the expected term. Under this approach, the expected term is the mid-point between the weighted average of vesting period

and the contractual term. The risk-free interest rate is based on U.S. Treasury rates whose term is consistent with the expected life of the stock options. TransEnterix has not paid cash dividends on its shares of Common Stock; therefore, the expected dividend yield is assumed to be zero.

Intellectual Property and Long-Lived Assets

Intellectual property consists of purchased patent rights. Amortization is recorded using the straight-line method over the estimated useful life of the patents of ten years. We review our long-lived assets including purchased intellectual property and property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine the recoverability of our long-lived assets, we evaluate the probability that future estimated undiscounted net cash flows will be less than the carrying amount of the assets. If such estimated cash flows are less than the carrying amount of the long-lived assets, then such assets are written down to their fair value. Our estimates of anticipated cash flows and the remaining estimated useful lives of long-lived assets could be reduced in the future, resulting in a reduction to the carrying amount of long-lived assets.

Inventory

Inventory, which includes material, labor and overhead costs, is stated at standard costs which approximates actual cost, determined on a first-in, first-out basis, not in excess of market value. Raw materials consist of purchased material as well as sub assemblies for which some labor has been applied. We record reserves, when necessary, to reduce the carrying value of inventory to their net realizable value. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Results of Operations

For the Six Months Ended June 30, 2013 and 2012

Revenues

We derived sales from the SPIDER® Surgical System and other distributed products through limited direct sales in the United States ("U.S.") and international distributors. Sales decreased 25% to $0.9 million for the six months ended June 30, 2013, as compared to $1.2 million for the same period in 2012. The $0.3 million decrease resulted primarily from a reduction in our U.S. sales force.

Cost of Goods Sold

Cost of goods sold decreased 14% to $1.9 million for the six months ended June 30, 2013, as compared to $2.2 million for the same period in 2012. The $0.3 million decrease was primarily the result of the decrease in sales during the same period.

Other Operating Expenses

Research and development ("R&D") expenses primarily consist of engineering, product development and regulatory expenses, incurred in the design, development, testing and enhancement of our products and legal services associated with our efforts to obtain and maintain broad protection for the intellectual property related to our products. R&D costs and expenses increased 52% to $4.7 million for the six months ended June 30, 2013, as compared to $3.1 million for the same period in 2012. The $1.6 million increase resulted primarily from the increase of R&D headcount and recruiting costs, and increased supplies and expenditures for contract engineering services related to product development of our SurgiBot™.

Sales and marketing expenses include costs for sales and marketing personnel, travel, demonstration product, market development, physician training, tradeshows, marketing clinical studies and consulting expenses. Sales and marketing costs decreased 47% to $1.0 million for the six months ended June 30, 2013, as compared to $1.9 million for the six months ended June 30, 2012. The $0.9 million decrease was primarily related to decreased payroll costs from the reduction of U.S. sales and marketing personnel and decreased expenditures for travel.

General and administrative expenses ("G&A") include costs for administrative personnel, facility-related costs, insurance, legal and accounting services, amortization of intellectual property, and depreciation expense. G&A costs and expenses were $1.8 million for each of the six months ended June 30, 2013 and 2012, respectively.

Non-Operating Expenses

Interest expense was $0.5 million for the six months ended June 30, 2013, as compared to $0.2 million for the six months ended June 30, 2012. The increase in interest expense of $0.3 million was primarily the result of an additional $6.0 million in proceeds received by us from the issuance of debt in December 2012.

Net Loss

We incurred losses of $9.1 million and $8.0 million for the six months ended June 30, 2013 and 2012, respectively, and had an accumulated deficit of $79.0 million at June 30, 2013 for the reasons cited above.

For the Years Ended December 31, 2012 and 2011

Revenues

Sales increased 31% to $2.1 million for the year ended December 31, 2012 as compared to $1.6 million for the year ended December 31, 2011. The $0.5 million increase resulted primarily from international sales in the Middle East.

Cost of Goods Sold

Cost of goods sold increased 14% to $4.1 million for the year ended December 31, 2012 as compared to $3.6 million for the same period in 2011. The $0.5 million increase was primarily the result of the increase in sales during the same period.

Other Operating Expenses

R&D costs and expenses decreased 11% to $5.9 million for the year ended December 31, 2012 as compared to $6.6 million for the year ended December 31, 2011. The $0.7 million decrease resulted primarily from reduced expenditures for contract engineering services and validation, offset in part by increases in headcount.

Sales and marketing costs decreased 26% to $3.7 million for the year ended December 31, 2012 as compared to $5.0 million for year ended December 31, 2011. The $1.3 million decrease is primarily related to decreased payroll costs from the reduction of U.S. sales and marketing personnel, and reduced expenditures for consulting services and marketing clinical studies, offset in part by increases in demonstration product.

G&A costs and expenses were $3.5 million for each of the years ended December 31, 2013 and 2012.

Non-Operating Expenses

Interest expense was $0.4 million for the year ended December 31, 2012 compared to zero for the year ended December 31, 2011. The increase in interest expense of $0.4 million was the result of the issuance of debt of $4.0 million in January 2012 and $6.0 million in December 2012.

Net Loss

The Company incurred losses of $15.4 million and $17.0 million for the years ended December 31, 2012 and 2011, respectively for the reasons cited above.

Liquidity and Capital Resources

Our principal sources of cash have been proceeds from private placements of common and preferred stock, incurrence of debt and the sale of equity securities held as investments.

For the Six Months Ended June 30, 2013 and 2012

At June 30, 2013, we had cash and cash equivalents of approximately $2.2 million. Our cash and cash equivalents decreased by approximately $6.7 million during the six months ended June 30, 2013. At June 30, 2012, we had cash and cash equivalents of approximately $2.4 million. Our cash and cash equivalents decreased by approximately $11.6 million during the six months ended June 30, 2012.

Operating Activities

For the six months ended June 30, 2013, operating activities used approximately $7.4 million of net cash. The net cash used in operating activities was primarily the result of our operating loss of $9.1 million offset by non-cash charges and an increase in net working capital. Non-cash charges primarily in the form of depreciation, amortization of intangible assets, debt issuance costs and stock-based compensation totaled $0.9 million during the six months ended June 30, 2013. Net working capital, other assets and liabilities increased in the six months ended June 30, 2013 by $0.7 million as a result of a decrease in accounts receivable and an increase in inventory, accounts payable and accrued expenses.

For the six months ended June 30, 2012, operating activities used approximately $8.1 million of net cash. The net cash used in operating activities was primarily the result of our operating loss of $8.0 million and a decrease in net working capital, offset by non-cash charges. Non-cash charges primarily in the form of depreciation, amortization of intangible assets, debt issuance costs, remeasurement of fair value of preferred stock liability and stock-based compensation totaled $1.2 million during the six months ended June 30, 2012. Net working capital, other assets and liabilities decreased in the six months ended June 30, 2012 by $1.3 million as a result of an increase in accounts receivable, inventory and other current assets and a decrease in accounts payable and accrued expenses.

Investing Activities

Net cash provided by investing activities during the six months ended June 30, 2013 of $0.7 million was primarily due to proceeds from the sale and maturities of investments of $0.9 million, offset by the purchase of property and equipment of $0.2 million.

Net cash used in investing activities during the six months ended June 30, 2012 of $7.8 million was primarily due to the purchase of investments of $7.7 million and the purchase of property and equipment of $0.1 million.

Financing Activities

In the six months ended June 30, 2013 there were negligible financing activities.

Net cash provided by financing activities of $4.3 million for the six months ended June 30, 2012, was primarily due to proceeds from the issuance of debt of $4.0 million and proceeds from the issuance of preferred stock, net of issuance costs, of $0.3 million.

For the Years Ended December 31, 2012 and 2011

At December 31, 2012 we had cash and cash equivalents of approximately $8.9 million. Our cash and cash equivalents decreased by approximately $5.1 million during the year ended December 31, 2012. At December 31, 2011 we had cash and cash equivalents of approximately $14.0 million. Our cash and cash equivalents increased by approximately $5.2 million during the year ended December 31, 2011.

Operating Activities

For the year ended December 31, 2012, operating activities used approximately $14.1 million of net cash. The net cash used in operating activities was primarily the result of our operating loss of $15.4 million and a decrease in net working capital, offset by non-cash charges. Non-cash charges in the form of depreciation, amortization of intangible assets, bond discount/premium, debt issuance costs and stock-based compensation totaled $2.3 million during the year ended December 31, 2012. Net working capital, other assets and liabilities decreased in the year ended December 31, 2012 by $1.0 million as a result of an increase in accounts receivable, inventory and other assets and a decrease in accounts payable and accrued expenses.

For the year ended December 31, 2011, operating activities used approximately $14.9 million of net cash. The net cash used in operating activities was primarily the result of our operating loss of $17.0 million offset by non-cash charges. Non-cash charges in the form of depreciation, amortization of intangible assets and stock-based compensation totaled $2.1 million during the year ended December 31, 2011. The change in net working capital, other assets and liabilities was negligible during the year ended December 31, 2011.

Investing Activities

Net cash used in investing activities during the year ended December 31, 2012 of $1.2 million was primarily due to the purchase of investments, net of maturities of $1.0 million, and the purchase of property and equipment of $0.2 million.

Net cash provided by investing activities during the year ended December 31, 2011 of $5.4 million was primarily due to proceeds from the sale and maturities of investments, net of purchases of $6.0 million, offset by the purchase of property and equipment of $0.6 million.

Financing Activities

Net cash provided by financing activities of $10.2 million for the year ended December 31, 2012, consisted primarily of proceeds from the issuance of debt of $10.0 million and proceeds from the issuance of preferred stock, net of issuance costs, of $0.2 million.

Net cash provided by financing activities of $14.7 million for the year ended December 31, 2011, consisted primarily of proceeds from the issuance of preferred stock, net of issuance costs, of $14.8 million, offset by debt issuance costs of $0.1 million.

Sources of Liquidity and Capital

The following paragraphs address our liquidity as a combined company.

As reported in this Current Report on Form 8-K, on September 3, 2013, SafeStitch acquired TransEnterix pursuant to the Merger. In addition, on September 3, 2013, the Investors purchased 7,544,704.4 shares of Series B Preferred Stock in the Private Placement at a price of $4.00 per share, with net proceeds to the combined company of approximately $30 million. Approximately 65% of the shares offered in the Private Placement were purchased by TransEnterix's former officers, directors and significant stockholders. The capital raised will be primarily used for the continuation of the combined company's R&D efforts and to support its operations. As of September 3 , 2013, and based upon consummation of the Private Placement, the combined company had remaining cash of approximately $29.5 million with $9.4 million in indebtedness. Based upon the combined company's current cash position and by monitoring its discretionary expenditures, we anticipate that the combined company will be able to fund its liquidity needs for the next year, after which the combined company will need to raise additional funds in order to continue its operations. We based the foregoing on assumptions that may prove to be wrong, and we may be required to use our available cash resources and seek additional financing sooner than anticipated. As a result of TransEnterix's and SafeStitch's combined significant operating expenditures and the lack of any significant product sales revenue, we expect to incur losses from operations for the foreseeable future.

To date, TransEnterix and SafeStitch have funded their operations primarily with proceeds from the private placement of common and preferred stock and the incurrence of debt. To the extent we raise additional capital by issuing equity securities or obtaining borrowings convertible into equity, ownership dilution to existing stockholders will result and future investors may be granted rights superior to those of existing stockholders. The incurrence of indebtedness or debt financing would result in increased fixed obligations and could also result in covenants that would restrict our operations. Our ability to obtain additional capital may depend on prevailing economic conditions and financial, business and other factors beyond our control. Economic crisis and disruptions in the U.S. and global financial markets may adversely impact the availability and cost of credit, as well as our ability to raise money in the capital markets. Instability in these market conditions may limit our ability to access the capital necessary to fund and grow our business.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Contractual Obligations

Below is a table of TransEnterix's contractual obligations for the years 2013 through 2016 (in thousands).

Contractual obligations	Payments due by period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Notes payable (1)	$ 11,982	$ 2,343	$ 9,639	—	—
Operating Leases	$ 925	$ 404	$ 521	—	—
Total	$ 12,907	$ 2,747	$ 10,160	—	—

(1) Consists of TransEnterix's Notes Payable under the SVB-Oxford LSA.

PROPERTIES

Our principal corporate office and the manufacturing facilities for the TransEnterix products are located at 635 Davis Drive, Suite 300, Durham, North Carolina. Pursuant to our lease, we have leased these facilities, which consist of 37,328 square feet, for a five-year term that commenced on April 1, 2010.

The SafeStitch manufacturing facility is currently located at 4400 Biscayne Blvd., Miami, Florida. We lease these facilities from Frost Real Estate Holdings, LLC, which is a company controlled by Dr. Phillip Frost, one of our largest beneficial stockholders. We lease approximately 6,800 square feet under the lease agreement on a month-to-month basis. We also lease approximately 1,200 square feet of warehouse space on a month-to-month basis in Miami, Florida which is used as our prototype lab.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of September 3, 2013 concerning the beneficial ownership of Common Stock by: (i) each person known by us to be the beneficial owner of more than 5% of our outstanding Common Stock currently; (ii) each of our current directors; (iii) each of our current named executive officers; and (iv) all of our current executive officers and directors as a group. Ownership information is set forth as of September 3, 2013 after giving effect to the Merger and the Private Placement. Unless otherwise noted, each of the following disclaims any beneficial ownership of the shares, except to the extent of his, her or its pecuniary interest, if any, in such shares. Unless otherwise indicated, the mailing address of each individual is c/o SafeStitch Medical, Inc., 4400 Biscayne Blvd., Miami, Florida 33137.

Name and Address of Beneficial Owner	Number of Shares of Common Stock (1)	Percentage of Outstanding Common Shares (2)	Number of Shares of Series B Preferred Stock (26)	Percentage of Outstanding Series B Preferred Stock (27)
Jane H. Hsiao, Ph.D., MBA (3) (24)	15,726,151	9.3%	875,000	11.6%
Charles J. Filipi, M.D. (4) (24)	2,824,092	1.7%	0	*
Richard C. Pfenniger, Jr. (5) (24)	357,000	*	0	*
James J. Martin, C.P.A. (6) (24)	157,500	*	0	*
Dennis J. Dougherty (7) (25)	11,628,930	7.0%	598,706	7.9%
Phillip Frost, M.D. (8) (24)	14,382,346	8.5%	742,000	9.8%
Aftab R. Kherani, M.D. (25)	0	*	0	*
Paul LaViolette (9) (25)	22,449,891	13.4%	1,154,979	15.3%
David Milne (10) (25)	22,433,674	13.4%	1,154,979	15.3%
Todd M. Pope (11) (25)	3,556,194	2.1%	0	*
William N. Starling (12) (25)	18,850,736	11.3%	886,234.4	11.5%
Richard M. Mueller (13) (25)	1,444,655	*	0	*
All Executive Officers and Directors after Closing as a group (12 persons) (14)	91,377,495	51.9%	4,236,919.4	56.2%
Frost Gamma Investments Trust (15)	14,122,346	8.4%	742,000	9.8%
Chung Chia Company Limited (16)	3,366,403	2.0%	437,500	5.8%
Kwang Shun Limited (17)	3,225,000	1.9%	437,500	5.8%
Aisling Capital III, L.P. (18)	24,088,496	14.4%	1,240,176.4	16.4%
SV Life Sciences Fund (19)	22,433,674	13.4%	1,154,979	15.3%
Synergy Life Science Partners, L.P. (20)	16,825,253	10.1%	886,234.4	11.5%
StepStone Funds (21)	11,791,010	7.1%	561,155.5	7.4%
Intersouth Partners VII, L.P. (22)	11,628,930	7.0%	598,706	7.9%
Hsu Gamma Investments, LP(24)	1,913,470	1.1%	437,500	5.8%
Quaker Bioventures II, L.P (23)	8,306,377	5.0%	427,647	5.7%

* Less than 1%.

(1) A person is deemed to be the beneficial owner of shares of Common Stock underlying options and warrants held by that person that are exercisable as of September 3, 2013 or that will become exercisable within 60 days thereafter.

(2) Based on approximately 167,246,615 shares of Common Stock outstanding as of September 3, 2013, on an as-converted into Common Stock basis. Each beneficial owner's percentage ownership is determined assuming that options and warrants that are held by such person (but not those held by any other person) and that are exercisable as of September 3, 2013 or that will become exercisable within 60 days thereafter have been exercised into Common Stock. The additional shares resulting from such exercise are included in both the numerator and denominator for such beneficial owner for purposes of their calculation.

(3) Dr. Hsiao's ownership includes options to purchase 375,000 shares of Common Stock and 437,500 shares of Series B Preferred Stock. Dr. Hsiao's Common Stock holdings also include beneficial ownership of shares held by Hsu Gamma Investments, L.P. ("Hsu Gamma"), which holds 1,913,470 shares of Common Stock and 437,500 shares of Series B Preferred Stock after the Private Placement. Dr. Hsiao is the general partner of Hsu Gamma.

(4) Includes options to purchase 10,000 shares of the Common Stock and 1,403,523 shares held by Dr. Filipi's spouse.

(5) Mr. Pfenniger's ownership includes options to purchase 117,000 shares of Common Stock, due to accelerated vesting pursuant to a change in control resulting from the Merger.

(6) Mr. Martin's ownership includes options to purchase 157,500 shares of Common Stock, due to accelerated vesting pursuant to a change in control resulting from the Merger.

(7) Intersouth Partners VII, L.P. holds 11,628,930 shares of Common Stock and 598,706 shares of Series B Preferred Stock. Dennis Dougherty is a principal of a control person of Intersouth Partners VII, L.P.

(8) Includes options to purchase 260,000 shares of Common Stock and beneficial ownership of shares held by Frost Gamma Investments Trust (see note 16).

(9) SV Life Sciences Fund IV, L.P. holds 21,814,352 shares of Common Stock and 1,123,093.5 shares of Series B Preferred Stock. SV Life Sciences Fund IV Strategic Partners, L.P. holds 619,322 shares of Common Stock and 31,885.5 shares of Series B Preferred Stock. Paul LaViolette is a partner of a control person of both SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. Paul LaViolette's holdings include options to purchase 16,217 shares of Common Stock.

(10) SV Life Sciences Fund IV, L.P. holds 21,814,352 shares of Common Stock and 1,123,093.5 shares of Series B Preferred Stock. SV Life Sciences Fund IV Strategic Partners, L.P. holds 619,322 shares of Common Stock and 31,885.5 shares of Series B Preferred Stock. David Milne is a managing partner of a control person of both SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P.

(11) Includes options to purchase 3,556,194 shares of Common Stock.

(12) Synergy Life Science Partners, L.P. holds 16,825,253 shares of Common Stock and 866,234.4 shares of Series B Preferred Stock. Synecor, L.L.C. holds 1,960,610 shares of Common Stock. William N. Starling is a managing director of Synergy Life Science Partners, L.P. and the chief executive officer of Synecor, L.L.C. William N. Starling's Common Stock holdings include options to purchase 64,873 shares of Common Stock.

(13) Includes options to purchase 1,444,655 shares of Common Stock.

(14) Includes options to purchase 4,824,419 shares of Common Stock and warrants to purchase 3,000,000 shares of Common Stock, due to accelerated vesting pursuant to a change in control and the beneficially owned securities of the Incoming Directors.

(15) Frost Gamma Investments Trust holds 13,122,346 shares of Common Stock and warrants to purchase 1,000,000 shares of Common Stock and 743,750 shares of Series B Preferred Stock. Dr. Phillip Frost is the trustee and Frost Gamma Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation.

(16) Includes warrants to purchase 550,000 shares of Common Stock. The address of Chung Chia Company Limited is Palm Grove House, PO Box 438, Road Town Tortola, British Virgin Islands.

(17) Includes warrants to purchase 300,000 shares of Common Stock. The address of Kwang Shun Limited is TF No 308 Sec 2 Bade Rd., Taipei 10492, Taiwan.

(18) The address of Aisling Capital III, LP is 888 Seventh Avenue, 30th Floor, New York, NY 10106.

(19) The address of SV Life Sciences Fund is One Boston Place Suite 3900, 201 Washington Street, Boston, MA 02108.

(20) The address of Synergy Life Science Fund is 3284 Alpine Road, Portola Valley, CA 94028.

(21) The address of the StepStone Funds is 4350 La Jolla Village Drive, Suite 800, San Diego, CA 92122.

(22) The address of Intersouth Partners VII, L.P. is 102 City Hall Plaza, Suite 200, Durham, NC 27701.

(23) The address of Quaker Bioventures II, L.P is 2929 Arch Street, Philadelphia, PA 19104.

(24) The address of this stockholder is 4400 Biscayne Blvd, Miami, FL 33137.

(25) The address of this stockholder is 635 Davis Drive, Suite 300, Durham, NC 27560.

(26) Based on 7,544,704.4 shares of Series B Preferred Stock that are outstanding after the consummation of the Private Placement.

(27) Shares of Series B Preferred Stock are convertible into Common Stock at an exchange ratio of 10 shares of Common Stock to 1 share of Series B Preferred Stock.

DIRECTORS AND OFFICERS

The table below sets certain information concerning our executive officers and directors after the closing of the Merger, including their names, ages, anticipated positions with us. Our executive officers are chosen by our Board and hold their respective offices until their resignation or earlier removal by the Board.

In accordance with our certificate of incorporation, incumbent directors are elected to serve until our next annual meeting and until each director's successor is duly elected and qualified.

Name	Age	Position
Dennis J. Dougherty (1)	65	Director
Charles J. Filipi, M.D.	72	Chief Medical Officer
Phillip Frost, M.D. (1)	76	Director
Jane H. Hsiao, Ph.D., MBA	66	Director
Aftab R. Kherani, M.D. (1)	39	Director
Paul A. LaViolette (1)	56	Director, Chairman of the Board
James J. Martin, C.P.A.	46	Chief Financial Officer
David B. Milne (1)	50	Director
Richard M. Mueller (2)	41	Chief Operating Officer
Richard C. Pfenniger, Jr.	57	Director
Todd M. Pope (1)(2)	47	Chief Executive Officer, President, Director
William N. Starling (1)	60	Director

(1) Messrs. Doherty, Frost, Kherani, LaViolette, Milne, Pope and Starling were appointed to serve as members of our Board, to fill the vacancies created by the increase in the size of our Board from seven members to nine members and the resignation of five directors. Such appointments became effective as of the Closing Date.

(2) Messrs. Pope and Mueller were appointed to serve as Chief Executive Officer and President, and Chief Operating Officer, of the Company, respectively. Such appointments became effective as of the Closing Date.

Directors

The following information pertains to the members of our Board effective as of the closing of the Merger, their principal occupations and other public company directorships for at least the last five years and information regarding their specific experiences, qualifications, attributes and skills:

Dennis J. Dougherty. Mr. Dougherty founded and has been the Managing General Partner of Intersouth Partners since 1985. He holds primary responsibility for Intersouth's life science portfolio, which includes companies in biopharmaceuticals, medical technology and agribusiness, working with companies from founding through public offering. He has served on the boards of directors of more than 40 companies, most of which were privately held. Mr. Dougherty is a founder of the North Carolina Council for Entrepreneurial Development and was a member of the Steering Committee for the Kauffman Fellows Program. He has served on the Board of Directors of the National Venture Capital Association and is on the Board of Trustees of Oklahoma City University. Mr. Dougherty was also an office managing partner for Touche Ross and Co. (now Deloitte & Touche). He holds a B.S. in Business from Oklahoma City University and completed postgraduate studies in accounting and finance at Duke University.

Mr. Dougherty's investment experience in the life sciences industry and his management experience qualify him to be a member of the Board. His broad experience in business and background in accounting is valuable to medical device, pharmaceutical and biotechnology companies.

Phillip Frost, M.D. Dr. Frost currently serves as the CEO and Chairman of OPKO Health, Inc. ("OPKO"), a specialty healthcare company. Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical Industries, Limited ("Teva"), in March 2010 and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation ("IVAX"). Dr. Frost had served as Chairman of the

Board of Directors and Chief Executive Officer of IVAX since 1987 until its acquisition by Teva. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1986. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc., an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. Dr. Frost also serves as Chairman of the board of directors of PROLOR Biotech, Inc. ("PROLOR"), a development stage biopharmaceutical company. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee of each of the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands, a developer and marketer of premium brand spirits. Dr. Frost previously served as a director for Continucare Corporation, Northrop Grumman Corp., Ideation Acquisition Corp., Protalix Bio Therapeutics, Inc., and the Company, and as Governor and Co-Vice-Chairman of the American Stock Exchange.

Dr. Frost's experience in successfully founding several companies in the medical field and overseeing the development and commercialization of a multitude of pharmaceutical products, combined with his experience as a physician and chairman and/or chief executive officer of large pharmaceutical companies, makes him a valuable member of our Board.

Jane H. Hsiao, Ph.D., MBA. Dr. Hsiao has served as a director of the Company since April 2005 and has served as Chairman of the Board since September 2007. Dr. Hsiao has served since May 2007 as Vice-Chairman and Chief Technical Officer of OPKO. Since October 2008, Dr. Hsiao has served as Chairman of the Board and, since February 2012, Interim CEO of medical device developer, Non-Invasive Monitoring Systems, Inc. ("NIMS"). Additionally, Dr. Hsiao serves as a director of PROLOR, and Neovasc, Inc., a company developing and marketing medical specialty vascular devices. Dr. Hsiao previously served as the Vice Chairman-Technical Affairs and Chief Technical Officer of IVAX, from 1995 until IVAX was acquired in January 2006 by Teva Pharmaceutical Industries Ltd. Dr. Hsiao also served as Chairman, CEO and President of IVX Animal Health, IVAX's veterinary products subsidiary, from 1998 until 2006, and as IVAX's Chief Regulatory Officer from 1992 to 1995. Dr. Hsiao previously served on the board of directors of Ivax Diagnostics, Inc. and Sorrento Therapeutics, Inc., a development stage biopharmaceutical company.

Dr. Hsiao's background in the pharmaceutical and medical device industry, her strong technical expertise, as well as her senior management experience, allow her to play an integral role as member of the Board. Her broad experience in many biotechnology and life science companies gives her a keen understanding and appreciation of the many regulatory and developmental issues confronting medical device, pharmaceutical and biotechnology companies.

Aftab R. Kherani, M.D. Since September 2008, Dr. Kherani has served as a Principal of Aisling Capital. Previously, Dr. Kherani was an Engagement Manager at McKinsey & Company, where he was a member of the Pharmaceutical, Medical Product and Private Equity practices. Prior to McKinsey, Dr. Kherani was a Chief Resident in Surgery at Duke University Medical Center, where he completed his residency in general surgery. He completed a two-year post-doctoral research fellowship at Columbia University, College of Physicians & Surgeons from 2001 to 2003. Dr. Kherani currently serves as a director of TransEnterix, Inc. and as a board observer at T2 Biosystems, Inc., a privately-held company. Dr. Kherani received his M.D. from Duke, and his B.S. in Biology and A.B. in Economics from Duke.

Dr. Kherani's background as a physician, his strong technical expertise, as well as his management experience, qualify him to be a member of the Board. His broad clinical and business experience give him an understanding and appreciation of the many scientific and regulatory issues confronting medical device, pharmaceutical and biotechnology companies.

Paul A. LaViolette. Mr. LaViolette is a Partner at SV Life Sciences ("SVLS"), a medical device value fund. He joined SVLS in 2009 and has over 33 years of global medical technology management experience. Prior to joining SVLS, Mr. LaViolette was most recently Chief Operating Officer at Boston Scientific Corporation ("BSC"), an $8 billion medical device leader. During his 15 years at BSC, he served as COO, Group President, President-Cardiology and President-International. Mr. LaViolette integrated

two dozen acquisitions and led extensive product development, operations and worldwide commercial organizations. Mr. LaViolette previously held marketing and general management positions at CR Bard, and various marketing roles at Kendall (Covidien). He currently serves on the boards of Baxano Surgical, Inc., Cardiofocus, Inc., CardioKinetix, Inc., Coridea NC2, Inc., CSA Medical Inc., DC Devices Inc., Direct Flow Medical, Inc., Thoratec Corporation, and ValenTx, Inc., all of which are privately-held, as well as the Medical Device Manufacturers Association. Mr. LaViolette received his B.A. in Psychology from Fairfield University and his MBA from Boston College.

Mr. LaViolette's experience and attributes qualify him to serve as Chairman of our Board for several reasons. Mr. LaViolette's vast medical technology operating experience and management makes him knowledgeable in the areas of product launches, new product development, clinical and regulatory affairs, quality systems, international sales and marketing, and acquisitions and integrations. His role as chairman of the board of directors of several companies provides him with the experience and skill set to be an effective leader of the Board.

David B. Milne. Mr. Milne is a Managing Partner at SVLS. He joined SVLS in 2005 and has 25 years of experience in the healthcare industry having worked at several leading public and private medical technology companies. From 1999 until joining SVLS in 2005, he held the position of Vice President of Corporate Business Development at BSC and was responsible for over 50 transactions totaling nearly $2 billion in acquisitions, equity investments and development partnerships. Mr. Milne currently sits on the board of AqueSys, Inc., Altura Medical, Inc., EBR Systems, Inc., Entellus Medical, Inc., ReShape Medical, Inc., and Spinal Kinetics, LLC. Previously Mr. Milne worked at Scimed Life Systems, Becton Dickinson and Parker Laboratories. He holds an MBA in Marketing/Finance from New York University and a BS in Biology from Rutgers University.

Mr. Milne's extensive background in the medical device industry and his management experience qualify him to be a member of the Board. His significant history in the industry and business acumen mean he has the technical skills and experience to properly advise and govern medical device, pharmaceutical and biotechnology companies like our Company.

Richard C. Pfenniger, Jr. Richard C. Pfenniger, Jr., has served as a director of the Company since April 2005. Mr. Pfenniger served as the Interim CEO of IntegraMed America, Inc., a privately held company ("IntegraMed"), from January 2013 through June 2013. Previously, Mr. Pfenniger served as Chief Executive Officer and President of Continucare Corporation, a provider of primary care physician, from October 2003 until December 2011, and the Chairman of Continucare's board of directors from September 2002 until December 2011. Additionally, Mr. Pfenniger served as CEO and Vice Chairman of Whitman Education Group, Inc., a post-secondary education provider, from 1997 until 2003. From 1994 to 1997, Mr. Pfenniger served as Chief Operating Officer of IVAX Corporation, and from 1989 to 1994 he served as Senior Vice President-Legal Affairs and General Counsel of IVAX Corporation. Mr. Pfenniger is a director of GP Strategies, Inc., a corporate education and training company, OPKO, and IntegraMed.

As a result of Mr. Pfenniger's multi-faceted experience as a chief executive officer, chief operating officer and general counsel, he is able to provide valuable business, leadership and management advice to the Board in many critical areas. In addition, Mr. Pfenniger's knowledge of the healthcare business has given him insight into many aspects of our business and the markets in which we operate. Mr. Pfenniger also brings financial expertise to the Board, including through his service as Chairman of our Audit Committee.

Todd M. Pope. As president and chief executive officer for TransEnterix since September 2008, Mr. Pope has had primary responsibility for TransEnterix's strategic vision and oversight of its organic growth. Mr. Pope has spent more than 20 years working in key leadership positions within the medical device industry. Prior to joining TransEnterix, Mr. Pope served as worldwide president of Cordis, a multi-billion-dollar division within Johnson & Johnson's medical device business. He previously held a number of leadership positions within Johnson & Johnson and BSC. Mr. Pope received his bachelor's degree from University of North Carolina at Chapel Hill, and currently serves on the University's Kenan-Flagler Board of Visitors, and Educational Foundation Executive Board.

Mr. Pope's history as president and chief executive officer of TransEnterix provides him the knowledge and experience necessary to help lead the combined entity as a member of the Board. His deep knowledge of the operations of TransEnterix and ongoing relationship with the Company and the medical device industry generally gives him a valuable insight into the operations of the combined entity.

William N. Starling. William N. Starling is Managing Director of Synergy Life Science Partners, LP, a life science venture capital firm, and Chief Executive Officer of Synecor, LLC, an incubator for new life science companies. As CEO of Synecor, Mr. Starling is a cofounder of BaroSense Inc., Bioerodible Vascular Solutions, Inc., InnerPulse, Inc., TransEnterix, Interventional Autonomics Corporation, NeuroTronik Inc., and Aegis Surgical, Limited. Mr. Starling currently serves as Chairman of the Board of Aegis Surgical and Interventional Autonomics Corporation, and as a board member of TransEnterix, EBR Systems, Inc. and iRhythm Technologies, all of which are privately-held. He began his 36-year career in the medical technology device industry at American Edwards Laboratories and subsequently was part of the founding management team and Director of Marketing for Advanced Cardiovascular Systems, Inc.; a cofounder, Vice President and board member of Ventritex, Inc.; and a cofounder and Chairman of the Board of Directors and President/CEO of Cardiac Pathways Corporation. Mr. Starling received his BSBA degree from the University of North Carolina at Chapel Hill and his MBA degree from the University of Southern California.

Mr. Starling's experience and attributes qualify him to serve as a member of our Board for several reasons. Mr. Starling's roles as a co-founder of multiple companies and his vast medical technology operating experience makes him knowledgeable in the areas of product launches, new product development, clinical and regulatory affairs, quality systems, international sales and marketing, and business and financial matters.

Executive Officers

The following information pertains to our executive officers effective as of the Closing Date:

Todd M. Pope has served as the TransEnterix Chief Executive Officer since September 2008. See the disclosure under the heading "Directors" in this Current Report on Form 8-K for additional background information on Mr. Pope.

Richard M. Mueller. Mr. Mueller has served as the Chief Operating Officer at TransEnterix since January 2013, after serving as Chief Technology Officer at TransEnterix from January 2011 until his appointment as Chief Operating Officer. Mr. Mueller oversees the innovation, development and research of TransEnterix's technologies for minimally invasive surgery. He also directs the realization of new technologies to market through the sourcing and manufacturing process. A biomechanical engineer, who received his B.S. from Case Western Reserve University, Mueller most recently served as vice president of research and development at NuVasive Inc., a publicly-traded spinal device company. Previously, he was director of research and product development at Theken Spine, a start-up later acquired by Integra Life Sciences. Mr. Mueller has participated in more than 100 medical device launches and has extensive experience in the medical device industry.

James J. Martin, C.P.A. Mr. Martin has served as our Chief Financial Officer since January 19, 2011. Since January 2011, Mr. Martin has also served as the Chief Financial Officer of NIMS. From January 2011 through December 2011, Mr. Martin served as Vice President of Finance of Aero Pharmaceuticals, Inc. ("Aero"), a privately held pharmaceutical distributor. From July 2010 until January 2011, Mr. Martin served as the Controller of SafeStitch, NIMS and Aero. From 2008-2010, Mr. Martin served as the Controller of AAR Aircraft Services, Inc., an aerospace and defense company, and from 2005-2008, Mr. Martin served as the Controller of Avborne Heavy Maintenance, Inc., an aviation maintenance repair and overhaul company. In addition to his career in finance and accounting, Mr. Martin served five years in the United States Navy as an Operations Specialist.

Charles J. Filipi, M.D. Dr. Filipi has served as our Chief Medical Officer (f/k/a Medical Director) and served as a member of our Board beginning from our acquisition of SafeStitch LLC in September 2007 until the Closing Date. Dr. Filipi was a founding member of SafeStitch LLC in August 2005 and has served as its Medical Director since 2006. Since 1999, Dr. Filipi has been a Professor of Surgery in the Department of Surgery at Creighton University School of Medicine in Omaha, Nebraska. Dr. Filipi has also served as president of the American Hernia Society, editor of the Journal Hernia and has published approximately 110 peer-reviewed articles and 51 book chapters. Additionally, Dr. Filipi has been the inventor listed on more than twenty provisional or utility patents. His primary areas of interest are intraluminal surgery for the correction of gastroesophageal reflux disease, Barrett's Esophagus, and obesity.

Involvement in Legal Proceedings

To the Company's knowledge, none of our officers or our directors have, during the last ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

To the Company's knowledge, there are no material proceedings to which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or any associate of any such director, officer, affiliate of the Company, or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

Arrangements for Appointment of Directors and Officers

Pursuant to the Merger Agreement, as of the Closing Date, TransEnterix has the right to appoint six (6) of the nine (9) directors of the Company and has the right to designate all of the executive officers of the Company.

The disclosures set forth in Item 5.01 of this Current Report on Form 8-K are incorporated by reference into this item.

Family Relationships

There are no family relationships among the members of our Board or our executive officers.

Composition of the Board

In accordance with our certificate of incorporation, our Board is elected annually as a single class.

EXECUTIVE COMPENSATION

TransEnterix became our wholly owned subsidiary as a result of the consummation of the Merger on September 3, 2013. The following table summarizes all compensation earned in each of TransEnterix's fiscal years ended December 31, 2012 and 2011, respectively, by: (i) its principal executive officer; and (ii) its most highly compensated executive officer other than the principal executive officer who was serving as an executive officer of TransEnterix as of the end of the last completed fiscal year. The tables below reflect the compensation for the TransEnterix executive officers who are also named executive officers of the combined company. Information relating to SafeStitch's executive officers and directors continuing with the combined company may be found in SafeStitch's Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 30, 2013 (the "SafeStitch 2013 Proxy Statement").

Summary Compensation Table

The following table lists the summary compensation of TransEnterix's named executive officers for the prior two fiscal years:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards (1)	NonEquity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Todd M. Pope, President and Chief Executive Officer of TransEnterix	2012	$310,000	—	—	$186,516(2)	$ 266,250	—	—	$762,766
	2011	$310,000	—	—		$ 116,250	—	—	$426,250
Richard M. Mueller, Chief Technology Officer and Chief Operating Officer of TransEnterix	2012	$285,000	$168,023	—	$ 98,957(3)	—	—	—	$551,980
	2011	$263,721	—	—	$153,722(4)	—	—	$ 28,002(5)	$445,445

(1) The grant date fair values reported above for option awards were determined by taking into account the number of shares and exercise prices in respect of such option awards granted by TransEnterix, but do not give effect to the Exchange Ratio. As a result of the Merger, the shares underlying the option awards are multiplied by the Exchange Ratio and the exercise prices of the option awards are divided by the Exchange Ratio, for purposes of calculating the number of shares of our Common Stock that each option award is now exercisable for and for calculating the corresponding exercise prices, respectively, following the Merger.

(2) Mr. Pope was granted an option to purchase 4,028,717 shares of TransEnterix's Common Stock at $0.08 per share. One-fourth of the shares underlying this stock option award vest on the first anniversary of the vesting commencement date of February 2, 2012, and 1/48th of the underlying shares vest each month thereafter. The incremental fair value of the option to purchase 570,933 shares granted to Mr. Pope on March 15, 2008, repriced as of June 21, 2012, and the option to purchase 750,000 shares granted to Mr. Pope on December 14, 2009, repriced as of June 21, 2012, were $4,702.45 and $17,590.40, respectively.

(3) Mr. Mueller was granted an option to purchase 2,137,455 shares of TransEnterix's Common Stock at $0.08 per share. One-fourth of the shares underlying this stock option award vest on the first anniversary of the vesting commencement date of February 2, 2012, and 1/48th of the underlying shares vest each month thereafter. The incremental fair value of the option to purchase 461,807 shares granted to Mr. Mueller on February 9, 2011, repriced as of June 21, 2012, was $7,574.44.

(4) Mr. Mueller was granted an option to purchase 461,807 shares of TransEnterix's Common Stock at $0.08 per share. One-fourth of the shares underlying this stock option award vest on the first anniversary of the vesting commencement date of January 17, 2011, and 1/48th of the underlying shares vest each month thereafter.

(5) The other compensation provided to Mr. Mueller was for relocation expenses incurred by Mr. Mueller in connection with his relocation to Durham, North Carolina to commence his service with TransEnterix.

Agreements with Named Executive Officers

TransEnterix entered into offer letters which constitute employment agreements with each of Mr. Pope and Mr. Mueller. TransEnterix's employment agreement with Mr. Pope provides Mr. Pope with a base salary of $25,000 per month and Mr. Pope is eligible for a cash bonus of up to 50% of his base salary each year if milestones mutually agreed upon by Mr. Pope and the Company are met. The offer letter gives TransEnterix's board of directors the discretion to increase Mr. Pope's base salary and bonus. TransEnterix's employment agreement with Mr. Pope further provides that if

Mr. Pope's employment with TransEnterix is terminated by TransEnterix without "cause" (as defined in the agreement) or Mr. Pope experiences a "constructive termination" (as defined in the employment agreement) at the time of or within twelve (12) months following the close of a "change of control" (as defined in the employment agreement), Mr. Pope will receive, subject to signing a release of claims in favor of TransEnterix:

- twelve months of Mr. Pope's regular base salary;
- target bonus for the year in which the change of control occurs; and
- up to six months of reimbursement for premiums paid for COBRA coverage.

TransEnterix's employment agreement with Mr. Pope also provides that if Mr. Pope's employment with TransEnterix is terminated by TransEnterix without "cause" (as defined in the agreement) or Mr. Pope experiences a "constructive termination" (as defined in the agreement), Mr. Pope will receive, subject to signing a release of claims in favor of TransEnterix:

- six months of Mr. Pope's regular base salary;
- target bonus for the year in which the involuntary termination occurs; and
- up to six months of reimbursement for premiums paid for COBRA coverage.

TransEnterix's employment agreement with Mr. Mueller provides Mr. Mueller with a base salary of $22,917 per month. The offer letter gives TransEnterix's board of directors the discretion to increase Mr. Mueller's base salary and bonus. TransEnterix's employment agreement with Mr. Mueller further provides for an option grant to Mr. Mueller of 461,807 shares of TransEnterix's Common Stock, which was previously granted to Mr. Mueller.

Option Grants

The option grants to each of Mr. Pope and Mr. Mueller set forth in the Summary Compensation Table above each vest over four years, with 25% vesting on the first anniversary of the vesting commencement date of such option grant and 1/48th of the shares vesting each month thereafter.

Outstanding Equity Awards at Fiscal Year-End

The following table lists the outstanding equity awards held by TransEnterix's named executive officers at year-end:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS (1)					STOCK AWARDS			
Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that have not Vested	Market Value of Shares of Units of Stock that Have not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or other Rights that have not Vested
Todd M. Pope	570,933	—	—	$ 0.08(3)	9/15/2018	—	—	—	—
	322,661	14,029(2)	—	$ 0.08(3)	12/14/2019	—	—	—	—
	396,088	17,222(2)	—	$ 0.08(3)	12/14/2019	—	—	—	—
	1,510,768	2,517,949(2)	—	$ 0.08	4/12/2022	—	—	—	—
Richard M. Mueller	298,250	163,557(2)	—	$ 0.08(3)	2/9/2021	—	—	—	—
	801,545	1,335,910(2)	—	$ 0.08	4/12/2022	—	—	—	—

(1) The number of shares and exercise prices in respect of the option awards granted by TransEnterix listed above do not give effect to the Exchange Ratio in the Merger. As a result of the Merger, the shares underlying the option awards are multiplied by the Exchange Ratio and the exercise prices of the option awards are divided by the Exchange Ratio, for purposes of calculating the number of shares of our Common Stock that each option award is now exercisable for and for calculating the corresponding exercise prices, respectively.

(2) During May 2012, TransEnterix provided its employees, including Mr. Pope and Mr. Mueller, with an offer to have their option awards repriced so that the exercise price of their option awards was amended to equal TransEnterix's then-current fair market value of its Common Stock, or $0.08 per share. The option awards listed above that were issued prior to 2012 reflect the adjusted exercise price of $0.08 for these option awards, which adjusted exercise price became effective as of June 21, 2012. Notwithstanding the foregoing, the option awards listed above that were issued by TransEnterix during 2012 did not have their exercise prices so adjusted because the then-current fair market value of its Common Stock was equal to $0.08 per share.

(3) One-fourth of the shares underlying each option award vests on the first anniversary of the vesting commencement date of such option award, and 1/48th of the underlying shares vest each month thereafter.

Director Compensation

The following table lists the compensation of TransEnterix's directors, during the last fiscal year, that will be continuing as directors of the combined company following the Merger:

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards (1)	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Dennis Dougherty	—	—	—	—	—	—	—
Aftab Kherani	—	—	—	—	—	—	—
Paul LaViolette	—	—	$ 1,358 (2)	—	—	—	—
David Milne	—	—	—	—	—	—	—
William N. Starling	—	—	$ 8,396 (3)	—	—	—	—
John Onopchenko	—	—	—	—	—	—	—

(1) The grant date fair values reported above for option awards were determined by taking into account the number of shares and exercise prices in respect of such option awards granted by TransEnterix, but do not give effect to the Exchange Ratio in the Merger. As a result of the Merger, the shares underlying the option awards are multiplied by the Exchange Ratio and the exercise prices of the option awards are divided by the Exchange Ratio, for purposes of calculating the number of shares of our Common Stock that each option award is now exercisable for and for calculating the corresponding exercise prices, respectively, following the Merger.

(2) The incremental fair value of the option to purchase 25,000 shares granted to Mr. LaViolette on July 21, 2011, repriced as of June 21, 2012, was $1,358.42. One-fourth of the shares underlying this option award vest on the first anniversary of the vesting commencement date, and 1/48th of the underlying shares vest each month thereafter. The adjusted exercise price of the option award is $0.08 per share.

(3) One-forty-eighth of the shares underlying the option award vests each month following the vesting commencement date of April 12, 2012. The exercise price of the option award is $0.08 per share.

Director Compensation Arrangements

TransEnterix historically has not had a compensation package for members of its board of directors for their service as directors. Following the consummation of the Merger, the Company anticipates establishing a compensation package for its directors.

Mr. Starling, was granted an option to purchase 150,000 shares of TransEnterix's Common Stock in April 2012 as consideration for certain consulting services to be rendered by Mr. Starling to TransEnterix.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information below provides certain disclosures regarding related party transactions and director independence matters related to TransEnterix. Similar information for StafeStitch may be found in the SafeStitch 2013 Proxy Statement.

Certain Relationships and Related Transactions

On August 5, 2013, TransEnterix entered into a Note and Warrant Purchase Agreement with investment funds affiliated with Messrs. Dougherty, Kherani, LaViolette, Milne and Starling, for the purchase and sale of subordinated convertible notes, together with other investors, in an aggregate amount of approximately $2,000,000. Each subordinated convertible promissory note was converted into shares of our Series B Preferred Stock upon the Closing Date of the Private Placement as described elsewhere in this Current Report on Form 8-K.

On August 13, 2013, we entered into the Purchase Agreement, pursuant to which investment funds affiliated with Messrs. Dougherty, Kherani, LaViolette, Milne and Starling, entities affiliated with Drs. Frost and Hsiao, and Dr. Hsiao, in her individual capacity, agreed to purchase, together with other investors, an aggregate of 7,544,704.4 shares of Series B Preferred Stock, each share of which would initially be convertible, subject to certain conditions, into ten shares of Common Stock, for a purchase price of $4.00 per share of Series B Preferred Stock payable in cash, cancellation of certain indebtedness of TransEnterix or a combination thereof. In connection with the investment, such investors will receive registration rights entitling them, under certain circumstances, to require the Company to register their respective shares of Common Stock received by them in the Merger and upon conversion of the Series B Preferred Stock.

Review and Approval of Transactions with Related Persons

In reviewing and approving transactions with related persons, TransEnterix's board of directors considered all material factors in relation to such related person's role in a proposed transaction, including, without limitation, the related person's indirect or direct financial interest in the proposed transaction, other interests such related person may have in the proposed transaction, the terms and conditions of the proposed transaction, and whether such transaction is on an equivalent to arms-length basis. After reviewing and factoring all these considerations, TransEnterix's board of directors, and the disinterested directors, if applicable, determined whether to approve the proposed transaction with the respective related person. While TransEnterix did not have any written polices with respect to review and approval of any such transactions with related persons, TransEnterix's believes the processes its board of directors has followed ensure the appropriateness of its entry into such transactions with related persons and that they were entered into on terms on an equivalent basis to an arms-length transaction.

Director Independence and Committees

Board of Directors

The Board, in the exercise of its reasonable business judgment, has determined that each of our current directors qualify as independent directors pursuant to Nasdaq Stock Market Rule 5605(a)(2) and applicable SEC rules and regulations, except Mr. Pope, who is currently employed as our President and Chief Executive Officer.

Audit Committee

Upon the Closing Date, the Company's Audit Committee was reconstituted with Mr. Pfenniger, Mr. Milne, and Mr. Dougherty serving as its members. Mr. Pfenniger will serve as the Chair of the Audit Committee. Due to each member's extensive experience in serving operating companies in both managerial and director capacities, the Board determined that each member has the requisite knowledge of financial statements and general understanding of financial and reporting matters to allow each such member to serve on the Audit Committee.

Additionally, since the Company's stock is quoted on the OTCBB, it is not subject to the Audit Committee member independence requirements set forth in Rule 10A-3 of the Exchange Act. Notwithstanding the foregoing, the Board, in the exercise of its reasonable business judgment and utilizing the general standards it applies for determining the independence of directors, has determined that each of the Audit Committee members qualifies as independent pursuant to Nasdaq Stock Market Rule 5605(a)(2).

Finally, the Board has determined that Mr. Dougherty is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. The Board made this determination based on Mr. Dougherty's extensive career and background serving as an accountant and auditor as well as his serving various operating companies in both managerial and director capacities.

Compensation Committee

Upon the Closing Date, the Company's Compensation Committee was reconstituted with Mr. Starling, Mr. LaViolette, Dr. Kherani and Dr. Hsiao serving as its members. Mr. Starling will serve as the Chair of the Compensation Committee. Due to each member's extensive experience in serving operating companies in both managerial and director capacities, the Board determined that each member has the requisite knowledge and skills to allow each such member to serve on the Compensation Committee.

Additionally, since the Company's stock is quoted on the OTCBB, it is not subject to the Compensation Committee member independence requirements set forth in Rule 10C-1 of the Exchange Act. Notwithstanding the foregoing, the Board, in the exercise of its reasonable business judgment and utilizing the general standards it applies for determining the independence of directors, has determined that each of the Compensation Committee members qualifies as independent pursuant to Nasdaq Stock Market Rule 5605(a)(2).

LEGAL PROCEEDINGS

From time to time we may be involved in claims arising in the ordinary course of business. No legal proceedings, governmental actions investigations or claims are currently pending against us or involve us.

MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Common Stock is currently quoted on the OTCBB under the symbol "SFES." During the period from February 22, 2011 to August 25, 2011, our Common Stock was quoted on the OTCQB under the symbol "SFES." The table below sets forth, for the respective periods indicated, the high and low bid prices for our Common Stock in the over-the-counter market as reported on the OTCQB or the OTCBB, as applicable. The bid prices represent inter-dealer transactions, without adjustments for retail mark-ups, mark-downs or commissions and may not necessarily represent actual transactions.

	Bid Prices	
	High	Low
2013		
First Quarter	$ 0.55	$ 0.22
Second Quarter	0.73	0.36
2012		
First Quarter	$ 1.01	$ 0.45
Second Quarter	0.98	0.51
Third Quarter	0.75	0.22
Fourth Quarter	0.51	0.21
2011		
First Quarter	$ 1.70	$ 0.81
Second Quarter	1.38	0.46
Third Quarter	0.90	0.50
Fourth Quarter	1.01	0.45

As of September 3, 2013, there were approximately 215 record holders of our Common Stock.

We paid no dividends or made any other distributions in respect of our Common Stock during the six months ended June 30, 2013 or our fiscal years ended December 31, 2012 and 2011, and we have no plans to pay any dividends or make any other distributions in the future.

RECENT SALES OF UNREGISTERED SECURITIES

The disclosures under the heading "Private Placement" set forth in Item 2.01 of this Current Report on Form 8-K are incorporated by reference into this item.

DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

Our authorized capital stock consists of 225 million shares of Common Stock, par value $0.001 per share, and 25 million shares of preferred stock, par value $0.01 per share.

Common Stock

Of the authorized Common Stock, approximately 167,246,615 shares are currently outstanding and there are approximately 26,623,712 shares of our Common Stock reserved for the exercise of outstanding options and warrants. There were approximately 215 record holders as of September 3, 2013. Subject to the prior rights of the holders of any shares of preferred stock currently outstanding, including the Series B Preferred Stock, or which may be issued in the future, the holders of our Common Stock are entitled to receive dividends from our funds legally

available therefor when, as and if declared by our Board, and are entitled to share ratably in all of our assets available for distribution to holders of our Common Stock upon the liquidation, dissolution or winding-up of our affairs, subject to the liquidation preference, if any, of any then outstanding shares of preferred stock. Holders of our Common Stock do not have any preemptive, subscription, redemption or conversion rights. Holders of our Common Stock are entitled to one vote per share on all matters which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Delaware corporate law. The holders of our Common Stock do not have cumulative voting rights, which mean that the holders of a plurality of the outstanding shares can elect all of our directors. All of the shares of our Common Stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our Common Stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

Preferred Stock

Our Board has the authority, without further action by the holders of the outstanding Common Stock, to issue preferred stock from time to time in one or more classes or series, to fix the number of shares constituting any class or series and the stated value thereof, if different from the par value, as to fix the terms of any such series or class, including dividend rights, dividend rates, conversion or exchange rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price and the liquidation preference of such class or series.

In connection with the Purchase Agreement that we entered into with the Investors on August 13, 2013, such Investors purchased an aggregate of 7,544,704.4 shares of Series B Preferred Stock on September 3, 2013, each share of which would initially be convertible, subject to certain conditions, into ten shares of Common Stock, for a purchase price of $4.00 per share of Series B Preferred Stock payable in cash, cancellation of certain indebtedness of TransEnterix or a combination thereof. In connection with the investment, such Investors have also entered into a Registration Rights Agreement, pursuant to which such Investors receive registration rights entitling them, under certain circumstances, to cause the Company to register their respective shares of Common Stock received by them in the Merger and upon conversion of the Series B Preferred Stock.

Accordingly, in connection therewith, on September 3, 2013, the Company filed its Certificate of Designation of the Rights, Preferences and Privileges of Series B Convertible Preferred Stock (the "Certificate of Designation"). Pursuant to the Certificate of Designation, the holders of our Series B Preferred Stock are entitled to receive, in respect of each one-tenth of one share of Series B Preferred Stock, a dividend in an amount equal to the amount of such dividend payable in respect of the number of shares of Common Stock into which such one-tenth of one share of Series B Preferred Stock is then convertible on the record date for such dividend. Each one-tenth of one share of Series B Preferred Stock is convertible into one share of our Common Stock upon the occurrence of certain events. The holders of our Series B Preferred Stock do not have any preemptive, subscription or redemption rights. The holders of our Series B Preferred Stock are entitled to ten votes per share of Series B Preferred Stock on all matters to which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Delaware corporate law. The holders of our Series B Preferred Stock do not have cumulative voting rights, which means that the holders of a plurality of the outstanding shares of common and preferred stock, voting together as a single class, can elect all of our directors. All of the shares of our Series B Preferred Stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our Series B Preferred Stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

The foregoing description of the Certificate of Designation is only a summary and is qualified in its entirety by reference to the complete text of the Certificate of Designation, which is filed as Exhibit 4.1 to this Current Report on Form 8-K and incorporated by reference herein.

Warrants

On January 17, 2012, TransEnterix entered into the SVB-Oxford LSA with SVB and Oxford. Pursuant to this agreement, TransEnterix issued warrants to SVB and Oxford on January 17, 2012 and December 21, 2012, respectively, to purchase shares of TransEnterix's capital stock. Following the Merger, these warrants were assumed by us and are now exercisable for an aggregate of approximately 1,397,937 shares of our Common Stock.

Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation, our By-Laws and Delaware Law

Delaware Statute

We are subject to Section 203 of the Delaware General Corporation Law, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to such date, our Board approves either the business combination or the transaction that resulted in the stockholder's becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of our outstanding voting stock, excluding shares held by directors, officers and certain employee stock plans; or
- on or after the consummation date, the business combination is approved by our Board and by the affirmative vote at an annual or special meeting of stockholders holding of at least two-thirds of our outstanding voting stock that is not owned by the interested stockholder.

For purposes of Section 203, a "business combination" includes, among other things, a Merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is generally a person who, together with affiliates and associates of such person:

- owns 15% or more of outstanding voting stock; or
- is an affiliate or associate of ours and was the owner of 15% or more of our outstanding voting stock at any time within the prior three years.

Certificate of Incorporation and Bylaw Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that, among others, could have the effect of delaying, deferring or discouraging potential acquisition proposals and could delay or prevent a change of control of us. The provisions in our certificate of incorporation and bylaws that may have such effect include:

- ***Preferred Stock.*** As noted above, our Board, without stockholder approval, has the authority under our certificate of incorporation to issue preferred stock with rights superior to the rights of the holders of Common Stock. As a result, we could issue preferred stock quickly and easily, which could adversely affect the rights of holders of our Common Stock and could be issued with terms calculated to delay or prevent a change of control or make removal of management more difficult.
- ***Stockholder Meetings***. Under our certificate of incorporation, as amended, and bylaws, special meetings of our stockholders may be called only by the vote of a majority of the entire board of directors or the Chairman of the board of directors. Our stockholders may not call a special meeting of the stockholders.
- ***Requirements for Advance Notification of Stockholder Nominations and Proposals***. Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee thereof.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Delaware General Corporation Law and certain provisions of our bylaws under certain circumstances provide for indemnification of our officers, directors and controlling persons against liabilities which they may incur in such capacities. A summary of the circumstances in which such indemnification is provided for is contained herein, but this description is qualified in its entirety by reference to our bylaws and to the statutory provisions.

In general, any officer, director, employee or agent may be indemnified against expenses, fines, settlements or judgments arising in connection with a legal proceeding to which such person is a party, if that person's actions were in good faith, were believed to be in our best interest, and were not unlawful. Unless such person is successful upon the merits in such an action, indemnification may be awarded only after a determination by independent decision of our Board, by legal counsel, or by a vote of the stockholders, that the applicable standard of conduct was met by the person to be indemnified.

The circumstances under which indemnification is granted in connection with an action brought on our behalf is generally the same as those set forth above; however, with respect to such actions, indemnification is granted only with respect to expenses actually incurred in connection with the defense or settlement of the action. In such actions, the person to be indemnified must have acted in good faith and in a manner believed to have been in our best interest, and have not been adjudged liable for negligence or misconduct.

Indemnification may also be granted pursuant to the terms of agreements which may be entered into in the future or pursuant to a vote of stockholders or directors. The statutory provision cited above also grants the power to us to purchase and maintain insurance which protects our officers and directors against any liabilities incurred in connection with their service in such a position, and such a policy may be obtained by us.

A stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements set forth in Item 9.01(a) of this Current Report on Form 8-K are incorporated by reference into this item.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

FINANCIAL STATEMENTS AND EXHIBITS.

The disclosures set forth in Item 9.01(a) and (b) of this Current Report on Form 8-K are incorporated by reference into this item.

Item 3.02. Unregistered Sales of Equity Securities.

The disclosures under the heading "Private Placement" set forth in Item 2.01 of this Current Report on Form 8-K are incorporated by reference into this Item 3.02.

Item 3.03. Material Modification to Rights of Security Holders.

The information with respect to the Series B Preferred Stock set forth under the heading "Preferred Stock" above and the complete text of the Certificate of Designation, which is filed as Exhibit 4.1 to this Current Report on Form 8-K, are incorporated by reference into this Item 3.03.

Item 5.01. Changes in Control of Registrant.

The disclosures set forth in Item 2.01 of this Current Report on Form 8-K are incorporated by reference into this Item.

Upon consummation of the Merger, each share of TransEnterix's capital stock issued and outstanding immediately preceding the Merger was converted into the right to receive 1.1533 shares of Common Stock, other than those shares of TransEnterix's Common Stock held by non-accredited investors, which shares were instead converted into the right to receive an amount in cash per share equal to $1.08, without interest, which is the volume-weighted average price of a share of Common Stock on the OTCBB for the 60-trading day period ended on August 30, 2013 (one day prior to the effective date of the Merger). Additionally, upon consummation of the Merger, SafeStitch assumed all of TransEnterix's options and warrants issued and outstanding immediately prior to the Merger at the Exchange Ratio, which are now exercisable for approximately 15,680,775 and 1,397,937 shares of Common Stock, respectively. Following the Merger, TransEnterix's former stockholders now hold approximately 65% of the Common Stock on a fully-diluted basis.

Upon consummation of the Merger, we expanded our Board from seven to nine directors, three of whom are directors designated by SafeStitch, and six of whom are directors designated by TransEnterix.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective as of the Closing Date, Jeffrey G. Spragens, Charles J. Filipi, Chao C. Chen, Steven D. Rubin, and Kevin T. Wayne all resigned from the Board and from any committee of the Board of which they were a member. In addition, Jeffrey G. Spragens resigned as our President and Chief Executive Officer, also effective as of the Closing Date.

Also in connection with the closing of the Merger, Dennis J. Dougherty, Phillip Frost, M.D., Aftab R. Kherani, M.D., Paul A. LaViolette, David B. Milne, Todd M. Pope and William N. Starling became members of our Board (the "Incoming Directors"), with Mr. LaViolette serving as the Chairman of the Board. Todd M. Pope, the President and Chief Executive Officer of TransEnterix, became our President and Chief Executive Officer and Richard M. Mueller became our Chief Operating Officer.

Further, in connection with the closing of the Merger, the Company's Audit Committee was reconstituted with Mr. Pfenniger, Mr. Milne, and Mr. Dougherty serving as its members. Mr. Pfenniger will serve as the Chair of the Audit Committee. In addition, in connection with the closing of the Merger, the Company's Compensation Committee was reconstituted with Mr. Starling, Mr. LaViolette, Dr. Kherani and Dr. Hsiao serving as its members. Mr. Starling will serve as the Chair of the Compensation Committee.

Accordingly, after consummation of the Merger, our Board consists of Dennis J. Dougherty, Phillip Frost, M.D., Jane H. Hsiao, Ph.D., Aftab R. Kherani, M.D., Paul A. LaViolette, David Milne, Richard Pfenniger, Todd M. Pope and William N. Starling. Our executive officers are Todd M. Pope, President and Chief Executive Officer; Richard M. Mueller, Chief Operating Officer; James J. Martin, Chief Financial Officer and Charles J. Filipi, Chief Medical Officer.

The disclosures set forth under the headings “Form 10 Information—Directors and Officers,” “Form 10 Information—Executive Compensation” and “Form 10 Information—Certain Relationships and Related Transactions and Director Independence” of this Current Report on Form 8-K are incorporated by reference into this Item 5.02.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information with respect to the Series B Preferred Stock set forth under the heading “Preferred Stock” above and the complete text of the Certificate of Designation, which is filed as Exhibit 4.1 to this Current Report on Form 8-K, are incorporated by reference in this Item 5.03.

Item 7.01. Regulation FD Disclosure.

On September 4, 2013, the Company issued a press release announcing consummation of the Merger with TransEnterix pursuant to the Merger Agreement. A copy of the press release is furnished as Exhibit 99.2 to this Current Report on Form 8-K and incorporated by reference in this Item 7.01.

The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 furnished herewith, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing by the Company under the Securities Act.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of the Businesses Acquired

In accordance with Item 9.01(a): (i) TransEnterix’s audited financial statements for the fiscal year ended December 31, 2012 and 2011 are filed in this Current Report on Form 8-K as Exhibit 99.1; and (ii) TransEnterix’s unaudited financial statements for the six-month interim period ended June 30, 2013 are filed in this Current Report on Form 8-K as Exhibit 99.1.

(b) Pro Forma Financial Information

In accordance with Item 9.01(b)(2) of Form 8-K, our pro forma financial statements will be filed in an amendment to this Current Report on Form 8-K, which will be filed with the SEC within 71 calendar days from the date that this Current Report on Form 8-K must be filed with the SEC.

(c) Exhibits

The exhibits listed in the following Exhibit Index are filed as part of this Current Report on Form 8-K.

Exhibit No.	Description
2.1+	Agreement and Plan of Merger, dated as of August 13, 2013, by and among SafeStitch Medical, Inc., Tweety Acquisition Corp. and TransEnterix, Inc., filed as Exhibit 2.1 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein.
2.2	First Amendment to Agreement and Plan of Merger, dated as of August 30, 2013, by and among SafeStitch Medical, Inc., Tweety Acquisition Corp and TransEnterix, Inc.
4.1	Certificate of Designation of Series B Convertible Preferred Stock
10.1	Securities Purchase Agreement, dated as of August 13, 2013, by and among SafeStitch Medical, Inc. and the Investor parties thereto, filed as Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein.
10.2	Form of Lock-up and Voting Agreement filed as Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein.
10.3	Patent Assignment, dated as of June 26, 2009, by and between TransEnterix, Inc. and Synecor, LLC.
10.4	Patent Acquisition and License Termination Agreement, dated as of June 26, 2009, by and among TransEnterix, Inc., Synecor, LLC and Barosense, Inc.
10.5	Development and Supply Agreement, dated as of November 4, 2011, by and between TransEnterix, Inc. and Microline Surgical, Inc.
10.6	Offer letter, dated as of June 9, 2008, by and between TransEnterix, Inc. and Todd M. Pope.
10.7	Offer letter, dated as of December 15, 2010, by and between TransEnterix, Inc. and Richard M. Mueller.
10.8	Loan and Security Agreement dated as of January 17, 2012, by and among TransEnterix, Inc., Silicon Valley Bank and Oxford Finance LLC, as amended, and associated notes and warrants issued by TransEnterix to Silicon Valley Bank and Oxford Finance LLC.
10.9	Amended and Restated Pre-Release Distribution Agreement, dated as of June 15, 2012, between TransEnterix, Inc. and Al Danah Medical Co. W.L.L.
10.10	Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and the investors party thereto.
10.11	Offer letter, dated as of August 30, 2013, by and between SafeStitch Medical, Inc. and Charles J. Filipi, M.D.
10.12	Offer letter, dated as of August 30, 2013, by and between SafeStitch Medical, Inc. and James J. Martin.
23.1	Consent of BDO USA, LLP.
23.2	Consent of Ernst & Young LLP.
99.1	TransEnterix, Inc. audited financial statements for the fiscal years ended December 31, 2012 and 2011 and unaudited financial statements for the six months ended June 30, 2013 and 2012.
99.2	Press Release, Dated September 4, 2013.

+ The schedules and exhibits to the Agreement and Plan of Merger have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of any such schedules and exhibits to the U.S. Securities and Exchange Commission upon request.

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.

SAFESTITCH MEDICAL, INC.

Date: September 6, 2013

/s/ Todd M. Pope

Todd M. Pope
President and Chief Executive Officer

Exhibit 2.2

AMENDMENT NO. 1 TO AGREEMENT AND PLAN OF MERGER

This AMENDMENT NO. 1 (this "**Amendment**") to that certain Agreement and Plan of Merger, dated as of August 13, 2013 (the "**Agreement**), by and among SafeStitch Medical, Inc., a Delaware corporation (the "**Company**"), Tweety Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Company ("**Merger Sub**"), and TransEnterix, Inc., a Delaware corporation ("**TransEnterix**"), is entered into as of August 30, 2013 in accordance with Section 8.03 of the Agreement. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement.

RECITALS

WHEREAS, pursuant to Section 8.03 of the Agreement, the parties, by an instrument in writing signed on behalf of each of the parties, may amend the Agreement at any time before or after the TransEnterix Stockholder Approval, subject to applicable Legal Requirements that require further approval by the stockholders of TransEnterix; and

WHEREAS, the parties hereto desire to amend the Agreement as set forth herein; and

WHEREAS, the Board of Directors of each of the parties hereto and the stockholders of TransEnterix have, by resolution, approved and adopted this Amendment.

NOW, THEREFORE, in consideration of the covenants set forth herein, and for other good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. Amendment of the Agreement. The first sentence of Section 2.01(b)(i) of the Agreement is hereby amended and restated in its entirety to read as follows:

> "Each issued and outstanding share of TransEnterix Capital Stock (other than Cancelled Shares, Dissenting Shares and shares of TransEnterix Capital Stock held by Unaccredited Investors) shall be converted into the right to receive 1.1533 (the "**Exchange Ratio**") fully paid and nonassessable shares of SafeStitch Common Stock (such aggregate amount, the "**Stock Merger Consideration**")."

2. Full Force and Effect. Except as expressly amended hereby, the Agreement shall be unmodified and shall remain in full force and effect.

3. Counterparts. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Facsimile or other electronically transmitted signatures, including by email attachment, shall be deemed originals for all purposes of this Amendment.

4. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflict of laws.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company, Merger Sub and TransEnterix have caused this Amendment to be executed and delivered by their respective officers thereunto duly authorized, all as of the date first written above.

SAFESTITCH MEDICAL, INC.

By: /s/ Jeffrey G. Spragens
Jeffrey G. Spragens
President and Chief Executive Officer

TWEETY ACQUISITION CORP.

By: /s/ Jeffrey G. Spragens
Jeffrey G. Spragens
President and Chief Executive Officer

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Todd M. Pope
Chief Executive Officer

Exhibit 4.1

**CERTIFICATE OF DESIGNATION OF THE RIGHTS,
PREFERENCES AND PRIVILEGES OF
SERIES B CONVERTIBLE PREFERRED STOCK
OF SAFESTITCH MEDICAL, INC.**

**Pursuant to Section 151 of the
General Corporation Law of the State of Delaware**

SafeStitch Medical, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that, pursuant to authority conferred upon the board of directors of the Corporation (the "Board of Directors") by its Amended and Restated Certificate of Incorporation (hereinafter referred to, including as it may be amended from time to time, as the "Certificate of Incorporation"), and pursuant to the provisions of Section 151 of the DGCL, said Board of Directors, on September 3, 2013, duly approved and adopted the following resolution (the "Resolution"):

RESOLVED, that, pursuant to the authority vested in the Board of Directors by the Corporation's Certificate of Incorporation, the Board of Directors does hereby create, authorize and provide for the issuance of Series B Convertible Preferred Stock, par value $0.01 per share, with an initial stated value of $4.00 per share, consisting of 8,750,000 shares, having the rights, preferences and privileges that are set forth in the Certificate of Incorporation and in this Resolution as follows:

(a) Designation. There is hereby created out of the authorized and unissued shares of Preferred Stock of the Corporation a series of Preferred Stock designated as the "Series B Convertible Preferred Stock." The number of shares constituting such series shall be 8,750,000 and such shares are referred to herein as the "Series B Preferred Stock." The Corporation may issue fractional shares of Series B Preferred Stock provided that the Corporation shall not issue fractional shares in an amount less than one-tenth of one (1) share of Series B Preferred Stock. Each one-tenth of one share of Series B Preferred Stock shall have a stated value of $0.40.

(b) Dividends. If the Corporation shall declare and pay or make a dividend or any other distribution (including, without limitation, in cash, in Capital Stock (which shall include, without limitation, any options, warrants, convertible securities or other rights to acquire Capital Stock of the Corporation, whether or not pursuant to a shareholder rights plan, "poison pill" or similar arrangement), evidence of indebtedness issued by the Corporation or other Persons or other property or assets) on or with respect to shares of any class of Common Stock of the Corporation, then the Board of Directors shall declare, and the Holders shall be entitled to receive in respect of each one-tenth of one (1) share of Series B Preferred Stock, a dividend or distribution in an amount equal to the amount of such dividend or distribution payable in respect of the number of shares of Common Stock into which such one-tenth of one (1) share of Series B Preferred Stock is then convertible on the record date for such dividend. Any dividend or distribution payable pursuant to this paragraph (b) shall be paid to the Holders of shares of record as they appear on the stock books of the Corporation on the record date applicable to holders of Common Stock and shall be paid to the Holders at the same time such dividend or distribution is made to holders of Common Stock,

provided that such payment to all holders of Common Stock is not then prohibited under the DGCL or any other applicable law. The right to receive dividends on shares of Series B Preferred Stock shall not be cumulative, and no right to dividends shall accrue to holders of Series B Preferred Stock by reason of the fact that dividends on said shares are not declared or paid.

(c) Conversion.

(i) Automatic Conversion. Upon the filing of an amendment to the Certificate of Incorporation for the purpose of either or both: (1) increasing the authorized number of shares of Common Stock or (2) effecting a reverse split of the outstanding shares of Common Stock, each one-tenth of one share of Series B Preferred Stock shall automatically convert into one (1) share of Common Stock (for the avoidance of doubt, the number of shares of Common Stock issuable upon such automatic conversion shall be adjusted in accordance with the ratio of any such reverse split).

(ii) Method of Automatic Conversion. In the event of a conversion pursuant to subparagraph (c)(i), the outstanding shares of Series B Preferred Stock shall be immediately converted automatically without any further action by the Holders of such shares or any other Person and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, whereupon all rights of the Holders of such shares of Series B Preferred Stock as Holders of such shares shall cease, and the Person(s) in whose name(s) the certificates representing the underlying shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder(s) thereof; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series B Preferred Stock are either delivered to the Corporation or its transfer agent, as provided below, or the Holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement reasonably satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such conversion of Series B Preferred Stock, the Holders shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the Series B Preferred Stock or provide an indemnity agreement as described above. Thereupon, there shall be issued and delivered to such Holder promptly at such office and in its name as shown on such surrendered certificate or certificates (or as contemplated by such indemnity agreement), a certificate or certificates for the number of shares of Common Stock into which the shares of Series B Preferred Stock surrendered were convertible on the date on which such conversion occurred.

(iii) Adjustments to Number of Shares and Conversion Price. The number of shares of Common Stock issuable upon conversion of each share of Series B Preferred Stock shall be adjusted from time to time as follows: if, after the Issue Date, the Corporation (1) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock, (2) subdivides its outstanding shares of Common Stock into a greater number of shares, (3) combines its outstanding shares of Common Stock into a smaller number of shares, or (4) issues by reclassification of its shares of Common Stock any shares of Capital Stock of the Corporation (including any reclassification in connection with a merger or consolidation in which the Corporation is the surviving corporation), then the number of shares of Common Stock issuable upon conversion of

each share of Series B Preferred Stock shall be adjusted so that the Holder of any share of the Series B Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number and kind of shares of Capital Stock that such Holder would have owned immediately following such action had such share of Series B Preferred Stock been converted immediately prior thereto, and the Conversion Price shall be appropriately adjusted to reflect any such event. An adjustment made pursuant to this subparagraph (c)(iii) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination, or reclassification. Such adjustment shall be made successively whenever any event described above shall occur.

(iv) Mergers; Etc. If there is (i) any consolidation, merger, or conversion of form of legal entity to which the Corporation is a party, other than a consolidation or a merger that does not result in any reclassification or exchange of, or change in, outstanding shares of the Common Stock and other than a liquidation, dissolution or winding up of the affairs of the Corporation, or (ii) any other event that causes the holders of Common Stock to receive a different or additional kind or amount of shares of stock or other securities or other property (other than an event for which an adjustment in the kind and amount of shares of stock or other securities or other property for which the Series B Preferred Stock is convertible is otherwise made pursuant to this paragraph (c) and other than a liquidation, dissolution or winding up of the affairs of the Corporation), then the Holder of each share of Series B Preferred Stock then outstanding shall have the right upon conversion pursuant to the terms hereof to receive the kind and amount of shares of stock and other securities and property receivable upon such consolidation, merger or other event by a holder of the number of shares of Common Stock issuable upon conversion of such share immediately prior to such consolidation, merger or other event, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this paragraph (c). The provisions of this subparagraph (c)(iv) shall similarly apply to successive consolidations, mergers and other events. For the avoidance of doubt, this subparagraph (c)(iv) shall not apply to the Merger (as defined in the Merger Agreement).

(v) Transfer Taxes. The Corporation shall pay any and all documentary, stamp, issue or transfer taxes, and any other similar taxes payable in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series B Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the Holder of the shares of Series B Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(vi) No Adjustment Less than Par Value. No adjustment in the Conversion Price shall reduce the Conversion Price below the then par value of the Common Stock.

(vii) Notice of Adjustment. Whenever the Conversion Price or conversion privilege is adjusted, the Corporation shall promptly mail to Holders a notice of the adjustment briefly stating the facts requiring the adjustment and the manner of computing it.

(viii) Notice of Certain Transactions. In the event that the Corporation proposes to take any action which would require an adjustment in the Conversion Price, the Corporation shall mail to the Holders a notice stating the proposed record or effective date, as the case may be. The Corporation shall mail the notice at least ten (10) days before such record or effective date, whichever is first.

(d) Voting Rights.

(i) Generally. The Holders shall have the right to receive notice of any meeting of holders of Common Stock or Series B Preferred Stock and to vote upon any matter submitted to a vote of the holders of Common Stock or Series B Preferred Stock. The Holders shall vote on each matter submitted to them with the holders of Common Stock and all other classes and series of Capital Stock entitled to vote on such matter, taken together as a single class.

(ii) Number of Votes. In any case in which the holders of the Series B Preferred Stock shall be entitled to vote pursuant to this Certificate of Designation or pursuant to the DGCL or other applicable law, each Holder entitled to vote with respect to such matter shall be entitled to vote, with respect to each tenth of one (1) share of such Series B Preferred Stock, the number of votes that equals the number of shares of Common Stock into which such fractional share of Series B Preferred Stock is then convertible.

(e) Conversion or Exchange. The Holders shall not have any rights hereunder to convert shares of the Series B Preferred Stock into or exchange such shares for shares of any other class or classes or of any other series of any class or classes of Capital Stock of the Corporation other than as provided in this Certificate of Designation.

(f) Reissuance of Series B Preferred Stock. Shares of Series B Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the DGCL or other applicable law) have the status of authorized and unissued shares of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of Preferred Stock; provided that any issuance of such shares of Preferred Stock must be in compliance with the terms hereof.

(g) Business Day. If any payment, redemption or exchange shall be required by the terms hereof to be made on a day that is not a Business Day, such payment, redemption or exchange shall be made on the immediately succeeding Business Day.

(h) Notices. Unless otherwise provided in this Certificate of Designation or by applicable law, all notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be personally delivered, delivered by facsimile or courier service, or mailed, certified with first class postage prepaid, or emailed, to its address set forth on the books of the Corporation, in the case of communications to a stockholder, and to the registered office of the Corporation in the State of Delaware with a copy to the chief executive officer of the Corporation at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27713, Attention: Todd Pope, for all communications to the Corporation. Each such notice, request, demand, or other communication shall be deemed to have been given and received (whether actually received or not)

on the date of actual delivery thereof, if personally delivered or delivered by facsimile transmission (if receipt is confirmed at the time of such transmission by telephone), or on the third day following the date of mailing, if mailed in accordance with this paragraph (h), or on the day specified for delivery to the courier service (if such day is one on which the courier service will give normal assurances that such specified delivery will be made); provided that no email communications shall be deemed to have been received unless the intended recipient thereof shall reply confirming receipt. Any notice, request, demand, or other communication given otherwise than in accordance with this paragraph (h) shall be deemed to have been given on the date actually received. Any stockholder may change its address for purposes of this paragraph (h) by giving written notice of such change to the Corporation in the manner hereinabove provided. Whenever any notice is required to be given by law or by this Certificate of Designation, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of notice.

(i) Definitions. As used in this Certificate of Designation, the following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

"Board of Directors" shall have the meaning provided in the first paragraph of this Certificate of Designation.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interest in (however designated) capital stock.

"Certificate of Designation" means this Certificate of Designation creating the Series B Preferred Stock.

"Certificate of Incorporation" shall have the meaning provided in the first paragraph of this Certificate of Designation.

"Common Stock" means the Corporation's Common Stock, par value $0.001 per share.

"Conversion Price" means $4.00 and shall be subject to adjustment as provided in subparagraph (c)(iii) hereof.

"Corporation" shall have the meaning provided in the first paragraph of this Certificate of Designation.

"DGCL" means the General Corporation Law of the State of Delaware.

"Holder" means a holder of shares of Series B Preferred Stock as reflected in the register maintained by the Corporation or the transfer agent for the Series B Preferred Stock.

"Issue Date" means the first date on which shares of the Series B Preferred Stock are issued.

"Merger Agreement" means that certain Agreement and Plan of Merger, dated as of August 13, 2013, by and among TransEnterix, Inc., the Corporation and Tweety Acquisition Corp.

"Person" means an individual, corporation, partnership, limited liability company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, court or governmental unit or any agency or subdivision thereof, or any other legally recognizable entity.

"Preferred Stock" means, with respect to any Person, Capital Stock of any class or classes (however designated) of such Person which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Capital Stock of any other class of such Person.

"Resolution" shall have the meaning provided in the first paragraph of this Certificate of Designation.

"Series B Preferred Stock" shall have the meaning provided in paragraph (a).

IN WITNESS WHEREOF, said Corporation has caused this Certificate of Designation to be signed by James J. Martin, its Chief Financial Officer, this 3rd day of September, 2013.

SAFESTITCH MEDICAL, INC.

By: /s/ James J. Martin
James J. Martin
Title: Chief Financial Officer

Exhibit 10.3

PATENT ASSIGNMENT

WHEREAS, Synecor LLC, a Delaware limited liability company (hereinafter "Assignor"), owns the patent registrations and applications listed and described on Schedule A attached hereto (the "Patents"); and

WHEREAS, Assignor and TransEnterix, Inc., a Delaware corporation ("Assignee"), have entered into a Patent Acquisition and License Termination Agreement dated June 26, 2009 (the "Agreement"), pursuant to which Assignor has agreed, *inter alia*, to grant to Assignee all of Assignor's right title and interest in and to the Patents and Assignee desires to acquire the entire right, title and interest in and to the Patents.

NOW, THEREFORE, for and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. Assignor hereby irrevocably sells, transfers, conveys and assigns to Assignee, and Assignee shall acquire from Assignor all right, title and interest in and to all Patents including, without limitation, causes of action and rights to damages, payments, royalties and income for past, present or future infringements or misappropriations with respect thereto, in all countries relating to the Patents.

2. Upon Assignee's request, with reasonable notice given, and without additional consideration, Assignor shall execute any further papers and documents and do such other acts as may be necessary and proper to vest full title in and to the Patents in Assignee. Assignor shall assist Assignee, and any successor, in every proper way to secure Assignee's rights in the Patents in any and all countries, including the execution of all applications, specifications, oaths, assignments and all other instruments which Assignee shall reasonably deem necessary in order to apply for and obtain such rights and in order to assign and convey to Assignee, its successors, assigns, and nominees the sole and exclusive right, title and interest in and to the Patents.

3. Assignor irrevocably constitutes and appoints Assignee, with full power of substitution, to be its true and lawful attorney, and in its name, place or stead, to execute, acknowledge, swear to and file, all instruments, conveyances, certificates, agreements and other documents, and to take any action which shall be necessary, appropriate or desirable to effectuate the transfer, or prosecution of the Patents in accordance with the terms of this Agreement; provided, however, that such power shall be exercised by Assignee only in the event that Assignor fails to take the necessary actions required hereunder to affect or record such transfer, or prosecution of the Patents following Assignee's reasonable request, and being given a reasonable opportunity to do so. This power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

6. Assignor also hereby authorizes the Commissioner of Patents to issue any and all Letters Patent which may be granted upon the Patents herein referenced to Assignee, as the assignee to the entire interest therein.

IN WITNESS WHEREOF, this Patent Assignment is executed at Durham, North Carolina as of this 26 day of June, 2009.

Synecor LLC

By: /s/ Richard S. Stack, MD
Name: Richard S. Stack, MD
Title: President

ACKNOWLEDGMENT

State of North Carolina)
) ss:
County of Durham)

On this 27th day of June, before me, the undersigned, personally appeared Richard S. Stack, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed this instrument on behalf of the corporation named herein, and acknowledged that s/he executed it in such representative capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

/s/ Rebecca Booker
Notary Public
My Commission Expires on Nov. 3, 2011

SCHEDULE A

Reference No.	Title	Serial No./Filing Date
TRX-100A (formerly SYNC 3000)	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	U.S. Provisional 60/720,943 Sept 27, 2005
TRX-100	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	U.S. Provisional. 60/760,132 Jan 19, 2006
TRX-110	**PROCEDURAL CANNULA FOR TRANSGASTRIC SURGICAL PROCEDURES**	U.S. Utility 11/655,445 January 19, 2007
TRX-200	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATUAL ORIFICE ACCESS**	U.S. Provisional 60/794,563 Apr. 24, 2006
TRX-210	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	U.S. Utility 11/789,381 April 24, 2007
TRX-210PCT	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	PCT/US07/009936 April 24, 2007
TRX-210AUS	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	Australian 2007000243484 April 24, 2007
TRX-210CAN	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	Canadian 2,650,474 April 24, 2007
TRX-210EPC	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	European 07755964.9 April 24, 2007

SCHEDULE A

Reference No.	Title	Serial No./Filing Date
TRX-210JPN	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS**	Japanese 2009-507760 April 24, 2007
TRX-300	**PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATUAL ORIFICE ACCESS**	U.S. Provisional 60/801,113 May 17, 2006
TRX-400	**SYSTEM AND METHOD FOR SINGLE PORT SURGICAL ACCESS**	U.S. Provisional 60/801,034 May 17, 2006
TRX-500	**SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL**	U.S. Provisional No. 60/818,765 July 6, 2006
TRX-510	**SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL**	U.S. Utility 11/825,464 July 6, 2007
TRX-510PCT	**SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL**	PCT/US07/15526 July 6, 2007
TRX-600	**CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES**	U.S. Provisional 60/826,535 September 21, 2006
TRX-610	**CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES**	U.S. Utility 11/903,340 Sept 21, 2007
TRX-610PCT	**CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES**	PCT/US07/20440 Sept 21, 2007
TRX-610EPC	**CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES**	European 07838610.9 Sept 21, 2007
TRX-610JPN	**CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES**	Japanese - Not yet available (based on PCT/US07/20440) Sept 21, 2007

SCHEDULE A

Reference No.	Title	Serial No./Filing Date
TRX-900	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	U.S. Provisional No. 60/819,235 July 7, 2006
TRX-910	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	U.S. Utility 11/804,063 May 17, 2007
TRX-910PCT	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	PCT/US07/011795 May 17, 2007
TRX-910AUS	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	Australian 2007254247 May 17, 2007
TRX-910CAN	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	Canadian 2,652,548 May 17, 2007
TRX-910EPC	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	European 07794964.2 May 17, 2007
TRX-910JPN	**SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT**	Japanese 2009-511061 May 17, 2007
TRX-1000	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	U.S. Utility 11/528,009 Sept 27, 2006
TRX-1000PCT	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	PCT/US06/037978 Sept 27, 2006
TRX-1000AUS	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	Australian 2006294523 Sept 27, 2006
TRX-1000CAN	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	Canadian 2623948 Sept 27, 2006

SCHEDULE A

Reference No.	Title	Serial No./Filing Date
TRX-1000JPN	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	Japanese 2008-533631 Sept 27, 2006
TRX-1000EPC	**TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES**	European 06825230.3 Sept 27, 2006
TRX-1100	**ARTICULATING ACCESS CANNULA**	U.S. Provisional No. 60/971,900 Sept 12, 2007
TRX-1110	**DEVICES AND SYSTEMS FOR MINIMALLY INVASIVE SURGICAL PROCEDURES**	U.S. Utility 12/209,586 Sept 12, 2008
TRX-1110PCT	**DEVICES AND SYSTEMS FOR MINIMALLY INVASIVE SURGICAL PROCEDURES**	PCT/US08/10640 Sept 12, 2008
TRX-1120	**SURGICAL SNARE WITH ELECTROSURGICAL TIP AND METHOD OF USE**	U.S. Utility 12/469,071 May 20, 2009
TRX-1200	**SINGLE PORT ACCESS SYSTEM**	U.S. Provisional 60/971,903 Sept 12, 2007
TRX-1300	**MULTI-LUMEN CANNULA**	U.S. Provisional 60/971,905 Sept 12, 2008
TRX-1310PCT	**MULTI-LUMEN CANNULA**	PCT/US08/76260 Sept 12, 2008
TRX-1700	**MULTI-INSTRUMENT ACCESS DEVICES AND SYSTEMS**	U.S. Utility 12/209,408 Sept 12, 2008
TRX-1700PCT	**MULTI-INSTRUMENT ACCESS DEVICES AND SYSTEMS**	PCT/US08/10663 Sept 12, 2008
9362-8PR	**SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY**	U.S. Provisional No. 60/ 958,122 July 3, 2007
9362-8	**SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY**	U.S. Utility 12/144,970 June 24, 2008
9362-8WO	**SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY**	PCT/US08/007825 June 24, 2008

SCHEDULE A

Reference No.	Title	Serial No./Filing Date
9362-9PR	**DEVICES FOR TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA, AND METHODS OF TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA USING SAME**	U.S. Provisional No. 60/958,303 July 3, 2007
9362-9	**DEVICES FOR TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA, AND METHODS OF TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA USING SAME**	U.S. Utility 12/144,990 June 24, 2008

Exhibit 10.4

PATENT ACQUISITION AND LICENSE TERMINATION AGREEMENT

This PATENT ACQUISITION AND LICENSE TERMINATION AGREEMENT (hereinafter "Agreement"), effective as of June 26, 2009 (the "Effective Date"), by and between Synecor LLC, a Delaware limited liability company (hereinafter "Synecor"), Barosense, Inc., a Delaware corporation (hereinafter "Barosense"), and TransEnterix, Inc., a Delaware corporation (hereinafter "TransEnterix") (Synecor, Barosense and TransEnterix, each a "Party" and collectively the "Parties").

RECITALS

Barosense and Synecor entered into a license agreement effective December 8, 2004 (the "Barosense License," defined below) under which Synecor granted Barosense license rights under the Barosense-related patents listed at Exhibit A and to other intellectual property.

TransEnterix and Synecor entered into a license agreement effective December 31, 2007 (the "TransEnterix License," defined below) under which Synecor granted TransEnterix license rights under the TransEnterix-related patents listed at Exhibit B and Exhibit C and to other intellectual property.

Synecor desires to transfer ownership of the Barosense-related patents to Barosense, and in partial exchange therefor, Barosense desires to terminate the Barosense License.

Synecor desires to transfer ownership of the TransEnterix-related patents to TransEnterix, and in partial exchange therefor, TransEnterix desires to terminate the TransEnterix License.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is acknowledged, the Parties agree as follows:

1. DEFINITIONS

1.1 "Assigned Patents" means, collectively, the Exhibit A Patents, the Exhibit B Patents and the Exhibit C Patents.

1.2 "Barosense License" shall mean the Amended and Restated IP Transfer and Exclusive License Agreement dated December 8, 2004 between Barosense and Synecor.

1.3 "Barosense Services" shall mean the services provided by Synecor to Barosense during the term ending on December 8, 2006.

1.4 "Barosense Work Product" shall mean all documents, records, files, materials and prototypes created or developed by Synecor, solely or jointly with Barosense, in the performance of Barosense Services. Barosense Work Product includes, but is not limited to, Patent Documents for each of the Exhibit A Patents.

1.5 “Encumbrance” means with respect to any Patent, any mortgage, lien, pledge, charge, security interest, express license, or encumbrance of any kind whatsoever in respect of such Patent.

1.6 “Exhibit A Patents” means (a) the Patents listed at Exhibit A; and (b) any and all Patents that are part of the same Patent Family as one or more of the Patents listed at Exhibit A; provided, however, that “Exhibit A Patents” does not include any Patents listed in Exhibit B or Exhibit C.

1.7 “Exhibit B Patents” means (a) the Patents listed at Exhibit B; and (b) any and all Patents that are part of the same Patent Family as one or more of the Patents listed at Exhibit B; provided, however, that “Exhibit B Patents” does not include any Patents listed in Exhibit A or Exhibit C.

1.8 “Exhibit C Patents” means (a) the Patents listed at Exhibit C; and (b) any and all Patents that are part of the same Patent Family as one or more of the Patents listed at Exhibit C; provided, however, that “Exhibit C Patents” does not include any Patents listed in Exhibit A or Exhibit B.

1.9 “Governmental Entity” means any court, administrative agency or commission or other federal, state, county, local or foreign governmental authority, instrumentality, agency commission or subdivision thereof, including the U.S. Patent and Trademark Office (“PTO”) and the European Patent Office (“EPO”).

1.10 “Inventor” means each of the named inventors of each of Patent.

1.11 “Inventor Assignment Agreements” means each of Synecor’s fully executed agreements with each Inventor assigning to Synecor all rights in the respective Patents.

1.12 “Next TransEnterix Cash/Liquidity Event” means the earliest date, after the Effective Date, upon which (i) TransEnterix receives cumulative gross cash proceeds in an amount equal to or greater than $ 5, 000,000 (five million dollars) pursuant to (a) a sale of debt or equity securities, (b) a sale of securities convertible into or exercisable for such debt or equity securities, (c) a sale or license of one or more of its assets (including, without limitation, its intellectual property, technology, or products), (d) a grant received from any entity or organization, whether governmental or otherwise, or (e) any other transaction that results in the receipt of cash proceeds by TransEnterix, whether pursuant to one or more of the foregoing transactions and whether pursuant to a single transaction or series of transactions; or (ii) TransEnterix is acquired by another entity by means of any transaction or series of related transactions including, without limitation, any stock acquisition, reorganization, merger or consolidation, or a sale, lease, license or other disposition of all or substantially all of the assets of TransEnterix or any of its subsidiaries by means of any transaction or series of related transactions; or (iii) TransEnterix shareholders receive cash proceeds in an amount equal to or greater than $5,000,000 (five million dollars) in a transaction in which TransEnterix is liquidated, dissolved or wound up, whether voluntarily or involuntarily.

1.13 “Patents” means any United States or foreign patents and applications (including provisional applications), patents issuing from such applications, certificates of invention or any other grants by any Governmental Entity for the protection of inventions, and all reissues, renewals, continuations, continuations-in-part, re-examinations and extensions of any of the foregoing; provided, however, that when the term “Patent” is used in the context of, or to refer to, a particular patent or patent application, or a patent or patent application on a schedule, the term shall mean only that particular patent or patent application, as the case may be.

1.14 “Patent Documents” means all (i) prosecution files and docketing reports for any of the Assigned Patents; (ii) Inventor Assignment Agreements; (iii) all documents, records and files in the possession or control of Synecor, its counsel or its agents (and including any and all of each Inventor) with respect to (A) the conception or reduction to practice of the claims made in any of the Assigned Patents, (B) the acquisition, prosecution, registration, continuation, continuation-in-part, reissuance, correction, enforcement, defense, and maintenance of the Assigned Patents, and (C) Synecor’s marking activities and program(s) with respect to the Assigned Patents, and (iv) any other material documentation or information in the possession or control of Synecor, its counsel or its agents related to the Assigned Patents.

1.15 “Patent Family” means a set comprised of all Patents that are (a) linked through one or more claims of priority pursuant to 35 U.S.C. Sections 120 or 119(e) (the equivalent laws or regulation of any other patent authority) or by a terminal disclaimer pursuant to 35 U.S.C. Sec. 253 or 37 CFR 1.321 (or the equivalent laws or regulation of any other patent authority) or (b) that are foreign counterparts, reissues, divisionals, renewals, extensions, continuations or continuations-in-part with respect to any other Patent in such set.

1.16 “TransEnterix License” shall mean the License Agreement dated December 31, 2007 between TransEnterix and Synecor.

1.17 “TransEnterix Services” shall mean the services provided by Synecor to TransEnterix during the term beginning on or about April 1, 2005 and ending on the Effective Date.

1.18 “TransEnterix Work Product” shall mean all documents, records, files, materials, and prototypes created or developed by Synecor, solely or jointly with TransEnterix, in the performance of TransEnterix Services. TransEnterix Work Product includes, but is not limited to, Patent Documents for each of the Exhibit B Patents and each of the Exhibit C Patents.

1.19 “Transfer Documents” means fully executed Patent transfer documents, in a form approved by Barosense (for the Exhibit A Patents) and TransEnterix (for the Exhibit B Patents and the Exhibit C Patents) suitable for filing with the relevant Governmental Authority, in each jurisdiction where the Patents issue from or have been filed, as the case may be, in each case to record the change of ownership of the Patents from Synecor to Barosense or TransEnterix as the case may be.

1.20 Construction.

1.20.1 As used in this Agreement, the words “include” and “including” and variations thereof will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words “without limitation.”

2. TERMINATION OF LICENSES

2.1 Concurrently with the assignment of the Exhibit A Patents to Barosense, Barosense and Synecor hereby mutually terminate the Barosense License effective as of the Effective Date. Notwithstanding any terms to the contrary in the Barosense License, all terms of the Barosense License including all license grants therein, shall have no force and effect as of the Effective Date, and Barosense shall have no rights under or license to any intellectual property, including Patent Rights, owned by Synecor or TransEnterix.

2.2 Concurrently with the assignment of the Exhibit B Patents and the Exhibit C Patents to TransEnterix, TransEnterix and Synecor hereby mutually terminate the TransEnterix License effective as of the Effective Date. Notwithstanding any terms to the contrary in the TransEnterix License, all terms of the TransEnterix License, including all license grants therein, shall have no force and effect as of the Effective Date, and TransEnterix shall have no rights under or license to any intellectual property, including Patent Rights, owned by Synecor or Barosense.

3. ASSIGNMENT

3.1 Synecor hereby irrevocably sells, transfers, conveys and assigns to Barosense, and Barosense shall acquire from Synecor all right, title and interest in and to (i) all Exhibit A Patents including, without limitation, causes of action and rights to damages, payments, royalties and income for past, present or future infringements or misappropriations with respect thereto, in all countries relating to the Exhibit A Patents; (ii) the Patent Documents and rights (including copyrights) with respect thereto; and (iii) the Barosense Work Product and all trade secrets, know-how and inventions described or shown therein. On the Effective Date, Synecor shall execute, have notarized and deliver the Transfer Documents in accordance with Section 5.1. Barosense shall thereafter have sole responsibility and authority to prosecute any pending Patent application included in the Exhibit A Patents, and shall assume responsibility for all fees and expenses associated with the Exhibit A Patents including, without limitation, all maintenance, annuity and prosecution-related fees and expenses.

3.2 Synecor hereby irrevocably sells, transfers, conveys and assigns to TransEnterix, and TransEnterix shall acquire from Synecor all right, title and interest in and to (i) all Exhibit B Patents and all Exhibit C Patents including, without limitation, causes of action and rights to damages, payments, royalties and income for past, present or future infringements or misappropriations with respect thereto, in all countries relating to the Exhibit B Patents and the Exhibit C Patents; (ii) the Patent Documents and rights (including copyrights) with respect thereto; and (iii) the TransEnterix Work Product and all trade secrets, know-how and inventions described or shown therein. On the Effective Date, Synecor shall execute, have notarized and deliver the Transfer Documents in accordance with Section 5.2. TransEnterix shall thereafter have sole responsibility and authority to prosecute any pending Patent application included in the Exhibit B Patents and the Exhibit C Patents, and shall assume responsibility for all fees and expenses associated with the Exhibit B Patents and the Exhibit C Patents including, without limitation, all maintenance, annuity and prosecution-related fees and expenses.

4. CONSIDERATION

4.1 In partial consideration for the termination of the Barosense License by Barosense, TransEnterix shall pay or have paid to Barosense a total sum of $ 5,000,000 (five million dollars) in two installments as follows: (i) the first installment shall be in the amount of $ 2,500,000 and shall be paid no later than three (3) days after the Effective Date; and (ii) the second installment (the "Final Payment") shall be in the amount of $ 2,500,000 and shall be paid no later than the earliest of the closing of the Next TransEnterix Cash/Liquidity Event and December 26, 2010.

4.2 In the event the Final Payment is not made on or before December 26, 2010, TransEnterix may, at its option, extend the term for payment of the Final Payment until the earlier of three (3) days after the closing of the Next TransEnterix Cash/Liquidity Event and December 26, 2011. TransEnterix shall notify Barosense of its intent to extend the term for payment of the Final Payment by, on or before December 26, 2010, paying to Barosense the sum of $ 1,000,000 (one million dollars) (the "Option Payment").

4.3 Default. In the event (i) the Final Payment is not made by three (3) days after the closing of the Next TransEnterix Cash/Liquidity Event and TransEnterix' failure to make the Final Payment is not cured under Section 4.4, (ii) after payment of the Option Payment, the Final Payment is not made on or before the earlier of three (3) days after the closing of the Next TransEnterix Cash/Liquidity Event and December 26, 2011 and TransEnterix' failure to make the Final Payment is not cured under Section 4.4, (iii) neither the Final Payment nor the Option Payment is made on or before December 26, 2010, or (iv) if , prior to December 26, 2010, TransEnterix is liquidated, dissolved or wound up in a manner which does not constitute a TransEnterix Cash/Liquidity Event, the Final Payment will be in default. Ownership of the Assigned Patents and other rights assigned under Sections 3.1 and 3.2 shall thereafter revert to Synecor and the Barosense License and the TransEnterix License shall be reinstated as follows:

(a) Ownership of the Exhibit A Patents, Exhibit B Patents, Exhibit C Patents, and trade secrets, know-how, and inventions described or shown in the Barosense Work Product and the TransEnterix Work Product shall automatically revert to Synecor on the date of the default. Within thirty (30) days of the date of the default, Barosense and TransEnterix shall (i) execute, have notarized and delivered to Synecor Transfer Documents pertaining to the Assignment to Synecor of the Exhibit A Patents (in the case of Barosense) and the Exhibit B Patents and Exhibit C Patents (in the case of TransEnterix), and (ii) deliver the Patent Documents pertaining to the Assigned Patents and all Barosense Work Product and TransEnterix Work Product received pursuant to Sections 5.1(b) and 5.2(b) to Synecor.

(b) Upon Barosense's delivery to Synecor of the Transfer Documents, the Barosense Work Product received pursuant to Section 5.1(b), and Patent Documents pertaining to the Exhibit A Patents, the Barosense License shall be automatically reinstated.(c) Upon TransEnterix' delivery to Synecor of the Transfer Documents, the TransEnterix Work Product received pursuant to Section 5.2(b) and Patent Documents pertaining to the Exhibit B Patents and the Exhibit C Patents, the TransEnterix License shall be automatically reinstated.

In the event that there has been a Next TransEnterix Cash/Liquidity Event and the Final Payment is in default under Section 4.3, then the foregoing reinstatement of ownership is without limitation to Barosense's other remedies for the default including the right to receive the Final Payment, which right shall continue notwithstanding the reinstatement of ownership.

4.4 Cure. In the event TransEnterix fails to make the Final Payment by three (3) days after the closing of the Next TransEnterix Cash/Liquidity Event, the Final Payment shall not be in default if TransEnterix makes the Final Payment, plus interest at a rate equal to the Prime Rate accruing from the date the Final Payment was originally due, within seven (7) days after receiving written notice from Barosense.

5. DELIVERY

5.1 Delivery to Barosense. Synecor shall have delivered to Barosense the following:

(a) Within three (3) days of the Effective Date, all Transfer Documents pertaining to the Exhibit A Patents, fully executed; and

(b) Within thirty (30) days of the Effective Date, the Patent Documents pertaining to the Exhibit A Patents and any Barosense Work Product not previously delivered to Barosense.

5.2 Delivery to TransEnterix. Synecor shall have delivered to TransEnterix the following:

(a) Within three (3) days of the Effective Date, all Transfer Documents pertaining to the Exhibit B Patents and the Exhibit C Patents, fully executed; and

(b) Within thirty (30) days of the Effective date, the Patent Documents pertaining to the Exhibit B Patents and the Exhibit C Patents and any TransEnterix Work Product not previously delivered to TransEnterix.

5.3 Form of Transfer Document for Patents. Synecor shall provide Transfer Documents for all Assigned Patents in the form provided in Exhibit D, without limiting the right to further papers or documents as needed pursuant to Section 6 (Further Assurances).

5.4 Privilege. In the event Synecor has a concern that loss of attorney-client privilege in a Patent Document would result from a transfer of a Patent Document, Synecor shall consult with the respective Party to which the Patent Document is to be transferred and transfer the Patent Document in the manner directed by such Party. Subject to receiving such instructions from the Party to receive the Patent Document, Synecor shall not have the right to withhold transfer of a Patent Document because of concerns regarding attorney-client privilege.

6. FURTHER ASSURANCES

6.1 Further Cooperation. Upon Barosense's or TransEnterix' request, with reasonable notice given, and without additional consideration, Synecor shall execute any further papers and documents and do such other acts as may be necessary and proper to vest full title in and to the

Exhibit A Patents in Barosense and Exhibit B Patents and Exhibit C Patents in TransEnterix. Synecor shall assist Barosense and TransEnterix, and any successor, in every proper way to secure such Parties' rights in the applicable Assigned Patents in any and all countries, including the execution of all applications, specifications, oaths, assignments and all other instruments which Barosense or TransEnterix shall reasonably deem necessary in order to apply for and obtain such rights and in order to assign and convey to Barosense and TransEnterix, their successors, assigns, and nominees the sole and exclusive right, title and interest in and to the respective Assigned Patents.

6.2 Limited Power of Attorney to Barosense. Synecor irrevocably constitutes and appoints Barosense, with full power of substitution, to be its true and lawful attorney, and in its name, place or stead, to execute, acknowledge, swear to and file, all instruments, conveyances, certificates, agreements and other documents, and to take any action which shall be necessary, appropriate or desirable to effectuate the transfer, or prosecution of the Exhibit A Patents in accordance with the terms of this Agreement; provided, however, that such power shall be exercised by Barosense only in the event that Synecor fails to take the necessary actions required hereunder to affect or record such transfer, or prosecution of such Exhibit A Patents following Barosense's reasonable request, and being given a reasonable opportunity to do so. This power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

6.3 Limited Power of Attorney to TransEnterix. Synecor irrevocably constitutes and appoints TransEnterix, with full power of substitution, to be its true and lawful attorney, and in its name, place or stead, to execute, acknowledge, swear to and file, all instruments, conveyances, certificates, agreements and other documents, and to take any action which shall be necessary, appropriate or desirable to effectuate the transfer, or prosecution of the Exhibit B Patents and the Exhibit C Patents in accordance with the terms of this Agreement; provided, however, that such power shall be exercised by TransEnterix only in the event that Synecor fails to take the necessary actions required hereunder to affect or record such transfer, or prosecution of such Exhibit B Patents and Exhibit C Patents following TransEnterix' reasonable request, and being given a reasonable opportunity to do so. This power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

6.4 Additional Cooperation. In addition to Section 6.1 (Further Cooperation), Synecor shall, and Synecor shall direct its employees (including all employed Inventors) to, fully cooperate with, including facilitating the cooperation of the Inventors (whether employed or not), and assist Barosense and TransEnterix, its counsel and similar agents in the enforcement, prosecution and maintenance of the respective Assigned Patents assigned to such Party, in each case without additional consideration.

6.5 Further Cooperation to Synecor. In the event of reversion of ownership of any of the Assigned Patents to Synecor in accordance with Section 4.3, 7.2 or 7.3, upon Synecor's request, with reasonable notice given, and without additional consideration, Barosense and/or TransEnterix shall execute any further papers and documents and do such other acts as may be necessary and proper to vest full title in and to the Exhibit A Patents, Exhibit B Patents and Exhibit C Patents in Synecor. Barosense and TransEnterix shall assist Synecor, and any successor, in every proper way to secure Synecor's rights in the applicable Assigned Patents in any and all countries, including the execution

of all applications, specifications, oaths, assignments and all other instruments which Synecor shall reasonably deem necessary in order to apply for and obtain such rights and in order to assign and convey to Synecor, their successors, assigns, and nominees the sole and exclusive right, title and interest in and to the respective Assigned Patents.

6.6 Limited Power of Attorney to Synecor. Each of TransEnterix and Barosense irrevocably constitute and appoint Synecor, with full power of substitution, to be its true and lawful attorney, and in its name, place or stead, to execute, acknowledge, swear to and file, all instruments, conveyances, certificates, agreements and other documents, and to take any action which shall be necessary, appropriate or desirable to effectuate the transfer, or prosecution of the Assigned Patents reverting to Synecor in accordance with the terms of Sections 4.3, 7.2 and 7.3 of this Agreement; provided, however, that such power shall be exercised by Synecor only in the event that Barosense or TransEnterix fails to take the necessary actions required hereunder to affect or record such transfer, or prosecution of such Assigned Patents following Synecor's reasonable request, and being given a reasonable opportunity to do so. This power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

7. WARRANTIES

7.1 Synecor represents and warrants to Barosense and to TransEnterix that:

(a) As of the Effective Date, and prior to the transfer to Barosense and to TransEnterix hereunder, Synecor owns all right, title and interest to the Assigned Patents, free and clear of any Encumbrances other than the license rights granted in the Barosense License and the TransEnterix License. Upon transfer of the Assigned Patents to Barosense and to TransEnterix hereunder, none of the Assigned Patents will be subject to any restrictions with respect to the transfer or licensing of such Patents or is subject, or will be subject, to any Encumbrance as a result of any facts, circumstances or agreements existing before the Effective Date.

(b) As of the Effective Date Synecor has not granted any license, waived any rights of enforcement (including but not limited to any covenant not to sue), released any claim, or otherwise granted similar rights with respect to any of the Assigned Patents nor committed to, or taken any action that would commit Synecor to, license or grant any rights with respect to any of the Assigned Patents other than the license rights granted in the Barosense License and the TransEnterix License.

(c) To Synecor's knowledge, Exhibit A sets forth a true and accurate list of the Exhibit A Patents, Exhibit B sets forth a true and accurate list of the Exhibit B Patents, and Exhibit C sets forth a true and accurate list of the Exhibit C Patents, and for each of such Patent in such exhibits set forth the title, the Patent number or serial number (as applicable), the filing date or issue date, and the country in which the relevant Patent has been issued, or applied for. No Exhibit A Patent is an Exhibit B Patent or an Exhibit C Patent, no Exhibit B Patent is an Exhibit A Patent or an Exhibit C Patent, and no Exhibit C Patent is an Exhibit A Patent or an Exhibit B Patent.

(d) The Patent Documents to be delivered by Synecor hereunder, to Barosense in with respect to the Exhibit A Patents and to TransEnterix with respect to the Exhibit B Patents and the Exhibit C Patents, represent all material records and files of Synecor, its counsel and agents of which Synecor is aware related to the Assigned Patents, with respect to the acquisition, prosecution, registration, continuation, reissuance, enforcement, defense, and maintenance of the Assigned Patents, Synecor has not, to its knowledge, retained copies of any material Patent Document.

(e) The Exhibit A Patents are the complete set of Patents known to Synecor that are or were owned or invented by Synecor or its Affiliates (including jointly with any other person or entity) covering Barosense Work Product and no Exhibit B Patent and no Exhibit C Patent, to Synecor's knowledge, covers Barosense Work Product.

(f) The Exhibit B Patents and the Exhibit C Patents are the complete set of Patents known to Synecor that are or were owned or invented by Synecor or its Affiliates (including jointly with any other person or entity) covering TransEnterix Work Product and no Exhibit A Patent, to Synecor's knowledge, covers TransEnterix Work Product.

(g) To Synecor's knowledge, neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby will impair the right of Barosense or TransEnterix to use, possess, sell, license or dispose of any of the Exhibit A Patents (in the case of Barosense) or the Exhibit B Patents or the Exhibit C Patents (in the case of TransEnterix) except in the event the reversions of ownership of Sections 4.3, 7.2 or 7.3 should take effect. There are no royalties, honoraria, fees or other payments payable by Synecor to any third party by reason of the ownership, use, possession, license, sale, or disposition of any Assigned Patents.

(h) Synecor has disclosed or shall disclose to Barosense or TransEnterix within thirty (30) days of the Effective Date through delivery of the Patent Documents all facts and circumstances known (but without requiring specific due diligence or inquiry by Synecor) to Synecor on or prior to the Effective Date as having an adverse effect on the validity or enforceability of the Exhibit A Patents (any such information has been or shall be disclosed to Barosense) and the Exhibit B Patents and the Exhibit C patents (any such information has been or shall be disclosed to TransEnterix).

(i) To Synecor's knowledge, no Assigned Patents are subject to any proceeding or outstanding decree, order, judgment, settlement agreement or stipulation.

(j) To Synecor's knowledge, none of the Assigned Patents were developed by or on behalf of or using grants of any Governmental Entity.

(k) There are no broker's or finder's fees to be paid by Synecor, and Synecor has no knowledge of, and has taken no action which would give rise to, any claim for a broker's or finder's fee to be paid by Barosense or TransEnterix in connection with the consummation of the transactions provided for in this Agreement.

(l) Synecor is a corporation duly organized, validly existing and in good standing under the respective laws of its jurisdiction of incorporation, is duly qualified and is in good standing under the laws of each jurisdiction in which the character of the properties and assets now owned or held by it or the nature of the business now conducted by it requires it to be so licensed or qualified. Synecor has full corporate power and authority to carry on its business as now being conducted.

(m) Synecor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Synecor and the performance by Synecor of its obligations hereunder have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by Synecor and constitutes the legal, valid and binding obligation of Synecor, enforceable against it in accordance with its terms, subject to applicable laws affecting creditors' rights generally and, as to enforcement, to general principles of equity, regardless of whether applied in a proceeding at law or in equity.

(n) To Synecor's knowledge, the execution and delivery of this Agreement and the performance of the obligations of Synecor hereunder will not (i) violate or be in conflict with any provision of law, any order, rule or regulation of any court or other agency of government, or any provision of Synecor's articles of incorporation or bylaws, or (ii) violate, be in conflict with, result in a breach of, constitute (with or without notice or lapse of time or both) a default under, or result in the acceleration of any obligations under, any indenture, agreement, lease or other instrument to which Synecor is a party or by which it or any of its properties are bound. No consent, approval or authorization of or declaration or filing with any Governmental Entity or other person or entity on the part of Synecor is required in connection with the execution or delivery of this Agreement or the consummation of the transactions contemplated hereby.

(o) Synecor, to its knowledge, (i) will not be insolvent as of the Effective Date and will not become insolvent as a result of the transactions contemplated herein, (ii) is not engaged in a business or transaction, or about to engage in a business or a transaction, for which any property remaining with Synecor after giving effect to the transactions contemplated herein is or will be unreasonably small capital, (iii) does not intend to incur, and does not believe that it will incur, debts that would be beyond Synecor's ability to pay as they mature, and (iv) as of the Effective Date will generally be paying its obligations as they come due. For purposes hereof, the term "insolvent" shall have the meaning given to it in 11 U.S.C. § 101(32).

(p) Synecor is not entering into the transactions contemplated herein with the actual intent to hinder, delay or defraud any entity to which Synecor is or will become, on or after the Effective Date, indebted.

(q) To Synecor's knowledge, the transactions and agreements contained herein do not violate any state or federal fraudulent transfer, fraudulent conveyance or bulk sale laws, or any other laws of similar effect.

(r) None of the representations or warranties made by Synecor herein or in any of the Schedules or in any Transfer Document or Release Document furnished by or on behalf of Synecor pursuant to this Agreement, when all such documents are read together in their entirety, are known by Synecor to contain any untrue statement of material fact, or omit to state any material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which made, not misleading.

7.2 Barosense represents and warrants that as of the Effective Date it has not granted any sublicense or right to the Exhibit B Patents or the Exhibit C Patents or to any rights under the Barosense License other than to the Exhibit A Patents or the Barosense Work Product, or taken any action that would commit Barosense to grant any sublicense or right to the Exhibit B Patents or the Exhibit C Patents or to any rights under the Barosense License other than the Exhibit A Patents or the Barosense Work Product. In the event of a breach of the representations and warranties of this Section 7.2, the remedy for such breach shall include automatic reversion to Synecor of ownership of the Exhibit A Patents and trade secrets, know-how and inventions described or shown in the Barosense Work Product. Barosense shall immediately thereafter (i) refund to TransEnterix all consideration paid to Barosense under Section 4 and forfeit any consideration to be paid under Section 4, (ii) execute, have notarized and delivered to Synecor Transfer Documents pertaining to the re-assignment to Synecor of the Exhibit A Patents, and (iii) deliver the Patent Documents pertaining to the Exhibit A Patents and the Barosense Work Product received pursuant to Section 5.1(b) to Synecor. Upon Barosense's delivery to Synecor of all such Transfer Documents, Patent Documents and Barosense Work Product , the Barosense License shall be automatically reinstated, provided however, that notwithstanding anything to the contrary in the Barosense License, the license grant to Barosense under the reinstated Barosense License shall not include rights under the Exhibit B Patents, the Exhibit C Patents or the trade secrets, know-how and inventions described or shown in the TransEnterix Work Product.

7.3 TransEnterix represents and warrants that as of the Effective Date it has not granted any sublicense or right to the Exhibit A Patents or to any rights under the TransEnterix License other than the Exhibit B Patents, the Exhibit C Patents or the TransEnterix Work Product, or taken any action that would commit TransEnterix to grant any sublicense or right to the Exhibit A Patents or to any rights under the TransEnterix License other than the Exhibit B Patents or the Exhibit C Patents or the TransEnterix Work Product. In the event of a breach of the representations and warranties of this Section 7.3, the remedy for such breach shall include automatic reversion to Synecor of ownership of the Exhibit B Patents and the Exhibit C Patents and the trade secrets, know-how and inventions described or shown in the TransEnterix Work Product. TransEnterix shall immediately thereafter (i) execute, and have notarized and delivered to Synecor Transfer Documents pertaining to the re-assignment to Synecor of the Exhibit B Patents and the Exhibit C Patents, and (ii) deliver the Patent Documents pertaining to the Exhibit B Patents and the Exhibit C Patents and the TransEnterix Work Product received pursuant to Section 5.2(b) to Synecor. Upon TransEnterix' delivery to Synecor of all such Transfer Documents, Patent Documents, and TransEnterix Work Product, the TransEnterix License shall be automatically reinstated, provided however, that notwithstanding anything to the contrary in the TransEnterix License, the license grant to TransEnterix under the reinstated TransEnterix License shall not include rights under the Exhibit A Patents or the trade secrets, know-how or inventions described or shown in the Barosense Work Product.

7.4 Except for the warranties explicitly set forth in Sections 7.1 through 7.3 of this agreement, Synecor, Barosense and TransEnterix do not make any representations or warranties of any kind, whether oral or written, whether express, implied, or arising by statute custom, course of dealing or trade usage, with respect to the Assigned Patents or in connection with this Agreement. The Parties specifically disclaim any and all implied warranties or conditions of merchantability, fitness for a particular purpose, validity of the Assigned Patents, and non-infringement of third party intellectual property rights.

8. NO IMPLIED RIGHTS

8.1 Except as set forth in Section 3, nothing in this Agreement shall be construed as conferring to any Party by implication, estoppel, or otherwise any Patent Rights or rights to any intellectual property of any other Party. Barosense acknowledges that it has no license or right under the Exhibit C Patents.

9. GENERAL

9.1 Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Parties as to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among and between any of the Parties with respect to the subject matter hereof.

9.2 Governing Law and Jurisdiction. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, without regard to its conflict of law principles. Each of the Parties irrevocably consents to the exclusive jurisdiction and venue of any state court located within Santa Clara County, State of California in connection with any matter based upon or arising out of this Agreement or the transactions contemplated hereby, agrees that process may be served upon them in any manner authorized by the laws of the State of California for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and process. Each Party hereby agrees not to commence any legal proceedings relating to or arising out of this Agreement or the transactions contemplated hereby in any jurisdiction or courts other than as provided herein.

9.3 Confidentiality. Each Party agrees that the terms and conditions, but not the existence, of this Agreement shall be treated as the other's confidential information and that no reference to the terms and conditions of this Agreement or to activities pertaining thereto may be made in any form of public or commercial advertising without the prior written consent of the other Party; provided, however, that each Party may disclose the terms and conditions of this Agreement: (i) as required by any Governmental Entity; (ii) as otherwise required by law; (iii) in confidence to legal counsel of the Parties; (iv) in connection with the requirements of a public offering or securities filing; (v) in confidence, to accountants, rating agencies, banks, and financing sources and their advisors; (vi) in confidence, in connection with the enforcement of this Agreement or rights under this Agreement; or (vii) as required or advisable in a filing with a Governmental Entity to perfect a Party's rights in its Assigned Patents . On the Effective Date, any and all confidential information of Synecor with respect to the Assigned Patents and work product, including the Patent Documents, shall be deemed confidential information of Barosense (in the case of the Exhibit A Patents and the Barosense Work Product) and of TransEnterix (in the case of the Exhibit B Patents and the Exhibit C Patents and the TransEnterix Work Product) and shall not be used or disclosed to third parties by Synecor for any purpose whatsoever. If a Party is required to disclose this Agreement or the terms hereof pursuant to a subpoena or other legal mandate, it shall immediately give the other Parties notice thereof and cooperate with such other Parties in contesting or limiting such subpoena or legal mandate.

9.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by commercial messenger or courier service, or mailed by registered or certified mail (return receipt requested) or sent via facsimile (with acknowledgment of complete transmission) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice); provided, however, that notices sent by mail will not be deemed given until received:

If to Synecor, to:

Synecor LLC
3908 Patriot Drive, Suite 170
Durham, North Carolina 27703
Attention: President
Telephone No.: (919) 541-9977
Facsimile No.: (919) 541-9978

If to Barosense, to:

Barosense, Inc.
3698-C Haven Avenue
Redwood City, CA 94063
Attention: CEO
Telephone No.: (650) 362-6000
Facsimile No.: (650) 362-0070

If to TransEnterix, to:

TransEnterix, Inc.
3908 Patriot Drive, Suite 170
Durham, North Carolina 27703
Attention: CEO
Telephone No.: (919) 541-9977
Facsimile No.: (919) 541-9978

Neither Party may commence any action against the other Party hereunder in any court, through arbitration, or other forum, without giving such Party at least fifteen (15) days' notice prior thereto, except where a longer period is expressly provided hereunder.

9.5 Assignment. The terms and conditions of this Agreement will inure to the benefit of, and be binding upon, the respective successors and assigns of the Parties.

9.6 Term. This Agreement will become effective on the Effective Date and shall continue in full force and effect in accordance with its terms until the expiration of the last Patent that is subject to this Agreement except for the provisions of Section 6 (Further Assurances) which shall survive for a further six (6) years from such date.

9.7 Expenses. Each Party hereto shall pay its own expenses incident to this Agreement and the transactions contemplated herein provided that the Party purchasing the respective Assigned Patents shall be responsible for costs associated with the filing or recording of any of the Transfer Documents with the PTO, EPO and any other similar foreign Governmental Entity.

9.8 Severability. If any part, form or provision of this Agreement shall be held unenforceable, void or illegal, the validity of the remaining portions or provisions shall not be affected thereby.

9.9 Counterparts. This Agreement may be executed in one or more counterparts.

[signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized respective officers as of the date first written above.

SYNECOR LLC

By: /s/ Richard S. Stack
Richard S. Stack, MD, President

BAROSENSE, INC.

By: /s/ Daniel J. Balbierz
Daniel J. Balbierz, President and CEO

TRANSENTERIX, INC.

By: /s/ R. Frederick McCoy, Jr.
R. Frederick McCoy, Jr., Chairman of the Board

EXHIBIT A

Reference No.	Title	Serial No./Filing Date
BARO 200	SATIATION DEVICES AND METHODS	U.S. Utility 09/940,110 U.S. 6,675,809 (Issued Jan 13, 2004) August 27, 2001
BARO 200PCT	SATIATION DEVICES AND METHODS	PCT/US02/27177 August 26, 2002
BARO 200JPN	SATIATION DEVICES AND METHODS	Japanese 2003-522406 August 26, 2002
BARO 200CHN	SATIATION DEVICES AND METHODS	Chinese Granted 02821217.7 August 26, 2002 (Issued Apr 4, 2007 as ZL02821217.7)
BARO 200EPC	SATIATION DEVICES AND METHODS	European 02757395.5 August 26, 2002
BARO 210	SATIATION DEVICES AND METHODS	U.S. Utility 10/118,289 U.S. 6,845,776 (Issued Jan 25, 2005) April 8, 2002
BARO 210PCT	SATIATION DEVICES AND METHODS	PCT/US03/04378 February 13, 2003
BARO 210CHN	SATIATION DEVICES AND METHODS	Chinese 03812874.8 February 13, 2003
BARO 210EPC	SATIATION DEVICES AND METHODS	European 03713446.7 February 13, 2003
BARO 210JPN	SATIATION DEVICES AND METHODS	Japanese 2003-583273 February 13, 2003
BARO 211	SATIATION DEVICES AND METHODS	U.S. Utility 10/751,751 January 5, 2004
BARO 212	SATIATION DEVICES AND METHODS	U.S. Utility 10/794,007 U.S. 7,152,607 (Issued Dec 26, 2006) March 4, 2004
BARO 213	SATIATION DEVICES AND METHODS	U.S. Utility 11/958,587 December 18, 2007

Reference No.	Title	Serial No./Filing Date
BARO 220	SATIATION DEVICE AND METHODS	U.S. Provisional 60/379,306 May 10, 2002
BARO 230	SATIATION DEVICE AND METHODS	U.S. Utility 10/345,914 January 16, 2003
BARO 230PCT	SATIATION DEVICES AND METHODS	PCT/US03/04449 February 13, 2003
BARO 230CHN	SATIATION DEVICES AND METHODS	Chinese 03813244.3 February 13, 2003
BARO 230EPC	SATIATION DEVICES AND METHODS	European 03709101.4 February 13, 2003
BARO 230JPN	SATIATION DEVICES AND METHODS	Japanese 2003-583274 February 13, 2003
BARO 240	SATIATION DEVICES AND METHODS	U.S. Utility 10/457,108 U.S. 7,111,627 (Issued Sep 26, 2006) June 9, 2003
BARO 241	SATIATION DEVICES AND METHODS	U.S. Utility 10/794,346 U.S. 7,121,283 (Issued Oct 17 2006) March 4, 2004
BARO 242	SATIATION DEVICES AND METHODS	U.S. Utility 10/892,973 U.S. 7,354,454 (Issued Apr 8, 2008) July 16, 2004
BARO 243	SATIATION DEVICES AND METHODS	U.S. Utility 12/099,290 April 8, 2008
BARO 250	SATIATION DEVICES AND METHODS	U.S. Utility 10/457,137 June 9, 2003
BARO 260	SATIATION DEVICES AND METHODS	U.S. Utility 10/457,144 June 9, 2003
BARO 300	SATIATION POUCHES AND METHODS OF USE	U.S. Utility 10/345,666 January 16, 2003
BARO 310	SATIATION POUCHES AND METHODS OF USE	U.S. Utility 12/398,917 March 5, 2009
BARO 300PCT	SATIATION POUCHES AND METHODS OF USE	PCT/US03/33605 October 24, 2003

Reference No.	Title	Serial No./Filing Date
BARO 300EPC	SATIATION POUCHES AND METHODS OF USE	European 03777817.2 October 24, 2003
BARO 300JPN	SATIATION POUCHES AND METHODS OF USE	Japanese 2004-566913 October 24, 2003
BARO 400	POSITIONING TOOLS AND METHODS FOR IMPLANTING MEDICAL DEVICES	U.S. Utility 10/345,698 U.S. 7,097,665 (Issued Aug 29, 2006) January 16, 2003
BARO 400PCT	POSITIONING TOOLS AND METHODS FOR IMPLANTING MEDICAL DEVICES	PCT/US03/33606 October 24, 2003
BARO 400EPC	POSITIONING TOOLS AND METHODS FOR IMPLANTING MEDICAL DEVICES	European 03777818.0 October 24, 2003
BARO 400JPN	POSITIONING TOOLS AND METHODS FOR IMPLANTING MEDICAL DEVICES	Japanese 2004-566914 October 24, 2003
BARO 410	POSITIONING TOOLS AND METHODS FOR IMPLANTING MEDICAL DEVICES	U.S. Utility 11/479,204 June 30, 2006
BARO 500	ARTICULATED SUTURING DEVICE	U.S. Utility 10/387,157 March 12, 2003
BARO 600	METHOD AND APPARATUS FOR MODIFYING THE EXIT ORIFICE OF A SATIATION POUCH	U.S. Utility 10/387,031 U.S. 7,146,984 (Issued Dec 12, 2006) March 12, 2003
BARO 600PCT	METHOD AND APPARATUS FOR MODIFYING THE EXIT ORIFICE OF A SATIATION POUCH	PCT/US04/06695 March 4, 2004
BARO 600EPC	METHOD AND APPARATUS FOR MODIFYING THE EXIT ORIFICE OF A SATIATION POUCH	European 04717435.4 March 4, 2004
BARO 600JPN	METHOD AND APPARATUS FOR MODIFYING THE EXIT ORIFICE OF A SATIATION POUCH	Japanese 2006-509148 March 4, 2004
BARO 610	METHOD AND APPARATUS FOR MODIFYING THE EXIT ORIFICE OF A SATIATION POUCH	U.S. Utility 11/195,204 August 2, 2005
BARO 700	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	U.S. Provisional 60/510,268 October 10, 2003

Reference No.	Title	Serial No./Filing Date
BARO 701	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	U.S. Utility 10/843,702 May 11, 2004
BARO 710	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	U.S. Utility 10/898,036 U.S. 7,431,725 (Issued Oct 7, 2008) July 23, 2004
BARO 711	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	U.S. Utility 11/512,975 August 30, 2006
BARO 720PCT	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	PCT/US04/33007 October 8, 2004
BARO 720	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	U.S. Utility 10/575,222 April 10, 2006
BARO 720EPC	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	European 04794380.8 October 8, 2004
BARO 720JPN	DEVICES AND METHODS FOR RETAINING A GASTRO-ESOPHAGEAL IMPLANT	Japanese 2006-534310 October 8, 2004
BARO 800	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT FOR INDUCING WEIGHT LOSS	U.S. Provisional 60/565,378 April 26, 2004
BARO 810	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT FOR INDUCING WEIGHT LOSS	U.S. Utility 11/114,400 April 26, 2005
BARO 810PCT	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT FOR INDUCING WEIGHT LOSS	PCT/US05/14372 April 26, 2005
BARO 810EPC	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT FOR INDUCING WEIGHT LOSS	European 05744737.7 April 26, 2005
BARO 900	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT SYSTEM FOR INDUCING WEIGHT LOSS	U.S. Provisional 60/683,635 May 23, 2005
BARO 910	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT SYSTEM FOR INDUCING WEIGHT LOSS	U.S. Utility 11/439,461 May 23, 2006

Reference No.	Title	Serial No./Filing Date
BARO 910PCT	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT SYSTEM FOR INDUCING WEIGHT LOSS	PCT/US2006/019727 May 23, 2006
BARO 910EPC	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT SYSTEM FOR INDUCING WEIGHT LOSS	European 06770834.7 May 23,2006
BARO 910JPN	RESTRICTIVE AND/OR OBSTRUCTIVE IMPLANT SYSTEM FOR INDUCING WEIGHT LOSS	Japanese 2008-513585 May 23, 2006
SYNC 3300	POST PYLORIC SLEEVE	U.S. Provisional 60/824,435 September 2, 2006
SYNC 3310	INTESTINAL SLEEVES AND ASSOCIATED DEPLOYMENT SYSTEMS AND METHODS	U.S. Utility 11/897,701 August 31, 2007
SYNC3310PCT	INTESTINAL SLEEVES AND ASSOCIATED DEPLOYMENT SYSTEMS AND METHODS	PCT/US2007/19227 August 31, 2007
SYNC3310EPC	INTESTINAL SLEEVES AND ASSOCIATED DEPLOYMENT SYSTEMS AND METHODS	European 07837649.8 August 31,2007
SYNC3310JP	INTESTINAL SLEEVES AND ASSOCIATED DEPLOYMENT SYSTEMS AND METHODS	Japanese Not yet assigned, based on PCT/US2007/19227 August 31, 2007
BARO 1500	SYSTEM AND METHOD FOR ANCHORING STOMACH IMPLANT	U.S. Provisional 60/844,823 September 15, 2006
BARO1510	SYSTEM AND METHOD FOR ANCHORING STOMACH IMPLANT	U.S. Utility 11/901,023 September 14, 2007
BARO1510PCT	SYSTEM AND METHOD FOR ANCHORING STOMACH IMPLANT	PCT/US2007/019940 September 14, 2007
BARO1510EPC	SYSTEM AND METHOD FOR ANCHORING STOMACH IMPLANT	European 07811769.4 September 14, 2007

EXHIBIT B

Reference No.	Title	Serial No./Filing Date
TRX-100A (formerly SYNC 3000)	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	U.S. Provisional 60/720,943 Sept 27, 2005
TRX-100	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	U.S. Provisional 60/760,132 Jan 19, 2006
TRX-110	PROCEDURAL CANNULA FOR TRANSGASTRIC SURGICAL PROCEDURES	U.S. Utility 11/655,445 January 19, 2007
TRX-200	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATUAL ORIFICE ACCESS	U.S. Provisional 60/794,563 Apr. 24, 2006
TRX-210	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	U.S. Utility 11/789,381 April 24, 2007
TRX-210PCT	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	PCT/US07/009936 April 24, 2007.
TRX-210AUS	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	Australian 2007000243484 April 24, 2007
TRX-210CAN	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	Canadian 2,650,474 April 24, 2007
TRX-210EPC	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	European 07755964.9 April 24, 2007
TRX-210JPN	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATURAL ORIFICE ACCESS	Japanese 2009-507760 April 24, 2007
TRX-300	PROCEDURAL CANNULA AND SUPPORT SYSTEM FOR SURGICAL PROCEDURES USING NATUAL ORIFICE ACCESS	U.S. Provisional 60/801,113 May 17, 2006
TRX-400	SYSTEM AND METHOD FOR SINGLE PORT SURGICAL ACCESS	U.S. Provisional 60/801,034 May 17, 2006

Reference No.	Title	Serial No./Filing Date
TRX-500	SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL	U.S. Provisional No. 60/818,765 July 6, 2006
TRX-510	SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL	U.S. Utility 11/825,464 July 6, 2007
TRX-510PCT	SYSTEMS AND METHODS FOR RESTORING FUNCTION OF DISEASED BOWEL	PCT/US07/15526 July 6, 2007
TRX-600	CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES	U.S. Provisional 60/826,535 September 21, 2006
TRX-610	CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES	U.S. Utility 11/903,340 Sept 21, 2007
TRX-610PCT	CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES	PCT/US07/20440 Sept 21, 2007
TRX-610EPC	CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES	European 07838610.9 Sept 21, 2007
TRX-610JPN	CLOSURE DEVICES AND METHODS FOR NATURAL ORIFICE PROCEDURES	Japanese - Not yet available (based on PCT/US07/20440) Sept 21, 2007
TRX-900	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT	U.S. Provisional No. 60/819,235 July 7, 2006
TRX-910	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT	U.S. Utility 11/804,063 May 17, 2007
TRX-910PCT	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT	PCT/US07/011795 May 17, 2007
TRX-910AUS	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT	Australian 2007254247 May 17, 2007
TRX-910CAN	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT	Canadian 2,652,548 May 17, 2007

Reference No.	Title	Serial No./Filing Date
TRX-910EPC	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT.	European 07794964.2 May 17, 2007
TRX-910JPN	SYSTEM AND METHOD FOR MULTI-INSTRUMENT SURGICAL ACCESS USING A SINGLE ACCESS PORT.	Japanese 2009-511061 May 17, 2007
TRX-1000	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	U.S. Utility 11/528,009 Sept 27, 2006
TRX-1000PCT	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	PCT/US06/037978 Sept 27, 2006
TRX-1000AUS	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	Australian 2006294523 Sept 27, 2006
TRX-1000CAN	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	Canadian 2623948 Sept 27, 2006
TRX-1000JPN	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	Japanese 2008-533631 Sept 27, 2006
TRX-1000EPC	TRANSGASTRIC SURGICAL DEVICES AND PROCEDURES	European 06825230.3 Sept 27, 2006

EXHIBIT C

Reference No.	Title	Serial No. Filing Date
TRX-1100	ARTICULATING ACCESS CANNULA	U.S. Provisional No. 60/971,900 Sept 12, 2007
TRX-1110	DEVICES AND SYSTEMS FOR MINIMALLY INVASIVE SURGICAL PROCEDURES	U.S. Utility 12/209,586 Sept 12, 2008
TRX- 1110PCT	DEVICES AND SYSTEMS FOR MINIMALLY INVASIVE SURGICAL PROCEDURES	PCT/US08/10640 Sept 12, 2008
TRX-1120	SURGICAL SNARE WITH ELECTROSURGICAL TIP AND METHOD OF USE	U.S. Utility 12/469,071 May 20, 2009
TRX-1200	SINGLE PORT ACCESS SYSTEM	U.S. Provisional 60/971,903 Sept 12, 2007
TRX-1300	MULTI-LUMEN CANNULA	U.S. Provisional 60/971,905 Sept 12, 2008
TRX- 1310PCT	MULTI-LUMEN CANNULA	PCT/US08/76260 Sept 12, 2008
TRX-1700	MULTI-INSTRUMENT ACCESS DEVICES AND SYSTEMS	U.S. Utility 12/209,408 Sept 12, 2008
TRX-	MULTI-INSTRUMENT ACCESS DEVICES AND SYSTEMS	CIP of TRX-1700 - under preparation.
TRX- 1700PCT	MULTI-INSTRUMENT ACCESS DEVICES AND SYSTEMS	PCT/US08/10663 Sept 12, 2008
9362-8PR	SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY	U.S. Provisional No. 60/ 958,122 July 3, 2007
9362-8	SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY	U.S. Utility 12/144,970 June 24, 2008 Published January 8, 2009 as US 2009-0012542

Reference No.	Title	Serial No. Filing Date
9362-8WO	SATIATION DEVICES AND METHODS FOR CONTROLLING OBESITY	PCT/US08/007825 June 24, 2008
9362-9PR	DEVICES FOR TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA, AND METHODS OF TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA USING SAME	U.S. Provisional No. 60/958,303 July 3, 2007
9362-9	DEVICES FOR TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA, AND METHODS OF TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA USING SAME	U.S. Utility 12/144,990 June 24, 2008 Published January 8, 2009 as US 2009-0012546.
9362-9WO	DEVICES FOR TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA, AND METHODS OF TREATING GASTROESOPHAGEAL REFLUX DISEASE AND HIATAL HERNIA USING SAME	PCT/US08/007846 June 24, 2008

EXHIBIT D

PATENT ASSIGNMENT

WHEREAS, Synecor LLC, a Delaware limited liability company (hereinafter "Assignor"), owns the patent registrations and applications listed and described on Schedule A attached hereto (the "Patents"); and

WHEREAS, SELLER and BUYER, a corporation ("Assignee"), have entered into a Patent Acquisition and License Termination Agreement dated , 2009 (the "Agreement"), pursuant to which Assignor has agreed, inter alia, to grant to Assignee all of Assignor's right title and interest in and to the Patents and Assignee desires to acquire the entire right, title and interest in and to the Patents.

NOW, THEREFORE, for and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. Assignor hereby irrevocably sells, transfers, conveys and assigns to Assignee, and Assignee shall acquire from Assignor all right, title and interest in and to all Patents including, without limitation, (a) all foreign counterparts, reissues, divisionals, renewals, extensions, continuations thereof and (b) causes of action and rights to damages, payments, royalties and income for past, present or future infringements or misappropriations with respect thereto, in all countries relating to the Patents.

2. Upon Assignee's request, with reasonable notice given, and without additional consideration, Assignor shall execute any further papers and documents and do such other acts as may be necessary and proper to vest full title in and to the Patents in Assignee. Assignor shall assist Assignee, and any successor, in every proper way to secure Assignee's rights in the Patents in any and all countries, including the execution of all applications, specifications, oaths, assignments and all other instruments which Assignee shall reasonably deem necessary in order to apply for and obtain such rights and in order to assign and convey to Assignee, its successors, assigns, and nominees the sole and exclusive right, title and interest in and to the Patents.

3. Assignor irrevocably constitutes and appoints Assignee, with full power of substitution, to be its true and lawful attorney, and in its name, place or stead, to execute, acknowledge, swear to and file, all instruments, conveyances, certificates, agreements and other documents, and to take any action which shall be necessary, appropriate or desirable to effectuate the transfer, or prosecution of the Patents in accordance with the terms of this Agreement; provided, however, that such power shall be exercised by Assignee only in the event that Assignor fails to take the necessary actions required hereunder to affect or record such transfer, or prosecution of the Patents following Assignee's reasonable request, and being given a reasonable opportunity to do so. This power of attorney shall be deemed to be coupled with an interest and shall be irrevocable.

4. Assignor also hereby authorizes the Commissioner of Patents to issue any and all Letters Patent which may be granted upon the Patents herein referenced to Assignee, as the assignee to the entire interest therein.

IN WITNESS WHEREOF, this Patent Assignment is executed at as of this day of .

SELLER

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

State of)
) ss:
County of)

On this day of , before me, the undersigned, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed this instrument on behalf of the corporation named herein, and acknowledged that s/he executed it in such representative capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public

My Commission Expires on _____

Exhibit 10.5

DEVELOPMENT AND SUPPLY AGREEMENT

This Development and Supply Agreement ("Agreement") is made as of this 4th day of November, 2011 ("Effective Date"), by and between Microline Surgical, Inc. of 800 Cummings Center, Suite 166T, Beverly, MA 01915 ("Microline") and Transenterix, Inc. of 635 Davis Drive, Suite 300, Durham, North Carolina 27713 ("Transenterix").

WHEREAS, Microline develops and sells flexible and rigid sealing instruments for use in surgical procedures;

WHEREAS, Transenterix has developed and launched the Spider System (as defined below), and wishes to engage Microline to develop the FVS Product (as defined below) for exclusive use in the Field with the Spider System; and

WHEREAS, following the development of such FVS Product, Microline shall supply such FVS Product, along with the UPS Product (as defined below), to Transenterix on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the foregoing premises and for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), the parties hereby agree as follows:

1. DEFINITIONS

(a) "Affiliates" shall mean a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified. For purposes of this definition, the terms "control," "controlled by" and "under common control with" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person and, in the case of an entity, shall require (a) in the case of a corporate entity, direct or indirect ownership of at least a majority of the stock or shares having the right to vote for the election of directors, and (b) in the case of a non-corporate entity, direct or indirect ownership of at least a majority of the equity interests with the power to direct the management and policies of such non-corporate entity.

(b) "Control" shall mean with respect to any Technology or Intellectual Property Right, the possession (whether by ownership or license, other than by a license granted pursuant to this Agreement) by a party of the ability to grant to the other party access, ownership, a license and/or a sublicense under such Technology or Intellectual Property Right without violating the terms of any agreement or other arrangement with any third party as of the time such party would first be required hereunder to grant the other party such access, ownership, license, or sublicense.

(c) "Deliverable" shall mean any of the items to be delivered by Microline to Transenterix pursuant to the Work Plan, including the prototypes, Pre-Production Devices and Pilot Product Units.

(d) "FDA" shall mean the United States Food and Drug Administration and any successor agency thereto, and its equivalent in countries other than the United States.

(e) "Field" shall mean open, minimally invasive and laparoscopic surgery.

(f) "FVS Product" shall mean the fully disposable flexible vessel sealing product that utilizes a (i) rotational nob, (ii) introducer section that is rigid and (iii) flexible catheter based shaft with the working length and specifications determined in accordance with the Marketing Requirements Document (which for purposes of Section 8(a), shall include the agreed working length plus or minus five (5) centimeters).

(g) "FVS Product Specifications" shall mean the requirements and specifications for the FVS Product as agreed in writing by the Parties upon the completion of the Project (but in any event prior to the manufacture and delivery of the Pilot Product Units).

(h) "Good Manufacturing Practices" shall mean all rules and standards contained in the then-current "Good Laboratory Practices," and/or "Good Manufacturing Practices," as promulgated by the FDA or by any other Governmental Authority having jurisdiction over the development, marketing or sale of any Supply Product.

(i) "Governmental Authority" shall mean any nation, territory, or government (or union thereof), foreign, domestic, or multinational, any state, local, or other political subdivision thereof, and any bureau, court, tribunal, board, commission, department, agency, or other entity exercising executive, legislative, judicial, regulatory, or administrative functions of government, including all taxing authorities and all European notified bodies, including notified bodies within the sense of Article 16 of the European Union Medical Device Directive 93/42/EEC, and all other entities exercising regulatory authority over medical products or devices.

(j) "Intellectual Property Rights" shall mean all intellectual property rights in any jurisdiction worldwide, including: (i) Patent Rights; (ii) rights associated with Technology that are works of authorship including copyrights, copyright applications, and copyright registrations; (iii) rights relating to the protection of Technology as trade secrets, know-how or confidential information; and (iv) rights in any trade names, trademarks, service marks, domain names, logos, trade dress and brand features.

(k) "Marketing Requirements Document" shall mean the description of the requirements for the development of the FVS Product, as initially set forth on Exhibit A, and as reviewed and updated by the parties and/or the Project Managers.

(l) "Patent Rights" shall mean all patents, patent applications and inventions on which patent applications are filed and all patents issuing therefrom worldwide, together with any extensions, registrations, confirmations, reissues, continuations, divisionals, continuations, continuations-in-part, reexamination certificates, substitutions or renewals, supplemental protection certificates, term extensions (under applicable patent law or other law), provisional rights and certificates of inventions.

(m) "Pre-Production Devices" shall mean non-sterile, pre-production units of the FVS Product that are not intended for human use and are to be delivered to Transenterix pursuant to the Work Plan in order to provide proof of principle examples of future sterile FVS Products.

(n) "Pilot Product Units" shall mean sterile units of the FVS Product for initial clinical demand that are to be delivered to Transenterix pursuant to the Work Plan.

(o) "Project" shall mean the development work to be performed by Microline pursuant to this Agreement.

(p) "Project Technology" shall mean any Technology conceived, created, made or reduced to practice during the Term solely or jointly by or on behalf of Microline or Transenterix, in each case directly arising out of the performance of this Agreement.

(q) "Regulatory Approval" shall mean the 510(k) clearance requirement of the FDA for the FVS Products.

(r) "Spider System" shall mean Transenterix's existing SPIDER® Surgical System, with the length and other characteristics described on Exhibit B.

(s) "Supply Products" shall mean the FVS Products and the UPS Products.

(t) "Supply Product Specifications" shall mean the FVS Product Specifications and the specifications for the UPS Product as set forth in the Marketing Requirements Document.

(u) "Technology" shall mean any invention, conception, process, composition, device, apparatus, discovery, improvement thereon or other technology, whether or not patented or patentable or otherwise protectable by Intellectual Property Rights.

(v) "UPS Product" shall mean the current Microline Universal Power Supply product, with such changes to such product as described in the Marketing Requirements Document.

(w) "Work Plan" shall mean the Work Plan, including the timeline and Work Plan Budget, for development of the FVS Product as set forth on Exhibit C, as such Exhibit may be updated and amended during the Term as provided in this Agreement.

2. DEVELOPMENT PROJECT

(a) Agreement to Develop. Microline shall, in consideration of the payments to be made by Transenterix pursuant to this Agreement, use commercially reasonable efforts to (i) design and develop the FVS Product in accordance with the Marketing Requirements Document, (ii) deliver the Deliverables as set forth in the Work Plan, including the prototypes, Pre-Production Devices and Pilot Product Units, and (iii) otherwise comply with its obligations in the Work Plan and the Marketing Requirements Document.

(b) Transenterix's Obligations. Transenterix shall use its commercially reasonable efforts to perform any responsibilities allocated to it in the Work Plan.

(c) Program Directors. Microline and Transenterix shall each designate a primary contact person (a "Program Director"), who shall be responsible for representing the interests of the appointing party with respect to the management of the Project. The initial Program Directors shall be named in the Work Plan. Either party may change its Program Director upon written notice to the other party. The parties acknowledge and agree that the Program Directors shall have the authority to amend the Marketing Requirements Document and the Work Plan on behalf of the parties upon mutual agreement.

(d) Design Meetings. The Program Directors shall meet periodically to discuss the status of the Project at such times and in such locations or forms (e.g., telephone or video conference) as the parties shall agree. At such meetings, the parties shall review the progress of the Project as against the Work Plan and any potential technical difficulties or potential need to revise the Work Plan or the Marketing Requirements Document. The Microline Program Director shall be responsible for recording the minutes of each meeting. Such minutes shall be circulated promptly following the meeting for review and comment. Such minutes shall be deemed approved by both of the parties unless a party objects to the accuracy of such minutes by providing written notice to the other party's Program Director within ten (10) days of receipt of such minutes.

(e) Kick-Off Meeting. The first meeting of the Program Directors (the "Kick-Off Meeting") may take place before or as soon as practicable following the Effective Date; *provided that* the parties shall endeavor to hold such Kick-Off Meeting within fifteen (15) days after the Effective Date or as mutually agreed by the parties. During the Kick-Off Meeting, the parties shall review the Marketing Requirements Document. Promptly after the Kick-Off Meeting, Microline shall update the Marketing Requirements Document to reflect any changes agreed to by the parties during the Kick-Off Meeting for approval by both Program Directors.

(f) Changes to Marketing Requirements Document or Work Plan. Except as provided herein, no changes to the Work Plan or Marketing Requirements Document shall be permitted without the written consent of both parties. If either party wishes to propose a change to the Work Plan or Marketing Requirements Document, it shall submit a written request for such change, describing all anticipated changes in fees, costs, feasibility or delivery schedule that will result from such change. The parties shall then negotiate in good faith the requested change, but neither party shall be under any obligation to agree to any change, and if the parties fail to agree to a change the Project shall continue unamended.

(g) Development Costs. Microline shall use commercially reasonable efforts to design and develop the FVS Product in accordance with the budget set forth in the Work Plan ("Work Plan Budget"). To the extent that Microline shall incur any capital costs or overruns not accounted for in the Work Plan Budget, such expenses shall be the sole responsibility of Microline (and such overruns or costs shall not relieve Microline of any of its obligations to Transenterix hereunder).

(h) Subcontracting. Either party may subcontract its obligations under the Work Plan. Each party shall be responsible for any act or omission of any of its subcontractors in connection with such subcontractor's performance of such party's obligations under this Agreement. Such subcontractors shall be bound by the confidentiality and intellectual property obligations of the parties set forth in Section 14 of this Agreement.

3. DELIVERABLES AND TESTING; REGULATORY APPROVAL

(a) Deliverables. Microline shall use commercially reasonable efforts to deliver Deliverables conforming to the Marketing Requirements Document to Transenterix in accordance with the Work Plan (and the timeframes set forth therein). Upon delivery of a Deliverable, Microline shall also deliver to Transenterix copies of all associated design documentation, test data, reports, and any other information that is reasonably required by Transenterix in order to understand and review such Deliverable.

(b) Review of Deliverables. Upon delivery of any Deliverable to Transenterix, Transenterix shall promptly, but within no more than fifteen (15) business days, (i) inspect, review and test each Deliverable and (ii) accept or reject such Deliverable by written notice to Microline. Transenterix shall accept all Deliverables delivered in conformity with the Marketing Requirements Document, but may reject any Deliverable that fails to conform with the Marketing Requirements Document. In the event Transenterix rejects any Deliverable, it shall provide the reasons for such rejection to Microline. Microline shall have up to forty-five (45) days following such rejection to remedy any deficiencies in such Deliverable and to re-deliver such Deliverable to Transenterix. The parties shall repeat the procedures described in this Section 3(b) until the Deliverable, based on the good faith determination of Transenterix, conforms to the Marketing Requirements Document.

(c) Regulatory Approval. Microline shall apply for and use commercially reasonable efforts to obtain at its expense (i) Regulatory Approval for the use of the FVS Product in the United States and (ii) a 510(k) clearance for a FVS Product with a 5 and/or 7 (as determined by Microline) millimeter vessel sealing indication (the "5MM Clearance" and the "7MM Clearance", respectively). Microline shall keep Transenterix informed as to the status of its applications for such Regulatory Approval, 5 MM Clearance and/or the 7MM Clearance (as applicable)). Microline shall use commercially reasonably efforts to obtain regulatory approvals for jurisdictions outside of the United States as reasonably requested by Transenterix at Transenterix's expense. Microline shall provide all information related to the FVS Product reasonably requested by Transenterix if Transenterix elects to pursue regulatory approvals in jurisdictions outside of the United States, including, without limitation, the technical file for CE/European approval. Transenterix shall cooperate with Microline relating to all material issues, amendments, supplements, and other matters respecting all regulatory approvals for the FVS Product described in this Section 3(c).

4. SUPPLY RELATIONSHIP

(a) Purchase and Sale. During the period beginning on the date that Microline delivers five hundred (500) Pilot Product Units to Transenterix in compliance with the Warranties ("Pilot Product Delivery Date") and ending on the third (3rd) anniversary of the Pilot Product Delivery Date (such period, the "Supply Period"), Microline agrees to manufacture and sell to Transenterix all of its requirements, and Transenterix agrees to purchase, all of its requirements for the Supply Products at the prices set forth on Exhibit D, in each case subject to the other terms and conditions of this Agreement.

(b) Forecasts. Subject to Section 4(c), each quarter, Transenterix will provide Microline non-binding, rolling twelve (12) month forecasts for its requirements for the Supply Products (which shall become binding if not amended by Transenterix ninety (90) days prior to the commencement of the forecasted period). Microline shall use commercially reasonable efforts to accommodate such forecasts and provide the required Supply Products in accordance with the forecasts provided by Transenterix (timeframe and volume), subject to a reasonable maximum monthly order limit to be determined by the parties in good faith. Notwithstanding the foregoing, (i) Microline shall meet Transenterix's volume requirements for the Supply Products in any given quarter provided that the volume for such quarter is not in excess of twenty percent (20%) from the previous quarter, and (ii) Microline shall provide the Supply Products to Transenterix on the dates described in the binding forecasts. Microline covenants and agrees with Transenterix to use its commercially reasonable efforts to accommodate any change in the forecasts requested by Transenterix (i.e., increases, decreases, timing of delivery, etc.).

(c) Product Minimums. Notwithstanding anything to the contrary contained in this Agreement, during each of the first three (3) twelve (12) month periods following the date that Microline receives the Regulatory Approval (collectively, the "Minimum Period"), Transenterix shall purchase at least 75% of the minimum number of Supply Products set forth on Exhibit E, which shall become 100% of such minimum number upon the obtaining of 5MM Clearance or 7MM Clearance, prorated for the 12 month period based on the month in which such clearance was obtained (the "Minimum Products"). In the event that this Agreement is terminated prior to the expiration of the Minimum Period other than by Transenterix in accordance with Section 15(b) or 15(d)(ii), Transenterix shall pay to Microline, for each Minimum Product not purchased by Transenterix during the Minimum Period, an amount equal to (i) the then-current price of such Minimum Product *multiplied by* (ii) the profit margin achieved by Microline with respect to such Minimum Product as of the effective date of such termination, as certified by Microline. During any Renewal Term (as such term is defined in Section 15(a)), Transenterix shall purchase the cumulative minimum number of Supply Products set forth on Exhibit E for such Renewal Term (the "Renewal Minimum Products"). In the event that this Agreement is terminated prior to the expiration of such Renewal Term other than by Transenterix in accordance with Section 15(b), Transenterix shall pay to Microline, for each Renewal Minimum Product not purchased by Transenterix during the Renewal Term, an amount equal to (A) the then-current price of such Renewal Minimum Product *multiplied by* (B) the profit margin achieved by Microline with respect to such Renewal Minimum Product as of the effective date of such termination, as certified by Microline.

(d) Improvements to UPS Products. Microline may notify Transenterix in writing of any improvement made by Microline to the UPS Products during the Term ("Improvements Notice"), which Improvements Notice shall contain a reasonably detailed description of such improvement. If Transenterix notifies Microline in writing ("Election Notice") within thirty (30) days after the receipt of such Improvements Notice that Transenterix desires to incorporate such improvement into the UPS Products being supplied to Transenterix hereunder, the parties shall negotiate in good faith an adjustment to the price of such UPS Products to reflect such improvement. To the extent that the parties cannot agree upon such an adjustment within sixty (60) days following Microline's receipt of the Election Notice, such adjustment shall be determined in accordance with Section 16(e).

(e) Inventory Reports. Within fifteen (15) days following each quarter during the Term, Transenterix shall provide Microline with an inventory report for such quarter in such form as Microline may reasonably request, along with a short summary of Transenterix's marketing and sales plans for the Supply Products.

5. SHIPPING, RISK OF LOSS, ACCEPTANCE

(a) Shipment. Microline shall: (i) ship Supply Products in accordance with Section 4(b) to Transenterix's address as specified in Section 16(i); (ii) enclose a packing memorandum with each shipment and, when more than one (1) package is shipped, identify the package containing the memorandum; (iii) forward bills of lading and shipping notices with invoices; and (iv) invoice Transenterix by mailing or otherwise transmitting invoices, bills, and notices to Transenterix's address as specified in Section 16(i).

(b) Shipping Point, Risk of Loss. Microline shall pack the Supply Products in accordance with good commercial practice to avoid damage in transit. Supply Products ordered by Transenterix shall be shipped by Microline FOB Beverly, Massachusetts, with the carrier and to Transenterix's address as specified in Section 16(i). The Supply Products shall be sent from Microline and received by Transenterix sterile, finished, supply boxed and packaged with appropriate Transenterix labeling (unless otherwise specified by Transenterix) so that Transenterix can ship the Supply Products directly to its customers.

6. SUPPLY PRODUCT WARRANTIES

(a) Supply Product Warranty. Microline represents and warrants to Transenterix that (i) all Supply Products (and the Pilot Product Units) will function with other Supply Products (i.e., the FVS Product will function with the UPS Product, and vice versa), conform in all material respects to the applicable Supply Product Specifications, will conform with the applicable Regulatory Approval (and after obtained by Microline, the 5MM Clearance and/or 7MM Clearance, as applicable) and will be free from any material defects in materials and workmanship for a period of twelve (12) months from delivery thereof (the "Shelf Life"), (ii) Microline will transfer good title to the Supply Products to Transenterix, and (iii) all documentation supplied with the Supply Products will be accurate (the warranties contained in Section 6(a)(i), (ii) and (iii) collectively, the "Warranties"). At the reasonable request and expense of Transenterix, Microline shall use commercially reasonable efforts to extend the Shelf Life for the Supply Products.

(b) Inspection and Acceptance. Within fifteen (15) days after delivery of a shipment of Supply Products, Transenterix (or its end user customer) shall conduct a visual inspection of the quantity and outside of the packaging of each unit of sale received in such shipment and shall provide written notice to Microline identifying any (a) Supply Product shortages or (b) Supply Products that substantially fail to conform with the Warranties (each of (a) and (b), a "Warranty Claim"). Except as otherwise set forth below, any Supply Product for which a Warranty

Claim has not been received by Microline within the fifteen (15) day period shall be deemed to have been accepted by Transenterix. Transenterix's acceptance of such Supply Product shall be deemed to waive any claims other than claims brought during the Shelf Life of such Supply Product arising solely out of such Supply Product's substantial failure to comply with any of the Warranties (and not arising solely out of Transenterix's or any end-user's storage, handling, modification, misuse, marketing, export, import, advertising, labeling, distribution or sale of such Supply Product) (a "Specifications Claim").

(c) End-User Procedures. Whenever Transenterix shall sell a Supply Product it shall instruct the purchaser of such Supply Product to contact Transenterix customer service for general support for such Supply Product. Transenterix shall provide general support and maintenance for such Supply Product; *provided that* if such Supply Product is returned to Transenterix due to a Warranty Claim or a Specifications Claim, Transenterix shall provide such Supply Product(s) to Microline within the time periods described in Section 6(b). Upon verification of such claim in accordance with Section 7(e), Microline shall promptly repair or replace such Supply Product, at Microline's sole cost and expense.

7. QUALITY, AUDIT AND RECORDS

(a) Appointment of Quality Control Manager. Each party shall appoint a responsible Quality Control Manager who shall be responsible for all communications with respect to quality control with the other party, including those relating to Supply Product qualification and inspection, testing and quality control procedures.

(b) Quality Assurance Procedures. Microline shall adopt and maintain quality assurance procedures to ensure that all Supply Products manufactured under this Agreement conform to the applicable Supply Product Specifications (the "QA Procedures").

(c) Government Inspections. Microline agrees to provide access to its facilities at any time to FDA representatives or representatives from any other Governmental Authorities (including notified bodies) having appropriate jurisdiction for inspection or other purposes, on any notice period required by the FDA or any other Governmental Authority. In addition, if the facilities used by Microline to manufacture the Supply Products are the subject of an audit or inspection by the FDA or similar Governmental Authority, Microline shall notify Transenterix and if possible under the circumstances, Transenterix shall have the right to be present during such audit or inspection.

(d) Records. Microline shall keep complete, accurate and detailed original records pertaining to the manufacture of the Supply Products hereunder. Records shall be maintained for the longer of (i) any period required under applicable law; and (ii) a period of two (2) years after expiration or termination of this Agreement. Microline shall make available to Transenterix such records without unreasonable delay to the extent reasonably requested and required by Transenterix to comply with its regulatory and other legal and reasonable business requirements.

(e) Microline Personnel. During the Shelf Life of each Supply Product delivered hereunder, Microline shall provide, at the request of Transenterix and at no additional cost to Transenterix, technically competent personnel of Microline to assist in the identification and resolution of any performance problems with the Supply Products in accordance with Microline's regulatory procedures.

8. EXCLUSIVITY.

(a) Microline Exclusivity; Changes to FVS Product. Microline agrees that it shall develop the FVS Product exclusively for, and supply the FVS Product exclusively to, Transenterix for use with the Spider System in the Field. Transenterix acknowledges and agrees that nothing herein shall preclude Microline from conducting any development efforts, or from using any Technology or Intellectual Property Rights, in each case to research, develop or commercialize products (other than the FVS Product to be used with the Spider System) in the Field. Microline covenants and agrees that it shall promptly refer all inquiries regarding the FVS Product for use with the Spider System in the Field to Transenterix. Microline agrees that it will not supply the FVS Product for use with the Spider System to any third party (other than Transenterix), whether directly or indirectly, for use in the Field. Microline acknowledges that any continuing and material breach of this Section 8(a) may cause Transenterix irreparable harm for which damages may not be an adequate remedy, and accordingly Microline hereby agrees that the issuance of an injunction or other equitable relief may be appropriate to restrain any such breach or threatened breach.

During the Term, Transenterix may request that Microline consider the development of a flexible sealing vessel product (other than the FVS Product) for use with the Spider System in the Field. In the event that Microline desires to develop such a product, the parties shall use good faith efforts to negotiate a development and supply arrangement with development payments, supply minimums and other terms acceptable to the parties.

(b) Transenterix Exclusivity. During the Term, and except as set forth in Section 8(c), Transenterix agrees that it shall purchase all FVS Products and UPS Products, and any other tissue sealing and power supply products for use with the Spider System, exclusively from Microline.

(c) Alternate Suppliers. In the event that either (i) Microline shall determine that it no longer has the capability to manufacture Supply Products for Transenterix or (ii) Microline fails to supply at least 50% of the binding forecasts for two consecutive quarters (unless due to reasons beyond the reasonable control of Microline), in each case in accordance with this Agreement, then either Microline shall provide written notice thereof to Transenterix promptly after making such determination in Section 8(c)(i) or Transenterix will provide notice of such failure to supply in Section 8(c)(ii) (which Microline can dispute). Within sixty (60) days after such notice (or if disputed, after resolution of such dispute), Microline shall provide Transenterix with written notice (the "Alternative Supplier Notice") identifying one or more third party manufacturer(s) (each, an "Alternative Supplier") from which Transenterix may purchase the Supply Products. If Microline fails to so deliver the Alternative Supplier Notice (or if the Alternative Supplier(s) identified in the Alternative Supplier Notice cannot or will not deliver the Supply Products in accordance with Transenterix's minimum forecasts and at or less than the pricing set forth in this Agreement, in Transenterix's reasonable discretion), then Transenterix may choose one or more Alternative Suppliers in its sole discretion. Promptly after the selection of an Alternative Supplier (or another supplier chosen by Transenterix pursuant to the immediately preceding sentence), Microline shall provide such alternative supplier with sufficient information to permit such alternative supplier to manufacture the Supply Products.

9. COMMERCIALIZATION OF SUPPLY PRODUCTS

(a) Commercialization of Supply Products. Except as otherwise provided in this Agreement, Transenterix shall have sole responsibility for, and sole discretion with respect to, the commercialization of the Supply Products as long as it does not alter or modify the Supply Products, and it provides for the use of the Supply Products solely with its Spider System in accordance with the applicable Regulatory Approval (or 5MM Clearance and/or 7MM Clearance as applicable) and other use specifications as provided by Microline.

(b) Use of Trademarks.

(i) Transenterix Marks. All Supply Products ordered by Transenterix under this Agreement shall bear solely such trademarks, service marks, trade names and logo identifications owned by or licensed to Transenterix as Transenterix shall specify (the "Transenterix Marks"); provided that all Supply Products shall bear the trademarks of Microline and/or its Affiliates (the "Microline Marks") as reasonably requested by Microline, which Microline Marks shall be displayed less prominently than the Transenterix Marks. Microline shall have no right or license to use any Transenterix Marks (other than to affix them to the packaging and labeling of the Supply Products sold to Transenterix under this Agreement). All goodwill relating to or developed with respect to any Transenterix Marks shall belong exclusively to Transenterix or its Affiliates. Microline will not challenge the validity of any such Transenterix Mark or use a mark that is deceptively similar to any of the Transenterix Marks.

(ii) Microline Trademark License. Microline hereby grants to Transenterix a non-exclusive, non-transferable, worldwide, royalty-free license to use the Microline Marks in connection with Transenterix's marketing and sale of the Supply Products. All goodwill associated with the foregoing license shall inure to the benefit of Microline and its Affiliates, and Microline shall have sole control of, and responsibility for, any applications and registrations for the Microline Marks. Transenterix shall use the Microline Marks in accordance with Microline's reasonable guidelines with respect to trademark usage of the Microline Marks, as provided to Transenterix upon reasonable prior notice.

(c) Labeling. Transenterix shall provide Microline with any labeling or product literature to be used in connection with any Supply Product at least ninety (90) days prior to the first commercial sale of such Supply Product. Transenterix shall give full consideration to any comments received from Microline with respect to such labeling and product literature. Thereafter, Transenterix shall provide Microline with notice describing any material change to any such labeling or product literature at least ninety (90) days prior to the first incorporation of such material change, and shall give full consideration to comments received from Microline with respect to such material change.

10. PAYMENTS

(a) License Fees. In consideration of the license rights granted to Transenterix pursuant to this Agreement, Transenterix shall pay Microline non-refundable license fees as follows:

(i) Transenterix shall pay Microline $250,000 within two (2) business days of the Effective Date;

(ii) Transenterix shall pay Microline $200,000 within two (2) business days of delivery of twenty five (25) Pre-Production Devices (in accordance with the Work Plan and the Marketing Requirements Document) (the "Prototype Date");

(iii) Transenterix shall pay Microline $100,000 within two (2) business days of receipt by Microline of Regulatory Approval for use of a FVS Product;

(iv) Transenterix shall pay Microline $150,000 within two (2) business days of receipt by Microline of 5MM Clearance; and

(v) Transenterix shall pay Microline $150,000 within two (2) business days of receipt by Microline of 7MM Clearance.

(b) Payments for Development Milestones. In consideration of the work to be conducted by Microline pursuant to the Work Plan, Transenterix shall pay Microline non-refundable milestone payments as set forth below:

(i) Transenterix shall pay Microline $250,000 within two (2) business days of the later of the Kick-Off Meeting or the Effective Date;

(ii) Transenterix shall pay Microline $250,000 within two (2) business days of the date that Microline has achieved the specific stage of development of the FVS Product prior to delivery of the Pre-Production Devices that is described in the Work Plan as the "Design Review";

(iii) Transenterix shall pay Microline $125,000 within two (2) business days of the Prototype Date; and

(iv) in addition to the amounts owed with respect to such Pilot Product Units pursuant to Sections 4(a) and 10(c), Transenterix shall pay Microline $125,000 within two business days of delivery of five hundred (500) Pilot Product Units in compliance with the Warranties.

(c) Supply Products.

(i) Microline shall invoice Transenterix within thirty (30) days following each shipment of Supply Products in accordance with the shipping terms set forth in Section 4 above. Prices shall be as set forth on Exhibit D, and Transenterix shall pay all invoiced amounts in accordance with such pricing terms within thirty (30) days of receipt of an invoice therefor.

(ii) Each invoice shall contain (A) Microline's name and the invoice date, (B) the type, price, and quantity of the Supply Products actually delivered, (C) the name (where applicable), title, phone number, and complete mailing address of the responsible official to whom payment shall be sent, and (D) other substantiating documentation or information as may reasonably be required by Transenterix from time to time.

11. REPRESENTATIONS AND WARRANTIES

(a) Development Warranty. Microline represents and warrants to Transenterix that it will develop the FVS Products diligently, with reasonable skill and care, and using the services of appropriately skilled and trained workers, and in compliance with Good Manufacturing Practices and the QA Procedures.

(b) Representations and Warranties of Microline. Microline represents and warrants that as of the Effective Date (i) Microline has the full power, right and authority to enter into this Agreement, carry out its obligations under this Agreement, and grant the rights granted to Transenterix hereunder; (ii) Microline has not previously granted and will not in the future grant any rights in or to the Microline Background Technology (as defined in Section 12(a)), Microline Project Technology (as defined in Section 12(b)), FVS Products or the UPS Products to a third party which are inconsistent with the rights granted to Transenterix herein; and (iii) Microline has not received any communications alleging that Microline's use of Microline Background Technology relating to the FVS Products or UPS Products would violate Intellectual Property Rights of any third party.

(c) Representations and Warranties of Transenterix. Transenterix represents and warrants that as of the Effective Date, (i) it has the full power, right and authority to enter into this Agreement and to carry out its obligations hereunder; (ii) Transenterix has not previously granted and will not in the future grant any rights in or to the Transenterix Background Technology (as defined in Section 12(a)), Transenterix Project Technology (as defined in Section 12(c)) or Spider System to a third party which are inconsistent with the rights granted to Microline herein; (iii) Transenterix has obtained all United States regulatory approvals from, has made all necessary and appropriate applications and other submissions to, and has prepared and maintained all records, studies and other documentation needed to maintain and demonstrate compliance with the requirements of, the FDA and other United States Governmental Authorities for its current and past business activities relating to the Spider System; and (iv) Transenterix has not received any communications alleging that Transenterix's use of Transenterix Background Technology relating to the Spider System would violate Intellectual Property Rights of any third party.

(d) Exclusion of Any Other Warranties of Microline. The representations and warranties contained in this Agreement are made in lieu of all other representations or warranties, express or implied, by Microline, whether oral or written. Microline hereby disclaims all implied warranties, including the warranties of merchantability and fitness for a particular purpose.

12. INTELLECTUAL PROPERTY

(a) Background Technology. Each party shall own and retain all right, title and interest in and to all Technology, and all Intellectual Property Rights therein, Controlled by such party that does not constitute Project Technology or that is otherwise created prior to or independently from the Project ("Microline Background Technology" and "Transenterix Background Technology," respectively).

(b) Microline Project Technology. Microline shall own all right, title and interest in and to all Project Technology, and all Intellectual Property Rights therein, related to the FVS Products or the UPS Products or to the development efforts relating to such FVS Products or UPS Products ("Microline Project Technology").

(c) Transenterix Project Technology. Transenterix shall own all right, title and interest in and to all Project Technology, and all Intellectual Property Rights therein, related to the Spider System, but excluding any Microline Project Technology ("Transenterix Project Technology").

(d) Assignment of Technology. Subject to the licenses and other rights specifically set forth in this Agreement, to the extent either party (such party, the "Assigning Party") obtains any title or similar ownership interest in any Project Technology, or any Intellectual Property Rights therein, that is to be owned by the other party (the "Assigned Party") in accordance with the terms and conditions of this Agreement, the Assigning Party hereby assigns and, to the extent such assignment cannot be made at present, agrees promptly to assign, to the Assigned Party all of the Assigning Party's title and other ownership interest in and to such Project Technology and Intellectual Property Rights. The Assigning Party shall execute and procure such documents, including short-form assignments and assignments of patent applications and patents, and take such other actions as may be reasonably requested from time to time by the Assigned Party to obtain for its own benefit appropriate protections for Intellectual Property Rights with respect to such Project Technology, or otherwise to transfer or confirm the transfer, in whole or in part, as the case may be, of such Project Technology and the related Intellectual Property Rights for the benefit of the Assigned Party. Each party represents and covenants that all of its employees, consultants and agents, and all third parties acting on behalf of such party in performing its obligations under this Agreement, shall be obligated under a binding written agreement to assign to such party all Project Technology and Intellectual Property Rights conceived, created, made or reduced to practice by such employees, consultants, agents and third parties in connection with the Project.

(e) Prosecution and Enforcement of Project Technology. The owner of any Project Technology (the "Owner") shall have the sole right to prepare, file applications on and registrations for, prosecute, obtain, maintain, defend and enforce all Intellectual Property Rights in such Project Technology in such manner as the Owner deems appropriate in its sole discretion, including incurring all expenses required for such purposes. Notwithstanding the foregoing, (i) Microline shall use commercially reasonable efforts to preserve, obtain and maintain all Intellectual Property Rights for Microline Project Technology and for Microline Background Technology related to the FVS Products or the UPS Products and to file patent applications covering any inventions included within such technology, in each case in its reasonable discretion and (ii) Transenterix shall use commercially reasonable efforts to preserve, obtain and maintain all Intellectual Property Rights for Transenterix Project Technology and for Transenterix Background Technology related to the Spider System and to file patent applications covering any inventions included within such technology, in each case in its reasonable discretion. The non-Owner party shall cooperate fully at its

own expense in those activities by the Owner, which cooperation shall include, without limitation, (i) promptly executing all papers and instruments or requiring the non-Owner's employees, agents and third parties acting on the non-Owner's behalf to execute such papers and instruments as are reasonable and appropriate so as to enable the Owner to prepare, file, prosecute, obtain, maintain, defend and enforce such Intellectual Property Rights, and (ii) promptly informing the Owner of matters that may affect those activities (including any prior art that may be material to Patent Rights contained in the such Intellectual Property Rights).

(f) License Grants.

(i) Subject to the terms and conditions of this Agreement, Microline hereby grants to Transenterix a worldwide, non-exclusive license or sublicense (as the case may be) in the Field, without the right to sublicense except to subcontractors as permitted by Section 2(g), under all Intellectual Property Rights Controlled by Microline to use the Microline Background Technology and Microline Project Technology, but only as necessary to exercise its rights or fulfill its obligations under this Agreement. The license granted pursuant to this Section 12(0(i) is only transferable in accordance with the terms and conditions of Section 16(c).

(ii) Subject to the terms and conditions of this Agreement, Transenterix hereby grants to Microline a worldwide, non-exclusive license or sublicense (as the case may be) in the Field, without the right to sublicense except to subcontractors as permitted by Section 2(g), under all Intellectual Property Rights Controlled by Transenterix, to use Transenterix Background Technology and Transenterix Project Technology, but only as necessary to exercise its rights or fulfill its obligations under this Agreement. The license granted pursuant to this Section 12(f)(ii) is only transferable in accordance with the terms and conditions of Section 16(c).

(g) No Implied Licenses.

(i) Transenterix acknowledges and agrees that, as between the parties and notwithstanding anything to the contrary in this Agreement, Microline owns all right, title and interest in and to, including all Intellectual Property Rights pertaining to, all Microline Background Technology and Microline Project Technology, and that under this Agreement, Transenterix shall acquire no right, title or interest in or to any of the foregoing, by implication, estoppel or otherwise, other than the license rights expressly granted herein or as otherwise expressly provided herein.

(ii) Microline acknowledges and agrees that, as between the parties and notwithstanding anything to the contrary in this Agreement, Transenterix owns all right, title and interest in and to, including all Intellectual Property Rights pertaining to, all Transenterix Background Technology and Transenterix Project Technology, and that under this Agreement, Microline shall acquire no right, title or interest in or to any of the foregoing, by implication, estoppel or otherwise, other than the license rights expressly granted herein or as otherwise expressly provided herein.

13. INDEMNIFICATION AND INSURANCE

(a) Microline Product Liability Indemnification. Microline shall defend, indemnify and hold harmless Transenterix, its Affiliates, their permitted successors and assigns and their respective directors, officers, employees, and agents from and against all liabilities, damages, losses, settlements, claims, actions, suits, penalties, fines, costs and expenses (including reasonable attorneys and professionals' fees) ("Liabilities") resulting from any and all claims by third parties for loss, damage or injury (including death) caused by (i) any Warranty Claim or Specifications Claim, (ii) Microline's material breach of this Agreement, (iii) Microline's gross negligence or willful misconduct or (iv) any other defect to any Supply Product directly attributable to Microline or its subcontractors or suppliers, except, in the case of clauses (i) through (iv), to the extent such Liabilities are caused by (A) the storage, handling, modification, misuse, marketing, export, import, advertising, labeling, distribution or sale by Transenterix of any Supply Product, (B) Transenterix's material breach of this Agreement, (C) Transenterix's gross negligence or willful misconduct or (D) any Transenterix product containing or used in conjunction with a Supply Product, including, without limitation, the Spider System ("Transenterix Product").

(b) Transenterix Product Liability Indemnification. Transenterix shall defend, indemnify and hold harmless Microline, its Affiliates, their permitted successors and assigns and their respective directors, officers, employees, and agents from and against all Liabilities resulting from any and all claims by third parties for loss, damage or injury (including death) caused by (i) the storage, handling, modification, marketing, export, import, advertising, labeling, distribution or sale by Transenterix of any Supply Product, (ii) Transenterix's material breach of this Agreement, (iii) Transenterix's gross negligence or willful misconduct or (iv) any Transenterix Product, except, in the case of clauses (i) through (iv), to the extent such Liabilities are caused by (A) any Warranty Claim or Specifications Claim, (B) Microline's material breach of this Agreement, (C) Microline's gross negligence or willful misconduct or (D) any other defect to any Supply Product directly attributable to Microline or its subcontractors or suppliers.

(c) Procedure. The parties will follow the following procedures with respect to any indemnification provided pursuant to this Agreement:

(i) Any person claiming indemnification under this Agreement (the "Indemnified Party") will give Microline or Transenterix, as the case may be (the "Indemnitor"), written notice of any claim promptly after receipt by such Indemnified Party of notice thereof. Any delay in giving notice hereunder which does not materially prejudice the Indemnitor will not affect the Indemnified Party's rights to indemnification hereunder. The Indemnitor will have the right to defend the Indemnified Party against any claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnitor notifies the Indemnified Party in writing, within fifteen (15) days after the Indemnified Party has given notice of the claim, of the Indemnitor's election to defend the claim and of the identity of the Indemnitor's counsel, (B) the Indemnitor provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnitor will have the financial resources to defend against the claim and fulfill its indemnification obligations hereunder, (C) the claim involves only money damages and does not seek an injunction or other equitable relief, and (D) the Indemnitor conducts the defense of the claim actively and diligently.

(ii) So long as the Indemnitor is conducting the defense of the claim in accordance with clause (i) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of the Indemnitor (which consent shall not be unreasonably withheld) and (C) the Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld).

(iii) In the event any of the conditions in clause (i) above is or becomes unsatisfied, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the claim in any manner it reasonably may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnitor in connection therewith), (B) the Indemnitor will reimburse the Indemnified Party promptly and periodically for the costs of defending against the claim (including reasonable attorneys' fees and expenses), and (C) the Indemnitor will remain responsible for any Liabilities the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the claim to the fullest extent provided in this Section 13.

(d) Insurance.

(i) Microline will procure and maintain at its expense comprehensive general liability insurance with a reputable insurer in amounts of not less than $3 million per incident and $5 million annual aggregate. Such comprehensive general liability insurance will (a) provide product liability coverage, (b) provide broad form contractual liability coverage extending to Microline's indemnification obligations under this Section 13, (c) contain no products or completed operations exclusions, (d) be in occurrence form and (e) name Transenterix as an additional insured. Microline will maintain such insurance during the Term and for a period of at least five (5) years thereafter. Microline will provide Transenterix with written evidence of such insurance upon the request of Transenterix, and will provide Transenterix with written notice at least thirty (30) days prior to any cancellation, non-renewal, reduction or other material change in such insurance.

(ii) Transenterix will procure and maintain at its expense comprehensive general liability insurance with a reputable insurer in amounts of not less than $3 million per incident and $5 million annual aggregate. Such comprehensive general liability insurance will (a) provide product liability coverage, (b) provide broad form contractual liability coverage extending to Transenterix's indemnification obligations under this Section 13, (c) contain no products or completed operations exclusions, (d) be in occurrence form and (e) name Microline and its Affiliates as an additional insureds. Transenterix will maintain such insurance during the Term and for a period of at least five (5) years thereafter. Transenterix will provide Microline with written evidence of such insurance upon the request of Microline, and will provide Microline with written notice at least thirty (30) days prior to any cancellation, non-renewal, reduction or other material change in such insurance.

14. CONFIDENTIALITY

(a) "Confidential Information" means, as to any party (the "Disclosing Party"), all confidential information provided by or on behalf of such party to the other party (the "Receiving Party"), including any Technology, the terms of this Agreement, and information relating to its business operations or technology, whether disclosed orally or in writing and whether or not marked as being confidential, except any portion thereof which: (i) is known, and can be shown to have been known, by the Receiving Party (other than from the Disclosing Party hereunder) before receipt thereof under this Agreement; (ii) is disclosed to the Receiving Party by a third person who has a right to make such disclosure without any obligation of confidentiality to the Disclosing Party hereunder; (iii) is or becomes generally known to the public through no fault of the Receiving Party; or (iv) is independently developed by the Receiving Party, without access to other Confidential Information of the Disclosing Party, as evidenced by the Receiving Party's written records.

(b) Nondisclosure. Confidential Information of each Disclosing Party is the exclusive property of such Disclosing Party. Confidential Information of a Disclosing Party may be used by the Receiving Party only in connection with the performance of any obligations or the exercise of any rights under this Agreement. Confidential Information of the Disclosing Party shall not be disclosed to a third party by the Receiving Party without the prior written consent of the Disclosing Party or as authorized by this Agreement. Each Receiving Party will protect the confidentiality of the Confidential Information of the Disclosing Party with at least the same degree of care that it uses to protect the confidentiality of its own proprietary and confidential information, including by entering into appropriate confidentiality agreements with employees, agents, independent contractors and subcontractors. Access to and use of Confidential Information will be restricted to those of Microline's and Transenterix's agents, employees or contractors engaged in a use permitted under this Agreement and who have been apprised of the confidential nature of such information. Each Receiving Party will be responsible for any breaches of this Section 14 by its agents, employees or contractors. Confidential Information may not be copied or reproduced without the Disclosing Party's prior written consent, except as necessary for use in connection with this Agreement.

(c) Disclosure Upon Process. In the event either party receives a subpoena, or other validly-issued administrative or judicial process, requesting that Confidential Information of the other party be disclosed, it will promptly notify the other party of such receipt and allow the other party appropriate time to apply for a protective order. The party receiving such request will thereafter be entitled to comply with such subpoena or other process, only to the extent required by law.

(d) Publicity. The terms and conditions of this Agreement shall be Confidential Information of both parties, and shall not be disclosed by either party without the prior written consent of the other, *provided, however*, that either party may in any event provide and disclose this Agreement to third parties in connection with any proposed financing or other corporate transaction, subject to a usual and customary confidentiality agreement. Except as otherwise described in this paragraph, neither party shall make any public announcement of this Agreement except by mutual written consent.

(e) Injunctive Relief. Each party acknowledges that any material breach of this Section 14 shall cause the other party irreparable harm for which damages would not be an adequate remedy, and accordingly each party hereby agrees that the issuance of an injunction or other equitable relief is appropriate to restrain any such breach or threatened breach.

15. TERM AND TERMINATION

(a) Term. This Agreement shall be effective on the Effective Date and shall continue in full force and effect until the expiration of the Supply Period, unless terminated earlier as provided herein (the "Initial Term"). Unless terminated by either party by written notice given not less than sixty (60) days prior to the expiration of the Initial Term or any then-current Renewal Term, the term of this Agreement shall automatically be extended for additional one (1) year periods (each, a "Renewal Term," and the Initial Term and any Renewal Term, the "Term"). Notwithstanding anything in this Agreement to the contrary, Microline covenants and agrees that it will not terminate this Agreement by written notice pursuant to this Section 15(a) during or prior to any Renewal Term as long as Transenterix has purchased or is bound to purchase at a minimum the following quantities of FVS Products during the year prior to the applicable Renewal Term:

Renewal Term	Quantity
First Renewal Term	The greater of 7,500 FVS Products or 80% of the FVS Products purchased during the second year of the Supply Period
Second Renewal Term	The lesser of 10,000 FVS Products or an amount of FVS Products that is 15% or more of the amount of FVS Products purchased by Transenterix from Microline during the third year of the Supply Period
Third Renewal Term	The lesser of 15,000 FVS Products or an amount of FVS Products that is 15% or more of the amount of FVS Products purchased by Transenterix from Microline during the fourth year of the Supply Period

(b) Termination for Breach. Notwithstanding any other provision of this Agreement, each party shall have the right, in addition to any other rights and remedies available to such party, to terminate this agreement immediately by written notice to the other party if the other party breaches any material provision of this Agreement and fails to cure such breach within thirty (30) days of the receipt by the breaching party of notice specifying the breach and requiring its remedy. The parties acknowledge that Transenterix's failure to timely pay any undisputed amounts due hereunder (and any disputed amounts upon resolution or in any event within ninety (90) days of when originally due) shall constitute a material breach.

(c) Termination for Bankruptcy.

(i) Each party may terminate this Agreement immediately upon written notice to the other party if such other party shall (A) file in any court or agency pursuant to any law of any state, country or jurisdiction, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of that party or of its assets, (B) be served with an involuntary petition in bankruptcy against it, filed in any such proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, (C) be a party to any dissolution or liquidation, or (D) make a general assignment for the benefit of its creditors.

(ii) Microline Bankruptcy. If this Agreement is terminated by Transenterix in accordance with this Section 15(c), Microline shall grant, and hereby grants, to Transenterix a worldwide, non-exclusive, license in the Field under all Intellectual Property Rights Controlled by Microline to use the Microline Background Technology and Microline Project Technology, but only as necessary to enable Transenterix to manufacture or commercialize the FVS Product or UPS Product. Such license shall terminate on the date that the Initial Term or then-current Renewal Term (as applicable) would have expired had this Agreement not been terminated in accordance with this Section 15(c), provided, however, that during the six (6) month period following the termination of such license, Transenterix shall have the right to sell any Supply Products purchased by Transenterix hereunder prior to the termination of this Agreement for which the Shelf Life has not expired, and provided further that Transenterix shall comply with the terms and provisions of this Agreement in connection with the sale of such Supply Products.

(iii) Section 365(n). All rights and licenses granted under or pursuant to this Agreement by ether party are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined under Section 101 of the Bankruptcy Code. The parties agree that the parties, as licensees of such rights under this Agreement, shall retain and may fully exercise all of their rights and elections under the Bankruptcy Code. The parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against either party under the Bankruptcy Code, the party hereto that is not subject to such proceeding shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in the non-subject party's possession, shall be promptly delivered to it (A) following any such commencement of a bankruptcy proceeding upon the non-subject party's written request therefor, unless the party subject to such proceeding elects to continue to perform all of its obligations under this Agreement, or (B) if not delivered under the immediately preceding clause (A), upon written request therefor by the non-subject party following the rejection of this Agreement by or on behalf of the party subject to such proceeding.

(d) Termination for Convenience; FDA Approval.

(i) Notwithstanding any other provision of this Agreement, Transenterix shall have the right to terminate this Agreement at any time after the Pilot Product Delivery Date upon ninety (90) days' written notice to Microline (and in such instance, Transenterix shall not be released from any payment obligations accruing prior to or in connection with such termination, including the obligation to pay Microline the amounts specified in Section 4(c)).

(ii) Microline shall use commercially reasonable efforts to obtain the Regulatory Approval within twelve (12) months after the Effective Date. Notwithstanding any other provision of this Agreement, Transenterix shall have the right to terminate this Agreement upon thirty (30) days' written notice to Microline in the event that Microline shall not have obtained such Regulatory Approval within fifteen (15) months of the Effective Date (unless Microline's failure to obtain such Regulatory Approval is due to reasons beyond the reasonable control of Microline, including any unforeseen regulatory or technical issues). Notwithstanding the immediately preceding parenthetical, if Microline has not procured the Regulatory Approval for any reason within eighteen (18) months after the Effective Date, Transenterix may at its option terminate this Agreement upon ninety (90) days written notice to Microline.

(iii) Microline shall use commercially reasonable efforts to obtain the 5MM Clearance or 7MM Clearance within nine (9) months after Microline's receipt of the Regulatory Approval. Notwithstanding any other provision of this Agreement, Transenterix shall have the right to terminate this Agreement upon thirty (30) days' written notice to Microline in the event that Microline shall not have obtained such 5MM Clearance or 7MM Clearance within twelve (12) months after Microline's receipt of the Regulatory Approval, unless Microline's failure to obtain such 5MM Clearance or 7MM Clearance is due to reasons beyond the reasonable control of Microline, including any unforeseen regulatory or technical issues.

(e) Effect of Termination. Except as described in Section 15(c)(ii), upon any termination or expiration of the Agreement, each party shall return and make no further use of any Confidential Information and materials (and all copies thereof) belonging to the other party, provided, however, that during the six (6) month period following such termination or expiration, Transenterix shall have the right to sell any Supply Products purchased by Transenterix hereunder prior to such termination or expiration for which the Shelf Life has not expired, and provided further that Transenterix shall comply with the terms and provisions of this Agreement in connection with the sale of such Supply Products.

(f) Survival. In addition to such other provisions which by their nature reasonably are intended to survive any expiration or termination of this Agreement, the provisions of Sections 1, 7(d), 7(e), 10 (i.e., each sub-section survives only to the extent that prior to the date of termination, Microline had fully met its obligations to Transenterix described in that sub-specific section), 11, 12, 13, 14, 15(c), 15(d), 15(e), 15(f) and 16, and any Exhibits or definitions referenced therein, shall survive any such expiration or termination.

16. GENERAL

(a) Entire Agreement. This Agreement, together with the attached Exhibits, shall constitute the entire Agreement between the parties with respect to the subject matter hereof and supersedes all other prior and contemporaneous oral and written communications, agreements and understandings of the parties with respect to the subject matter hereof. In making this Agreement, the parties have not made or relied upon any representations, understandings or other agreements not specifically set forth herein.

(b) Waivers; Amendments; Supplements. No waiver by either party of a breach of any covenant or condition of this Agreement by the other party shall be construed to be a waiver of any succeeding breach of the same or any other covenant or condition. Except as otherwise expressly provided herein, this Agreement or any Exhibit hereunder may not be changed or amended except by a writing expressly referring to this Agreement signed by both parties.

(c) Assignment. Neither party may assign or otherwise transfer this Agreement, or any rights or obligations hereunder, to any third party without the prior written consent of the other, which consent will not be unreasonably withheld. Notwithstanding the immediately preceding sentence, either party may assign this Agreement without consent of other party to an entity into which it is merged or consolidated or by which it is acquired, or which acquires the portion of its business related to this Agreement; *provided that* in each case the acquirer agrees in writing to assume and fulfill the obligations of such party under this Agreement.

(d) Choice of Law; Forum. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the state of New York without regard to its principles of conflicts of laws. Subject to Section 16(e), any litigation arising from or relating to this Agreement shall be filed and prosecuted before a court of competent subject matter jurisdiction located in the state of New York. The parties hereby consent to the jurisdiction of such courts over them, stipulate to the convenience, efficiency and fairness of proceeding in such courts, and covenant not to assert any objection to proceeding in such courts based on any alleged lack of jurisdiction or any alleged inconvenience, inefficiency or unfairness of such courts.

(e) Dispute Resolution.

(i) In the event of any dispute, claim or controversy arising out of or relating to the interpretation of any provision of this Agreement, to the performance of either party under this Agreement or to any other matter under or in connection with this Agreement, including any action in tort, contract or otherwise, at equity or law (a "Dispute"), either party may at any time provide the other party written notice specifying the terms of such Dispute in reasonable detail. As soon as practicable after receipt of such notice, one or more senior executives from each party shall meet at a mutually agreed upon time and location for the purpose of resolving such Dispute. Such senior executives shall engage in good faith discussions and/or negotiations for a period of up to thirty (30) days to resolve the Dispute or negotiate an interpretation or revision of the applicable portion of this Agreement which is mutually agreeable to both parties, without the necessity of formal procedures relating thereto. During the course of such discussion and/or negotiation, the parties shall reasonably cooperate and provide information that is not materially confidential in order so that each of the parties may be fully informed with respect to the issues in the Dispute.

(ii) Any Dispute not resolved pursuant to clause (i) above shall be resolved exclusively by arbitration conducted in New York, New York by a single arbitrator agreed between the parties, under the Commercial Arbitration Rules of the American Arbitration Association. If the parties cannot agree on a single arbitrator, either party shall have the right to give notice that the Dispute shall be heard by three arbitrators, each party selecting one arbitrator and the two selecting a third. The arbitrator(s) shall have at least fifteen (15) years' experience in medical device matters and shall have no conflicts of interest. Each party shall bear its own costs of participating in the arbitration, and the costs and expenses of the arbitrators shall be shared equally. The decision of the arbitrator shall be binding and enforceable in any court of competent jurisdiction.

(f) Independent Contractors. The relationship of Microline and Transenterix at all times shall be solely that of independent contractors with respect to all matters arising under this Agreement. Nothing herein shall be deemed to establish a relationship of partnership, joint venture or employment between the parties. Transenterix shall have no control or direction over Microline and any of its employees, consultants and subcontractors performing development or manufacturing hereunder. Any such employees, consultants and subcontractors shall not have any contractual relationship whatsoever with Transenterix arising out of or by virtue of this Agreement, and Microline shall be responsible for compliance with all applicable employment related laws and regulations with respect to such persons, including without limitation those governing hours of labor, working conditions, workers' compensation, payment of wages, and the payment of any applicable taxes, such as unemployment, social security, and other payroll taxes.

(g) Force Majeure. Neither party shall be liable for any delay or failure in performance of any obligations hereunder (other than payment obligations) arising out of acts or events beyond its reasonable ability to foresee and avoid, including fires, labor disputes, embargoes, failure of suppliers, requirements imposed by Government regulation, civil or military authorities, judicial decisions, acts of God or by the public enemy.

(h) Further Actions. Each party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

(i) Notices. All notices, demands, requests, approvals, consents or other communications to be given or delivered under this Agreement shall be in writing and shall be deemed to have been given: (i) when delivered in person or by courier or confirmed facsimile; (ii) upon confirmation of receipt when sent by certified mail, return receipt requested; or (iii) upon receipt when sent by reputable private international courier with established tracking capability (such as DHL, FedEx, or UPS), postage pre-paid, to the noticed party at the address set forth below, or such other address as a party may specify by written notice to the other.

Notices shall be sent to Microline at:

Microline Surgical, Inc.
800 Cummings Center, Suite 166T
Beverly, MA 01915
Attention: President
Telecopier: (978) 922-9209

with a required copy to:

Foley Hoag LLP Seaport West
155 Seaport Boulevard
Boston, Massachusetts 02210
Attention: Gil Arie, Esq.
Telecopier No.: (617) 832-7000

and to Transenterix at:

Transenterix, Inc.
635 Davis Drive, Suite 300
Durham, North Carolina 27713
Attention: Luke Roush
Telecopier: (919) 765-8459

with a required copy to:

Forrest Firm, P.C.
4819 Emperor Boulevard
Durham, North Carolina 27703
Attention: James Forrest, Esq.
Telecopier No.: (919) 313-4505

(j) Captions, Section Headings. As used in this Agreement, "including" means "including but not limited to", and "herein", "hereof", and "hereunder" refer to this Agreement as a whole. The Section headings used hereof are for reference and convenience only, and shall not enter into the interpretation of this Agreement. Unless otherwise expressly provided herein, any reference to a number of "days" hereunder shall refer to calendar days.

(k) Severability. If any provision of this Agreement is determined to be invalid, illegal or otherwise unenforceable, then such provision will instead be construed to give effect to its intent to the maximum extent possible, and the validity, legality and enforceability of the other provisions of this Agreement shall not be affected thereby. If, after application of the immediately preceding sentence, any provision of this Agreement is determined to be invalid, illegal or unenforceable, such provision shall be severed, and after any such severance, all other provisions hereof shall remain in full force and effect.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Execution and delivery of this Agreement and the Exhibits hereto by any party via facsimile or e-mailed pdf shall be legal, valid and binding execution and delivery of such document for all purposes.

- Signature Appear on the Following Page. -

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed under seal by their duly authorized representatives as of the Effective Date

Transenterix, Inc.	Microline Surgical, Inc.
By: /s/ Todd M. Pope	By: /s/ Sharad H. Joshi
Name: Todd M. Pope	Name: Sharad H. Joshi
Title: Chief Executive Officer	Title: President & CEO

Exhibit 10.6

June 9, 2008

Todd Pope
105 New Castle Drive
Chapel Hill, NC 27517

Dear Todd:

On behalf of TransEnterix, Inc. (the "**Company**"), I am pleased to offer you the position of President and Chief Executive Officer of the Company. Speaking for myself, as well as the other members of the Company's Board of Directors (the "**Board**"), we are all very impressed with your credentials and strongly convinced that you will add substantially to the team and provide the Company with exactly the type of leadership that the Company needs at this time. We look forward to your future success in this position.

The terms of your new position with the Company are as set forth below.

1. **Position**.

a. You will become the President and Chief Executive Officer of the Company and will report directly to the Board. Your position will be at the Durham, North Carolina headquarters of the Company.

b. You agree that you will at all times loyally and conscientiously perform, to the best of your ability and experience all of the duties and obligations of the President and Chief Executive Officer which are required of you pursuant to the terms hereof, and to the reasonable satisfaction of the Company, and while you hold such position you will devote substantially all of your business time and attention to the business of the Company. You agree that you will not undertake any additional outside activities, consulting engagements, etc. without prior written approval of the Company.

2. **Start Date**. Subject to fulfillment of any conditions imposed by this letter agreement, you will commence your new position with the Company as soon as practicable, at your election, but no later than July 1, 2008 (such date as you commence employment, your "**Start Date**").

3. **Proof of Right to Work**. For purposes of federal immigration law, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided to us within three (3) business days of your Start Date, or our employment relationship with you may be terminated with Cause.

4. **Compensation**.

a. **Base Salary**. You will be paid a cash salary of $25,000 per month (subject to applicable tax withholding), which is equivalent to $300,000 on an annualized basis (your "**Base Salary**"). Your salary will be payable pursuant to the Company's regular payroll policy and reviewed periodically for enhancement. In addition reasonable business expenses will be reimbursed.

b. **Bonus**. You will be given a guaranteed bonus equal to $150,000 and payable on February 2, 2009 if you remain employed by the Company at the aforementioned date. Beginning the second year of employment, you will be eligible for a cash bonus, as established by the Board, up to 50% of your Base Salary each year if milestones, mutually agreed upon by you and the Company, are met during the year.

c. **Equity**. Subject to the approval of the Board at the first meeting following your Start Date, you will be granted an option to purchase up to 5% of the company's post series A preferred financing fully-diluted capitalization following all tranches associated with such financing (the "**Option**"). The Option will vest over four years, with 25% vesting on the first anniversary of your actual Start Date (and none vesting prior to such date) and 1/48th of the shares vesting each month thereafter, The Option will be granted with an exercise price equal to the fair market value of the Common Stock on the date of grant as determined by the Board. The Option shall provide for early exercise. For the purposes of this section, fully-diluted shall be calculated assuming the exercise and conversion of all outstanding securities and all options reserved for issuance under Company stock plans.

5. **Benefits**. You will be eligible to participate in the Company's employee benefit plans as they may be offered from time to time to the Company's executive officers. You acknowledge that participation in Company benefit programs may require payroll deductions and/or direct contributions by you.

6. **Involuntary Termination Following Change of Control**. Except as specifically set forth above in Section 5 and below in this Section 6 and Section 7, or as otherwise required by applicable law, this letter agreement will not entitle you to any benefits upon or in connection with any termination of your employment (including any termination as a result of your death, disability or retirement) or a Change of Control (as defined below). The provisions of this Section 6 and Section 7 below are in lieu of any other severance benefits you might otherwise be entitled to. In the event the Company consummates a Change of Control *and* at the time of or within twelve (12) months following the closing of that transaction your employment with the Company or its successor is terminated by the Company or the successor without Cause, or you experience a Constructive Termination (as defined in Section 8 below), and provided that at the time of any such termination you sign and do not revoke the Company's standard release form releasing the Company (and its successor) from all claims relating to your employment relationship and termination thereof, then you shall be entitled to, subject to the terms and conditions set forth on Exhibit A:

(i) 12 months of your regular base salary as of the time of termination, payable commencing 30 days following termination of employment and continuing monthly thereafter in accordance with the Company's payroll policy, subject to applicable tax withholding;

(ii) Your target bonus for the year in which the Change of Control occurs, which amount shall be paid in a lump sum 30 days following the date of termination;

(iii) Full acceleration and vesting of your Option effective as of the date of your termination; and

(iv) should you elect to continue medical benefits coverage under the Company's (or its successor's) benefit plans pursuant to COBRA, the Company or its successor will reimburse you for the amount of your payments in connection with such continued coverage until the earlier of (A) the date on which you become covered by other medical benefit plans or (B) the 6 month anniversary of the date your employment terminated.

7. **Involuntary Termination Without a Change in Control**. In the event your employment with the Company or its successor is terminated by the Company or the successor without Cause, or you experience a Constructive Termination (as defined in Section 8 below), and provided that at the time of any such termination you sign and do not revoke the Company's standard release form releasing the Company (and its successor) from all claims relating to your employment relationship and termination thereof, then you shall be entitled to, subject to the terms and conditions set forth on Exhibit A:

(i) 6 months of your regular base salary as of the time of termination, payable commencing 30 days following termination of employment and continuing monthly thereafter in accordance with the Company's payroll policy, subject to applicable tax withholding;

(ii) Your target bonus for the year in which the involuntary termination occurs which amount shall be paid in a lump sum 30 days following the date of termination;

(iii) Full acceleration and vesting of your Option effective as of the date of your termination; and

(iv) should you elect to continue medical benefits coverage under the Company's (or its successor's) benefit plans pursuant to COBRA, the Company or its successor will reimburse you for the amount of your payments in connection with such continued coverage until the earlier of (A) the date on which you become covered by other medical benefit plans or (B) the 6 month anniversary of the date your employment terminated.

8. **Definitions**.

a. **Cause**. For the purposes of this letter agreement, "**Cause**" for termination of your employment will exist at any time after the happening of one or more of the following events (described below, singularly and collectively the "**Event**"), in each case as determined in good faith by the Board: (1) your gross negligence or willful misconduct in performance of your duties hereunder where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to the Company or any of its subsidiaries or successors; (ii) your repeated and unjustified absence from the Company; (iii) your commission of any act of fraud, embezzlement or similar misconduct with respect to the Company; (iv) your conviction of a felony or a crime involving moral turpitude causing material harm to the standing and reputation of the Company; (v) your incurable material breach of any written agreement you have with the Company, including without limitation your misappropriation or misuse of the Company's intellectual property

under the Company's Confidential Information and Invention Assignment Agreement; (vi) your failure to perform your assigned duties or responsibilities (other than a failure resulting from your disability); or (vii) your intentional or negligent violation of any federal or state law or regulation applicable to the Company's business. Any Event constituting Cause under this section is subject to a notice and cure period where you receive written notice from the Board describing the Event within thirty (30) days of the Event and you fail to remedy such Event within thirty (30) days of receiving such notice.

b. **Constructive Termination**. For the purposes of this letter agreement, "**Constructive Termination**" means your resignation within thirty (30) days following expiration of any Company cure period (discussed below) following (i) without your prior consent, a reduction in your base salary (other than in connection with a general, proportionate decrease in base salaries for all executive officers of the Company); (ii) without your prior consent, the Company's or its successor's forcing you to relocate your principal place of employment to a facility or a location more than 50 miles from its then present location; (iii) without your prior consent, the failure of the Company to obtain the assumption of its obligations to you under this letter agreement by any successor to the Company; or (iv) without your consent, a material reduction in your job responsibilities, provided that following a Change of Control neither mere change in title alone nor reassignment to a position that is substantially similar to the position held prior to the Change of Control shall constitute a material reduction in job responsibilities. In order for an event to qualify as a Constructive Termination, you must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Constructive Termination" within ninety (90) days of the initial existence of the grounds for "Constructive Termination" and a reasonable cure period of not less than thirty (30) days following the date of such notice.

c. **Change of Control**. For purposes of this letter agreement, "**Change of Control**" of the Company is defined as: (a) the acquisition of the Company by another entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of transactions in which the shares of capital stock of the Company (on a fully diluted basis) outstanding immediately prior to such transaction or series of transactions continue to represent, or are converted or exchanged for shares of capital stock which represent, immediately following such transaction or series of transactions, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary or another corporation immediately following such transaction or series of transactions, the parent corporation of such surviving or resulting corporation; or (b) a sale, lease, exclusive license (without territorial or field limitation) or other conveyance of all or substantially all of the assets of the Company.

9. **Confidential Information, and Invention Assignment Agreement: Non-Competition**. Your acceptance of this offer and commencement of employment with the Company is contingent upon the execution, and delivery to an officer of the Company, of the Company's At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement, a copy of which is enclosed for your review and execution (the "**Confidentiality Agreement**"), prior to or on your Start Date. In addition, should you accept this offer you will be subject to a non-

competition agreement that will be provided to you in advance of your Start Date. The non-competition agreement will limit your ability to work for other entities in the field provided for therein, which is currently contemplated to be companies engaged in making, selling, distributing, etc., products for the performance of laparoscopic or natural orifice transluminal endoscopic surgical procedures.

10. **No Conflicts**. You represent that your performance of all the terms of this letter agreement will not breach any other agreement to which you are a party. You also represent to the Company that you have returned all property and confidential information belonging to any prior employers. In addition, you agree that you will at all times during your employment with the Company refrain from misusing or misappropriating any confidential, proprietary information belonging to your prior employers or other parties to whom you owe a confidentiality obligation and that you will abide by Company policy protecting such third party interests.

11. **At-Will Employment and Taxes**. Notwithstanding anything that might be interpreted to the contrary in this letter agreement and, subject to the Company's obligations under Section 6 and Section 7 above, your employment with the Company is for an indefinite period of time and will at all times be on an "at will" basis, meaning that either you or the Company may terminate your employment at any time for any reason or no reason, without either party having further obligation or liability to the other. All payments and benefits set forth herein shall be subject to reduction to satisfy all applicable Federal, state and local tax withholding obligations.

12. **Recruitment Efforts**. On the Company's reasonable request, prior to your Start Date, you will assist the Company with respect to the recruitment and interviewing of potential team members that will report to you following your Start Date. You will not receive compensation for your time expended in these efforts, however, subject to the Company's prior approval; your reasonable expenses will be reimbursed upon presentation to the Company of acceptable documentation.

13. **Legal Representation**. You acknowledge that the Company has recommended that you retain outside legal counsel in connection with the negotiation of this letter agreement and that the Company's counsel is representing only the Company in connection with this letter and negotiations relating to your employment.

We are all delighted to be able to extend you this offer and look forward to working with you. To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below and return it to me by no later than 5:00 p.m. local California time on June 17, 2008 (after which, if not accepted this offer shall expire). This letter, along with the Confidentiality Agreement, sets forth the terms of your employment with the Company and supersedes any prior representations or agreements, whether written or oral. This letter may not be modified or amended except by a written agreement, signed by the Company and by you.

Very truly yours,

TransEnterix, Inc.

By: /s/ William N. Starling
William N. Starling
Interim Chief Executive Officer

ACCEPTED AND AGREED:

Todd Pope

/s/ Todd M. Pope
Signature

6-9-2008
Date

Exhibit A

Payments Subject to Section 409A.

1. Subject to this Exhibit A payments or benefits under Section 6 and Section 7 of the letter agreement shall begin only upon the date of your "separation from service" (determined as set forth below) which occurs on or after the termination of your employment. The following rules shall apply with respect to distribution of the payments and benefits, if any, to be provided to you under Section 6 and Section 7 of the letter agreement, as applicable:

(a) It is intended that each installment of the payments and benefits provided under Section 6 and Section 7 of the letter agreement shall be treated as a separate "payment" for purposes of Section 409A of the Code and the guidance issued thereunder ("Section 409A"). Neither the Company nor you shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If, as of the date of your "separation from service" from the Company, you are not a "specified employee" (within the meaning of Section 409A), then each installment of the payments and benefits shall be made on the dates and terms set forth in Section 6 and Section 7 of the letter agreement.

(c) If, as of the date of your "separation from service" from the Company, you are a "specified employee" (within the meaning of Section 409A), then:

(i) Each installment of the payments and benefits due under Section 6 and Section 7 of the letter agreement that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when your separation from service occurs, be paid within the Short-Term Deferral Period (as hereinafter defined) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A. For purposes of this letter agreement, the "Short-Term Deferral Period" means the period ending on the later of the 15th day of the third month following the end of your tax year in which the separation from service occurs and the 15th day of the third month following the end of the Company's tax year in which the separation from service occurs; and

(ii) Each installment of the payments and benefits due under Section 6 and Section 7 of the letter agreement that is not described in this Exhibit A, Section 1(c)(i) and that would, absent this subsection, be paid within the six-month period following your "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, your death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following your separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments and benefits if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury

Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of your second taxable year following your taxable year in which the separation from service occurs.

2. The determination of whether and when your separation from service from the Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(b). Solely for purposes of this Exhibit A, Section 2, "Company" shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

3. All reimbursements and in-kind benefits provided under the letter agreement shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A.

Exhibit 10.7

December 15, 2010

Mr. Richard M. Mueller
7933 Paseo Membrillo
Carlsbad, CA 92009

Dear Rich:

On behalf of TransEnterix, Inc. (the "Company"), I am pleased to offer you the position of Chief Technology Officer reporting to Todd Pope.

This letter is not a contract of employment and supersedes all prior discussions and any written or oral agreements with respect to your employment with the Company.

Your base salary will be $22,917 per month and paid in accordance with the Company's normal payroll procedures. In addition, you will be eligible for a 2011 yearend bonus of $75,000 based on mutually agreed upon accomplishment of objectives.

In addition, the company will reimburse you for the moving of your household goods from California to North Carolina. Please supply 2 quotes for household moving to our HR department for approval prior to executing a moving contract. TransEnterix will also cover the expenses of temporary living for up to 3 months after the start of employment.

In the event you voluntarily terminate your employment prior to the one (1) year anniversary of your start date (the "Employment Date"), you will be required to refund the Relocation payments to the Company, on a pro rata basis. Such pro rata amount must be reimbursed on or before your last day of employment.

Following your relocation to the Durham, North Carolina area and your accepting the terms of employment set forth in this letter, you will be granted the option to purchase 461,807 shares (representing 1.75% of shares outstanding as of this date) of TransEnterix under and in accordance with the TransEnterix Inc. 2006 Stock Plan (the "Plan").

As a full-time employee, you will be eligible for the Company's benefits which are summarized on the enclosed Employee Benefits Summary. Additional details of these plans will be sent to you upon your acceptance of employment. The Company reserves the right to cancel or change its policies and benefit plans at any time.

We ask that you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is our understanding that you are not prohibited or limited in any way from performing the duties of your position, and you hereby represent that such is the case.

To accept the Company's offer of employment, please sign and date this letter in the space provided below by December 20th, 2010. Your employment is contingent upon your signing the enclosed Employment, Confidential Information, and Invention Assignment Agreement. Please return these signed documents to me in the enclosed return envelope. Duplicate originals are enclosed for your records.

In addition, your employment is contingent upon successful completion of a satisfactory background check, drug screen, and work-related reference checks. Enclosed is the TransEnterix, Inc. Drug and Alcohol Policy. Please sign and return the Acknowledgement and Agreement & Consent and Release of Liability forms.

Our Company is advancing surgery through innovation, and we hope you will accept this opportunity to join our team!

Should you have any questions, please contact me at 919-765-8431 or andrea@transenterix.com.

Sincerely,

/s/ Todd M. Pope

Todd M. Pope
President and Chief Executive Officer

TransEnterix, Inc.
635 Davis Drive, Suite 300
Morrisville, NC 27560

www.transenterix.com

I understand and agree to the terms of employment set forth above.

/s/ Richard M. Mueller	12/21/2010
Signature / Richard M. Mueller	Date

Exhibit 10.8

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of January 17, 2012 (the "**Effective Date**") among SILICON VALLEY BANK, a California corporation with an office located at 3005 Carrington Mill Boulevard, Suite 530, Morrisville, North Carolina 27560 ("**SVB**"), as collateral agent (in such capacity, the "**Collateral Agent**"), the Lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including SVB in its capacity as a Lender and OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**") (each a "**Lender**" and collectively, the "**Lenders**"), and TRANSENTERIX, INC., a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**Borrower**"), provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders. The parties agree as follows:

1. ACCOUNTING AND OTHER TERMS

1.1 Accounting terms not defined in this Agreement shall be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 14. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. All references to "Dollars" or "$" are United States Dollars, unless otherwise noted.

2. LOANS AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay each Lender, the outstanding principal amount of all Term Loans advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Term Loans.

(a) Availability. (i) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make term loans to Borrower on the Effective Date in an aggregate amount up to Four Million Dollars ($4,000,000) according to each Lender's Term A Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term A Loan**", and collectively as the "**Term A Loans**"). After repayment, no Term A Loan may be re-borrowed.

(ii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Second Draw Period, to make term loans to Borrower in an aggregate amount up to Six Million Dollars ($6,000,000) according to each Lender's Term B Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term B Loan**", and collectively as the "**Term B Loans**"; each Term A Loan or Term B Loan is hereinafter referred to singly as a "**Term Loan**" and the Term A Loans and the Term B Loans are hereinafter referred to collectively as the "**Term Loans**"). After repayment, no Term B Loan may be re-borrowed.

(b) Repayment. (i) Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of the Term A Loans, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term A Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule consisting of thirty (30) equal monthly payments of principal. All unpaid principal and accrued and unpaid interest with respect to the Term A Loans is due and payable in full on the Maturity Date. The Term A Loans may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

(ii) Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of the Term B Loans, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term B Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule consisting of thirty (30) equal monthly payments of principal. All unpaid principal and accrued interest with respect to the Term B Loans is due and payable in full on the Maturity Date. The Term B Loans may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

(c) Mandatory Prepayments. If the Term Loans are accelerated following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued but unpaid interest thereon through the prepayment date, (ii) the Final Payment, plus (iii) all other sums, that shall have become due and payable hereunder, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Payment had not previously been paid in full in connection with the prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the Final Payment in respect of the Term Loan(s).

(d) Permitted Prepayment of Term Loans. Borrower shall have the option to prepay all, but not less than all, of the Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least ten (10) days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) all outstanding principal of the Term Loans plus accrued but unpaid interest thereon through the prepayment date, (B) the Final Payment, plus (C) all other sums, that shall have become due and payable hereunder but have not been paid, including Lenders' Expenses, if any, and interest at the Default Rate with respect to any past due amounts.

2.3 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Term Loans shall accrue interest at a fixed per annum rate (which rate shall be fixed for the duration of the applicable Term Loan) equal to the Basic Rate, determined by Collateral Agent on the Funding Date of the applicable Term Loan, which interest shall be payable monthly in arrears in accordance with Sections 2.2(b) and 2.3(e). Interest shall accrue on each Term Loan commencing on, and including, the day on which the Term Loan is made, and shall accrue on a Term Loan, or any portion thereof, for the day on which the Term Loan or such portion is paid.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

(c) 360-Day Year. Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days.

(d) Debit of Accounts. Collateral Agent and each Lender may debit (or ACH) any deposit accounts, maintained by Borrower, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes the Lenders under the Loan Documents when due. These debits (or ACH activity) shall not constitute a set-off.

(e) Payments. Except as otherwise expressly provided herein, all loan payments by Borrower hereunder shall be made to the respective Lender to which such payments are owed, at such Lender's office in immediately available funds on the date specified herein. Unless otherwise provided, interest is payable

monthly on the Payment Date of each month. Payments of principal and/or interest received after 12:00 noon Eastern time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by Borrower hereunder or under any other Loan Document, including payments of principal and interest made hereunder and pursuant to any other Loan Document, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.4 Secured Promissory Notes. The Term Loans shall be evidenced by a Secured Promissory Note or Notes in the form attached as Exhibit D hereto (each a "**Secured Promissory Note**"), and shall be repayable as set forth herein. Borrower irrevocably authorizes each Lender to make or cause to be made, on or about the Funding Date of any Term Loan or at the time of receipt of any payment of principal on such Lender's Secured Promissory Note, an appropriate notation on such Lender's Secured Promissory Note Record reflecting the making of such Term Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Term Loan set forth on such Lender's Secured Promissory Note Record shall be prima facie evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Secured Promissory Note Record shall not limit or otherwise affect the obligations of Borrower hereunder or under any Secured Promissory Note to make payments of principal of or interest on any Secured Promissory Note when due. Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

2.5 Fees. Borrower shall pay to Collateral Agent:

(a) Facility Fee. A fully earned, non-refundable facility fee of Seventy-Five Thousand Dollars ($75,000) to be shared between the Lenders pursuant to their respective Commitment Percentages, which Facility Fee, to the extent not previously paid, shall be deducted from the initial Credit Extension on the Effective Date;

(b) Final Payment. The Final Payment, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares;

(c) Non-Utilization Fee. On the earlier of: (i) the Funding Date of the Term B Loans, (ii) December 31, 2012, and (iii) the Early Termination Date, a one-time, fully earned, non-refundable non-utilization fee (the "**Non-Utilization Fee**") equal to one percent (1.00%) of the unfunded portion of the Term B Loan Commitments (after giving effect to any Credit Extensions on or prior to such date), to be shared between the Lenders in accordance with their respective Pro Rata Shares.

(d) Good Faith Deposit. Borrower has paid to Collateral Agent prior to the Effective Date, a good faith deposit of Thirty Seven Thousand Five Hundred Dollars ($37,500.00) to initiate the Lenders' due diligence review process which shall be credited against the fees set forth in Section 2.5(a) on the Effective Date; and

(e) Lenders' Expenses. All Lenders' Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Each Lender's obligation to make a Term A Loan is subject to the condition precedent that Collateral Agent and each Lender shall consent to or shall have received, in form and substance satisfactory to Collateral Agent and each Lender, such documents, and completion of such other matters, as Collateral Agent and each Lender may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed original Loan Documents to which Borrower or any of its Subsdiaries is a party;

(b) to the extent required under Section 6.6, duly executed original Control Agreements with respect to any Collateral Accounts maintained by Borrower;

(c) duly executed original Secured Promissory Notes in favor of each Lender according to its Term A Loan Commitment Percentage;

(d) the Operating Documents of Borrower and good standing certificates of Borrower certified by the Secretary of State of Borrower's state of organization and each state in which Borrower is qualified to conduct business, each good standing certificate to be dated no earlier than thirty (30) days prior to the Effective Date;

(e) the Perfection Certificate for Borrower;

(f) the Annual Projections, in form and substance reasonably satisfactory to the Lenders;

(g) duly executed original officer's certificate for Borrower, in a form reasonably acceptable to Collateral Agent and Lenders;

(h) Collateral Agent shall have received certified copies, dated as of a recent date, of financing statement searches, as Collateral Agent shall request, accompanied by such written evidence (including any UCC termination statements) as Collateral Agent requests that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(i) a landlord's consent executed in favor of Collateral Agent in respect of all of Borrower's leased locations;

(j) a copy of any applicable Registration Rights Agreement or Investors' Rights Agreement and any amendments thereto;

(k) a duly executed legal opinion of counsel to Borrower dated as of the Effective Date;

(l) evidence satisfactory to Collateral Agent and the Lenders that the insurance policies required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Collateral Agent, for the ratable benefit of the Lenders; and

(m) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof.

3.2 Conditions Precedent to all Credit Extensions. The obligation of each Lender to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) (i) receipt by the Lenders of an executed Disbursement Letter in the form of Exhibit B-1 attached hereto; and (ii) an executed Loan Payment/Advance Request Form in the form of Exhibit B-2 attached hereto;

(b) the representations and warranties in Section 5 hereof shall be true, accurate and complete in all material respects on the date of the Disbursement Letter and the Loan Payment/Advance Request Form and on the Funding Date of such Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and

be continuing or result from such Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in Section 5 hereof are true, accurate and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(c) in such Lender's sole discretion, there has not been any Material Adverse Change or any material adverse deviation by Borrower from the Annual Projections of Borrower presented to and accepted by Collateral Agent and each Lender;

(d) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof;

(e) duly executed original Secured Promissory Notes in favor of each Lender; and

(f) duly executed original Warrant in favor of each Lender.

3.3 Covenant to Deliver. Borrower agrees to deliver to Collateral Agent each item required to be delivered to Collateral Agent under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Collateral Agent of any such item shall not constitute a waiver by the Lenders of Borrower's obligation to deliver such item, and any such Credit Extension in the absence of a required item shall be made in each Lender's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan set forth in this Agreement, to obtain a Term Loan, Borrower shall notify Lenders (which notice shall be irrevocable) by facsimile, or telephone by 12:00 noon Eastern time three (3) Business Days prior to the date the Term Loan is to be made. Together with any such facsimile notification, Borrower shall deliver to Lenders by facsimile a completed Disbursement Letter and Loan Payment/Advance Request Form, with respect to SVB executed by a Responsible Officer or his or her designee. Lenders may rely on any telephone notice given by a person whom a Lender reasonably believes is a Responsible Officer or designee. On the Funding Date, each Lender shall credit and/or transfer (as applicable) to the Designated Deposit Account, an amount equal to its Commitment Percentage of such requested Term Loan.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's Lien. If Borrower shall acquire a commercial tort claim (as defined in the Code), Borrower, shall promptly notify Collateral Agent in a writing signed by Borrower, as the case may be, of the general details thereof (and further details as may be required by Collateral Agent) and grant to Collateral Agent, for the ratable benefit of the Lenders, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with SVB. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes SVB thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and SVB to have all such Obligations secured by a continuing security interest in the Collateral granted herein (subject only to Permitted Liens that expressly have superior priority to Collateral Agent's Lien in this Agreement).

If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Credit Extensions has terminated, Collateral Agent shall, at Borrower's sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (a) all Obligations (other than inchoate indemnity obligations), except for obligations in respect of Bank Services, are repaid in full in cash and (b) this Agreement and the Lenders' obligation to make Credit Extensions is terminated, Collateral Agent shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to SVB in its good faith business judgment to secure obligations in respect of Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to SVB cash collateral in an amount equal to (i) one hundred percent (100.0%) of the face amount of all such Letters of Credit denominated in Dollars and (ii) one hundred ten percent (110.0%) of the Dollar Equivalent of the face amount of all such Letters of Credit denominated in a Foreign Currency plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by SVB in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Collateral Agent to file financing statements or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights hereunder, including a notice that any disposition of the Collateral, except to the extent permitted by the terms of this Agreement, by Borrower, or any other Person, shall be deemed to violate the rights of Collateral Agent under the Code.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Collateral Agent and the Lenders as follows at all times:

5.1 Due Organization, Authorization: Power and Authority. Borrower, and each of its Subsidiaries, is duly existing and Borrower is in good standing as Registered Organizations in its jurisdiction of organization and Borrower, and each of its Subsidiaries, is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, Borrower has delivered to Collateral Agent a completed perfection certificate signed by an officer of Borrower (the "**Perfection Certificate**"). Borrower represents and warrants that (a) Borrower's exact legal name is that which is indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) except as disclosed in the Perfection Certificate, Borrower (and each of its respective predecessors) has not, in the past five (5) years, changed its jurisdiction of organization, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower, and each of Borrower's Subsidiaries, is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate (including the information set forth in clause (d) above) after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower or any of Borrower's Subsidiaries is not now a Registered Organization but later becomes one, Borrower shall notify Collateral Agent of such occurrence and provide Collateral Agent with such Person's organizational identification number within five (5) Business Days of receiving such organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, including its Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower, or any of Borrower's Subsidiaries, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or

Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or are being obtained pursuant to Section 6.1(b)), or (v) constitute an event of default under any material agreement by which Borrower, or any of Borrower's Subsidiaries, or their respective properties is bound. Borrower is not in default under any agreement to which it is a party or by which it or any of its assets is bound in which such default could reasonably be expected to have a Material Adverse Change.

5.2 Collateral.

(a) Borrower has good title to, has rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and Borrower does not have any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificate delivered to Collateral Agent in connection herewith with respect of which Borrower has given Collateral Agent notice and taken such actions requested by Collateral Agent as are necessary to give Collateral Agent a perfected security interest therein. To Borrower's knowledge, the Accounts are bona fide, existing obligations of the Account Debtors.

(b) On the Effective Date, the Collateral is not in the possession of any third party bailee (such as a warehouse) except as disclosed in the Perfection Certificate, and, as of the Effective Date, no such third party bailee possesses components of the Collateral in excess of One Hundred Fifty Thousand Dollars ($150,000). None of the components of the Collateral shall be maintained at locations other than as disclosed in the Perfection Certificate on the Effective Date or as permitted pursuant to Section 6.11.

(c) All Inventory is in all material respects of good and marketable quality, free from material defects.

(d) Borrower is the sole owner of the Intellectual Property it purports to own, except for non-exclusive licenses granted to its customers in the ordinary course of business. Except as noted on the Perfection Certificate (or as disclosed to Collateral Agent and each Lender after the Effective Date as provided below), Borrower is not a party to, nor is bound by, any material license or other material agreement with respect to which Borrower is the licensee that (i) prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such material license or material agreement or any other property, or (ii) for which a default under or termination of could interfere with Collateral Agent's or any Lender's right to sell any Collateral. Borrower shall provide written notice to Collateral Agent and each Lender within ten (10) days after entering into or becoming bound by any such license or agreement (other than over-the-counter software that is commercially available to the public). Borrower shall take such commercially reasonable steps as Collateral Agent and any Lender reasonably requests to obtain the consent of, or waiver by, any Person whose consent or waiver is necessary for (i) all licenses or agreements to be deemed "Collateral" and for Collateral Agent and each Lender to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such license or agreement, whether now existing or entered into in the future, and (ii) Collateral Agent and each Lender shall have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Collateral Agent's and such Lender's rights and remedies under this Agreement and the other Loan Documents.

5.3 Litigation. Except as disclosed on the Perfection Certificate or as disclosed to Collateral Agent and each Lender pursuant to the terms of Section 6.9, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower, or any of Borrower's Subsidiaries, involving more than One Hundred Fifty Thousand Dollars ($150,000).

5.4 No Material Deterioration in Financial Condition; Financial Statements. All consolidated financial statements for Borrower, or any of Borrower's Subsidiaries, delivered to Collateral Agent fairly present, in all material respects the consolidated financial condition of Borrower and Borrower's Subsidiaries, and the consolidated results of operations of Borrower and Borrower's Subsidiaries as of the dates and for the periods presented (subject, in the case of unaudited financial statements, to normal year-end adjustments and the absence of footnotes). There has not been any material deterioration in the consolidated financial condition of Borrower and Borrower's Subsidiaries, since the date of the most recent financial statements submitted to any Lender.

5.5 Solvency. The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" subject to regulation under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower is not, nor is any of Borrower's Subsidiaries, a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any such Subsidiary or, to Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

Borrower is not, nor is any of Borrower's Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaged in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempting to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. Borrower is not, nor to the knowledge of Borrower, is any of Borrower's Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducting any business or engaging in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) dealing in, or otherwise engaging in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

5.7 Subsidiaries; Investments. Borrower does not own any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, and Borrower, and each such Subsidiary, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, and each such Subsidiary, in all jurisdictions in which Borrower, or each such Subsidiary is subject to taxes, including the United States, except, in each case, related to taxes as may be due or owing in an amount less than Twenty-Five Thousand Dollars ($25,000) in the aggregate, and unless such taxes are being contested in accordance with the following sentence. Borrower or any such Subsidiary may defer payment of any contested taxes, provided that Borrower, or each such Subsidiary, (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Collateral Agent in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is not aware of any claims or adjustments proposed for any of Borrower's, or any of Borrower's Subsidiaries', prior tax years which could result in additional taxes becoming due and payable by Borrower, or any of Borrower's Subsidiaries. Borrower, and each of Borrower's Subsidiaries, has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not, nor has any of Borrower's Subsidiaries, withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or any such Subsidiary, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11 Definition of "**Knowledge.**" For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

6. AFFIRMATIVE COVENANTS

Borrower shall, and shall cause each of Borrower's Subsidiaries to, do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

(b) Obtain and keep in full force and effect, all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents and the grant of a security interest to Collateral Agent for the ratable benefit of the Lenders, and each Lender, in all of the Collateral. Borrower shall promptly provide copies to Collateral Agent of any Governmental Approvals obtained by Borrower, other than any Governmental Approvals the absence of which could not reasonably be expected to result in a Material Adverse Change.

6.2 Financial Statements, Reports, Certificates, Inspections.

(a) Deliver to each Lender: (i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and, if at any time there is more than one entity, consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Borrower, and each of Borrower's Subsidiaries, for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent; (ii) as soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's, or Borrower's Subsidiaries' fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (other than with a "going concern" qualification relating to the need for future additional equity or debt financing) on the financial statements from an independent certified public accounting firm acceptable to Collateral Agent in its reasonable discretion; (iii) as soon as available after approval thereof by Borrower's Board of Directors, but no later than ten (10) days after the last day of each of Borrower's fiscal years, Borrower's financial projections (A) if Borrower delivers such projections on or prior to December 31, the projections shall cover the following entire fiscal year, and (B) if Borrower delivers such projections on or after January 1, the projections shall cover the current entire fiscal year, as approved by Borrower's Board of Directors, which such annual projections shall be set forth in a month-by-month format (such annual financial projections as originally delivered to Collateral Agent and the Lenders are referred to herein as the "**Annual Projections**"; provided that, any revisions of the Annual Projections approved by Borrower's Board of Directors shall be delivered to Collateral Agent and the Lenders no later than seven (7) days after such approval, and, unless Collateral Agent notifies Borrower to the contrary in writing within seven (7) days after receipt thereof, the term "**Annual Projections**" shall include such revisions)); (iv) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders generally or holders of Subordinated Debt; (v) in the event that Borrower becomes subject to the reporting requirements under the Securities Exchange

Act of 1934, as amended, within five (5) days of filing, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission, (vi) as soon as available, but no later than thirty (30) days after the last day of each month, a schedule of Borrower's registered Intellectual Property (including any applications of registered Intellectual Property), which schedule shall note any changes in Borrower's registered Intellectual Property (including any applications of registered Intellectual Property) from the most recent schedule provided to Collateral Agent, (vii) prompt notice of Borrower's knowledge of any event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property; (viii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month-end account statements for each deposit account or securities account maintained by Borrower, or any of Borrower's Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s), and (ix) other financial information as reasonably requested by Collateral Agent or any Lender. Notwithstanding the foregoing, documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address.

(b) Concurrently with the delivery of the financial statements specified in Section 6.2(a)(i) above but no later than thirty (30) days after the last day of each month, deliver to each Lender, a duly completed Compliance Certificate signed by a Responsible Officer.

(c) Keep proper books of record and account in accordance with GAAP in all material respects, in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Borrower shall allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (except while an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower must promptly notify Collateral Agent of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars ($100,000) individually or in the aggregate in any fiscal year.

6.4 Taxes; Pensions. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports except related to taxes as may be due or owing in an amount less than Twenty-Five Thousand Dollars ($25,000) in the aggregate and timely pay, and require each of its Subsidiaries to timely file, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, and each of Borrower's Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Lenders, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.5 Insurance. Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Collateral Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lenders. All property policies shall have a lender's loss payable endorsement showing Collateral Agent as lender loss payee and waive subrogation against Collateral Agent, and all liability policies shall show, or have endorsements showing, Collateral Agent, as additional insured. All policies (or the loss payable and additional insured endorsements) shall provide that the insurer shall endeavor to give Collateral Agent at least thirty (30) days notice before canceling, amending, or declining to renew its policy. At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Collateral Agent's option, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars ($100,000) (or such higher amount as to which Collateral Agent and Lender may agree in writing) with respect to any loss, but not

exceeding Two Hundred Fifty Thousand Dollars ($250,000) (or such higher amount as to which Collateral Agent and Lender may agree in writing), in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent has been granted a first priority security interest (subject to Permitted Liens that are permitted by the terms of this Agreement to have priority over Collateral Agent's Lien), and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Collateral Agent, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. If Borrower fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

6.6 Operating Accounts.

(a) Maintain all of Borrower', and each of Borrower's Subsidiaries', Collateral Accounts with Silicon Valley Bank or its Affiliates in accounts which are subject to a Control Agreement in favor of Collateral Agent for the ratable benefit of the Lenders (as necessary to perfect such Collateral Agent's Lien in such Collateral Account).

(b) Borrower, and each of Borrower's Subsidiaries, if any, shall provide Collateral Agent and each Lender five (5) days' prior written notice before establishing any Collateral Account at or with any Person other than Silicon Valley Bank. In addition, for each such Collateral Account that Borrower, or any of Borrower's Subsidiaries, at any time maintains, Borrower, or any such Subsidiary, shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account, which Control Agreement may not be terminated without prior written consent of Collateral Agent and each Lender. The provisions of the previous sentence and Section 6.6(a) shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any of Borrower's Subsidiaries', employees and identified to Collateral Agent by Borrower as such.

(c) Borrower shall not, nor shall Borrower's Subsidiaries, if any, maintain any Collateral Accounts except Collateral Accounts located in the United States in accordance with Sections 6.6(a) and (b).

6.7 Protection of Intellectual Property Rights. Borrower shall: (a) protect, defend and maintain the validity and enforceability of its Intellectual Property that is material to Borrower's business; (b) promptly advise Collateral Agent in writing of material infringement by a third party of its Intellectual Property; and (c) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Collateral Agent's written consent.

6.8 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Collateral Agent and Lenders, without expense to Collateral Agent or Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's Books, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third-party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

6.9 Notices of Litigation and Default. Borrower will give prompt written notice to Collateral Agent and Lenders of any litigation or governmental proceedings pending or threatened (in writing) against Borrower, or any of Borrower's Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower, or any of Borrower's Subsidiaries, of One Hundred Fifty Thousand Dollars ($150,000) or more or which could reasonably be expected to have a Material Adverse Change. Without limiting or contradicting any other more specific provision of this Agreement, promptly (and in any event within three (3) Business Days) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, Borrower shall give written notice to Collateral Agent and Lenders of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

6.10 Intentionally Omitted.

6.11 Landlord Waivers; Bailee Waivers. In the event that Borrower, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then (unless such new offices or business locations or bailee locations contain less than One Hundred Fifty Thousand Dollars ($150,000) in assets or property of Borrower) Borrower will first receive the written consent of Collateral Agent and, if requested by Collateral Agent, such bailee or landlord, as applicable, must execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Collateral Agent prior to the addition of any new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be.

6.12 Creation/Acquisition of Subsidiaries. In the event Borrower, or any of Borrower's Subsidiaries, creates or acquires any Subsidiary, Borrower, or such Subsidiary, shall promptly notify Collateral Agent and each Lender of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Collateral Agent or any Lender to cause each such Subsidiary to become a co-Borrower hereunder or to guarantee the Obligations of Borrower under the Loan Documents and, in each case, grant a continuing pledge and security interest in and to the assets of such Subsidiary (substantially as described on Exhibit A hereto); and Borrower, or such Subsidiary, as applicable, shall grant and pledge to Collateral Agent, for the ratable benefit of the Lenders, and each Lender, a perfected security interest in the stock, units or other evidence of ownership of each Subsidiary.

6.13 Further Assurances.

(a) Execute any further instruments and take further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement.

(b) Deliver to Collateral Agent and Lenders, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to Borrower's business or otherwise on the operations of Borrower or any of Borrower's Subsidiaries.

7. NEGATIVE COVENANTS

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, surplus or obsolete Equipment; (c) in connection with Permitted Liens and Permitted Investments or transactions permitted under Section 7.3; or (d) consisting of non-exclusive licenses for the use of property of Borrower or its Subsidiaries in the ordinary course of business.

7.2 Changes in Business, Management, Ownership, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) any Key Person shall cease to be actively engaged in the management of Borrower unless a replacement for such Key Person is approved by Borrower's Board of Directors and engaged by Borrower within ninety (90) days of such change, or (ii) consummate any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty nine percent (49%) of the voting

stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering, a private placement of public equity or to venture capital investors so long as Borrower identifies to Collateral Agent the venture capital investors prior to the closing of the transaction). Borrower shall not, without at least fifteen (15) days' prior written notice to Collateral Agent: (A) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Hundred Fifty Thousand Dollars ($150,000) in assets or property of Borrower); (B) change its jurisdiction of organization, (C) change its organizational type, (D) change its legal name, or (E) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person, except that a Subsidiary may merge or consolidate into another Subsidiary (provided such surviving Subsidiary is a "co-Borrower" hereunder or has provided a secured guaranty of Borrower's Obligations hereunder in accordance with Section 6.12) or into Borrower provided Borrower is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens that are permitted by the terms of this Agreement to have priority over Collateral Agent's Lien), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent or any Lender) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of Borrower's Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's, or such Subsidiary's, Intellectual Property, except (i) as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein and (ii) customary covenants contained in purchase agreements and acquisition agreements (including by way of merger, acquisition or consolidation) restricting the granting of security interests on Borrower's property pending the closing of such transactions, provided that such covenants do not at any time prohibit the Borrower from granting a security interest in Borrower's property (including Intellectual Property) in favor of Collateral Agent for the benefit of Lenders. For the avoidance of doubt, in no way shall the preceding sentence be deemed to constitute a waiver of, or otherwise limit, Borrower's obligations under Section 7.2 or 7.3 of this Agreement.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7 Distributions; Investments. (a) Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment on account of or redeem, retire or purchase any capital stock (other than (i) repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans, or similar plans, provided such repurchases do not exceed One Hundred Thousand Dollars ($100,000) in the aggregate per fiscal year, (ii) to the extent constituting a payment on account of or redemption, retirement or purchase of capital stock, the conversion of Borrower's convertible securities into other securities pursuant to the terms of such convertible securities and (iii) payments of cash in lieu of fractional shares in connection with such conversion, so long as such payments do not exceed Ten Thousand Dollars ($10,000) in the aggregate) or (b) directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (a) transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person and (b) equity investments by Borrower's investors.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to the Lenders, except in each case to the extent permitted under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company," subject to regulation under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

7.11 Compliance with Anti-Terrorism Laws. Collateral Agent hereby notifies Borrower that pursuant to the requirements of Anti-Terrorism Laws, and Collateral Agent's policies and practices, Collateral Agent is required to obtain, verify and record certain information and documentation that identifies Borrower and their principals, which information includes the name and address of Borrower and their principals and such other information that will allow Collateral Agent to identify such party in accordance with Anti-Terrorism Laws. Borrower shall not, nor shall Borrower permit any Subsidiary or Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Borrower shall immediately notify Collateral Agent if Borrower has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Borrower shall not, nor shall Borrower permit any Subsidiary or Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notices of Litigation and Default), 6.11 (Landlord Waivers; Bailee Waivers) or 6.12 (Creation/Acquisition of Subsidiaries) or Borrower violates any covenant in Section 7; or

(b) Borrower, or any of Borrower's Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Grace periods provided under this subsection shall not apply, among other things, to the covenants set forth in subsection (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under control of Borrower (including a Subsidiary) on deposit with any Lender or any Lender's Affiliate or any bank or other institution at which Borrower maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against any of Borrower's assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any such ten (10) day cure period; and

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting any part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is a default in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Two Hundred Fifty Thousand Dollars ($250,000) or that could reasonably be expected to have a Material Adverse Change;

8.7 Judgments. One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000) (to the extent not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower and shall remain unsatisfied, unvacated, or unstayed for a period of ten (10) days after the entry thereof (provided that no Credit Extensions will be made prior to the satisfaction, vacation, or stay of such judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower and any creditor of Borrower that signed a subordination, intercreditor, or other similar agreement with Collateral Agent or the Lenders, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10 Governmental Approvals. Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term and such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; or

8.11 Lien Priority. Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may, and at the written direction of any Lender shall, without notice or demand, do any or all of the following: (i) deliver notice of the Event of Default to Borrower, (ii) by notice to Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations shall be immediately due and payable without any action by Collateral Agent or the Lenders) or (iii) by notice to Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders (but if an Event of Default described in Section 8.5 occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders shall be immediately terminated without any action by Collateral Agent or the Lenders).

(b) Without limiting the rights of the Collateral Agent and the Lenders set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) terminate any FX Forward Contracts;

(ii) foreclose upon and/or sell or otherwise liquidate, the Collateral;

(iii) apply to the Obligations any (a) balances and deposits of Borrower that Collateral Agent or any Lender holds or controls, or (b) any amount held or controlled by Collateral Agent or any Lender owing to or for the credit or the account of Borrower; and/or

(iv) commence and prosecute an Insolvency Proceeding or consent to Borrower commencing any Insolvency Proceeding.

(c) Without limiting the rights of the Collateral Agent and the Lenders set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing Borrower money of Collateral Agent's security interest in such funds, and verify the amount of such account;

(ii) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Collateral Agent requests and make it available in a location as Collateral Agent reasonably designates. Collateral Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Collateral Agent a license to enter and occupy any of its premises, without charge, to exercise any of Collateral Agent's rights or remedies;

(iii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, the Collateral. Collateral Agent is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Collateral Agent, for the benefit of the Lenders;

(iv) place a "hold" on any account maintained with Collateral Agent or the Lenders and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(v) demand and receive possession of Borrower's Books;

(vi) appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of Borrower; and

(vii) Subject to clauses 9.1(a), (b), and (c), exercise all rights and remedies available to Collateral Agent and each Lender under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to make Credit Extensions hereunder. Collateral Agent's foregoing appointment as Borrower's attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide Credit Extensions terminates.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document, Collateral Agent may obtain such insurance or make such payment, and all amounts so paid by Collateral Agent are Lenders' Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Collateral Agent will make reasonable efforts to provide Borrower with notice of Collateral Agent obtaining such insurance or making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Collateral Agent are deemed an agreement to make similar payments in the future or Collateral Agent's waiver of any Event of Default.

9.4 Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Collateral Agent from or on behalf of Borrower of all or any part of the Obligations, and, as between Borrower on the one hand and Collateral Agent and Lenders on the other, Collateral Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Collateral Agent may deem advisable notwithstanding any previous application by Collateral Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the

Lenders' Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the principal amount of the Obligations outstanding; and fourth, to any other indebtedness or obligations of Borrower owing to Collateral Agent or any Lender under the Loan Documents. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Collateral Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Collateral Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Collateral Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lenders' claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Collateral Agent and other Lenders for purposes of perfecting Collateral Agent's security interest therein.

9.5 Liability for Collateral. So long as Collateral Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Collateral Agent and the Lenders, Collateral Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Collateral Agent's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and then is only effective for the specific instance and purpose for which it is given. Collateral Agent's rights and remedies under this Agreement and the other Loan Documents are cumulative. Collateral Agent has all rights and remedies provided under the Code, any applicable law, by law, or in equity. Collateral Agent's exercise of one right or remedy is not an election, and Collateral Agent's waiver of any Event of Default is not a continuing waiver. Collateral Agent's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent on which Borrower is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit

with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	TransEnterix, Inc. 635 Davis Drive, Suite 300 Morrisville, North Carolina 27560 Attn: Janet Jamiolkowski Fax: (919) 765-8459
with a copy to:	Wilson Sonsini Goodrich & Rosati, P.C. 650 Page Mill Road Palo Alto, CA 94304 Attn: Philip H. Oettinger Fax: 650-493-6811
If to Collateral Agent:	Silicon Valley Bank 3005 Carrington Mill Blvd, Suite 530 Morrisville, North Carolina 27560 Attn: Pat Scheper Fax: (919) 461-3908
with a copy to:	Riemer & Braunstein LLP 3 Center Plaza Boston, Massachusetts 02108 Attn: David A. Ephraim, Esquire Fax: (617) 880-3456
If to Oxford:	OXFORD FINANCE LLC 133 North Fairfax Street Alexandria, Virginia 22314 Attn: General Counsel Fax: (703) 519-5225

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

New York law governs the Loan Documents without regard to principles of conflicts of law. Borrower, Lenders and Collateral Agent each submit to the exclusive jurisdiction of the State and Federal courts in the City of New York, Borough of Manhattan. NOTWITHSTANDING THE FOREGOING, COLLATERAL AGENT AND LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH COLLATERAL AGENT AND LENDERS (IN ACCORDANCE WITH THE PROVISIONS OF SECTION 9.1) DEEM NECESSARY OR

APPROPRIATE TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE COLLATERAL AGENT'S AND LENDERS' RIGHTS AGAINST BORROWER OR ITS PROPERTY. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, first class, registered or certified mail return receipt requested, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, COLLATERAL AGENT, AND LENDERS EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12. GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's and each Lender's prior written consent (which may be granted or withheld in Collateral Agent's and each Lender's discretion, subject to Section 12.6). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a "**Lender Transfer**") all or any part of, or any interest in, the Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents; *provided*, *however*, that any such Lender Transfer (other than a transfer, pledge, sale or assignment to an Eligible Assignee) of its obligations, rights, and benefits under this Agreement and the other Loan Documents shall require the prior written consent of the Required Lenders (such approved assignee, an "**Approved Lender**"). Borrower and Collateral Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Collateral Agent shall have received and accepted an effective assignment agreement in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Collateral Agent reasonably shall require.

12.2 Indemnification. Borrower agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or Lenders' Expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding arising out of or related to the transactions contemplated by the Loan Documents, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against

such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5 Correction of Loan Documents. Collateral Agent and the Lenders may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties so long as Collateral Agent provides Borrower with written notice of such correction and allows Borrower at least ten (10) days to object to such correction. In the event of such objection, such correction shall not be made except by an amendment signed by Collateral Agent, Lenders and Borrower**.**

12.6 Amendments in Writing; Integration. (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that

(i) no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

(ii) no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature;

(iii) no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Term Loan (B) postpone the date fixed for, or waive, any payment of principal of any Term Loan or of interest on any Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "Required Lenders" or the percentage of Lenders which shall be required for Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral or release any guarantor of all or any portion of the Obligations or its guaranty obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.6 or the definitions of the terms used in this Section 12.6 insofar as the definitions affect the substance of this Section 12.6; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations; or (I) amend any of the provisions of Section 12.10. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the preceding sentence;

(iv) the provisions of the foregoing clauses (i), (ii) and (iii) are subject to the provisions of any interlender or agency agreement among the Lenders and Collateral Agent pursuant to which any Lender may agree to give its consent in connection with any amendment, waiver or modification of the Loan Documents only in the event of the unanimous agreement of all Lenders.

(b) Other than as expressly provided for in Section 12.6(a)(i)-(iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

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

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by facsimile or electronic mail transmission shall be as effective as delivery of a manually executed counterpart hereof.

12.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of security interest by Borrower in Section 4.1 shall survive until the termination of all Bank Services Agreements. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.9 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 Confidentiality. In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) to the Lenders' and Collateral Agent's Subsidiaries or Affiliates; (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, the Lenders and Collateral Agent shall use commercially reasonable efforts to obtain such prospective transferee's or purchaser's agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis, so long as Collateral Agent does not disclose Borrower's identity or the identity of any person associated with Borrower unless otherwise expressly permitted by this Agreement. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Right of Set Off. Borrower hereby grants to Collateral Agent for the benefit of each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.11 Cooperation of Borrower. If necessary, Borrower agrees to (i) execute any documents (including new Secured Promissory Notes) reasonably required to effectuate and acknowledge each assignment of a Term Loan Commitment or Loan to an assignee in accordance with Section 12.1, (ii) make Borrower's management available to meet with Collateral Agent and prospective participants and assignees of Term Loan Commitments or Credit Extensions (which meetings shall be conducted no more often than twice every twelve months unless an Event of Default has occurred and is continuing), and (iii) assist Collateral Agent or the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of a Term Loan Commitment or Term Loan reasonably may request. Subject to the provisions of Section 12.9, Borrower authorizes each Lender to disclose to any prospective participant or assignee of a Term Loan Commitment, any and all information in such Lender's possession concerning Borrower and its financial affairs which has been delivered to such Lender by or on behalf of Borrower pursuant to this Agreement, or which has been delivered to such Lender by or on behalf of Borrower in connection with such Lender's credit evaluation of Borrower prior to entering into this Agreement.

13. Collateral Agent

13.1 Appointment and Authorization of Collateral Agent. Each Lender hereby irrevocably appoints, designates and authorizes Collateral Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall Collateral Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Collateral Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

13.2 Collateral Agent in its Individual Capacity. With respect to its Credit Extensions, SVB shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not Collateral Agent, and the terms "Lender" and "Lenders" include SVB in its capacity as a Lender.

13.3 Successor Collateral Agent. Collateral Agent may resign at any time by giving thirty (30) days' prior written notice thereof to Lenders and Borrower; provided, however, that the retiring Collateral Agent shall continue to serve until a successor Collateral Agent shall have been selected and approved pursuant to this Section 13.3. Upon any such notice, Collateral Agent shall have the right to appoint, subject to the consent of Lenders, a successor Collateral Agent. Without limitation of the foregoing, if Collateral Agent becomes insolvent or commits any act or omission constituting gross negligence or willful misconduct of its duties as Collateral Agent hereunder, then the Lenders shall have the right to replace the Collateral Agent. Upon the acceptance of its appointment as successor Collateral Agent hereunder, the Person acting as such successor Collateral Agent shall succeed to all the rights, powers and duties of the retiring Collateral Agent and the respective term "Collateral Agent" means such successor Collateral Agent and the retiring Collateral Agent's appointment, powers and duties in such capacities shall be terminated without any other further act or deed on its behalf. After any retiring Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Article 13 and Section 12.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

13.4 Proofs of Claim. In case of any Insolvency Proceeding relative to Borrower, each Lender shall promptly file a claim or claims, on the form required in such proceeding, for the full outstanding amount of such Lender's claim, and shall use its best efforts to cause said claim or claims to be approved and each of the Lenders hereby irrevocably agrees that, to the extent that it fails timely to do so, any other Lender may in the name of the first Lender, or otherwise, prove up (but not vote) any and all claims of the first Lender relating to the first Lender's claim.

13.5 Collateral and Guaranty Matters. The Lenders irrevocably authorize Collateral Agent, at its option and in its discretion, to release any guarantor and any Lien on any Collateral granted to or held by Collateral Agent under any Loan Document (i) upon the date that all Obligations due hereunder have been fully and indefeasibly paid in full and no Term Loan Commitments or other obligations of any Lender to provide funds to Borrower under this Agreement remain outstanding, (ii) that is transferred or to be transferred as part of or in connection with any Transfer permitted hereunder or under any other Loan Document, or (iii) as approved in accordance with Section 12.6. Upon request by Collateral Agent at any time, all Lenders will confirm in writing Collateral Agent's authority to release its interest in particular types or items of Property, pursuant to this Section 13.5.

13. DEFINITIONS

13.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Amortization Date**" is February 1, 2013*;* provided however, if the Approval Event occurs prior to December 31, 2012, such date shall be extended until August 1, 2013.

"**Annual Projections**" is defined in Section 6.2(a).

"**Anti-Terrorism Laws**" means any laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

"**Approval Event**" means Borrower provides Lenders with evidence, satisfactory to the Lenders in their sole and absolute discretion that Borrower has filed for 510(k) approval for either the Endolinear Stapling or Vessel Sealing indications before December 31, 2012.

"**Approved Fund**" means any (i) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (i) and that, with respect to each of the preceding clauses (i) and (ii), is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Approved Lender**" has the meaning given it in Section 12.1.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**"); provided that the aggregate amount of such Bank Services shall not exceed Seven Hundred Thousand Dollars ($700,000) in the aggregate.

"Bank Services Agreement" is defined in the definition of Bank Services.

"**Basic Rate**" means with respect to a Term Loan, the per annum rate of interest (based on a year of three hundred sixty (360) days) equal to the greater of (i) 8.75% and (ii) the sum of (a) the ninety (90) day U.S. LIBOR rate reported in the Wall Street Journal three (3) Business Days prior to the Funding Date of such Term Loan, plus (b) 7.50%.

"Blocked Person" means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"Borrower" is defined in the preamble hereof.

"Borrower's Books" are Borrower's books and records including ledgers, federal, and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"Business Day" is any day that is not a Saturday, Sunday or a day on which Collateral Agent is closed.

"Cash Equivalents" are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; (c) certificates of deposit maturing no more than one (1) year after issue provided that the account in which any such certificate of deposit is maintained is subject to a Control Agreement in favor of Collateral Agent. For the avoidance of doubt, the direct purchase by Borrower, co-borrower, or any subsidiary of Borrower of any Auction Rate Securities, or purchasing participations in, or entering into any type of swap or other derivative transaction, or otherwise holding or engaging in any ownership interest in any type of Auction Rate Security by Borrower, co-borrower, or any subsidiary of Borrower shall be conclusively determined by the Lenders as an ineligible Cash Equivalent, and any such transaction shall expressly violate each other provision of this Agreement governing Permitted Investments; and (d) money market funds at least 95% of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition. Notwithstanding the foregoing, Cash Equivalents does not include and Borrower, and each of Borrower's Subsidiaries, are prohibited from purchasing, purchasing participations in, entering into any type of swap or other equivalent derivative transaction involving, or otherwise holding or engaging in any ownership interest in any type of debt instrument, or any corporate or municipal bonds with a long-term nominal maturity for which the interest rate is reset through a dutch auction and more commonly referred to as an auction rate security.

"Claims" are defined in Section 12.2.

"Code" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Collateral Agent's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Collateral Agent**" means, SVB, not in its individual capacity, but solely in its capacity as agent on behalf of and for the benefit of the Lenders.

"**Commitment Percentage**" is set forth in Schedule 1.1, as amended from time to time.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Communication**" is defined in Section 10.

"**Compliance Certificate**" is that certain certificate in the form attached hereto as Exhibit C.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another in each case that is an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Collateral Agent pursuant to which Collateral Agent obtains control (within the meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account, or Commodity Account.

"**Credit Extension**" is any Term Loan or any other extension of credit hereunder by Collateral Agent or Lenders for Borrower's benefit.

"**Default Rate**" is defined in Section 2.3(b).

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is Borrower's deposit account, account number [Intentionally omitted.] maintained with Silicon Valley Bank.

"**Disbursement Letter**" is that certain form attached hereto as **Exhibit B-1**.

"**Dollars**," "**dollars**" and "**$**" each mean lawful money of the United States.

"**Early Termination Date**" is the date on which this Agreement is terminated, prior to December 31, 2012 either: (i) by Borrower for any reason, effective three (3) Business Days after written notice of termination is given to Collateral Agent, or (ii) by Collateral Agent, at any time after the occurrence and during the continuance of an Event of Default.

"**Effective Date**" is defined in the preamble of this Agreement.

"Eligible Assignee" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended) and which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which either (A) has a rating of BBB or higher from Standard & Poor's Rating Group and a rating of Baa2 or higher from Moody's Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of Five Billion Dollars ($5,000,000,000), and in each case of clauses (i) through (iv), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that notwithstanding the foregoing, "Eligible Assignee" shall not include, unless an Event of Default has occurred and is continuing, (i) Borrower or any of Borrower's Affiliates or Subsidiaries or (ii) a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent. Notwithstanding the foregoing, (x) in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Collateral Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Collateral Agent reasonably shall require.

"Equipment" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"ERISA" is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

"Event of Default" is defined in Section 8.

"**Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of the Term Loans in accordance with Section 9.1, or (c) the prepayment in full of the Term Loans pursuant to Section 2.2(c) or 2.2(d), equal to the original principal amount of the Term Loans extended by the Lenders multiplied by the Final Payment Percentage, payable to Lenders in accordance with their respective Pro Rata Shares.

"Final Payment Percentage" is 3.33%.

"Foreign Currency" means lawful money of a country other than the United States.

"Funding Date" is any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

"FX Forward Contract" is any foreign exchange contract by and between Borrower and SVB under which Borrower commits to purchase from or sell to SVB a specific amount of Foreign Currency on a specified date.

"GAAP" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"General Intangibles" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"Governmental Approval" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"Governmental Authority" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"Indebtedness" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"Indemnified Person" is defined in Section 12.2.

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" is defined on Exhibit A.

"Inventory" of a Person is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of such Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"Investment" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"Key Person" means each of Borrower's (i) Chief Executive Officer, who is Todd Pope as of the Effective Date, (ii) Vice President of Finance, who is Janet Jamiolkowski as of the Effective Date, (iii) Chief Technology Officer, who is Richard Mueller as of the Effective Date, and (iv) Vice President, Sales and Marketing, who is Luke Roush as of the Effective Date.

"Lender" is any one of the Lenders.

"**Lenders**" shall mean the Persons identified on Schedule 1.1 hereto and each assignee that becomes a party to this Agreement pursuant to Section 12.1.

"**Lenders' Expenses**" are all documented out-of-pocket audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Collateral Agent and/or the Lenders in connection with the Loan Documents.

"Letter of Credit" is a standby or commercial letter of credit issued by SVB upon request of Borrower based upon an application, guarantee, indemnity or similar agreement.

"Lien" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"Loan Documents" are, collectively, this Agreement, the Warrants, the Perfection Certificate, any Bank Services Agreement, each Compliance Certificate, any subordination agreements, any note, or notes or guaranties executed by Borrower in connection with this Agreement, and any other present or future agreement entered into by Borrower for the benefit of Lenders and Collateral Agent in connection with this Agreement, all as amended, restated, or otherwise modified.

"Loan Payment/Advance Request Form" is that certain form attached hereto as Exhibit B-2.

"Material Adverse Change" is (a) a material impairment in the perfection or priority of Collateral Agent's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) or prospects of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"Maturity Date" is, for each Term Loan, the date which is twenty-nine (29) months after the Amortization Date with respect to such Term Loan.

"Non-Utilization Fee" is defined in Section 2.5(c).

"Obligations" are Borrower's obligation to pay when due any debts, principal, interest, Lenders' Expenses, the Non-Utilization Fee, the Final Payment, and other amounts Borrower owes the Lenders now or later, in connection with; related to; following; or arising from, out of or under, this Agreement or, the other Loan Documents (other than the Warrants), any interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents (other than the Warrants). For the avoidance of doubt, "Obligations" does not include Borrower's obligations under the Warrants or any other equity securities issued to any Lender.

"OFAC" is the U.S. Department of Treasury Office of Foreign Assets Control.

"OFAC Lists" are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"Operating Documents" are, for any Person, such Person's formation documents, as certified by the Secretary of State of such Person's jurisdiction of organization on a date that is no earlier than sixty (60) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"Payment Date" is the first (1st) calendar day of each calendar month.

"Perfection Certificate" is defined in Section 5.1.

“Permitted Indebtedness” is:

(a) Borrower’s Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness secured by liens specified in clause (c) of the definition of “Permitted Liens” provided such Indebtedness shall not exceed Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate principal amount outstanding at any one time;

(f) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower’s business;

(g) Contingent Obligations in respect of Permitted Indebtedness;

(h) other Indebtedness not otherwise permitted by Section 7.4 not to exceed Fifty Thousand Dollars ($50,000) in the aggregate at any one time outstanding;

(i) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be;

(j) cash secured Bank Services in an amount of Five Hundred Thousand Dollars ($500,000) in the aggregate; and

(k) non-cash secured Bank Services in an amount of Two Hundred Thousand Dollars ($200,000) in the aggregate.

“Permitted Investments” are:

(a) Investments shown on the Perfection Certificate and existing on the Effective Date;

(b) Investments in cash and Cash Equivalents;

(c) Investments consisting of or held in Collateral Accounts, provided that if required pursuant to Section 6.6, such Collateral Accounts are subject to a first perfected security interest in favor of Collateral Agent, for the ratable benefit of the Lenders;

(d) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; and

(e) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (e) shall not apply to Investments of Borrower in any Subsidiary.

"Permitted Liens" are:

(a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended , and the Treasury Regulations adopted thereunder;

(c) purchase money Liens (i) on Equipment or other assets subject to capital leases acquired or held by Borrower incurred for financing the acquisition of the Equipment or such assets subject to capital leases, or (ii) on existing Equipment or such assets subject to capital leases when acquired, in each case if the Lien is confined to the property and improvements and the proceeds of the Equipment or other assets subject to capital leases; provided that such Liens under this clause (c) (A) may have priority over liens granted to Collateral Agent hereunder to the extent provided under the Code at any time that the Indebtedness secured by the Liens remains outstanding and (B) may secure Indebtedness of no more than the amount set forth in clause (e) and (g) of the definition of Permitted Indebtedness;

(d) statutory Liens securing claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other Persons imposed without action of such parties, provided they have no priority over any of Collateral Agent's Lien and the aggregate amount of the obligations secured by such Liens does not at any time exceed Fifty Thousand Dollars ($50,000) and such obligations are not delinquent or are being contested in good faith by appropriate proceeds which have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, non-exclusive licenses or sublicenses of property (other than real property or Intellectual Property) granted in the ordinary course of Borrower's business, if the leases, subleases, licenses and sublicenses do not prohibit granting Collateral Agent or any Lender a security interest;

(f) banker's liens, rights of setoff and Liens in favor of financial institutions incurred made in the ordinary course of business arising in connection with Borrower's deposit accounts or securities accounts held at such institutions to secure solely payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(b) hereof;

(g) Liens to secure payment of workers' compensation, employment insurance, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(h) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7;

(i) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) and (c) above, but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness may not increase;

(j) non-exclusive licenses of property of Borrower granted to third parties in the ordinary course of business;

(k) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods provided that the obligations secured by such Liens does not exceed Twenty Five Thousand Dollars ($25,000) in the aggregate;

(l) Liens on insurance proceeds in favor of insurance companies granted as security for insurance premiums; and

(m) (i) deposits in an amount not to exceed Twenty Five Thousand Dollars ($25,000) in the aggregate, to secure the performance of bids, trade contracts (other than for borrowed money), contracts for the purchase of property, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, and (ii) deposits for the purchase of molds, fixtures and tooling, in each case, incurred in the ordinary course of business and not representing an obligation for borrowed money.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Pro Rata Share" means, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of Term Loans held by such Lender by the aggregate outstanding principal amount of all Term Loans.

"Registered Organization" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made

"Required Lenders" means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an "**Original Lender**") have not assigned or transferred any of their interests in their respective Term Loans, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loans, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loans, Lenders holding, sixty-six percent (66%) or more of the aggregate outstanding principal balance of the Term Loans, *plus*, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its respective Term Loan, (B) each assignee of an Original Lender provided such assignee was assigned or transferred and continues to hold one hundred percent (100%) of the assigning Original Lender's interest in the Term Loans and (C) any Person or party providing financing to an Original Lender or formed to undertake a securitization transaction with respect to an Original Lender and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction (in each case in respect of clauses (A), (B) and (C) of this clause (ii), whether or not such Lender is included within the Lenders holding sixty-six percent (66%) of the Terms Loans).

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" is any of the Vice President of Finance, President, Chief Executive Officer, or Chief Financial Officer of Borrower acting alone.

"Second Draw Period" means the period commencing on the Funding Date of the Term A Loan and ending on the earlier of (i) December 31, 2012 and (ii) the occurrence of an Event of Default.

"Secured Promissory Note" is defined in Section 2.4.

"Secured Promissory Note Record" is a record maintained by each Lender with respect to the outstanding Obligations owed by Borrower to Lender and credits made thereto.

"Securities Account" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"Subordinated Debt" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

"**Subsidiary**" means, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or one or more of Affiliates of such Person; provided, however, Subsidiary shall not include any person in which Borrower's investors own any such equity interest, other than those subsidiaries of Borrower.

"Term Loan" is defined in Section 2.2(a)(ii) hereof.

"Term A Loan" is defined in Section 2.2(a)(i) hereof.

"Term B Loan" is defined in Section 2.2(a)(ii) hereof.

"Term Loan Commitment" means, for any Lender, the obligation of such Lender to make a Term Loan, up to the applicable principal amount shown on Schedule 1.1**.** "**Term Loan Commitments**" means the aggregate amount of such commitments of all Lenders.

"Transfer" is defined in Section 7.1.

"Warrants" are those certain Warrants to Purchase Stock dated as of the Effective Date, or any date thereafter, issued by Borrower in favor of each Lender.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd Pope
Title: Chief Executive Officer

COLLATERAL AGENT AND LENDER:

SILICON VALLEY BANK

By: /s/ Patrick Scheper
Name: Patrick Scheper
Title: Vice President

LENDER:

OXFORD FINANCE LLC

By: /s/ John G. Henderson
Name: John G. Henderson
Title: Vice President and General Counsel

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$2,000,000	50.00%
SILICON VALLEY BANK	$2,000,000	50.00%
TOTAL	**$4,000,000**	**100.00%**

Term B Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$3,000,000	50.00%
SILICON VALLEY BANK	$3,000,000	50.00%
TOTAL	**$6,000,000**	**100.00%**

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$ 5,000,000	50.00%
SILICON VALLEY BANK	$ 5,000,000	50.00%
TOTAL	**$10,000,000**	**100.00%**

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as set forth below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include any of the following, whether now owned or hereafter acquired: (i) any copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, in each case whether published or unpublished or registered or unregistered; any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same; trademarks, trade names, service marks, mask works, rights of use of any name, domain names, trade dress, any applications therefor, in each case whether registered or not; and the goodwill of the business of Borrower connected with and symbolized thereby; know-how, operating and production manuals, trade secret rights, clinical and non-clinical data, rights to unpatented inventions, source code, software, processes, techniques, research, studies, algorithms, formulae, databases, quality control procedures, technical specifications and data, sales literature, drawings, blueprints and inventions; and any claims for damage by way of any past, present, or future infringement of any of the foregoing (collectively, the "**Intellectual Property**"); provided, however, the Collateral shall include all Accounts, license and royalty fees and other revenues, proceeds, or income arising out of or relating to any of the foregoing, and (ii) any United States intent-to-use trademark or service mark application to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark or service mark application under applicable law.

Pursuant to the terms of a certain negative pledge arrangement with Collateral Agent and Lenders, Borrower has agreed not to encumber any of its Intellectual Property.

EXHIBIT B-1

Loan Payment/Advance Request Form

[See attached]

DISBURSEMENT LETTER

The undersigned, being the duly elected and acting of TRANSENTERIX, INC., a Delaware corporation with offices located at 635 David Drive, Suite 300, Morrisville, North Carolina 27560 ("**Borrower**"), does hereby certify to **SILICON VALLEY BANK**, a California corporation with an office located at 3005 Carrington Mill Boulevard, Suite 530, Morrisville, North Carolina 27560 ("**SVB**"), as collateral agent (in such capacity, "**Collateral Agent**"), and the Lenders listed on Schedule 1.1 to the Loan Agreement described below or otherwise a party thereto from time to time including SVB in its capacity as a Lender and **OXFORD FINANCE LLC**, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**") (each a "**Lender**" and collectively, the "**Lenders**"), in connection with that certain Loan and Security Agreement dated as of December [ ], 2011, by and among Borrower, Collateral Agent and the Lenders from time to time party thereto (the "**Loan Agreement**"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof; provided that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date.

2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other Loan Document.

3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.

4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied or waived by Collateral Agent.

5. No Material Adverse Change has occurred.

6. The undersigned is a Responsible Officer.

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7. The proceeds of the Term [A/B] Loan shall be disbursed as follows:

Disbursement from Oxford:	
Loan Amount	$ _____
Plus:	
—Deposit Received	$ _____
Less:	
—Facility Fee	($_____)
[—Existing Debt Payoff to be remitted to _____per the Payoff Letter dated _____	($_____)]
[—Interim Interest	($_____)]
—Lender's Legal Fees	($_____)*
Net Proceeds due from Oxford:	**$** _____
Disbursement from SVB:	
Loan Amount	$ _____
Plus:	
—Deposit Received	$ _____
Less:	
—Facility Fee	($_____)
Net Proceeds due from SVB:	$ _____
TOTAL TERM [A/B] LOAN NET PROCEEDS FROM LENDERS	$ _____

8. The aggregate net proceeds of the Term Loans shall be transferred to the Designated Deposit Account as follows:

Account Name: _____.
Bank Name: _____.
Bank Address: _____.
Account Number: _____.
ABA Number: _____.

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* Legal fees and costs are through the Effective Date. Post-closing legal fees and costs, payable after the Effective Date, to be invoiced and paid post-closing.

Dated as of the date first set forth above.

BORROWER:

TRANSENTERIX, INC.

By _____
Name: _____
Title: _____

COLLATERAL AGENT AND LENDER:

SILICON VALLEY BANK

By _____
Name: _____
Title: _____

LENDER:

OXFORD FINANCE LLC

By _____
Name: _____
Title: _____

EXHIBIT B-2

Loan Payment/ Advance Request Form
Deadline for same day processing is 12:00 E.S.T.

Fax To: _____ Date:

LOAN PAYMENT:

TRANSENTERIX, INC.

From Account # _____ To Account # _____
(Deposit Account #) (Loan Account #)

Principal $ _____ and/or Interest $ _____

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

LOAN ADVANCE:

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account # _____ To Account # _____
(Loan Account #) (Deposit Account #)

Amount of Advance $ _____

All Borrower's representations and warranties in the Loan and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date:

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

OUTGOING WIRE REQUEST:
Complete only if all or a portion of funds from the loan advance above is to be wired.
Deadline for same day processing is noon, Eastern Time

Beneficiary Name: _____ Amount of Wire: $ _____
Beneficiary Bank: _____ Account Number: _____
City and State: _____

Beneficiary Bank Transit (ABA) #: _____ Beneficiary Bank Code (Swift, Sort, Chip, etc.): _____
(For International Wire Only)

Intermediary Bank: _____ Transit (ABA) #: _____
For Further Credit to: _____

Special Instruction: _____

By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).

Authorized Signature: _____ 2nd Signature (if required): _____
Print Name/Title: _____ Print Name/Title: _____
Telephone #: _____ Telephone #: _____]

EXHIBIT C

Compliance Certificate

TO: SILICON VALLEY BANK, as Collateral Agent and Lender
OXFORD FINANCE LLC, as Lender

FROM: TRANSENTERIX, INC.

The undersigned authorized officer ("**Officer**") of TRANSENTERIX, INC. ("**Borrower**"), hereby certifies, solely in his or her capacity as an officer of Borrower and not in any individual capacity, that in accordance with the terms and conditions of the Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders (the "**Agreement**"),

(i) Borrower is in complete compliance for the period ending with all required covenants except as noted below;

(ii) There are no Events of Default, except as noted below;

(iii) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(iv) Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower's Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Agreement;

(v) No Liens have been levied or claims made against Borrower or any of Borrower's Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement	Complies		
1)	Financial statements	Monthly within 30 days	Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 180 days after Fiscal Year End	Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (w/n 10 days of FYE) and when revised	Yes	No	N/A

4)	A/R & A/P agings	If applicable	Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable	Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days	Yes	No	N/A
7)	IP Report *	Monthly within 30 days	Yes	No	N/A
8)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period	$_____			

Deposit and Securities Accounts ***(Please list all accounts; attach separate sheet if additional space needed)***

	Bank	Account Number	New Account?		Acct Control Agmt in place?	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No
5)			Yes	No	Yes	No
6)			Yes	No	Yes	No

Bank Services

Amount of cash secured Bank Services:
$_____

Amount of non-cash secured Bank Services
$_____

Other Matters

Have any Key Persons ceased to be actively engaged in Borrower's management (and not replaced within 90 days with approval of the Board of Directors of Borrower) since the last Compliance Certificate?	Yes	No	

Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Agreement? Yes No

Have there been any new or pending claims or causes of action against Borrower that involve more than $150,000? Yes No

* The following Intellectual Property was registered (or a registration application submitted) after the Effective Date or the most recent Compliance Certificate, as applicable (if no registrations, state "None")

_____

_____

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.) _____

_____

_____

_____

TRANSENTERIX, INC.

By:

Name:
Title:

_____
DATE

LENDERS USE ONLY

Received by: _____ Verified by: _____

Date: _____ Date: _____

Compliance Status Yes No

EXHIBIT D

Secured Promissory Note

[See attached]

SECURED PROMISSORY NOTE
(Term [A/B] Loan)

$_____ Dated: November , 2011

FOR VALUE RECEIVED, the undersigned, TRANSENTERIX, INC., a Delaware corporation with offices located at 635 David Drive, Suite 300, Morrisville, North Carolina 27560 ("Borrower") HEREBY PROMISES TO PAY to the order of OXFORD FINANCE LLC/SILICON VALLEY BANK ("Lender")the principal amount of Dollars ($) or such lesser amount as shall equal the outstanding principal balance of the Term [A/B] Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term [A/B] Loan, at the rates and in accordance with the terms of the Loan and Security Agreement by and among Borrower, SILICON VALLEY BANK, as Collateral Agent, and the Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Borrower agrees to pay any initial partial monthly interest payment from the date the Term [A/B] Loan is made to Borrower under this Secured Promissory Note (this "**Note**") to the first Payment Date ("**Interim Interest**") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term [A/B] Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term [A/B] Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term [A/B] Loan, interest on the Term [A/B] Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable Lenders' Expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[Balance of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

TRANSENTERIX, INC.

By _____
Name: _____
Title: _____

LOAN INTEREST RATE AND PAYMENTS OF PRINCIPAL

Date	Principal Amount	Interest Rate	Scheduled Payment Amount	Notation By

FIRST AMENDMENT
TO LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this **"Amendment")** is entered into this 11th day of February, 2013, by and among (a) **SILICON VALLEY BANK,** a California corporation with an office located at 3005 Carrington Mill Boulevard, Suite 530, Morrisville, North Carolina 27560 **("SVB"),** as collateral agent (in such capacity, the **"Collateral Agent"),** the Lenders listed on Schedule 1.1 of the Loan Agreement (as defined below) or otherwise a party thereto from time to time including SVB in its capacity as a Lender and **OXFORD FINANCE LLC,** a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 **("Oxford")** (each a **"Lender"** and collectively, the **"Lenders"),** and (b) **TRANSENTERIX, INC.,** a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 **("Borrower").**

RECITALS

A. Lenders and Borrower have entered into that certain Loan and Security Agreement dated as of January 17, 2012 (as the same may from time to time be further amended, modified, supplemented or restated, the **"Loan Agreement").**

B. Lenders have extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Lenders amend the Loan Agreement to revise a certain definition as more fully set forth herein.

D. Lenders have agreed to so amend the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

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

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 13 (Definitions). The following term and its definition set forth in Section 13.1 is amended in its entirety and replaced with the following:

"Key Person" means each of Borrower's (i) Chief Executive Officer, who is Todd Pope as of the Effective Date, (ii) Vice President of Finance, who is Janet Jamiolkowski as of the Effective Date, and (iii) Chief Technology Officer, who is Richard Mueller as of the Effective Date.

3. Limitation of Amendments.

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

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

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

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

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

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

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

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

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

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

5. Ratification of Perfection Certificate. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of January 17, 2012, between Borrower and Lenders, and acknowledges, confirms and agrees the disclosures and information Borrower provided to Lenders in said Perfection Certificate have not changed, as of the date hereof.

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

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

8. Effectiveness. This Amendment shall be deemed effective upon (a) the due execution and delivery to Lenders of this Amendment by each party hereto, and (b) Borrower's payment of Lenders' legal fees and expenses incurred in connection with this Amendment.

[Signature page follows.]

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

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd Pope
Title: Chief Executive Officer

COLLATERAL AGENT AND LENDER:

SILICON VALLEY BANK

By: /s/ Patrick Scheper
Name: Patrick Scheper
Title: Vice President

LENDER:

OXFORD FINANCE FUNDING I, LLC By: Oxford Finance LLC, as servicer

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

OXFORD FINANCE FUNDING TRUST 2012-By: Oxford Finance LLC, as servicer

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President –Finance, Secretary & Treasurer

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT AND JOINDER AGREEMENT

Dated: As of September 3, 2013

Reference is hereby made to a certain loan arrangement by and among (a) **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 3005 Carrington Mill Boulevard, Suite 530, Morrisville, North Carolina 27560 ("**SVB**"), as collateral agent (in such capacity, the "**Collateral Agent**"), the Lenders listed on Schedule 1.1 of the Loan Agreement (as defined below) or otherwise a party thereto from time to time including SVB in its capacity as a Lender, and **OXFORD FINANCE LLC**, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Finance**"), **OXFORD FINANCE FUNDING I, LLC**, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Funding**"), and **OXFORD FINANCE FUNDING TRUST 2012-01**, a Delaware trust with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Trust**"; and together with Finance and Funding, collectively "**Oxford**") (SVB and Oxford are each a "**Lender**" and collectively, the "**Lenders**"), and (b) **TRANSENTERIX, INC.**, a Delaware corporation, with its principal place of business at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**Transenterix**" or "**Existing Borrower**"), which loan arrangement is evidenced by, among other documents, a certain Loan and Security Agreement dated as of January 17, 2012, between Existing Borrower and Lenders, as amended by a certain First Amendment to Loan and Security Agreement dated as of February 11, 2013 (as may be further amended modified, supplemented or restated from time to time, the "**Loan Agreement**"). All capitalized terms used herein without definitions shall have the meanings given such terms in the Loan Agreement.

1. Joinder to Loan Agreement. Each of the undersigned, (a) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation, with its chief executive office located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**SafeStitch**"), and (b) **SAFESTITCH LLC**, a Virginia limited liability company, with its chief executive office located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**SafeStitch LLC**") (SafeStitch and SafeStitch LLC are hereinafter jointly and severally, individually and collectively, referred to as "**New Borrower**", and, together with Existing Borrower, are hereinafter jointly and severally, individually and collectively, referred to as "**Borrower**"), hereby joins the Loan Agreement and each of the Loan Documents, and agrees to comply with and be bound by all of the terms, conditions and covenants of the Loan Agreement and the Loan Documents, as if each New Borrower were originally named a "Borrower" therein. Without limiting the generality of the preceding sentence, each New Borrower agrees that it will be jointly and severally liable, together with Existing Borrower, for the payment and performance of all present and future indebtedness, obligations and liabilities of Borrower under the Loan Agreement, including, without limitation, the Obligations. All references in the Loan Documents to "Borrower" shall be deemed to refer, jointly and severally, individually and collectively, to Borrower. Each New Borrower acknowledges that the Obligations are due and owing to the Lenders from Borrower, without any defense, offset or counterclaim of any kind or nature whatsoever as of the date hereof. Any Borrower may, acting singly, request Credit Extensions under the Loan Agreement. Each Borrower hereby authorizes and appoints the others as agents for itself for all purposes hereunder, including, without limitation, with respect to requesting Credit Extensions pursuant to the Loan Agreement. Each Borrower hereunder shall be obligated to repay all Credit Extensions made pursuant to the Loan Agreement (whether made prior to, on, or after the date of this Second Amendment to Loan and Security Agreement and Joinder Agreement (this "**Joinder Agreement**"), regardless of which Borrower actually receives said Credit Extensions, as if each Borrower hereunder directly received all Credit Extensions.

2. Amendments to Loan Agreement.

A. Section 5.1 (Due Organization, Authorization: Power and Authority). The first sentence of Section 5.1 is hereby deleted in its entirety and replaced with the following:

"Borrower, and each of its Subsidiaries (other than ISIS), is duly existing and Borrower is in good standing as Registered Organizations in its jurisdiction of organization and Borrower, and each of its Subsidiaries, is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change."

B. Section 6.2 (Financial Statements, Reports, Certificates, Inspections). The Loan Agreement shall be amended by deleting the following text appearing in Section 6.2(a)(i) thereof:

"and, if at any time there is more than one entity, consolidating"

C. Section 6.6 (Operating Accounts). Sections 6.6(a) and (b) of the Loan Agreement are hereby deleted in their entirety and replaced with the following:

"(a) Maintain its and its Subsidiaries', Collateral Accounts with Silicon Valley Bank or its Affiliates in accounts which are subject to a Control Agreement in favor of Collateral Agent for the ratable benefit of the Lenders (as necessary to perfect such Collateral Agent's Lien in such Collateral Account); provided that Borrower may maintain accounts with each of Merrill Lynch, Suntrust Bank, and Amerasia Bank, so long as (a) the maximum balance maintained in all such accounts does not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate at any time, and (b) within ninety (90) days after the 2013 Effective Date, Borrower has executed and delivered a Control Agreement in favor of Collateral Agent for the ratable benefit of the Lenders (as necessary to perfect such Collateral Agent's Lien in such Collateral Account) with respect to such Collateral Accounts pursuant to the terms of Section 6.6(b) below.

(b) Borrower, and each of Borrower's Subsidiaries, if any, shall provide Collateral Agent and each Lender five (5) days' prior written notice before establishing any Collateral Account at or with any Person other than Silicon Valley Bank. In addition, for each such Collateral Account that Borrower, or any of Borrower's Subsidiaries, at any time maintains, Borrower, or any such Subsidiary, shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account, which Control Agreement may not be terminated without prior written consent of Collateral Agent and each Lender. The provisions of the previous sentence and Section 6.6(a) shall not apply to (a) deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any of Borrower's Subsidiaries', employees and identified to Collateral Agent by Borrower as such, and (b) until the date that is ninety (90) days after the 2013 Effective Date."

D. Section 6.14 (ISIS Telecommunications). A new Section 6.14 is hereby added to the Loan Agreement as follows:

"**6.14 ISIS Telecommunications**. Throughout the term of this Agreement, ISIS TELE-COMMUNICATIONS, INC., a Delaware corporation and a Subsidiary of SafeStitch ("**ISIS**"), will continue to be an inactive Subsidiary (as determined by Lenders in their sole discretion) with assets, if any, having a value not to exceed Five Thousand Dollars ($5,000.00) in the aggregate at any time. In the event ISIS becomes an active Subsidiary during the term of this Agreement, upon Collateral Agent and Lenders' request, Borrower shall cause ISIS to become a co-borrower under this Agreement, pursuant to documentation acceptable to the Collateral Agent and Lenders in their sole discretion."

E. Section 7.1 (Dispositions). Section 7.1 of the Loan Agreement is amended by replacing the "or" at the end of clause (c) with ";", replacing the "." at the end of clause (d) with "; or" and inserting a new clause (e) as follows:

"(e) from one Borrower to another Borrower."

F. Section 7.2 (Changes in Business, Management, Ownership, or Business Locations). Clause (c) of Section 7.2(c)(i) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"(c) (i) fail to provide notice to Collateral Agent of any Key Person departing from or ceasing to be employed by Borrower within five (5) days after such Key Person's departure from Borrower;"

G. Section 7.7 (Distributions; Investments). Section 7.7 of the Loan Agreement is hereby amended by replacing the "and" at the end of clause (ii) with ",", inserting "and" at the end of clause (iii) and inserting a new clause (iv) as follows:

"(iv) Borrower may make dividends or distributions to another Borrower"

H. Section 7.8 (Transactions with Affiliates). Section 7.8 of the Loan Agreement is amended by replacing the "and" at the end of clause (a) with ",", replacing the "." at the end of clause (b) with ", and" and inserting a new clause (c) as follows:

"(c) between or among Borrowers."

I. Section 8.2 (covenant Default). Section 8.2(a) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"(a) Borrower fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notices of Litigation and Default), 6.11 (Landlord Waivers; Bailee Waivers), 6.12 (Creation/Acquisition of Subsidiaries), or 6.14 (ISIS Telecommunications) or Borrower violates any covenant in Section 7; or"

J. Section 12.12 (Administrative Borrower). A new Section 12.12 is hereby added to the Loan Agreement as follows:

"**12.12 Administrative Borrower**. Each entity composing the Borrower hereby irrevocably designates and appoints SafeStitch as its representative and attorney-in-fact for all entities composing the Borrower (the "**Administrative Borrower**") which appointment shall remain in full force and effect (unless and until Collateral Agent shall have received prior written notice signed by each entity composing the Borrower that such appointment has been revoked and that another entity composing the Borrower has been appointed Administrative Borrower) for the period commencing as of the 2013 Effective Date, through and including December 31, 2013. Each entity composing the Borrower hereby irrevocably appoints and authorizes the Administrative Borrower to provide Collateral Agent and Lenders with the monthly Compliance Certificate. The Administrative Borrower hereby accepts such appointment. The Collateral Agent and Lenders may regard any Compliance Certificate from the Administrative Borrower as a Compliance Certificate from all Borrowers. Each warranty, covenant, agreement and undertaking made on behalf of a Borrower by the Administrative Borrower shall be deemed for all purposes to have been made by all entities composing the Borrower and shall be binding upon and enforceable against all such entities composing the Borrower to the same extent as if the same had been made directly by all such entities composing the Borrower."

K. Section 13 (Definitions). The following changes are made to Section 13.1 of the Loan Agreement:

1. The definition of “Key Person” is hereby deleted in its entirety and replaced with the following:

   ““Key Person” means SafeStitch’s (i) Chief Executive Officer, who is Todd Pope as of the 2013 Effective Date, (ii) Chief Operating Officer, who is Richard Mueller as of the 2013 Effective Date.”

2. The Loan Agreement shall be amended by changing to the “2013 Effective Date” the references to “Effective Date” in clause (b) of the definition of “Permitted Indebtedness”, clause (a) of the definition of “Permitted Investments”, and clause (a) in the definition of “Permitted Liens”.

3. The definition of “Permitted Indebtedness” is amended by deleting the “and” at the end of clause (j), replacing the “.” at the end of clause (k) with “; and” and inserting a new clause (l) as follows:

   “(l) Indebtedness that constitutes a Permitted Investment, including Indebtedness of one Borrower to another Borrower.”

4. The definition of “Permitted Investments” is amended by deleting the “and” at the end of clause (d), replacing the “.” at the end of clause (e) with “; and” and inserting a new clause (f) as follows:

   “(f) Investments by (i) a Borrower in another Borrower, (ii) by a Borrower in Subsidiaries not a Borrower not to exceed Fifty Thousand Dollars ($50,000.00) in the aggregate in any fiscal year and (ii) by Subsidiaries not a Borrower in a Borrower.”

5. The definition of “Permitted Liens” is amended by deleting the “and” at the end of clause (l), replacing the “.” at the end of clause (m) with “; and” and inserting a new clause (n) as follows:

   “security deposits in favor of Florida Public Utilities Commission and Jain Investments not to exceed Three Thousand Dollars ($3,000.00) in the aggregate at any time (the “Excluded Accounts”).”

6. The following terms are hereby added to Section 13.1 of the Loan Agreement:

   ““**2013 Effective Date**” is September 3, 2013.”

   ““**Administrative Borrower**” is defined in Section 12.12.”

   ““**Excluded Accounts**” is defined in subsection (m) of the definition of Permitted Liens.”

   ““**ISIS**” is defined in Section 6.14.”

   ““**SafeStitch**” means SafeStitch Medical, Inc., a Delaware corporation.”

   ““**SafeStitch LLC**” means SafeStitch LLC, a Virginia limited liability company.”

7. Exhibit A (Description of Collateral). The third paragraph of the Description of Collateral is amended by deleting the "and" at the end of clause (i), replacing the "." at the end of clause (ii) with "; and" and inserting a new clause (iii) as follows:

"(iii) the Excluded Accounts."

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

3. Subrogation and Similar Rights. Each Borrower waives any suretyship defenses available to it under the Code or any other applicable law. Each Borrower waives any right to require each Lender to: (a) proceed against any Borrower or any other person; (b) proceed against or exhaust any security; or (c) pursue any other remedy. Each Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Joinder Agreement, the Loan Agreement, or other Loan Documents, until all Obligations have been indefeasibly paid in full (other than inchoate indemnity obligations), each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Lenders under this Joinder Agreement and the Loan Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Joinder Agreement, the Loan Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Joinder Agreement, the Loan Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this section shall be null and void until all Obligations have been indefeasibly paid in full (other than inchoate indemnity obligations). If any payment is made to a Borrower in contravention of this section, until all Obligations have been indefeasibly paid in full (other than inchoate indemnity obligations), such Borrower shall hold such payment in trust for Collateral Agent, for the ratable benefit of the Lenders, and such payment shall be promptly delivered to Collateral Agent, for the ratable benefit of the Lenders, for application to the Obligations, whether matured or unmatured.

4. Grant of Security Interest. To secure the prompt payment and performance of all of the Obligations, each New Borrower hereby grants to Collateral Agent, for the ratable benefit of the Lenders, and each Lender, a continuing lien upon and security interest in all of New Borrower's now existing or hereafter arising rights and interest in such assets of New Borrower as are consistent with the description of the Collateral set forth on Exhibit A of the Loan Agreement (as if such Collateral were deemed to pertain to the assets of New Borrower), whether now owned or existing or hereafter created, acquired, or arising, and wherever located, including, without limitation, all of New Borrower's assets and all of New Borrower's books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing. Each New Borrower further covenants and agrees that by its execution hereof it shall provide all such information, complete all such forms, and take all such actions, and enter into all such agreements, in form and substance reasonably satisfactory to Lenders that are reasonably deemed necessary by Lenders in order to grant a valid, perfected first priority security interest to Collateral Agent, for the ratable benefit of the Lenders, and to each Lender, in the Collateral, subject only to Permitted Liens that expressly have superior priority to Collateral Agent's Lien in this Agreement. Each New Borrower hereby authorizes Collateral Agent to file financing statements, without notice to Borrower, with all appropriate jurisdictions and filing offices in order to perfect or protect Lenders' interest or rights hereunder, including a notice that any disposition of the Collateral, by any Borrower or any other Person, shall be deemed to violate the rights of Lenders under the Code.

5. Representations and Warranties. Each New Borrower hereby represents and warrants to Lender that all representations and warranties in the Loan Documents made on the part of Existing Borrower are true and correct on the date hereof with respect to New Borrower, with the same force and effect as if New Borrower were named as "Borrower" in the Loan Documents in addition to Existing Borrower (except for such representations and warranties expressly referring to a specific date, which representations and warranties are true and correct as of such date).

6. Delivery of Documents Prior to Closing. Borrower hereby agrees that the following documents shall be delivered to Collateral Agent and each Lender prior to or concurrently with this Joinder Agreement, each in form and substance satisfactory to Collateral Agent and each Lender:

A. borrowing certificate for each Borrower with respect to such Borrower's Operating Documents, incumbency and resolutions authorizing the execution and delivery of this Joinder Agreement and the other documents required by Collateral Agent and Lenders in connection herewith;

B. if required by such Borrower's Operating Documents or otherwise, written consent of the shareholders and/or members of such Borrower authorizing the execution and delivery of this Joinder Agreement and the other documents required by Collateral Agent and each Lender in connection herewith;

C. a long form certificate of the Secretary of State of Delaware certified within the past thirty (30) days as to each New Borrower's legal existence and good standing;

D. certificates of good standing/foreign qualification of each New Borrower for each state in which each New Borrower is qualified, certified within the past thirty (30) days;

E. the results of UCC and other lien searches with respect to each New Borrower and Tweety Acquisition Corporation ("**Merger Sub**") (including any prior legal names and any entities that have merged into New Borrower or Merger Sub or from whom New Borrower or Merger Sub has acquired any assets) indicating no Liens other than Permitted Liens and otherwise in form and substance satisfactory to Collateral Agent and each Lender;

F. a Secured Promissory Note for each New Borrower (the "**New Notes**");

G. a Perfection Certificate for each New Borrower;

H. confirmation that Existing Borrower is the same exact legal entity it was prior to Merger Sub merging with and into Existing Borrower;

I. an executed copy of the Agreement and Plan of Merger, dated as of August 13, 2013, by and among SafeStitch, Tweety Acquisition Corporation and Transenterix (the "**Merger Agreement**");

J. Legal Opinion as to Authority/Enforceability from New Borrowers' counsel;

K. such other documents as Collateral Agent and each Lender may reasonably request.

7. Post-Closing Conditions.

A. Notwithstanding anything to the contrary set forth in the Loan Agreement, on or before the date that is ninety (90) days after the date hereof, SafeStitch and SafeStitch LLC shall deliver Control Agreements to Collateral Agent in accordance with Section 6.6 of the Loan Agreement for SafeStitch and SafeStitch LLC's Collateral Accounts.

B. Notwithstanding anything to the contrary set forth in the Loan Agreement, on or before the date that is sixty (60) days after the date hereof, Borrowers shall deliver landlord or bailee waivers, as applicable, to Collateral Agent in accordance with, and if required by, Sections 6.11 or 7.2(A) of the Loan Agreement for the properties commonly known as (1) 4400 Biscayne Boulevard, Miami, Florida 33137 and (2) 12009 SW 129th Court, Miami, Florida 33186.

C. Notwithstanding anything to the contrary set forth in the Loan Agreement, on or before the date that is thirty (30) days after the date hereof, Borrowers shall deliver to Collateral Agent and each Lender endorsements to Borrower's liability and property policies in accordance with Section 6.5 of the Loan Agreement.

D. Notwithstanding anything to the contrary set forth in the Loan Agreement, on or before the date that is five (5) days after the date hereof, Borrowers shall deliver to Collateral Agent and each Lender evidence of Borrower's liability and property policies (on the Acord 25 Form and Acord 28 Form) in accordance with Section 6.5 of the Loan Agreement.

8. In connection with the Merger Agreement, upon execution of this Joinder Agreement, each of SVB Financial Group and Finance, respectively, hereby waives any and all rights to notice of the Merger required under (a) with respect to SVB Financial Group, that certain Warrant to Purchase Stock dated as of January 17, 2012 by Transenterix in favor of SVB, and (b) with respect to Finance, (i)that certain Warrant to Purchase Stock dated as of January 17, 2012 by Transenterix in favor of Finance, and (ii) that certain Warrant to Purchase Stock dated as of December 21, 2012 by Transenterix in favor of Finance (collectively, the "**Warrants**"), including those certain notice rights set forth in Section 3.2(d) of the Warrants, and hereby consents to the assumption of its respective Warrant(s) under the terms of the Merger Agreement including, without limitation, Section 6.07 thereof; provided, that for purposes of such Section, the Warrants shall be deemed to be exercisable for shares of Transenterix Common Stock in accordance with Section 2.3 of the Warrants as though all outstanding shares of the Class (as defined in the Warrants) had been converted into shares of Transenterix Common Stock as of immediately prior to the Closing (as defined in the Merger Agreement). SafeStitch agrees that it shall execute and deliver to each of SVB Financial Group and Finance, promptly following the Closing, a certificate in respect of each Warrant held by such party pursuant to and in accordance with Section 2.6 of such Warrant.

9. The parties hereto, including SVB and Finance, acknowledge that the New Notes shall replace (a) that certain Secured Promissory Note (Term Loan A), dated as of January 17, 2012, by Transenterix in favor of SVB, (b) that certain Secured Promissory Note (Term Loan A), dated as of January 17, 2012, by Transenterix in favor of Finance, (c) that certain Secured Promissory Note (Term Loan B), dated as of December 21, 2012, by Transenterix in favor of SVB, and (d) that certain Secured Promissory Note (Term Loan B), dated as of December 21, 2012, by Transenterix in favor of Finance (collectively, the "**Prior Notes**") in their entirety, and that the Prior Notes shall be cancelled effective immediately upon the issuance of the New Notes. The parties further agree that, upon cancellation of the Prior Notes, neither the SVB, Finance nor Transenterix, as applicable, shall have any further rights or obligations pursuant to the Prior Notes and that SVB and Finance will promptly return such Prior Notes to Transenterix to be marked as cancelled.

10. Choice of Law, Venue and Jury Trial Waiver. New York law governs this Joinder Agreement without regard to principles of conflicts of law. Borrower, Collateral Agent and each Lender each submit to the exclusive jurisdiction of the State and Federal courts in New York; provided, however, that if for any reason Collateral Agent and Lenders cannot avail itself of such courts in the State of New York, Borrower accepts jurisdiction of the courts and venue in Santa Clara County, California. Notwithstanding the foregoing, nothing in this Joinder Agreement shall be deemed to operate to preclude Collateral Agent and Lenders from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Collateral Agent and Lenders. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court.

BORROWER, COLLATERAL AGENT AND EACH LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS JOINDER AGREEMENT, THE LOAN AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS JOINDER AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

11. Countersignatures. This Joinder Agreement shall become effective only when it shall have been executed by Borrower and Lenders.

[Signature pages follow]

IN WITNESS WHEREOF, this Joinder Agreement is being executed as of the date first written above.

NEW BORROWER:

SAFESTITCH MEDICAL, INC.

By: /s/ Todd M. Pope
Name: Todd Pope
Title: Chief Executive Officer

SAFESTITCH LLC
By SafeStitch Medical, Inc., as sole member

By: /s/ Todd M. Pope
Name: Todd Pope
Title: Chief Executive Officer

EXISTING BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd Pope
Title: Chief Executive Officer

COLLATERAL AGENT AND LENDER:

SILICON VALLEY BANK

By: /s/ Patrick Scheper
Name: Patrick Scheper
Title: Vice President

LENDER:

OXFORD FINANCE FUNDING I, LLC
By: Oxford Finance LLC, as servicer

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

OXFORD FINANCE FUNDING TRUST 2012-01
By: Oxford Finance LLC, as servicer

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

WITH RESPECT TO SECTION 8:

OXFORD FINANCE LLC

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

OXFORD FINANCE FUNDING I, LLC
By: Oxford Finance LLC, as servicer

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

SVB FINANCIAL GROUP

By: /s/ Patrick Scheper
Name: Patrick Scheper
Title: Vice President

SCHEDULE 1

EXHIBIT C

Compliance Certificate

TO: SILICON VALLEY BANK, as Collateral Agent and Lender
OXFORD FINANCE LLC, as Lender

FROM: TRANSENTERIX, INC.
SAFESTITCH MEDICAL, INC.
SAFESTITCH LLC

The undersigned authorized officer ("**Officer**") of TRANSENTERIX, INC., SAFESTITCH MEDICAL, INC., and SAFESTITCH LLC (collectively, the "**Borrower**"), hereby certifies, solely in his or her capacity as an officer of Borrower and not in any individual capacity, that in accordance with the terms and conditions of the Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders (the "**Agreement**"),

(i) Borrower is in complete compliance for the period ending with all required covenants except as noted below;

(ii) There are no Events of Default, except as noted below;

(iii) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(iv) Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower's Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Agreement;

(v) No Liens have been levied or claims made against Borrower or any of Borrower's Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement	Complies		
1)	Financial statements	Monthly within 30 days	Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 120 days after Fiscal Year End	Yes	No	N/A

3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (w/n 10 days of FYE) and when revised	Yes	No	N/A
4)	A/R & A/P agings	If applicable	Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable	Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days	Yes	No	N/A
7)	Dissolution of ISIS Tele-Communications, Inc.	Within 6 months after 2013 Effective Date	Yes	No	N/A
8)	IP Report *	Monthly within 30 days	Yes	No	N/A
9)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period	$_____			

Deposit and Securities Accounts ***(Please list all accounts; attach separate sheet if additional space needed)***

	Bank	**Account Number**	**New Account?**		**Acct Control Agmt in place?**	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No
5)			Yes	No	Yes	No
6)			Yes	No	Yes	No

Bank Services

Amount of cash secured Bank Services:
$_____

Amount of non-cash secured Bank Services
$_____

Other Matters

Have any Key Persons departed or ceased to be employed since the last Compliance Certificate?	Yes	No
Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Agreement?	Yes	No

Have there been any new or pending claims or causes of action against Borrower that involve more than $150,000? Yes No

* The following Intellectual Property was registered (or a registration application submitted) after the Effective Date or the most recent Compliance Certificate, as applicable (if no registrations, state “None”)

_____

_____

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions.” Attach separate sheet if additional space needed.) _____

_____

_____

_____

SAFESTITCH MEDICAL, INC., as Administrative Borrower

By: _____ DATE _____
Name:
Title:

TRANSENTERIX, INC.

By: _____ DATE _____
Name:
Title:

SAFESTITCH MEDICAL, INC.

By: _____ DATE _____
Name:
Title:

SAFESTITCH LLC

By: _____ DATE _____
Name:
Title:

LENDERS USE ONLY

Received by: _____ Verified by: _____

Compliance Status Yes No

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: TransEnterix, Inc., a Delaware corporation
Number of Shares: 363,636, subject to adjustment as provided herein
Type/Series of Stock: Series B-1 Convertible Preferred Stock, $0.001 par value per share
Warrant Price: $0.33 per Share, subject to adjustment as provided herein
Issue Date: December 21, 2012
Expiration Date: December 21, 2022 **See also Section 5.1(b).**
Credit Facility: This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement dated January 17, 2012 among Oxford Finance LLC, Silicon Valley Bank and the Company (as amended and/or modified and in effect from time to time, the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, OXFORD FINANCE LLC ("**Oxford**" and, together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase up to such number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**"), at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or

reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power. "Acquisition" shall not include any transaction the primary purpose of which is a bona fide equity financing of the Company.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition as defined above, the surviving or successor entity shall assume this Warrant and the obligations of the Company hereunder, and this Warrant shall, from and after such closing, be exercisable for the same class, number and kind of securities, cash and other property as would have been paid for or in respect of the Shares issuable (as of immediately prior to such closing) upon exercise in full hereof as if such Shares had been issued and outstanding on and as of such closing, at an aggregate Warrant Price equal to the aggregate Warrant Price in effect as of immediately prior to such closing; and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months and one day following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten offering and sale of its shares to the public pursuant to an effective registration statement under the Act ("**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price first set forth above is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 1.12 of the Company's Investor Rights Agreement dated November 30, 2011, as amended and in effect from time to time.

4.7 No Rights as a Stockholder. Without limiting any provision of this Warrant, Holder agrees that it will not have any rights as a stockholder of the Company until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Eastern time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares (and each certificate evidencing securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO OXFORD FINANCE LLC DATED DECEMBER , 2012, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER

SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 180 DAYS FOLLOWING THE EFFECTIVE DATE OF A REGISTRATION STATEMENT OF THE COMPANY FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder, provided that such affiliate is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. Following the issuance of this Warrant to Oxford, Oxford may transfer same in whole or in part to one or more affiliates of Oxford, and in connection with any such transfer Oxford and the affiliate transferee shall execute and deliver to the Company an Assignment substantially in the form of Appendix 2 hereto. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, such Oxford affiliate and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant (or the securities issued upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, such Oxford affiliate or any subsequent Holder will give the Company notice of the portion of the Warrant and/or Shares (and/or securities issued upon conversion of the Shares, if any) being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent Holder shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier

service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Oxford Finance LLC
133 N. Fairfax Street
Alexandria, VA 22314
Attn: Legal Department
Telephone: (703) 519-4900
Facsimile: (703) 519-5225
Email: legaldepartment@oxfordfinance.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

TransEnterix, Inc.
Attn: Vice President, Finance
635 Davis Drive, Suite 300
Morrisville, NC 27560
Telephone: (919) 765-8433
Facsimile: (919) 765-8459
Email: jjamiolkowski@transenterix.com

With a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
Attn: Philip Oettinger
650 Page Mill Road
Palo Alto, CA 94304
Telephone: 650-493-9300
Facsimile: 650-493-6811
Email: poettinger@wsgr.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with (i) to the extent applicable, the Delaware General Corporation Law, and (ii) otherwise, the internal domestic laws of the State of New York, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Oxford is closed.

[Remainder of page left blank intentionally]
[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
(Print)
Title: Chief Executive Officer

"HOLDER"

OXFORD FINANCE LLC

By: /s/ John G. Henderson
Name: John G. Henderson
(Print)
Title: Vice President and General Counsel

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase shares of the Common/Series Preferred [circle one] Stock of (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

☐ check in the amount of $ payable to order of the Company enclosed herewith

☐ Wire transfer of immediately available funds to the Company's account

☐ Cashless Exercise pursuant to Section 1.2 of the Warrant

☐ Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

FORM OF ASSIGNMENT

For value received, Oxford Finance LLC hereby sells, assigns and transfers unto

Name: [OXFORD TRANSFEREE]
Address: _____

_____

Tax ID: _____

that certain Warrant to Purchase Stock issued by [BORROWER] (the "Company"), on [ISSUE DATE] (the "Warrant") together with all rights, title and interest therein.

OXFORD FINANCE LLC

By: _____

Name: _____

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, [OXFORD TRANSFEREE] hereby makes each of the representations and warranties set forth in Article 4 of the Warrant as of the date hereof and agrees to be bound by all provisions of the Warrant as the Holder thereof.

[OXFORD TRANSFEREE]

By: _____

Name: _____

Title: _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: TransEnterix, Inc., a Delaware corporation
Number of Shares: 242,424, subject to adjustment as provided herein
Type/Series of Stock: Series B-1 Convertible Preferred Stock, $0.001 par value per share
Warrant Price: $0.33 per Share, subject to adjustment as provided herein
Issue Date: January 17, 2012
Expiration Date: January 16, 2022 **See also Section 5.1(b).**
Credit Facility: This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement of even date herewith among Oxford Finance LLC, Silicon Valley Bank and the Company (as amended and/or modified and in effect from time to time, the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, OXFORD FINANCE LLC ("**Oxford**" and, together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase up to such number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**"), at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(b) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving: (i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or

reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power. "Acquisition" shall not include any transaction the primary purpose of which is a bona fide equity financing of the Company.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition as defined above, the surviving or successor entity shall assume this Warrant and the obligations of the Company hereunder, and this Warrant shall, from and after such closing, be exercisable for the same class, number and kind of securities, cash and other property as would have been paid for or in respect of the Shares issuable (as of immediately prior to such closing) upon exercise in full hereof as if such Shares had been issued and outstanding on and as of such closing, at an aggregate Warrant Price equal to the aggregate Warrant Price in effect as of immediately prior to such closing; and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months and one day following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten offering and sale of its shares to the public pursuant to an effective registration statement under the Act ("**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price first set forth above is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 1.12 of the Company's Investor Rights Agreement dated November 30, 2011, as amended and in effect from time to time.

4.7 No Rights as a Stockholder. Without limiting any provision of this Warrant, Holder agrees that it will not have any rights as a stockholder of the Company until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Eastern time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares (and each certificate evidencing securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO OXFORD FINANCE LLC DATED DECEMBER , 2011, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 180 DAYS FOLLOWING THE EFFECTIVE DATE OF A REGISTRATION STATEMENT OF THE COMPANY FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to an affiliate of Holder, provided that such affiliate is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. Following the issuance of this Warrant to Oxford, Oxford may transfer same in whole or in part to one or more affiliates of Oxford, and in connection with any such transfer Oxford and the affiliate transferee shall execute and deliver to the Company an Assignment substantially in the form of Appendix 2 hereto. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, such Oxford affiliate and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant (or the securities issued upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, such Oxford affiliate or any subsequent Holder will give the Company notice of the portion of the Warrant and/or Shares (and/or securities issued upon conversion of the Shares, if any) being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent Holder shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

Oxford Finance LLC
Attn: Mr. John Henderson, Vice President and General Counsel
133 North Fairfax Street
Alexandria, VA 22314
Facsimile: 703-519-5225
Email address: jhenderson@oxfordfinance.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

TransEnterix, Inc.
Attn: Vice President, Finance
635 Davis Drive, Suite 300
Morrisville, NC 27560
Telephone: (919) 765-8433
Facsimile: (919) 765-8459
Email: jjamiolkowski@transenterix.com

With a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
Attn: Philip Oettinger
650 Page Mill Road
Palo Alto, CA 94304
Telephone: 650-493-9300
Facsimile: 650-493-6811
Email: poettinger@wsgr.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with (i) to the extent applicable, the Delaware General Corporation Law, and (ii) otherwise, the internal domestic laws of the State of New York, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Oxford is closed.

[Remainder of page left blank intentionally]
[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
(Print)
Title: Chief Executive Officer

"HOLDER"

OXFORD FINANCE LLC

By: /s/ John G. Henderson
Name: John G. Henderson
(Print)
Title: Vice President and General Counsel

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase shares of the Common/Series Preferred [circle one] Stock of (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

☐ check in the amount of $ payable to order of the Company enclosed herewith

☐ Wire transfer of immediately available funds to the Company's account

☐ Cashless Exercise pursuant to Section 1.2 of the Warrant

☐ Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

_____

By: _____

Name: _____

Title: _____

(Date): _____

APPENDIX 2

FORM OF ASSIGNMENT

For value received, Oxford Finance LLC hereby sells, assigns and transfers unto

Name: [OXFORD TRANSFEREE]
Address: _____

_____

Tax ID: _____

that certain Warrant to Purchase Stock issued by [BORROWER] (the "Company"), on [ISSUE DATE] (the "Warrant") together with all rights, title and interest therein.

OXFORD FINANCE LLC

By: _____

Name: _____

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, [OXFORD TRANSFEREE] hereby makes each of the representations and warranties set forth in Article 4 of the Warrant as of the date hereof and agrees to be bound by all provisions of the Warrant as the Holder thereof.

[OXFORD TRANSFEREE]

By: _____

Name: _____

Title: _____

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company: TransEnterix, Inc., a Delaware corporation
Number of Shares: As set forth in Paragraph A below
Type/Series of Stock: Series B-1 Convertible Preferred Stock, $0.001 par value per share
Warrant Price: $0.33 per Share, subject to adjustment as provided herein
Issue Date: January 17, 2012
Expiration Date: January 16, 2022 **See also Section 5.1(b).**
Credit Facility: This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement of even date herewith among Oxford Finance LLC, Silicon Valley Bank and the Company (as amended and/or modified and in effect from time to time, the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, SILICON VALLEY BANK (together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase up to such number of fully paid and non-assessable shares of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") as determined in Paragraph A below, at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant.

A. Number of Shares. On and as of the date of each Term Loan (as defined in the Loan Agreement) made to the Company by Holder or its affiliate under the Loan Agreement, this Warrant automatically shall become exercisable for such number of shares of the applicable Class (cumulatively, the "**Shares**") as shall equal (a)(i) 0.04, multiplied by (ii) the amount of such Term Loan made by Holder or its affiliate, divided by (b) the Warrant Price in effect on and as of such date, rounded to the nearest whole share and subject to adjustment from time to time in accordance with the provisions of this Warrant.

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

X = Y(A-B)/A

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(c) Acquisition. For the purpose of this Warrant, "**Acquisition**" means any transaction or series of related transactions involving:

(i) the sale, lease, exclusive license, or other disposition of all or substantially all of the assets of the Company (ii) any merger or consolidation of the Company into or with another person or entity (other than a merger or consolidation effected exclusively to change the Company's domicile), or any other corporate reorganization, in which the stockholders of the Company in their capacity as such immediately prior to such merger, consolidation or reorganization, own less than a majority of the Company's (or the surviving or successor entity's) outstanding voting power immediately after such merger, consolidation or reorganization (or, if such Company stockholders beneficially own a majority of the outstanding voting power of the surviving or successor entity as of immediately after such merger, consolidation or reorganization, such surviving or successor entity is not the Company); or (iii) any sale or other transfer by the stockholders of the Company of shares representing at least a majority of the Company's then-total outstanding combined voting power. "Acquisition" shall not include any transaction the primary purpose of which is a bona fide equity financing of the Company.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition as defined above, the surviving or successor entity shall assume this Warrant and the obligations of the Company hereunder, and this Warrant shall, from and after such closing, be exercisable for the same class, number and kind of securities, cash and other property as would have been paid for or in respect of the Shares issuable (as of immediately prior to such closing) upon exercise in full hereof as if such Shares had been issued and outstanding on and as of such closing, at an aggregate Warrant Price equal to the aggregate Warrant Price in effect as of immediately prior to such closing; and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in Trading Market, and (iii) Holder would be able to publicly re-sell, within six (6) months and one day following the closing of such Acquisition, all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise this Warrant in full on or prior to the closing of such Acquisition.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten offering and sale of its shares to the public pursuant to an effective registration statement under the Act ("**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price first set forth above is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least $500,000 of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) in the case of the matters referred to in (a) and (b) above, at least seven (7) Business Days prior written notice of the earlier to occur of the effective date thereof or the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 1.12 of the Company's Investor Rights Agreement dated November 30, 2011, as amended and in effect from time to time.

4.7 No Rights as a Stockholder. Without limiting any provision of this Warrant, Holder agrees that it will not have any rights as a stockholder of the Company until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, Eastern time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares (and each certificate evidencing securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO SILICON VALLEY BANK DATED JANUARY 17, 2012, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD OF UP TO 180 DAYS FOLLOWING THE EFFECTIVE DATE OF A REGISTRATION STATEMENT OF THE COMPANY FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE COMPANY. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to SVB Financial Group (Silicon Valley Bank's parent company) or any other affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issued upon exercise of this Warrant (or the securities issued upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant and/or Shares (and/or securities issued upon conversion of the Shares, if any) being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the

transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant. Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.

5.5 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, CA 95054
Telephone: 408-654-7400
Facsimile: 408-496-2405
Email address: warradmi@svb.com

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

TransEnterix, Inc.
Attn: Vice President, Finance
635 Davis Drive, Suite 300
Morrisville, NC 27560
Telephone: (919) 765-8433
Facsimile: (919) 765-8459
Email: jjamiolkowski@transenterix.com

With a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, P.C.
Attn: Philip Oettinger
650 Page Mill Road
Palo Alto, CA 94304
Telephone: 650-493-9300
Facsimile: 650-493-6811
Email: poettinger@wsgr.com

5.6 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.7 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.8 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.9 Governing Law. This Warrant shall be governed by and construed in accordance with (i) to the extent applicable, the Delaware General Corporation Law, and (ii) otherwise, the internal domestic laws of the State of New York, without giving effect to its principles regarding conflicts of law.

5.10 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.11 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which Oxford is closed.

[Remainder of page left blank intentionally]
[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
(Print)
Title: Chief Executive Officer

"HOLDER"

SILICON VALLEY BANK

By: /s/ Patrick Scheper
Name: Patrick Scheper
(Print)
Title: Vice President

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right to purchase shares of the Common/Series Preferred [circle one] Stock of (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

☐ check in the amount of $ payable to order of the Company enclosed herewith

☐ Wire transfer of immediately available funds to the Company's account

☐ Cashless Exercise pursuant to Section 1.2 of the Warrant

☐ Other [Describe] _____

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

_____

By: _____

Name: _____

Title: _____

(Date): _____

SECURED PROMISSORY NOTE
(Term A Loan)

$2,000,000.00 Dated: September 3, 2013

FOR VALUE RECEIVED, the undersigned, (i) TRANSENTERIX, INC., a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**TransEnterix**"), (ii) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**Medical**"), and (iii) **SAFESTITCH LLC**, a Virginia limited liability company with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**LLC**"; TransEnterix, Medical, and LLC are referred to herein, individually and collectively, jointly and severally, as "**Borrower**") HEREBY PROMISES TO PAY to the order of **SILICON VALLEY BANK** ("**Lender**") the principal amount of Two Million Dollars ($2,000,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term A Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term A Loan, at the rates and in accordance with the terms of the Loan and Security Agreement by and among Borrower, **SILICON VALLEY BANK**, as Collateral Agent, and the Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Borrower agrees to pay any initial partial monthly interest payment from the date the Term A Loan is made to Borrower under this Secured Promissory Note (this "**Note**") to the first Payment Date ("**Interim Interest**") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term A Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term A Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term A Loan, interest on the Term A Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable Lenders' Expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of

this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH MEDICAL, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH LLC

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SECURED PROMISSORY NOTE
(Term B Loan)

$3,000,000.00 Dated: September 3, 2013

FOR VALUE RECEIVED, the undersigned, (i) TRANSENTERIX, INC., a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**TransEnterix**"), (ii) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**Medical**"), and (iii) **SAFESTITCH LLC**, a Virginia limited liability company with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**LLC**"; TransEnterix, Medical, and LLC are referred to herein, individually and collectively, jointly and severally, as "**Borrower**") HEREBY PROMISES TO PAY to the order of **SILICON VALLEY BANK** ("**Lender**") the principal amount of Three Million Dollars ($3,000,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term B Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term B Loan, at the rates and in accordance with the terms of the Loan and Security Agreement by and among Borrower, **SILICON VALLEY BANK**, as Collateral Agent, and the Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Borrower agrees to pay any initial partial monthly interest payment from the date the Term B Loan is made to Borrower under this Secured Promissory Note (this "**Note**") to the first Payment Date ("**Interim Interest**") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term B Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term B Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term B Loan, interest on the Term B Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable Lenders' Expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH MEDICAL, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH LLC

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SECURED PROMISSORY NOTE
(Term A Loan)

$2,000,000.00 Dated: September 3, 2013

FOR VALUE RECEIVED, the undersigned, (i) TRANSENTERIX, INC., a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**TransEnterix**"), (ii) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**Medical**"), and (iii) **SAFESTITCH LLC**, a Virginia limited liability company with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**LLC**"; TransEnterix, Medical, and LLC are referred to herein, individually and collectively, jointly and severally, as "**Borrower**") HEREBY PROMISES TO PAY to the order of **OXFORD FINANCE LLC** ("**Lender**") the principal amount of Two Million Dollars ($2,000,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term A Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term A Loan, at the rates and in accordance with the terms of the Loan and Security Agreement by and among Borrower, **SILICON VALLEY BANK**, as Collateral Agent, and the Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Borrower agrees to pay any initial partial monthly interest payment from the date the Term A Loan is made to Borrower under this Secured Promissory Note (this "**Note**") to the first Payment Date ("**Interim Interest**") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term A Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term A Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term A Loan, interest on the Term A Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable Lenders' Expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH MEDICAL, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH LLC

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SECURED PROMISSORY NOTE
(Term B Loan)

$3,000,000.00 Dated: September 3, 2013

FOR VALUE RECEIVED, the undersigned, (i) TRANSENTERIX, INC., a Delaware corporation with offices located at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**TransEnterix**"), (ii) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**Medical**"), and (iii) **SAFESTITCH LLC**, a Virginia limited liability company with offices located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**LLC**"; TransEnterix, Medical, and LLC are referred to herein, individually and collectively, jointly and severally, as "**Borrower**") HEREBY PROMISES TO PAY to the order of **OXFORD FINANCE LLC** ("**Lender**") the principal amount of Three Million Dollars ($3,000,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term B Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term B Loan, at the rates and in accordance with the terms of the Loan and Security Agreement by and among Borrower, **SILICON VALLEY BANK**, as Collateral Agent, and the Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Borrower agrees to pay any initial partial monthly interest payment from the date the Term B Loan is made to Borrower under this Secured Promissory Note (this "**Note**") to the first Payment Date ("**Interim Interest**") on the first Payment Date.

Principal, interest and all other amounts due with respect to the Term B Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Note. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term B Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term B Loan, interest on the Term B Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable Lenders' Expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of

this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

TRANSENTERIX, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH MEDICAL, INC.

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

SAFESTITCH LLC

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: President and Chief Executive Officer

Exhibit 10.9

Amended and Restated Pre-Release Distribution Agreement

Preamble:

The purpose of this agreement, effective as of 15 June 2012, is to cover the business arrangement between TransEnterix, Inc. ("MANUFACTURER") and Al Danah Medical Co. W.L.L. ("DISTRIBUTOR") (MANUFACTURER and DISTRIBUTOR collectively the "Parties") during a limited pre-market-release of the SPIDER Surgical System in a select Territory within Europe. This agreement amends and restates, and supersedes in all respects, the Pre-Release Distribution Agreement entered into between the Parties as of [insert prior date].

Terms:

1). Territory – DISTRIBUTOR agrees to only sell TransEnterix products exclusively in the respective territory listed in Annex 1 (the "Territory").

2). Accounts – DISTRIBUTOR agrees to sell exclusively to mutually and pre-agreed Key Opinion Leading end-user customers listed in Annex 2. DISTRIBUTOR agrees to include additional end-user customers only with the prior written approval of TransEnterix.

3). Pricing and Terms – products will be sold to DISTRIBUTOR at transfer pricing in USD, as per price list in Annex 3. Payment terms are Net 60 days.

4). Shipping – products will be shipped FOB at location of origin. Delivery and acceptance of product shall be in accordance with the Uniform Commercial Code as it is in force in the Country where the shipment originated.

5). Single-Use samples – TransEnterix will provide DISTRIBUTOR with one Demonstration /Training Set of SPIDER single-use products for each KOL End-User customer free of Charge.

6). Reusable equipment – TransEnterix will loan DISTRIBUTOR one (1) re-usable grasper and one (1) support arm for each KOL End-User customer for the duration of agreement.

7). Marketing Support and Training – TransEnterix will provide DISTRIBUTOR with marketing support, clinical training, Key Customer Visits, where applicable. DISTRIBUTOR will provide trained clinical staff at all times during SPIDER Surgery procedures with KOL End-user customers. Clinical support representation from TransEnterix (Robin Hembry, Johan Ceuppens, US clinical training) will have the option to support pre-release cases performed under this agreement, as appropriate.

8). Product Ordering and Returns – purchase order quantities be approved in advance by TransEnterix, to ensure product availability for full orders. Product returns of full and unopened boxes will be permitted, so long as the boxes are returned in original condition (utilizing over-shipper boxes).

9). Customer Complaints; Inquiries. DISTRIBUTOR hereby covenants that it shall be responsible as the first point of contact for technical support with the customer and/or end-users. DISTRIBUTOR will provide a line of communication to MANUFACTURER and MANUFACTURER'S AUTHORIZED REPRESENTATIVE (see contact information below) directly in matters of vigilance and post-market surveillance (early warning) in accordance with the European Commission Guidelines On A Medical Devices Vigilance System [Note: attachment of the Guidelines is recommended]. DISTRIBUTOR will further provide this technical support on the usage of products to the customers based on information supplied by MANUFACTURER. DISTRIBUTOR reporting should follow the current European Commission Guidelines On A Medical Devices Vigilance System. This communication should occur within 10 days of DISTRIBUTOR becoming aware of an issue. If there is an issue with a TransEnterix product, pictures should be taken of the product for documentation purposes (if it is returned from the institution), and then the product should be destroyed.

Emergo Europe
Molenstraat 15
2513 BH The Hague
The Netherlands
Tel: (31) (0) 70 345-8570
Fax: (31) (0) 70 346-7299

10). Product Recalls and Field Corrective Actions – DISTRIBUTOR shall report all customer complaints to TransEnterix. In the event (i) any government authority issues a directive or order that a Product be recalled, (ii) a court of competent jurisdiction orders such a recall, or (iii) TransEnterix determines that a Product should be recalled or that a Field Corrective Action should occur, the parties shall take all appropriate corrective actions. DISTRIBUTOR will, upon approval by TransEnterix, provide notice to customers of the recall of the Product. TransEnterix shall be responsible for the cost of notifying end users and for determining the corrective actions to be taken and the reasonable costs associated with such actions, unless TransEnterix can affirmatively identify that the recall is a direct result of an act or omission of DISTRIBUTOR or its agents or employees. TransEnterix and DISTRIBUTOR shall fully cooperate with one another and provide all reasonable assistance in conducting any recall or Field Corrective Action. DISTRIBUTOR shall maintain records of all sales of the Products sufficient to carry out a recall with respect to Products purchased under the Agreement. The records shall be sufficient to recall specific product lot/serial numbers as identified on the external packaging of the product.

11). Regulatory

a. Translations – MANUFACTURER shall develop and include labeling translations with Products to customers in accordance with Territory requirements.

b. Customer Complaints and Records Retention –A product complaint is any written or oral expression of dissatisfaction as to the identity, quality, durability, reliability, safety, effectiveness, or performance of a Product. DISTRIBUTOR shall notify MANUFACTURER in writing within 5 business days of receipt of a product complaint. DISTRIBUTOR shall maintain records for 2 years from the date a complaint is received. DISTRIBUTOR will provide initial

problem troubleshooting to customers and then obtain an RMA, returned materials authorization, from MANUFACTURER as necessary. MANUFACTURER will maintain technical resources to enable it to acknowledge reasonable requests from DISTRIBUTOR for responses to customer inquiries.

c. Re-packaging / Re-labeling – DISTRIBUTOR shall not re-package or re-label any Product except as specifically authorized in writing by MANUFACTURER. MANUFACTURER authorizes DISTRIBUTOR to approves, additional labeling of the product using an inventory and shipping label similar to the one attached in Annex 5.

d. Incidence Reporting – Product complaints associated with a death or serious injury, or a malfunction that could reasonably be expected to result in a death or serious injury if the malfunction recurs are referred to as adverse incidents/adverse events and shall be reported by DISTRIBUTOR to MANUFACTURER immediately upon DISTRIBUTOR'S obtaining knowledge thereof. In the event of any adverse incidents or adverse events involving the use of the Products, DISTRIBUTOR will promptly gather as much information regarding the incident as possible (including the name and contact information of the doctor, the hospital, the patient, the date and the circumstances, the factors contributing to the incident, and any other information reasonably requested by MANUFACTURER) and report the matter to MANUFACTURER promptly upon becoming aware of the incident as well as regulatory bodies as specified under the Medical Device Reporting regulations (21 CFR 803.24) and the European Union's Medical Device Vigilance Guidelines and/or other applicable laws or regulations. DISTRIBUTOR shall provide MANUFACTURER with a copy of any correspondence, reports, or other documents relating to such an incident promptly following receipt of such document by DISTRIBUTOR, and shall report to MANUFACTURER all available information concerning any adverse usage experiences or product complaints of which it is aware in order to assist MANUFACTURER in monitoring the quality and safety of its Products, and to assist MANUFACTURER to meet its reporting obligations under the Medical Device Reporting regulations (21 CFR 803.24) and the European Union's Medical Device Vigilance Guidelines and/or other applicable laws or regulations.

e. Shipping records/traceability – DISTRIBUTOR to maintain accurate and complete records of all sales of designated Products including lot # / serial # by customer, quantities, date of sale, and shall provide them to MANUFACTURER (as requested by MANUFACTURER) to facilitate service actions/product notifications to customers as needed.

f. Field Actions/Recalls – DISTRIBUTOR shall, upon approval by MANUFACTURER, provide notice to customers of field actions/recalls. DISTRIBUTOR to maintain sales records sufficient to facilitate field actions.

g. HIPAA – DISTRIBUTOR and MANUFACTURER shall observe HIPAA (U.S. Health Insurance Portability and Accountability Act) practices in as much as possible to safeguard sensitive data and protected health information.

h. Territory Definition and Regulated Market Clearance/Approvals– the MANUFACTURER is responsible to assure that the Territory identified in the contract is confirmed as a country that is currently cleared for marketing for the Product as identified in the contract.

i. Destination control – DISTRIBUTOR shall not sell outside Territory without prior written consent of MANUFACTURER.

j. Regulatory Reporting – MANUFACTURER will inform DISTRIBUTOR without delay of new product risks and incidents (adverse events) to protect patients and users in accordance with Articles 10 and 19 of the Medical device directive 93/42/EEC or other similarly described requirements from other applicable directives or regulations.

k. Waste and Recycling – DISTRIBUTOR to comply with WEEE (in EU) or other applicable state/federal/national recycling requirements, organize returned goods for recycling and waste take back.

l. List of Products and MDD Classification – a list of MANUFACTURER products and MDD classification is provided in Annex 4.

12). Packaging & Labeling – DISTRIBUTOR will not re-package or re-label without prior written agreement from TransEnterix. Should re-packaging/re-labeling be required, TransEnterix will provide DISTRIBUTOR with instructions. TransEnterix is aware of, and approves, relabeling of the product using a label similar to the one attached in Annex 5.

13). Records – DISTRIBUTOR will retain all records related to complaints and shipped product for a minimum of two (2) years.

14). Inventory – DISTRIBUTOR will insure that Products are handled and stored in an environment that will maintain the quality, cleanliness, and proper functioning of the Products, according to product labeling and other communications provided by TransEnterix.

15). Customer Service – DISTRIBUTOR will provide professional customer service support in territory. DISTRIBUTOR will take reasonable measures to ensure that its customers are educated as to the proper use of the Products and that they understand the recommendations, precautions, contraindications and/or other notices shown on all package inserts and labeling. TransEnterix shall advise DISTRIBUTOR staff as to the proper use of the Products, and provide such reasonable technical support and assistance to DISTRIBUTOR as DISTRIBUTOR may require to demonstrate the proper use of the Products to its customers.

16). Advertising, Promotion and Trade Shows – All advertisements or other promotional materials pertaining to the Products proposed to be used by DISTRIBUTOR shall be submitted to TransEnterix (Luke Roush) for approval prior to use or publication.

17). Term – This agreement will end on 31st August 2012. Upon execution of this agreement, the Parties agree to negotiate in good faith to reach a formal distribution agreement for execution prior to 31 August 2012. If an agreement cannot be negotiated in good faith by this end date, neither party is entitled to additional compensation, services, or rights in the future.

18). Jurisdiction – this agreement will be governed by North Carolina law.

TransEnterix, Inc.
Davis Drive, Suite 300
Morrisville, NC 27560
USA

/s/ Luke Roush

TransEnterix, Inc.

Luke Roush

VP of Sales and Global Marketing

Al Danah Medical Co. W.L.L.635
P.O. Box 14485
Gate #4 Naser Bin Khaled Complex,
Salwa Road, Doha-Qatar

/s/ Moh'd Afifi

Al Danah Medical Co. W.L.L.

Moh'd Afifi

General Manager

Annex 1:

Qatar and Kuwait

Annex 2:

NOTE – discussed customers within Territory are OK, as long as written approval exists from TransEnterix.

Exhibit 10.10

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of September 3, 2013 by and among SafeStitch Medical, Inc., a Delaware corporation (the "Company"), and the parties identified as "SafeStitch Investors" and "TransEnterix Investors" on Schedule 1 hereto (collectively, the "Investors"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Merger Agreement (as defined below).

WHEREAS, the Company, Tweety Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of the Company ("Merger Sub"), and TransEnterix, Inc., a Delaware corporation ("TransEnterix"), are parties to that certain Agreement and Plan of Merger, dated as of August 13, 2013 (the "Merger Agreement"), pursuant to which Merger Sub shall be merged with and into TransEnterix in accordance with the Delaware General Corporation Law and TransEnterix shall be the surviving corporation (the "Merger");

WHERAS, certain existing stockholders of the Company and TransEnterix have subscribed or intend to subscribe, pursuant to a Securities Purchase Agreement entered into on or after the date hereof (the "Securities Purchase Agreement"), for shares of capital stock of the Company ("Company Capital Stock"), with the consummation of such subscription to occur after the closing of the Merger (the "Equity Financing," and, together with the Merger, the "Transactions");

WHEREAS, (i) pursuant to the Merger, the TransEnterix Investors shall receive shares of Company Common Stock in exchange for the shares of stock of TransEnterix formerly held by them on the terms as set forth in the Merger Agreement, and (ii) pursuant to the Equity Financing, the TransEnterix Investors and the SafeStitch Investors shall receive shares of Company Common Stock in exchange for cash or other consideration on the terms as set forth in the Securities Purchase Agreement;

WHEREAS, the Company has agreed to provide the registration and other rights set forth in this Agreement for the benefit of the TransEnterix Investors and the SafeStitch Investors pursuant to the Securities Purchase Agreement; and

WHEREAS, the terms of the Securities Purchase Agreement require that this Agreement be executed and delivered on behalf of the TransEnterix Investors and the SafeStitch Investors.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions.

The terms set forth below are used herein as so defined:

"Business Day" means a day other than a Saturday, Sunday or other day on which banks located in New York, New York are authorized or required by law to close.

"Change of Control" shall mean either (i) the acquisition of the Company by another person or entity by means of any transaction or series of related transactions to which the Company is a party (including, without limitation, any stock acquisition, reorganization, merger or consolidation, but excluding any such transaction if the primary purpose of such transaction is to change the Company's domicile, and excluding any equity financing the primary purpose of which is to raise operating capital for the Company) that results in a transfer of at least 50% of the total voting power represented by the Company's voting securities before such acquisition; or (ii) a sale, lease, or other conveyance of all or substantially all of the Company's assets.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Consummation Date" shall mean the date on which the Transactions are consummated.

"Holder" means the record holder of any Registrable Securities.

"Included Registrable Securities" has the meaning specified therefore in Section 2.02(a) of this Agreement.

"Lock-up Period," means each of (i) the period commencing on the Consummation Date to and including the date that is twelve (12) months following the Consummation Date (the "First Lock-up Period"); (ii) the period commencing on the Consummation Date to and including the date that is eighteen (18) months following the Consummation Date (the "Second Lock-up Period"); and (iii) the period commencing on the Consummation Date to and including the date that is twenty-four (24) months following the Consummation Date (the "Third Lock-up Period") as further described in the Lock-Up and Voting Agreements entered into in connection with the Transactions (the "Lock-up and Voting Agreements").

"Losses" has the meaning specified therefore in Section 2.06(a) of this Agreement.

"Majority-in-Interest" means Investors holding a majority of the Registrable Securities.

"Managing Underwriter" means, with respect to any Underwritten Offering, the book-running lead manager of such Underwritten Offering.

"Piggyback Registration" means a registration involving the sale of Common Stock by the Company as described further in Section 2.02(a) of this Agreement.

"Registrable Securities" means, with respect to any Holder (i) any and all shares of Company Common Stock which are owned by such Holder as of the Consummation Date, (ii) any shares of Company Common Stock issuable upon exercise, conversion or exchange of any securities of the Company which are owned by such Holder as of the Consummation Date, and (iii) any securities of the Company issued in respect of the shares of Company Common Stock issued or issuable to any of the Holders by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or

otherwise and any shares of Company Capital Stock issuable upon conversion, exercise or exchange thereof, in each case to the extent relating to any securities of the Company which were owned by such Holder as of the Consummation Date, each of which Registrable Securities described under (i) through (iii) above are subject to the rights provided herein until such rights terminate pursuant to the provisions hereof.

"Registration Expenses" has the meaning specified therefore in Section 2.05(a) of this Agreement.

"Registration Statement" means a registration statement under the Securities Act to permit the resale of the Registrable Securities using Form S-3, if available to the Company.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as may be amended from time to time.

"Rule 145" means Rule 145 promulgated by the Commission pursuant to the Securities Act, as may be amended from time to time.

"Securities Purchase Agreement" has the meaning specified therefore in the Recitals of this Agreement.

"Selling Expenses" has the meaning specified therefore in Section 2.05(a) of this Agreement.

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement.

"Underwritten Offering" means an offering (including an offering pursuant to a Registration Statement) in which Common Stock is sold to an underwriter on a firm commitment basis for reoffering to the public or an offering that is a "bought deal" with one or more investment banks.

Section 1.02 Registrable Securities. Any Registrable Security will cease to be a Registrable Security (a) when a Registration Statement covering such Registrable Security has been declared effective by the Commission and such Registrable Security has been sold or disposed of pursuant to such effective Registration Statement, (b) when such Registrable Security is held by the Company or one of its subsidiaries, (c) when such Registrable Security has been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of such securities.

ARTICLE II
REGISTRATION RIGHTS

Section 2.01(a) Timing of Registration. As soon as practicable following the expiration of the Third Lock-up Period, but in any event within 30 days of the expiration of the Third Lock-up Period, the Company shall prepare and file a Registration Statement under the Act with respect to all of the Registrable Securities; provided, that, at such time, the Company is then eligible to use Form S-3. The Company shall use its commercially reasonable efforts to

cause such Registration Statement to become effective no later than 120 days after the date of the expiration of the Third Lock-up Period. If a prospectus supplement will be used in connection with the marketing of an Underwritten Offering from the Registration Statement and the Managing Underwriter at any time shall notify the Company in writing that, in the sole judgment of such Managing Underwriter, inclusion of detailed information to be used in such prospectus supplement is of material importance to the success of the Underwritten Offering of such Registrable Securities, the Company shall use its commercially reasonable efforts to include such information in the prospectus. The Company will cause the Registration Statement filed pursuant to this Section 2.01 to be continuously effective under the Securities Act of 1933, as amended (the "Securities Act"), until there are no longer any Registrable Securities outstanding, but in any event no longer than thirty-six (36) months after effectiveness thereof or such shorter period as is agreed to by a Majority-in-Interest of the Investors. The Registration Statement when declared effective (including the documents incorporated therein by reference) will comply as to form with all applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(b) Delay Rights. Notwithstanding anything to the contrary contained herein, the Company may, upon written notice to any Selling Holder whose Registrable Securities are included in the Registration Statement, suspend such Selling Holder's use of any prospectus which is a part of the Registration Statement (in which event the Selling Holder shall discontinue sales of the Registrable Securities pursuant to the Registration Statement) if (i) the Company is pursuing an acquisition, merger, reorganization, disposition or other similar transaction and the Company's independent directors determine in good faith that the Company's ability to pursue or consummate such a transaction would be materially and adversely affected by any required disclosure of such transaction in the Registration Statement or (ii) the Company has experienced some other material non-public event the disclosure of which at such time, in the good faith judgment of the Company's independent directors, would materially adversely affect the Company; provided, however, in no event shall the Registration Statement be suspended for a period exceeding an aggregate of 90 days in any 365-day period. Upon disclosure of such information or the termination of the condition described above, the Company shall provide prompt notice to the Selling Holders whose Registrable Securities are included in the Registration Statement, and shall promptly terminate any suspension of sales it has put into effect and shall take such other actions to permit registered sales of Registrable Securities as contemplated in this Agreement.

Section 2.02 Piggyback Rights.

(a) Participation. If at any time after the expiration of the First Lock-up Period the Company proposes to file a registration statement for the sale of Common Stock in an Underwritten Offering for its own account and/or another Person, then as soon as practicable but not less than ten Business Days prior to the filing of such registration statement, the Company shall give notice of such proposed Underwritten Offering to the Holders and such notice shall offer the Holders the opportunity to include in such Underwritten Offering such number of Registrable Securities (the "Included Registrable Securities") as each such Holder may request in writing (but only to the extent that such Registrable Securities are not then subject

to lock-up provisions under the Lock-up and Voting Agreements); provided, however, that if the Company has been advised by the Managing Underwriter that the inclusion of Registrable Securities for sale for the benefit of the Holders will have an adverse effect on the price, timing or distribution of the Common Stock offered by the Company under such registration statement, then the amount of Registrable Securities to be offered for the accounts of Holders shall be determined based on the provisions of Section 2.02(b). The notice required to be provided in this Section 2.02(a) to Holders shall be provided on a Business Day pursuant to Section 3.02 hereof and receipt of such notice shall be deemed to be received by Holders on the next Business Day. Holder shall then have three (3) Business Days after such deemed receipt of the notice to request inclusion of Registrable Securities in the Underwritten Offering. If no request for inclusion from a Holder is received within the specified time, then such Holder shall have no further right to participate in such Underwritten Offering. If a Holder decides not include some or all of its Registrable Securities in any registration statement filed by the Company as described in this Section 2.02(a), such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to the offering by the Company of its securities, all upon the terms and conditions set forth herein. If, at any time after giving written notice of its intention to undertake an Underwritten Offering and prior to the closing of such Underwritten Offering, the Company shall determine for any reason not to undertake or to delay such Underwritten Offering, the Company may, at its election, give written notice of such determination to the Selling Holders and, (x) in the case of a determination not to undertake such Underwritten Offering, shall be relieved of its obligation to sell any Included Registrable Securities in connection with such terminated Underwritten Offering, and (y) in the case of a determination to delay such Underwritten Offering, shall be permitted to delay offering any Included Registrable Securities for the same period as the delay in the Underwritten Offering. Any Selling Holder shall have the right to withdraw such Selling Holder's request for inclusion of such Selling Holder's Registrable Securities in such offering by giving written notice to the Company of such withdrawal up to and including the date immediately preceding the date on which the underwriters price such such offering.

(b) Priority of Piggyback Rights. If the Managing Underwriter or Underwriters of any proposed Underwritten Offering of Company Common Stock included in an Underwritten Offering involving Included Registrable Securities advises the Company that the total amount of Company Common Stock that the Selling Holders and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have an adverse effect on the price, timing or distribution of the Company Common Stock offered or the market for the Company Common Stock, then the Company Common Stock to be included in such Underwritten Offering shall include the number of Registrable Securities that such Managing Underwriter or Underwriters advises the Company can be sold without having such adverse effect, with such number to be allocated (i) first, to the Company and (ii) second, pro rata among the Selling Holders who have requested participation in such Underwritten Offering and any other Person holding Company securities who may also be including any such securities for sale in such Underwritten Offering based, for each Selling Holder or other Person, on the fraction derived by dividing (x) the number of shares of Company Common Stock proposed to be sold by such Selling Holder or other Person in such Underwritten Offering by (y) the aggregate number of shares of Company Common Stock proposed to be sold by all Selling Holders and other Persons in such Underwritten Offering. For clarity, the

Managing Underwriter or Underwriters shall have the ability to fully cut back any Registrable Securities in connection with the Underwritten Offering. If any Selling Holder or other Person does not agree to the terms of any such underwriting, such Selling Holder or other Person, as the case may be, may be excluded from the Underwritten Offering by written notice from the Company or the Managing Underwriter. Any Registrable Securities or other Company securities excluded or withdrawn from such underwriting shall be withdrawn from such registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the Managing Underwriter or Underwriters may round the number of shares allocated to any Holder to the nearest 100 shares. If shares are so withdrawn from the registration and if the number of shares of Registrable Securities to be included in such registration was previously reduced as a result of marketing factors, the Company shall then offer to all persons who have retained the right to include securities in the registration the right to include additional securities in the registration in an aggregate amount equal to the number of shares so withdran, with such shares to be allocated among the Selling Holders or other Person or Persons requesting additional inclusion in accordance with the formula contained in this Section 2.02(b). The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.02 at any time whether or not any Holder has elected to include securities in such registration.

Section 2.03 Underwritten Offering.

(a) S-3 Registration. If a Selling Holder elects to dispose of Registrable Securities under the Registration Statement pursuant to an Underwritten Offering and reasonably anticipates gross proceeds of greater than $10 million from such Underwritten Offering, the Company shall, at the request of such Selling Holder, enter into an underwriting agreement in customary form with the Managing Underwriter or Underwriters, which shall include, among other provisions, indemnities to the effect and to the extent provided in Section 2.06, and shall take all such other reasonable actions as are requested by the Managing Underwriter to expedite or facilitate the disposition of the Registrable Securities.

(b) General Procedures. In connection with any Underwritten Offering pursuant to this Agreement, the Company shall, at its sole discretion, be entitled to select the Managing Underwriter or Underwriters. In connection with an Underwritten Offering under Section 2.01 or Section 2.03 hereof, each Selling Holder and the Company shall be obligated to enter into an underwriting agreement that contains such representations, covenants, indemnities and other rights and obligations as are customary in underwriting agreements for firm commitment offerings of securities. No Selling Holder may participate in such Underwritten Offering unless such Selling Holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents required under the terms of such underwriting agreement. No Selling Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Selling Holder and its ownership of the securities being registered on its behalf and its intended method of distribution and any other representation required by law. If any Selling Holder disapproves of the terms of an underwriting, such Selling Holder may elect to withdraw therefrom by notice to the Company and the Managing Underwriter; provided, that such withdrawal must be made prior to the time in the last sentence of Section 2.02(a) hereof to be effective; and provided further, that such withdrawing Selling

Holder shall be obligated to pay fifty percent (50%) of its pro rata share (based on its pro rata share of the aggregate Registrable Securities and Company securities requested to be included in such Underwritten Offering by all Selling Holders and any other Person or Persons) of the Registration Expenses incurred in connection with such underwriting as of the date of such withdrawal.

Section 2.04 Sale Procedures. In connection with its obligations contained in Section 2.01 and Section 2.03, the Company will:

(a) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Registration Statement;

(b) furnish to each Selling Holder (i) as far in advance as reasonably practicable before filing the Registration Statement or any other registration statement contemplated by this Agreement or any supplement or amendment thereto, upon request, copies of reasonably complete drafts of all such documents proposed to be filed, and provide each such Selling Holder five (5) Business Days to object in writing to any information pertaining to such Selling Holder and its plan of distribution that is contained therein and make the corrections reasonably requested by such Selling Holder with respect to such information prior to filing the Registration Statement or such other registration statement or supplement or amendment thereto, and (ii) such number of copies of the Registration Statement or such other registration statement and the prospectus included therein and any supplements and amendments thereto as such Persons may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such Registration Statement or other registration statement;

(c) if applicable, use its commercially reasonable efforts to register or qualify the Registrable Securities covered by the Registration Statement or any other registration statement contemplated by this Agreement under the securities or blue sky laws of such jurisdictions as the Selling Holders or, in the case of an Underwritten Offering, the Managing Underwriter, shall reasonably request, provided, however, that the Company will not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(d) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the filing of the Registration Statement or any other registration statement contemplated by this Agreement or any prospectus or prospectus supplement to be used in connection therewith, or any amendment or supplement thereto, and, with respect to such Registration Statement or any other registration statement or any post-effective amendment thereto, when the same has become effective, and (ii) any written comments from the Commission with respect to any filing referred to in clause (i) and any written request by the Commission for amendments or supplements to the Registration Statement or any other registration statement or any prospectus or prospectus supplement thereto;

(e) immediately notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the happening of any event as a result of which the prospectus or prospectus supplement contained in the Registration Statement or any other registration statement contemplated by this Agreement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, (ii) the issuance or threat of issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any other registration statement contemplated by this Agreement, or the initiation of any proceedings for that purpose, or (iii) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of such notice, the Company agrees to as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and to take such other action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto;

(f) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission;

(g) make available to the appropriate representatives of the Managing Underwriter and Selling Holders access to such information and the Company personnel as is reasonable and customary to enable such parties to establish a due diligence defense under the Securities Act; provided, however, that the Company need not disclose any information to any such representative unless and until such representative has entered into a confidentiality agreement with the Company;

(h) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed;

(i) use its commercially reasonable efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(j) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(k) enter into customary agreements and take such other actions as are reasonably requested by the Selling Holders or the underwriters, if any, in order to expedite or facilitate the disposition of such Registrable Securities.

Each Selling Holder, upon receipt of notice from the Company of the happening of any event of the kind described in subsection (e) of this Section 2.04, shall forthwith discontinue disposition of the Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 2.04 or until it is advised in writing by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by the Company, such Selling Holder will, or will request the managing underwriter or underwriters, if any, to deliver to the Company (at the Company's expense) all copies in their possession or control, other than permanent file copies then in such Selling Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

Section 2.05 Expenses.

(a) Certain Definitions. "Registration Expenses" means all expenses incident to the Company's performance under or compliance with this Agreement to effect the registration of Registrable Securities under the Registration Statement pursuant to Section 2.01, an Underwritten Offering pursuant to Section 2.02 or Section 2.03, and the disposition of such securities, including, without limitation, all registration, filing, securities exchange listing and annual maintenance fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, fees of the Financial Industry Regulatory Authority, transfer taxes and fees of transfer agents and registrars, all word processing, duplicating and printing expenses, the fees and disbursements of counsel and independent public accountants for the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance. Except as otherwise provided in Section 2.05 hereof, the Company shall not be responsible for legal fees incurred by Holders in connection with the exercise of such Holders' rights hereunder; provided, however that the Company shall pay the legal fees of one counsel to the Investors in an amount not to exceed $25,000. In addition, the Company shall not be responsible for any "Selling Expenses," which means all underwriting fees, discounts and selling commissions allocable to the sale of the Registrable Securities under the Registration Statement.

(b) Expenses. Except for any Registration Expenses payable by a withdrawing Selling Holder pursuant to Section 2.03(b), the Company will pay all reasonable Registration Expenses as determined in good faith, including, in the case of an Underwritten Offering, whether or not any sale is made pursuant to such Underwritten Offering. Each Selling Holder shall pay all Selling Expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.06 Indemnification.

(a) By the Company. In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each Selling Holder thereunder, its directors and officers, and each underwriter, pursuant to the applicable underwriting agreement with such underwriter, of Registrable Securities thereunder and each Person, if any, who controls such Selling Holder or underwriter within the meaning of the Securities Act and the Exchange Act, against any losses, claims,

damages, expenses or liabilities (including reasonable attorneys' fees and expenses) (collectively, "Losses"), joint or several, to which such Selling Holder or underwriter or controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any other registration statement contemplated by this Agreement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances under which they were made) not misleading, and will reimburse each such Selling Holder, its directors and officers, each such underwriter and each such controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Loss or actions or proceedings; provided, however, that the Company will not be liable in any such case if and to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Selling Holder, such underwriter or such controlling Person in writing specifically for use in the Registration Statement or such other registration statement, or prospectus supplement, as applicable. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Selling Holder or any such director, officer or controlling Person, and shall survive the transfer of such securities by such Selling Holder.

(b) By Each Selling Holder. Each Selling Holder agrees severally and not jointly to indemnify and hold harmless the Company, its directors and officers, and each Person, if any, who controls the Company within the meaning of the Securities Act or of the Exchange Act to the same extent as the foregoing indemnity from the Company to the Selling Holders, but only with respect to information regarding such Selling Holder furnished in writing by or on behalf of such Selling Holder expressly for inclusion in the Registration Statement or prospectus supplement relating to the Registrable Securities, or any amendment or supplement thereto; provided, however, that the liability of each Selling Holder shall not be greater in amount than the dollar amount of the proceeds (net of any Selling Expenses) received by such Selling Holder from the sale of the Registrable Securities giving rise to such indemnification.

(c) Notice. Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party other than under this Section 2.06. In any action brought against any indemnified party, it shall notify the indemnifying party of the commencement thereof. The indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 2.06 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected;

provided, however, that, (i) if the indemnifying party has failed to assume the defense and employ counsel or (ii) if the defendants in any such action include both the indemnified party and the indemnifying party and counsel to the indemnified party shall have concluded that there may be reasonable defenses available to the indemnified party that are different from or additional to those available to the indemnifying party, or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, then the indemnified party shall have the right to select a separate counsel and to assume such legal defense and otherwise to participate in the defense of such action, with the reasonable expenses and fees of such separate counsel and other reasonable expenses related to such participation to be reimbursed by the indemnifying party as incurred. Notwithstanding any other provision of this Agreement, no indemnified party shall settle any action brought against it with respect to which it is entitled to indemnification hereunder without the consent of the indemnifying party, unless the settlement thereof imposes no liability or obligation on, and includes a complete and unconditional release from all liability of, the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 2.06 is held by a court or government agency of competent jurisdiction to be unavailable to any indemnified patty or is insufficient to hold them harmless in respect of any Losses, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of such indemnified party on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided, however, that in no event shall such Selling Holder be required to contribute an aggregate amount in excess of the dollar amount of proceeds (net of Selling Expenses) received by such Selling Holder from the sale of Registrable Securities giving rise to such indemnification. The relative fault of the indemnifying party on the one hand and the indemnified party on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact has been made by, or relates to, information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to herein. The amount paid by an indemnified party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such indemnified party in connection with investigating or defending any Loss which is the subject of this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) Other Indemnification. The provisions of this Section 2.06 shall be in addition to any other rights to indemnification or contribution which an indemnified party may have pursuant to law, equity, contract or otherwise.

Section 2.07 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its commercially reasonable efforts to:

(a) Make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144 of the Securities Act, at all times from and after the date hereof;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof, and

(c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration; provided that the Company's obligations pursuant to this Section 2.07(c) shall be deemed satisfied with respect to any document that is publicly available, free of charge, on the Commission's EDGAR website.

Section 2.08 Transfer or Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities granted to the Investors by the Company under this Article II may be transferred or assigned by any Investor to one or more transferee(s) or assignee(s) of at least 500,000 shares of Registrable Securities or to an Affiliate of such Investor. The Company shall be given written notice prior to any said transfer or assignment, stating the name and address of each such transferee and identifying the securities with respect to which such registration rights are being transferred or assigned. Each such transferee shall assume in writing responsibility for its portion of the obligations of such Investor under this Agreement be executing a counterpart signature page hereto pursuant to which such transferee agrees to be bound by all terms and conditions contained in this Agreement.

Section 2.09 Limitation on Subsequent Registration Rights. From and after the date hereof, the Company shall not (except in connection with the issuance of securities as consideration to the sellers of any Company or business acquired by the Company), without the prior written consent of the a Majority-in-Interest of the Investors, enter into any agreement with any current or future holder of any securities of the Company that alters, restricts, or otherwise limits the registration rights granted hereunder or that would allow such current or future holder to require the Company to include securities in any registration statement filed by the Company on a basis that is superior (as opposed to pari passu) in any way to the registration rights granted to the Investors hereunder.

ARTICLE III
MISCELLANEOUS

Section 3.01 Termination. This Agreement shall terminate upon the earlier of: (a) with respect to a particular Holder, when all Registrable Securities held by such Holder may be sold under Rule 144, (b) a Change of Control, but only as long as all Registrable Securities (or any securities for which such Registrable Securities are exchanged in such transaction) may be sold by the Holder or Holders thereof without restriction pursuant to Rule 144 or Rule 145 immediately following the closing of such Change of Control, or (c) five (5) years following the date first set forth above.

Section 3.02 Communications. All notices and other communications provided for or permitted hereunder shall be made in writing by facsimile, courier service or personal delivery:

(a) if to an Investors, to the address set forth under such Investor's signature block in accordance with the provisions of this Section 3.02,

(b) if to a transferee of the Investor, to such transferee at the address provided pursuant to Section 2.08 above, and

(c) if to the Company, to the address set forth under the Company's signature block in accordance with the provisions of this Section 3.02.

All such notices and communications shall be deemed to have been received at the time delivered by hand, if personally delivered; when receipt acknowledged, if sent via facsimile or sent via Internet electronic mail; and when actually received, if sent by any other means.

Section 3.03 Effectiveness. This Agreement shall be effective automatically and without further action on the part of any party hereto on the Closing Date.

Section 3.04 Amendments and Waivers. This Agreement may be amended, and any provision of it may be waived, only by a written agreement executed by the Company and a Majority-in-Interest of the Investors.

Section 3.05 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including subsequent Holders of Registrable Securities to the extent permitted herein.

Section 3.06 Assignment of Rights. All or any portion of the rights and obligations of the Investors under this Agreement may be transferred or assigned by the Investors in accordance with Section 2.08 hereof.

Section 3.07 Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under this Agreement are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or the Securities Purchase Agreement. Nothing contained herein, and no action taken by any Investor pursuant hereto shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or a group with respect to such obligations or the transactions contemplated by this Agreement or the Securities Purchase Agreement. Each Investor acknowledges that no other Investor has acted as agent for such Investor in connection with enforcing its rights and obligations under this Agreement. Each Investor will be entitled to independently protect an enforce its rights, including without limitation the rights arising out of this Agreement and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Agreement for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

Section 3.08 Aggregation of Purchased Common Stock. All Company Common Stock held or acquired by Persons who are Affiliates of one another shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

Section 3.09 Recapitalization, Exchanges, etc. Affecting the Common Stock. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all securities of the Company or any successor, assign or acquirer of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, recapitalizations and the like occurring after the date of this Agreement.

Section 3.10 Specific Performance. Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

Section 3.11 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement. Facsimile or other electronically transmitted signatures, including by email attachment, shall be deemed originals for all purposes of this Agreement.

Section 3.12 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.13 Governing Law. The laws of the State of Delaware shall govern this Agreement without regard to principles of conflict of laws.

Section 3.14 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 3.15 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by the Company set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.16 No Presumption. If any claim is made by a party relating to any conflict, omission, or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

SAFESTITCH MEDICAL, INC.

By: /s/ Jeffrey G. Spragens
Name: Jeffrey G. Spragens
Title: President and Chief Executive Officer

with a copy to:

Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, CA 94304
Facsimile: (650) 493-6811
Attention: Philip H. Oettinger

and

Greenberg Traurig, P.A.
333 S.E. 2nd Avenue, Suite 4400
Miami, FL 33131
Facsimile: (305) 961-7756
Attention: Robert L. Grossman

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

AISLING CAPITAL III, LP

/s/ Lloyd Appel
Name: Lloyd Appel
Title: CFO

Aisling Capital III, L.P.
888 Seventh Avenue, 30th Floor
New York, NY 10106
Attn: Aftab Kherani
Fax: 212 651 6379

With a required copy to:

McDermott Will & Emery LLP
340 Madison Avenue
New York, NY 10173-1922
Attn: Todd Finger
Fax: 212 547 5444

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

SV LIFE SCIENCES FUND IV, L.P.
By: SV Life Sciences Fund IV (GP), L.P.,
its sole General Partner
By: SVLSF IV, LLC, its sole General Partner

By: /s/ Denise W. Marks
Name: Denise W. Marks
Title: SVLSF IV, LLC, Member

SV LIFE SCIENCES FUND IV STRATEGIC PARTNERS, L.P.
By: SV Life Sciences Fund IV (GP), L.P.,
its sole General Partner
By: SVLSF IV, LLC, its sole General Partner

By: /s/ Denise W. Marks
Name: Denise W. Marks
Title: SVLSF IV, LLC, Member

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

SYNERGY LIFE SCIENCE PARTNERS, L.P.

By: /s/ Mudit K. Jain
Name: Mudit K. Jain
Title: Managing Director

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

STEPSTONE PIONEER CAPITAL BUYOUT FUND II, L.P.
By StepStone PCGP, LLC

By: /s/ Jason Ment
Name: Jason Ment
Title: Partner & General Counsel

STEPSTONE PIONEER CAPITAL II, L.P.
By StepStone PCGP, LLC

By: /s/ Jason Ment
Name: Jason Ment
Title: Partner & General Counsel

STEPSTONE-SYN INVESTMENTS, L.L.L.P.
By StepStone PCGP, LLC

By: /s/ Jason Ment
Name: Jason Ment
Title: Partner & General Counsel

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

INTERSOUTH PARTNERS VII, L.P.
By: Intersouth Associates VII, LLC
its General Partner

By: /s/ Dennis Dougherty
Name: Dennis Dougherty
Title: Managing Member

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

QUAKER BIOVENTURES II, L.P.
By: Quaker BioVentures Capital II, L.P., its general partner
By: Quaker BioVentures Capital II, LLC, its general partner

By: /s/ Matthew B. Rieke
Matthew B. Rieke, Vice President

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

By: /s/ Nick Colemen
Name: Nick Colemen
Title: IBT Authorized Signatory

Address for Notice:
55 Moorgate
London, EC2R 6PA
United Kingdom

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

KFBSF PRIVATE EQUITY FUND I, L.P.

By: /s/ David Stevens
Name: David Stevens
Title: Manager

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

By: /s/ Donald L. Laurie
Name: Donald L. Laurie
Title:

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

JOSEPH LEVY REVOCABLE TRUST

By: /s/ Joseph Levy
Name: Joseph Levy
Title: Trustee

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

MARLIN CAPITAL INVESTMENTS, LLC

By: /s/ Michael Brauser
Name: Michael Brauser
Title: MGR

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

JACQUELINE SIMKIN REVOCABLE TRUST

By: /s/ Jacqueline Simkin
Name: Jacqueline Simkin
Title: Trustee

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

/s/ Yehuda Ben-Horin

Yehuda Ben-Horin

/s/ Aviva Ben-Horin

Aviva Ben-Horin

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

FROST GAMMA INVESTMENTS TRUST

By: /s/ Phillip Frost, MD
Name: Phillip Frost, MD
Title:

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

/s/ Phillip Frost, MD

Phillip Frost, MD

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

HSU GAMMA INVESTMENTS, L.P.

By: /s/ Jane H. Hsiao, Ph.D., MBA
Name: Jane H. Hsiao, Ph.D., MBA
Title:

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

/s/ Jane H. Hsiao, Ph.D., MBA

Jane H. Hsiao, Ph.D., MBA

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

CHUNG CHIA COMPANY LIMITED

By: /s/ Hsu Tsui-Hua
Name: Hsu Tsui-Hua
Title: Director

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Registration Rights Agreement on the date first written above.

KWANG SHUN COMPANY LIMITED

By: /s/ Chang Hsiu-Yen
Name: Chang Hsiu-Yen
Title: Director

Schedule I

Schedule of Investors

TransEnterix Investor Name and Address

SYNERGY LIFE SCIENCE PARTNERS, L.P.
Attn: Mudit K. Jain
3284 Alpine Road
Portola Valley, CA 94028

SV LIFE SCIENCES FUND IV, L.P.
c/o David Milne
One Boston Place Suite 3900
201 Washington Street
Boston, MA 02108

SV LIFE SCIENCES FUND IV STRATEGIC PARTNERS, L.P.
c/o David Milne
One Boston Place Suite 3900
201 Washington Street
Boston, MA 02108

AISLING CAPITAL III, LP
Attention: Andrew Schiff
888 Seventh Avenue, 30th Floor
New York, NY 10106

With a required copy to:
McDermott Will & Emery LLP
Attn: Todd Finger
340 Madison Avenue
New York, NY 10173-1922

INTERSOUTH PARTNERS VII, L.P.
102 City Hall Plaza, Suite 200
Durham, NC 27701

With a copy to:
Anthony L. Williams
Wyrick Robbins Yates & Ponton LLP
4101 Lake Boone Trail, Suite 300
Raleigh, NC 27607

QUAKER BIOVENTURES II, L.P.
Cira Centre
2929 Arch Street
Philadelphia, PA 19104

INTERNATIONAL BIOTECHNOLOGY TRUST PLC
Attn: Nick Coleman
55 Moorgate
London, EC2R 6PA
United Kingdom

KFBSF Private Equity Fund I, L.P.
Attn: Randy Myer
University of North Carolina
Campus Box 3490
Chapel Hill, NC 27599-3490

DONALD L. LAURIE
282 Beacon Street
Boston, MA 02116

STEPSTONE GROUP, LP
Attn: Johnny Randel
4350 La Jolla Village Drive, Suite 800
San Diego, CA 92122

SafeStitch Investor Name and Address

JANE HSIAO
4400 Biscayne Blvd.
Miami, FL 33137

HSU GAMMA INVESTMENTS, L.P.
4400 Biscayne Blvd.
Miami, FL 33137

PHILLIP FROST
4400 Biscayne Blvd.
Miami, FL 33137

FROST GAMMA INVESTMENTS TRUST
4400 Biscayne Blvd.
Miami, FL 33137

JOSEPH LEVY REVOCABLE TRUST
4400 Biscayne Blvd.
Miami, FL 33137

MARLIN CAPITAL INVESTMENTS, LLC
4400 Biscayne Blvd.
Miami, FL 33137

JACQUELINE SIMKIN REVOCABLE TRUST
4400 Biscayne Blvd.
Miami, FL 33137

YEHUDA BEN-HORIN AND AVIVA BEN-HORIN
4400 Biscayne Blvd.
Miami, FL 33137

CHUNG CHIA COMPANY LIMITED
Palm Grove House
PO Box 438
Road Town Tortola
British Virgin Island

KWANG SHUN COMPANY LIMITED
TF No 308 Sec 2 Bade Rd.
Taipei 10492
Taiwan

Exhibit 10.11

August 30, 2013

Dr. Charles Filipi
4400 Biscayne Blvd.
Miami, FL 33137

Dear Dr. Filipi:

As you know, SafeStitch Medical, Inc. (the "Company" or "SafeStitch"), TransEnterix, Inc. ("TransEnterix"), and certain other parties have executed an Agreement and Plan of Merger (the "Merger Agreement") in which the Company is to acquire TransEnterix in return for issuing a majority ownership interest to TransEnterix's stockholders (the "Merger). The closing of the Merger is currently scheduled for September 3, 2013 (the "Closing Date").

In connection with the Merger, I am pleased to offer you a position with the Company following the Closing Date as its Chief Medical Officer, reporting to Todd M Pope. The terms of this letter agreement are contingent upon the closing of the Merger and will commence on the Closing Date. Starting on the Closing Date, your base salary will be $12,500 per month and paid in accordance with the Company's normal payroll procedures. You will also be eligible to continue to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other employees of the Company. Pursuant to Section 6.06(b) of the Merger Agreement, the Company and TransEnterix will, among other things, recognize your prior service with SafeStitch for all purposes (including, for purposes of eligibility to participate in Company benefit plans, vesting credit, and entitlement to benefits and benefit accrual). The Company reserves the right to cancel or change its policies and benefit plans at arty time, upon notice to you. The Company reserves the right to cancel or change its policies and benefit plans at any time.

You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice.

If, within the twelve (12) month period following the Closing Date, the Company terminates your employment other than for Cause (as defined below), death or disability, then you will be entitled to receive, subject to your executing and delivering to the Company, after such termination of employment, a written general release in a form satisfactory to the Company (the "Release") that becomes effective and irrevocable by the sixtieth (60th) day following your termination of employment (the "Release Deadline Date"), (i) continuing payments of severance pay (less applicable withholding taxes) for the amount of salary you would have been paid from the date of your termination through the twelve (12) month anniversary of the Closing Date had you remained an employee of the Company through such date, payable through the twelve (12) month anniversary of the Closing Date in accordance with the Company's normal payroll policies, and (ii) if you elect continuation coverage pursuant to COBRA or comparable state law within the time period prescribed pursuant to COBRA or such comparable state law, the Company will reimburse you for the portion of the applicable premiums for such coverage (at the coverage levels in effect

immediately prior to your termination) equal to the amount the Company would have paid to continue your group medical and dental insurance coverage had you remained an employee of the Company (the "COBRA Reimbursements") until the earlier of (A) the twelve (12) month anniversary of the Closing Date or (B) the date upon which you and your eligible dependents become covered under similar plans or are otherwise ineligible for coverage under COBRA or such comparable state law; provided that, if the Company determines in its sole discretion that it cannot provide the COBRA Reimbursements without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA Reimbursement, which payments will be made regardless of whether you elect COBRA continuation coverage, until the earlier of (A) the twelve (12) month anniversary of the Closing Date or (B) the date upon which you and your eligible dependents become covered under similar plans or are otherwise ineligible for coverage under COBRA or such comparable state law.

Notwithstanding the foregoing, if the Release does not become effective and irrevocable by the Release Deadline Date, you will forfeit any right to the severance payments or other separation benefits under this letter. In no event will the severance payments or other separation benefits be paid or provided until the Release actually becomes effective and irrevocable. Except as required by the following paragraph, if the Release becomes effective by the Release Deadline Date, the severance payments under this letter will commence on the Release Deadline Date. Except as required by the following paragraph, any installment payments that would have been made to you during the period from the date of your termination of employment through the date the Release becomes effective and irrevocable but for the preceding sentence will be paid to you on the Release Deadline Date, and the remaining payments will be made as provided in this letter.

Notwithstanding anything to the contrary in this letter, any severance payments or benefits under this letter that would be considered deferred compensation (the "Deferred Payments") under Section 409A of the Internal Revenue Code (as it has been and may be amended from time to time) and any regulations and guidance that has been promulgated or may be promulgated from time to time thereunder ("Section 409A") will not be paid until you have experienced a "separation from service" within the meaning of Section 409A. Additionally, if you are a "specified employee" within the meaning of Section 409A at the time of your separation from service, then the Deferred Payments that would otherwise be due to you on or within the six (6) month period following your separation from service but for this paragraph, will accrue during such six (6) month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination (such rule, the "Six Month Delay Rule"). All subsequent Deferred Payments following the application of the Six Month Delay Rule, if any, will be payable in accordance with the payment schedule applicable to each payment. It is the intent of this letter to comply with the requirements of Section 409A so that none of the severance payments will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to so comply. Each payment and benefit payable under this letter is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

For purposes of this letter, "Cause" means (i) your material failure to perform your responsibilities after ten (10) days' written notice given by an executive officer of the Company to you, which notice shall identify your failure in sufficient detail and grant you an opportunity to cure such failure within

such ten (10) day period, (ii) your material violation or breach of any non-competition, non-solicitation or non-disclosure agreement contained in your consulting or employment agreement with the Company or any of its subsidiaries, (iii) any material act by you of dishonesty or bad faith with respect to the Company or any of its subsidiaries, (iv) use of alcohol or drugs in a manner that materially adversely affects your work performance, or (v) your conviction of or no contest plea to a felony (whether or not against the Company or its subsidiaries). Notwithstanding the foregoing, your refusal to report to work at a location other than in Omaha, Nebraska shall not constitute grounds for the Company to terminate you for Cause.

For the avoidance of any doubt, your outstanding stock options granted under the Company's 2007 Incentive Compensation Plan, as amended (the "Stock Plan"), will continue to be governed by the terms of the Stock Plan and the option agreements representing such stock options. You agree and acknowledge that the continuation of your stock options constitutes an assumption of your stock options by a successor corporation for purposes of the Stock Plan and your option agreements.

We ask that you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is our understanding that you are not prohibited or limited in any way from performing the duties of your position, and you hereby represent that such is the case.

To accept the terms of this letter, please sign and date this letter in the space provided below by EOB 9/03/2013. Your employment is contingent upon your signing the enclosed Employment, Confidential Information, and Invention Assignment Agreement. Please return these signed documents to me in the enclosed return envelope. Duplicate originals are enclosed for your records.

This letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company on and following the Closing Date and supersede any prior representations or agreements, whether written or oral, including, but not limited to, the Proprietary Information and Invention Agreement dated September 3, 2013. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the President & CEO of the Company and you.

Our Company is advancing surgery through innovation, and we hope you will accept this opportunity to join our team!

Should you have any questions, please contact me at (919) 765-8401 or email gcraig@transenterix.com.

Sincerely,

/s/ Georgia H. Craig
Georgia H. Craig
Manager of Executive Administration

TransEnterix, Inc.
635 Davis Drive, Suite 300
Morrisville, NC 27560

I understand and agree to the terms of employment set forth above.

/s/ Dr. Charles Filipi	September 3, 2013
Signature / Name	Date

Exhibit 10.12

August 30, 2013

Jim Martin
4400 Biscayne Blvd.
Miami, FL 33137

Dear Mr. Martin:

As you know, SafeStitch Medical, Inc. (the "Company" or "SafeStitch"), TransEnterix, Inc. ("TransEnterix"), and certain other parties have executed an Agreement and Plan of Merger (the "Merger Agreement") in which the Company is to acquire TransEnterix in return for issuing a majority ownership interest to TransEnterix's stockholders (the "Merger"). The closing of the Merger is currently scheduled for September 3, 2013 (the "Closing Date").

In connection with the Merger, I am pleased to offer you a position with the Company following the Closing Date as its Chief Financial Officer, reporting to Todd M. Pope. The terms of this letter agreement are contingent upon the closing of the Merger and will commence on the Closing Date. Starting on the Closing Date, your base salary will be $12,500 per month and paid in accordance with the Company's normal payroll procedures. You will also be eligible to continue to participate in the employee benefit plans currently and hereafter maintained by the Company of general applicability to other employees of the Company. Pursuant to Section 6.06(b) of the Merger Agreement, the Company and TransEnterix will, among other things, recognize your prior service with SafeStitch for all purposes (including, for purposes of eligibility to participate in Company benefit plans, vesting credit, and entitlement to benefits and benefit accrual). The Company reserves the right to cancel or change its policies and benefit plans at any time, upon notice to you.

You should be aware that your employment with the Company is for no specified period and constitutes at-will employment. As a result, you are free to resign at any time, for any reason or for no reason. Similarly, the Company is free to conclude its employment relationship with you at any time, with or without cause, and with or without notice.

If, within the six (6) month period following the Closing Date, the Company terminates your employment other than for Cause (as defined below), death or disability, then you will be entitled to receive, subject to your executing and delivering to the Company, after such termination of employment, a written general release in a form satisfactory to the Company (the "Release") that becomes effective and irrevocable by the sixtieth (60th) day following your termination of employment (the "Release Deadline Date"), (i) continuing payments of severance pay (less applicable withholding taxes) for the amount of salary you would have been paid from the date of your termination through the six (6) month anniversary of the Closing Date had you remained an employee of the Company through such date, payable through the six (6) month anniversary of the Closing Date in accordance with the Company's normal payroll policies, and (ii) if you elect continuation coverage pursuant to COBRA or comparable state law within the time period prescribed pursuant to COBRA or such comparable state law, the Company will reimburse you for the portion of the applicable premiums for such coverage (at the coverage levels in effect immediately prior to your termination) equal to the amount the Company would have paid to

continue your group medical and dental insurance coverage had you remained an employee of the Company (the "COBRA Reimbursements") until the earlier of (A) the six (6) month anniversary of the Closing Date or (B) the date upon which you and your eligible dependents become covered under similar plans or are otherwise ineligible for coverage under COBRA or such comparable state law; provided that, if the Company determines in its sole discretion that it cannot provide the COBRA Reimbursements without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to you a taxable monthly payment in an amount equal to the monthly COBRA Reimbursement, which payments will be made regardless of whether you elect COBRA continuation coverage, until the earlier of (A) the six (6) month anniversary of the Closing Date or (B) the date upon which you and your eligible dependents become covered under similar plans or are otherwise ineligible for coverage under COBRA or such comparable state law.

Notwithstanding the foregoing, if the Release does not become effective and irrevocable by the Release Deadline Date, you will forfeit any right to the severance payments or other separation benefits under this letter. In no event will the severance payments or other separation benefits be paid or provided until the Release actually becomes effective and irrevocable. Except as required by the following paragraph, if the Release becomes effective by the Release Deadline Date, the severance payments under this letter will commence on the Release Deadline Date. Except as required by the following paragraph, any installment payments that would have been made to you during the period from the date of your termination of employment through the date the Release becomes effective and irrevocable but for the preceding sentence will be paid to you on the Release Deadline Date, and the remaining payments will be made as provided in this letter.

Notwithstanding anything to the contrary in this letter, any severance payments or benefits under this letter that would be considered deferred compensation (the "Deferred Payments") under Section 409A of the Internal Revenue Code (as it has been and may be amended from time to time) and any regulations and guidance that has been promulgated or may be promulgated from time to time thereunder ("Section 409A") will not be paid until you have experienced a "separation from service" within the meaning of Section 409A. Additionally, if you are a "specified employee" within the meaning of Section 409A at the time of your separation from service, then the Deferred Payments that would otherwise be due to you on or within the six (6) month period following your separation from service but for this paragraph, will accrue during such six (6) month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination (such rule, the "Six Month Delay Rule"). All subsequent Deferred Payments following the application of the Six Month Delay Rule, if any, will be payable in accordance with the payment schedule applicable to each payment. It is the intent of this letter to comply with the requirements of Section 409A so that none of the severance payments will be subject to the additional tax imposed under Section 409A, and any ambiguities or ambiguous terms herein will be interpreted to so comply. Each payment and benefit payable under this letter is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

For purposes of this letter, "Cause" means (i) your material failure to perform your responsibilities after ten (10) days' written notice given by an executive officer of the Company to you, which notice shall identify your failure in sufficient detail and grant you an opportunity to cure such failure within such ten (10) day period, (ii) your material violation or breach of any non-competition, non-

solicitation or non-disclosure agreement contained in your consulting or employment agreement with the Company or any of its subsidiaries, (iii) any material act by you of dishonesty or bad faith with respect to the Company or any of its subsidiaries, (iv) use of alcohol or drugs in a manner that materially adversely affects your work performance, or (v) your conviction of or no contest plea to a felony (whether or not against the Company or its subsidiaries). Notwithstanding the foregoing, your refusal to report to work at a location other than the Company's current headquarters in Miami, Florida shall not constitute grounds for the Company to terminate you for Cause.

We ask that you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is our understanding that you are not prohibited or limited in any way from performing the duties of your position, and you hereby represent that such is the case.

To accept the terms of this letter, please sign and date this letter in the space provided below by EOB 09/03/2013. Your employment is contingent upon your signing the enclosed Employment, Confidential Information, and Invention Assignment Agreement. Please return these signed documents to me in the enclosed return envelope. Duplicate originals are enclosed for your records.

This letter, along with any agreements relating to proprietary rights between you and the Company, set forth the terms of your employment with the Company on and following the Closing Date and supersede any prior representations or agreements, whether written or oral, including, but not limited to, the Proprietary Information and Invention Agreement dated September 3, 2013. This letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by the President & CEO of the Company and you.

Our Company is advancing surgery through innovation, and we hope you will accept this opportunity to join our team!

Should you have any questions, please contact me at 919 765 8401 or by email gcraig@transenterix.com.

Sincerely,

/s/ Georgia H. Craig

Georgia H. Craig
Manager Executive Administration

TransEnterix, Inc.
635 Davis Drive, Suite 300
Morrisville, NC 27560

I understand and agree to the terms of employment set forth above.

/s/ Jim Martin	September 3, 2013
Signature / Name	Date

Exhibit 23.1

Consent of Independent Auditors

SafeStitch Medical, Inc.
Miami, Florida

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-191011, No. 333-190184, and No. 333-161291) of SafeStitch Medical, Inc. of our report dated May 30, 2013, relating to the financial statements of TransEnterix, Inc. as of and for the year ended December 31, 2012, which appears in this Form 8K.

/s/ BDO USA, LLP

Raleigh, North Carolina

September 6, 2013

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 333-191011, No. 333-190184, and No. 333-161291) of SafeStitch Medical, Inc. of our report dated May 30, 2012, with respect to the financial statements of TransEnterix, Inc. as of and for the year ended December 31, 2011, included in this Current Report on Form 8-K of SafeStitch Medical, Inc.

/s/ Ernst & Young LLP

Raleigh, North Carolina
September 5, 2013

Exhibit 99.1

TransEnterix, Inc.

Financial Statements
Years Ended December 31, 2012 and 2011 and
Six Months Ended June 30, 2013 and 2012 (unaudited)

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

TransEnterix, Inc.

Financial Statements
Years Ended December 31, 2012 and 2011 and
Six Months Ended June 30, 2013 and 2012 (unaudited)

TransEnterix, Inc.

Contents

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5430 Wade Park Boulevard
Suite 208 Raleigh, NC 27607

Independent Auditor's Report

Board of Directors
TransEnterix, Inc.

We have audited the accompanying financial statements of TransEnterix, Inc., which comprise the balance sheet as of December 31, 2012, and the related statements of operations, redeemable convertible preferred stock and stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TransEnterix, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has net losses of $15,425,046, negative cash flows from operations of $14,149,098, and a stockholders' deficit of $68,612,967 that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

/s/ BDO USA, LLP

Raleigh, North Carolina

May 30, 2013

EY
Suite 500
4130 ParkLake Avenue
Raleigh, NC 27612-4462

Tel: 1-919-981-2800
Fax: 1-866-423-2013
ey.com

Report of Independent Auditors

The Board of Directors
TransEnterix, Inc.

We have audited the accompanying balance sheet of TransEnterix, Inc. as of December 31, 2011, and the related statements of operations, redeemable convertible preferred stock and stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above represent fairly, in all material respects, the financial position of TransEnterix, Inc. at December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

May 30, 2012

Financial Statements

TransEnterix, Inc.

Balance Sheets

	December 31, 2012	December 31, 2011	June 30, 2013 (unaudited)
Assets			
Current Assets			
Cash and cash equivalents	**$ 8,895,800**	$14,004,453	$ 2,209,901
Short-term investments	**907,382**	—	—
Accounts receivable, less allowance for doubtful accounts of $50,000 and $32,000 as of December 31, 2012 and 2011, Respectively and $78,500 as of June 30, 2013 (unaudited)	**535,957**	310,161	144,217
Interest receivable	**15,736**	—	—
Inventory, less reserve for excess and obsolete of $110,000 and $181,000 as of December 31, 2012 and 2011, respectively and $84,000 as of June 30, 2013 (unaudited)	**1,382,326**	1,238,855	1,464,635
Other current assets	**235,307**	89,162	240,724
Total Current Assets	**11,972,508**	15,642,631	4,059,477
Restricted cash	**375,000**	500,000	375,000
Property and equipment, net	**1,766,705**	2,891,953	1,438,464
Intellectual property, net	**3,241,084**	3,741,088	2,991,082
Other long term assets	**204,480**	109,133	151,931
Total Assets	**$17,559,777**	$22,884,805	$ 9,015,954
Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Deficit			
Current Liabilities			
Accounts payable	**$ 515,169**	$ 651,333	$ 638,383
Related party payable	**6,378**	10,025	44,728
Accrued expenses	**537,920**	1,021,586	765,198
Notes payable - current portion	**1,519,054**	—	3,416,276
Total Current Liabilities	**2,578,521**	1,682,944	4,864,585
Long Term Liabilities			
Preferred stock warrant liability	**109,091**	—	109,091
Notes payable - less current portion	**8,480,946**	—	6,583,724
Total Liabilities	**11,168,558**	**1,682,944**	**11,557,400**

Commitments and Contingencies (Note 15)

TransEnterix, Inc.

Balance Sheets

Redeemable Convertible Preferred Stock			
Series A Redeemable Convertible Preferred Stock, $0.001 par value, 5,734,402 shares authorized; and 5,696,261 shares at December 31, 2012 and June 30, 2013 (unaudited) and 5,734,402 shares at December 31, 2011 issued and outstanding	**19,884,620**	19,971,260	19,884,620
Series B Redeemable Convertible Preferred Stock, $0.001 par value, 11,504,298 shares authorized; and 11,489,972 shares at December 31, 2012 and June 30, 2013 (unaudited) and 11,504,298 shares at December 31, 2011 issued and outstanding	**40,015,592**	40,019,898	40,038,438
Series B-1 Redeemable Convertible Preferred Stock, $0.001 par value, 48,454,545 shares authorized; and 45,998,220 shares at December 31, 2012 and June 30, 2013 (unaudited) and 45,121,691 shares at December 31, 2011 issued and outstanding	**15,103,974**	14,821,925	15,111,042
Stockholders' Deficit			
Common stock $0.001 par value, 113,000,000 shares at December 31, 2012 and June 30, 2013 (unaudited) and 110,000,000 shares at December 31, 2011 authorized; 4,674,495 shares at December 31, 2012, 4,580,100 share at December 31, 2011, and 4,674,657 shares (unaudited) at June 30, 2013 issued and outstanding	**4,674**	4,580	4,675
Additional paid-in capital	**1,288,375**	865,168	1,387,984
Accumulated deficit	**(69,906,016)**	(54,480,970)	(78,968,205)
Total Stockholders' Deficit	**(68,612,967)**	(53,611,222)	(77,575,546)
Total Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Deficit	**$ 17,559,777**	$ 22,884,805	$ 9,015,954

See accompanying notes to financial statements.

TransEnterix, Inc.

Statements of Operations

	Year ended December 31,		Six months ended June 30,	
	2012	2011	**2013**	2012
			(unaudited)	
Sales	**$ 2,114,910**	$ 1,627,561	**$ 850,071**	$ 1,210,464
Operating Expenses				
Cost of goods sold	**4,065,207**	3,566,656	**1,889,551**	2,211,833
Research and development	**5,924,682**	6,613,425	**4,742,020**	3,143,736
Sales and marketing	**3,680,196**	5,027,608	**1,034,104**	1,944,198
General and administrative	**3,519,226**	3,462,187	**1,756,955**	1,777,925
Total Operating Expenses	**17,189,311**	18,669,876	**9,422,630**	9,077,692
Operating Loss	**(15,074,401)**	(17,042,315)	**(8,572,559)**	(7,867,228)
Other (Expense) Income				
Interest and other income	**37,854**	12,579	**419**	32,145
Interest expense	**(388,499)**	—	**(490,049)**	(177,085)
Total Other (Expenses) Income, net	**(350,645)**	12,579	**(489,630)**	(144,940)
Net Loss	**$(15,425,046)**	$(17,029,736)	**$(9,062,189)**	$(8,012,168)

See accompanying notes to financial statements.

TransEnterix, Inc.

Statements of Changes in Redeemable Convertible Preferred Stock and Stockholders' Deficit

	Preferred Stock											
	Series A		Series B		Series B-1		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2010	5,734,402	$19,924,788	11,504,298	$39,974,206	—	$ —	4,564,350	$ 4,564	$ 654,021	$ 1,970	$ (37,451,234)	$ (36,790,679)
Proceeds from issuance of Series B-1 Preferred Stock, net of issuance costs of $69,411	—	—	—	—	45,121,691	14,820,747	—	—	—	—	—	—
Accretion of issuance costs	—	46,472	—	45,692	—	1,178	—	—	(93,342)	—	—	(93,342)
Stock-based compensation	—	—	—	—	—	—	—	—	298,670	—	—	298,670
Exercise of stock options	—	—	—	—	—	—	15,750	16	5,819	—	—	5,835
Unrealized loss on investments	—	—	—	—	—	—	—	—	—	(1,970)	—	(1,970)
Net loss	—	—	—	—	—	—	—	—	—	—	(17,029,736)	(17,029,736)
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	(17,031,706)
Balance, December 31, 2011	5,734,402	19,971,260	11,504,298	40,019,898	45,121,691	14,821,925	4,580,100	4,580	865,168	—	(54,480,970)	(53,611,222)
Proceeds from issuance of Series B-1 Preferred Stock, net of issuance costs of $21,342	—	—	—	—	876,529	267,913	—	—	—	—	—	—
Accretion of issuance costs	—	46,472	—	45,692	—	14,136	—	—	(106,300)	—	—	(106,300)
Stock-based compensation	—	—	—	—	—	—	—	—	343,137	—	—	343,137
Exercise of stock options	—	—	—	—	—	—	41,928	42	3,312	—	—	3,354
Conversion of preferred stock to common stock	(38,141)	(133,112)	(14,326)	(49,998)	—	—	52,467	52	183,058	—	—	183,110
Net loss	—	—	—	—	—	—	—	—	—	—	(15,425,046)	(15,425,046)
Balance, December 31, 2012	5,696,261	$19,884,620	11,489,972	$40,015,592	45,998,220	$15,103,974	4,674,495	$ 4,674	$1,288,375	$ —	$ (69,906,016)	$ (68,612,967)
Accretion of issuance costs (unaudited)	—	—	—	22,846	—	7,068	—	—	(29,914)	—	—	(29,914)
Stock-based compensation (unaudited)	—	—	—	—	—	—	—	—	129,511	—	—	129,511
Exercise of stock options (unaudited)	—	—	—	—	—	—	162	1	12	—	—	13
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	—	(9,062,189)	(9,062,189)
Balance, June 30, 2013 (unaudited)	5,696,261	$19,884,620	11,489,972	$40,038,438	45,998,220	$ 15,111,042	4,674,657	$ 4,675	$1,387,984	$ —	$ (78,968,205)	$ (77,575,546)

See accompanying notes to financial statements.

TransEnterix, Inc.

Statements of Cash Flow

	Year ended December 31,		Six months ended June 30,	
	2012	2011	2013	2012
			(unaudited)	
Operating Activities				
Net loss	**$(15,425,046)**	$(17,029,736)	$(9,062,189)	$ (8,012,168)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:				
Depreciation and amortization	**1,712,823**	1,688,406	696,616	1,002,844
Amortization of debt issuance costs	**39,416**	—	52,549	16,669
Remeasurement of fair value of preferred stock warrant liability	**(19,394)**	—	—	(19,394)
Accretion/amortization of bond discount/premium	**144,480**	69,636	—	(1,840)
Stock-based compensation	**343,137**	298,670	129,511	160,533
Gain (loss) on disposal of property and equipment	**47,536**	—	31,734	(789)
Property and equipment impairment charge	**—**	15,215	—	—
Changes in operating assets and liabilities:				
Accounts receivable	**(225,796)**	(68,434)	391,740	(358,582)
Interest receivable	**(15,736)**	37,506	15,736	(60,601)
Inventory	**(143,471)**	(149,156)	(82,309)	(222,391)
Other current and long term assets	**(108,570)**	142,160	(5,417)	(165,251)
Restricted cash	**125,000**	—	—	—
Accounts payable	**(136,164)**	23,423	123,214	(326,398)
Related party payable	**(3,647)**	(1,527)	38,350	—
Accrued expenses	**(483,666)**	33,560	227,278	(135,303)
Net cash and cash equivalents used in operating activities	**(14,149,098)**	(14,940,277)	(7,443,187)	(8,122,671)
Investing Activities				
Purchase of investments	**(8,150,247)**	(1,824,590)	—	(7,678,483)
Proceeds from sale and maturities of investments	**7,098,385**	7,804,827	907,382	—
Purchase of property and equipment	**(183,857)**	(592,026)	(150,107)	(147,151)
Proceeds from sale of property and equipment	**48,750**	—	—	48,750
Net cash and cash equivalents (used in) provided by investing activities	**(1,186,969)**	5,388,211	757,275	(7,776,884)
Financing Activities				
Proceeds from issuance of debt	**10,000,000**	—	—	4,000,000
Proceeds from issuance of preferred stock, net of issuance costs	**267,913**	14,820,747	—	267,913
Proceeds from exercise of stock options	**3,354**	5,835	13	—
Debt issuance costs	**(43,853)**	(109,133)	—	—
Net cash and cash equivalents provided by financing activities	**10,227,414**	14,717,449	13	4,267,913
Net (decrease) increase in cash and cash equivalents	**(5,108,653)**	5,165,383	(6,685,899)	(11,631,642)
Cash and Cash Equivalents, beginning of year	**14,004,453**	8,839,070	8,895,800	14,004,453
Cash and Cash Equivalents, end of year	**$ 8,895,800**	$ 14,004,453	$ 2,209,901	$ 2,372,811
Supplemental Disclosure for Cash Flow Information				
Interest paid	**$ 306,250**	$ —	$ 437,450	$ 131,250
Supplemental Schedule of Noncash Investing and Financing Activities				
Issuance of preferred stock warrants and debt issuance costs	**$ 128,485**	$ —	$ —	$ 63,030

See accompanying notes to financial statements.

1. Organization and Capitalization

TransEnterix, Inc. (the Company or TransEnterix), operating in Research Triangle Park, North Carolina, is focused on design and commercialization of minimally invasive surgical devices. The Company is incorporated in Delaware and was formed as a spin-off of research and development performed by Synecor, LLC (Synecor).

2. Summary of Significant Accounting Policies

Going Concern

As reflected in the accompanying financial statements as of and for the year ended December 31, 2012, the Company has net losses of $15,425,046, negative cash flows from operations of $14,149,098, and a stockholders' deficiency of $68,612,967. As of and for the six months ended June 30, 2013 (unaudited), the Company has net losses of $9,062,189, negative cash flows from operations of $7,443,187, and a stockholders' deficiency of $77,575,546. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management expects to raise additional funds in advance of depleting the Company's current funds. Management plans to raise funds by selling additional equity securities. The successful outcome of future financing activities cannot be determined at this time and there is no assurance that if achieved the Company will have sufficient funds to execute its intended business plan or generate positive operating results. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include allowance for uncollectible accounts, excess and obsolete inventory reserves, useful lives of long-lived assets, deferred tax asset valuation allowances and the valuation of common stock for purposes of determining stock compensation expense.

Cash and Cash Equivalents, Restricted Cash, and Short-Term Investments

The Company considers all highly liquid investments with original maturities of 90 days or less at the time of purchase to be cash equivalents and investments with original maturities of between 91 days and one year to be short-term investments. In order to manage exposure to credit risk, the Company invests in high-quality investments rated at least A2 by Moody's Investors Service or A by Standard & Poors.

Restricted cash consisting of a money market account used as collateral securing a letter of credit under the terms of the corporate office operating lease that commenced in 2010 was $375,000, and $500,000, respectively as of December 31, 2012 and 2011, and $375,000 as of June 30, 2013 (unaudited).

The Company's investments consist of corporate bonds and are classified as held-to-maturity. The amortized cost of the corporate bonds is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization and accretion is included in interest and other income on the statements of operations.

Accounts Receivable

Accounts receivable are recorded at net realizable value, which includes an allowance for estimated uncollectable accounts. The allowance for uncollectible accounts was determined based on historical collection experience.

Fair Value of Financial Instruments

The carrying values of cash equivalents, accounts receivable, interest receivable, accounts payable, and certain accrued expenses at December 31, 2012 and 2011, and June 30, 2013 (unaudited), approximate their fair values due to the short-term nature of these items. The Company's debt balance approximates fair value as of December 31, 2012 and June 30, 2013 (unaudited).

Concentrations and Credit Risk

The Company's principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents and investments held in money market accounts. The Company places cash deposits with a federally insured financial institution.

The Company had two customers who constituted 42% and 13%, respectively, of the Company's net accounts receivable at December 31, 2012. The Company had three customers who constituted 13%, 12%, and 10%, respectively, of the Company's net accounts receivable at December 31, 2011. The Company had one customer who accounted for 21% and 10% of revenues in 2012 and 2011, respectively. The Company had four customers who constituted 35%, 15%, 14%, and 13%, respectively, of the Company's net accounts receivable at June 30, 2013 (unaudited). The Company had two customers who accounted for 25% and 10% of revenues for the six months ended June 30, 2013 (unaudited). The Company had three customers who accounted for 16%, 10%, and 10% of revenues for the six months ended June 30, 2012 (unaudited).

Inventory

Inventory, which includes material, labor and overhead costs, is stated at standard costs which approximates actual cost, determined on a first-in, first-out basis, not in excess of market value. Raw materials consist of purchased material as well as sub assemblies for which some labor has been applied. The Company records reserves, when necessary, to reduce the carrying value of inventory to their net realizable value. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Inventories consisted of the following:

	December 31, 2012	December 31, 2011	June 30, 2013 (unaudited)
Raw materials	**$ 784,134**	$ 923,248	$ 902,598
Finished goods	**708,624**	496,702	645,778
Excess and obsolete reserve	**(110,432)**	(181,095)	(83,741)
Inventory, net	**$1,382,326**	$1,238,855	$1,464,635

Risk and Uncertainties

The Company is subject to risks common in the medical device industry, including, but not limited to, technological innovation, intense competition and pricing pressure, dependence on key personnel, dependence on key suppliers, protection of proprietary technology, compliance with government regulations, uncertainty of widespread market acceptance of products, uncertainty of third-party insurance reimbursement, and product liability. The Company's products include components subject to rapid technological change. Certain components used in manufacturing have relatively few alternative sources of supply and replacement suppliers may not be readily available. Some of the Company's competitors have greater financial, marketing, and other resources than the Company.

New products currently under development by the Company may require clearance by the United States Food and Drug Administration or other international regulatory agencies prior to commercial sales. There can be no assurance that future products will receive the necessary clearance on a timely basis or at all. If the Company is denied such clearances, or such clearances are delayed, it could have a material adverse impact on the Company.

The medical device industry is characterized by frequent and extensive litigation and administrative proceedings over patent and intellectual property rights. Whether a product infringes a patent involves complex legal and factual issues, the determination of which is often difficult to predict, and the outcome may be uncertain until the courts have entered final judgment and all appeals are exhausted. The Company's competitors may assert that its products, or the use of the Company's products, are covered by United States or foreign patents held by them.

Recent health care reforms could significantly affect both private and public reimbursement for health care services provided by hospitals and clinics, which could influence the sales prices of the Company's products in the future.

Property and Equipment

Property and equipment consists primarily of molds, machinery, manufacturing equipment, computer equipment, furniture, and leasehold improvements, which are recorded at cost.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Molds	3 years
Machinery and manufacturing equipment	5 years
Computer equipment	3 years
Furniture	5 years
Leasehold improvements	Lesser of lease term or 3 to 10 years

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited or charged to operations. Repairs and maintenance costs are expensed as incurred.

Intellectual Property

Intellectual property consists of purchased patent rights. Amortization is recorded using the straight-line method over the estimated useful life of the patents of 10 years. This method approximates the period over which the Company expects to receive the benefit from these assets.

Long-Lived Assets

The Company reviews its long-lived assets including property and equipment and purchased intellectual property, whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine the recoverability of its long-lived assets, the Company evaluates the probability that future estimated undiscounted net cash flows will be less than the carrying amount of the assets. If such estimated cash flows are less than the carrying amount of the long-lived assets, then such assets are written down to their fair value. The Company's estimates of anticipated cash flows and the remaining estimated useful lives of long-lived assets could be reduced in the future, resulting in a reduction to the carrying amount of long-lived assets.

Preferred Stock Warrant Liability

In January and December 2012, the Company entered into a promissory note with two lenders and issued preferred stock warrants to each lender in connection with the issuance of the notes. The Company accounts for these freestanding warrants to purchase the Company's Series B-1 Convertible Preferred Stock as liabilities at fair value on the accompanying balance sheets. The warrants may only be settled in shares of Series B-1 Convertible Preferred Stock. The warrants are subject to re-measurement at each balance sheet date, and the change in fair value, if any, is recognized as other income (expense). The Company will continue to adjust the liability for changes in fair value until the earlier of (i) exercise of the warrants, (ii) conversion of the warrants into warrants to purchase common stock upon an event such as the completion of an initial public offering or (iii) expiration of the warrants. Upon conversion, the preferred stock warranty liability will be reclassified into additional paid-in capital. The Company uses the Monte Carlo simulation method to value the warrants which is a generally accepted statistical method used to generate a defined number of stock price paths in order to develop a reasonable estimate of the range of the Company's future expected stock prices and minimizes standard error.

Significant assumptions used in the valuation of the warrants were as follows:

	December 31, 2012	June 30, 2013 (unaudited)
Exercise price	**$ 0.33**	$ 0.33
Risk-free interest rate	**1.78%**	1.78%
Expected volatility	**160%**	160%
Expected life (years)	**9**	9
Expected dividend yield	**0%**	0%

Revenue Recognition

The Company records revenue when persuasive evidence of an arrangement exists, delivery has occurred which is typically at shipping point, the fee is fixed and determinable and collectability is reasonably assured. Shipping and handling costs billed to customers are included in revenue.

Cost of Goods Sold

Cost of goods sold consists of materials, labor and overhead incurred internally to produce the products. Shipping and handling costs incurred by the Company are included in cost of goods sold.

Research and Development Costs

Research and development costs include all direct costs related to the development of the Company's laparoscopic devices and fees paid to consultants. Research and development costs, including salaries and related benefits of personnel, are expensed as incurred.

Stock-Based Compensation

The Company records as expense the fair value of stock-based compensation awards, including employee stock options. Compensation expense for stock-based compensation was $343,137 and $298,670 for the years ended December 31, 2012 and 2011, respectively. Compensation expense for stock-based compensation was $129,511 and $160,533 for the six months ended June 30, 2013 and 2012, respectively (unaudited).

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets or liabilities for the temporary differences between financial reporting and tax basis of the Company's assets and liabilities, and for tax carryforwards at enacted statutory rates in effect for the years in which the asset or liability is expected to be realized. The effect on deferred taxes of a change in tax rates is recognized in income during the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets and liabilities to the amounts expected to be realized.

Unaudited Interim Financial Information

The accompanying balance sheet as of June 30, 2013, statements of operations, cash flows and changes in redeemable convertible preferred stock and stockholders' (deficit) equity for the six months ended

June 30, 2013 and 2012 are unaudited. The interim unaudited financial statements have been prepared on the same basis as the annual audited financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2013 and the results of its operations and its cash flows for the six months ended June 30, 2013 and 2012. The financial data and other information disclosed in these notes related to the six months ended June 30, 2013 and 2012 are unaudited.

3. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents and restricted cash consist of the following:

	December 31,		June 30,
	2012	2011	2013 (unaudited)
Cash	**$ 728,898**	$ 563,925	$ 794,737
Money market	**8,166,902**	13,440,528	1,415,164
Total cash and cash equivalents	**8,895,800**	14,004,453	2,209,901
Total restricted cash	**375,000**	500,000	375,000
Total	**$9,270,800**	$14,504,453	$2,584,901

4. Investments

Investments consist of short-term corporate bonds carried at amortized cost using the effective interest method. The Company classifies its corporate bonds as held-to-maturity based upon management's positive intention and ability to hold these securities until their maturity dates. The aggregate fair values of investment securities along with unrealized gains and losses determined on an individual investment security basis are as follows:

December 31,2012	**Amortized Cost**	**Unrealized Gain**	**Unrealized (Loss)**	**Fair Value**
Corporate bonds	**$907,331**	**$ 129**	**$ (78)**	**$907,382**

None of the securities have contractual maturities of more than one year and therefore do not have continuous unrealized losses greater than 12 months. Gross realized gains were $177 and $0 for the years ended December 31, 2012 and 2011, respectively. Gross realized gains were $0 for each of the six months ended June 30, 2013 and 2012, respectively (unaudited).

5. Fair Value

For assets and liabilities recorded at fair value, it is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and therefore, are based primarily upon estimates, are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or

liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

As prescribed by U.S. GAAP, the Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy.

These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 – Valuations for assets and liabilities that can be obtained from readily available pricing sources via independent providers for market transactions involving similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Company evaluates its hierarchy disclosures and based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Company expects changes in classifications between levels will be rare.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011, and June 30, 2013 (unaudited), using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	December 31, 2012			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total December 31, 2012
Assets measured at fair value				
Cash and Cash Equivalents	**$ 8,895,800**	**$ —**	**$ —**	**$ 8,895,800**
Restricted Cash	**375,000**	**—**	**—**	**375,000**
Total Assets measured at fair value	**$ 9,270,800**	**$ —**	**$ —**	**$ 9,270,800**
Liabilities measured at fair value				
Preferred Stock Warrant Liability	**$ —**	**$ —**	**($ 109,091)**	**($ 109,091)**
Total Liabilities measured at fair value	**$ —**	**$ —**	**($ 109,091)**	**($ 109,091)**

	December 31, 2011			
Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total December 31, 2011
Cash and Cash Equivalents	$ 14,004,453	$ —	$ —	$ 14,004,453
Restricted Cash	500,000	—	—	500,000
Total Assets Measured at fair value	**$ 14,504,453**	**$ —**	**$ —**	**$ 14,504,453**

June 30, 2013 (unaudited)

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total June 30, 2013
Assets measured at fair value				
Cash and Cash Equivalents	**$ 2,209,901**	**$ —**	**$ —**	**$ 2,209,901**
Restricted Cash	**375,000**	**—**	**—**	**375,000**
Total Assets measured at fair value	**$ 2,584,901**	**$ —**	**$ —**	**$ 2,584,901**
Liabilities measured at fair value				
Preferred Stock Warrant Liability	**$ —**	**$ —**	**($ 109,091)**	**($ 109,091)**
Total Liabilities measured at fair value	**$ —**	**$ —**	**($ 109,091)**	**($ 109,091)**

The change in the fair value of the Level III preferred stock warrant liability is summarized below:

December 31,	2012
Fair value at beginning of year	**$ —**
Issuances	**128,485**
Change in fair value at end of year	**(19,394)**
Fair value at end of year	**$109,091**

The Company utilized the Monte Carlo simulation to value the liability related to the preferred warrants, which requires significant unobservable, or Level 3, inputs. The Monte Carlo simulation is a generally accepted statistical method used to generate a defined number of stock price paths in order to develop a reasonable estimate of the range of the Company's future expected stock prices and minimizes standard error. There was no change in the fair value of the Preferred Stock Warrant Liability during the six months ended June 30, 2013.

6. Property and Equipment

Property and equipment consisted of the following:

	December 31, 2012	December 31, 2011	June 30, 2013 (unaudited)
Molds	**$ 1,228,486**	$ 1,171,254	$ 1,228,486
Machinery and equipment	**2,722,147**	2,740,209	2,749,615
Computer equipment	**1,080,659**	1,048,002	1,150,354
Furniture	**285,691**	285,691	287,443
Leasehold improvements	**673,297**	667,314	708,668
Total property and equipment	**5,990,280**	5,912,470	6,124,566
Accumulated depreciation and amortization	**(4,223,575)**	(3,020,517)	(4,686,102)
Property and equipment, net	**$ 1,766,705**	$ 2,891,953	$ 1,438,464

Depreciation expense was approximately $1,212,819 and $1,188,401, for the years ended December 31, 2012 and 2011, respectively and $446,614 and $752,842 for the six months ended June 30, 2013 and 2012, respectively (unaudited).

7. Intellectual Property

In 2009, the Company purchased certain patents from an affiliated company for $5 million in cash and concurrently terminated a license agreement related to the patents. Intellectual Property consisted of the following:

	December 31, 2012	December 31, 2011	June 30, 2013 (unaudited)
Patents	**$ 5,000,000**	$ 5,000,000	$ 5,000,000
Accumulated amortization	**(1,758,916)**	(1,258,912)	(2,008,918)
Intellectual Property, net	**$ 3,241,084**	$ 3,741,088	$ 2,991,082

Amortization expense for the year ended December 31, 2012 and 2011, totaled $500,004 and $500,005, respectively. Amortization expense for each of the six months ended June 30, 2013 and 2012, totaled $250,002, respectively (unaudited). At December 31, 2012, the estimated amortization expense for each of the five succeeding years is approximately $500,000 per year.

8. Debt Issuance Costs

In connection with the issuance of debt, the Company incurred debt acquisition costs in the amount of $43,853 and $109,133 during the years ended December 31, 2012 and 2011, respectively. The Company capitalizes these costs and is amortizing them over the life of the debt, using the straight-line method of amortization which approximates the effective-interest method. Amortization expense for the debt issuance costs was $28,285 and $0 for the years ended December 31, 2012 and 2011, respectively. Amortization expense for the debt issuance costs was $33,941 and $9,472 for the six months ended June 30, 2013 and 2012, respectively (unaudited).

In January 2012, the Company recorded $63,030 of debt issuance costs related to the issuance of warrants to purchase Series B-1 Convertible Preferred Stock to lenders. The warrants were issued in conjunction with a promissory note issued to the lenders. At that time, the Company began amortizing the debt issuance costs over the four year term of the promissory note resulting in $10,539 of interest expense for the year ended December 31, 2012, and $7,895 and $7,197 of interest expense for the six months ended June 30, 2013 and 2012, respectively (unaudited).

In December 2012, the Company recorded $65,455 of debt issuance costs related to the issuance of warrants to purchase Series B-1 Convertible Preferred Stock to lenders. The warrants were issued in conjunction with a promissory note issued to the lender. At that time, the Company began amortizing the debt issuance costs over the three year term of the promissory note resulting in $592 of interest expense for the year ended December 31, 2012, and $10,712 and $0 of interest expense for the six months ended June 30, 2013 and 2012 (unaudited).

Total amortization expense and accumulated amortization for the Series B-1 debt issuance costs was $39,416 and $0 for the years ended December 31, 2012 and 2011, respectively. For the six months ended June 30, 2013, amortization expense and accumulated amortization for the Series B-1 debt issuance costs was $52,549 and $91,964, respectively (unaudited). For the six months ended June 30, 2012, amortization expense and accumulated amortization for the Series B-1 debt issuance costs were each $16,669 (unaudited).

Net debt issuance costs are recorded within other assets on the balance sheets.

9. Income Taxes

There was no current or deferred federal and state income tax expense or benefit for the years ended December 31, 2012 or 2011 because the Company generated net operating losses, and currently management does not believe it is more likely than not that the net operating losses will be realized. At December 31, 2012 and 2011, the Company has provided a full valuation allowance against its net deferred assets, since realization of these benefits was not more likely than not. The valuation allowance increased $5,101,000 from the prior year. Significant components of the Company's deferred tax assets consist of the following:

December 31,	**2012**	2011
Current deferred tax assets:		
Inventory reserves	**$ 41,000**	$ 70,000
Accrued expenses	**77,000**	—
Deferred Rent	**30,000**	24,000
Allowance for uncollectible accounts receivable	**18,000**	12,000
Valuation allowance	**(166,000)**	(106,000)
Net current deferred tax asset	**—**	—

Noncurrent deferred tax assets:		
Stock-based compensation	**186,000**	89,000
Deferred rent	**—**	44,000
Other reserves	**—**	9,000
Research credit carryforward	**874,000**	559,000
Fixed assets	**141,000**	—
Capitalized start up costs	**2,180,000**	2,450,000
Net operating loss carryforwards	**22,820,000**	18,115,000
Noncurrent deferred tax assets	**26,201,000**	21,266,000
Valuation allowance	**(26,201,000)**	(21,160,000)
Net noncurrent deferred tax asset	**—**	106,000
Noncurrent deferred tax liability-fixed assets	**—**	(106,000)
Net deferred tax asset (liability)	**$ —**	$ —

At December 31, 2012, the Company had federal and state net operating loss tax carryforwards of approximately $61,611,000 and $41,891,000, respectively. These net operating loss carryforwards expire in various amounts starting in 2027 and 2022, respectively. At December 31, 2012, the Company had federal research credit carryforwards in the amount of $874,000. These carryforwards begin to expire in 2029. The utilization of the federal net operating loss carryforwards and credit carryforwards will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. In addition, the maximum annual use of net operating loss and research credit carryforwards is limited in certain situations where changes occur in stock ownership.

The Company has evaluated its tax positions to consider whether it has any unrecognized tax benefits. As of December 31, 2012 and 2011, the Company has not recorded any amounts associated with unrecognized tax benefits.

The Company recognizes interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2012, the Company had no accrued interest related to uncertain tax positions.

The Company has analyzed its filing positions in all significant federal and state jurisdictions where it is required to file income tax returns, as well as open tax years in these jurisdictions. With few exceptions, the Company is no longer subject to United States Federal, state, and local tax examinations by tax authorities for years before 2009, although carryforward attributes that were generated prior to 2009 may still be adjusted upon examination by the taxing authorities if they either have been or will be used in a future period. No income tax returns are currently under examination by taxing authorities.

Taxes computed at the statutory federal income tax rate of 34% are reconciled to the provision for income taxes as follows for the years ended December 31:

	2012		2011	
	Amount	Percent of Pretax Earnings	Amount	Percent of Pretax Earnings
United States federal tax statutory rate	**$(5,245,000)**	34.0%	$(5,790,000)	34.0%
State taxes (net of deferred benefit)	**(469,000)**	3.0%	(773,000)	4.5%
Change in valuation allowance	**5,101,000**	(33.1)%	7,416,000	(43.5)%
Other, net	**613,000**	(3.9)%	(853,000)	5.0%
Provision for income taxes	**$ —**	0.0%	$ —	0.0%

The Company estimates an annual effective tax rate of 0% for the year ending December 31, 2013 as the Company incurred losses for the six month period ended June 30, 2013 and is forecasting additional losses through the 4th quarter, resulting in an estimated net loss for both financial statement and tax purposes for the year ending December 31, 2013. Therefore, no federal or state income taxes are expected and none were recorded for the six months ended June 30, 2013 and 2012.

10. Related-Party Transactions

At December 31, 2012 and 2011, Synecor, LLC owned 37% of the Common Stock of the Company. In addition, at December 31, 2012 and 2011, Synecor, LLC and its shareholders and officers collectively owned approximately 85% of the Common Stock of the Company, as well as 17% of the preferred stock of the Company. Various research and development and administrative services were purchased from Synecor, LLC and totaled approximately $108,000 and $173,000 for the years ended December 31, 2012 and 2011, respectively, and $63,587 and $74,498 for the six months ended June 30, 2013 and 2012, respectively (unaudited).

11. Stock-Based Compensation

In September 2006, the Company adopted the TransEnterix, Inc. Stock Option Plan (the Plan), which provides for the granting of up to 400,000 stock options to employees, directors, and consultants of the Company. Under the Plan, both employees and non employees may be eligible for such stock options. In 2009, the Plan was amended to increase the total options pool to 5,550,264. In 2011, the Plan was amended to increase the total options pool to 16,890,945. The Board of Directors has the authority to administer the plan and determine, among other things, the exercise price, term and dates of the exercise of all options at their grant date. Under the Company’s stock option plan, options become vested generally over four years, and expire not more than 10 years after the date of grant. During the years ended December 31, 2012 and 2011, the Company recognized $343,137 and $298,670, respectively, of stock-based compensation expense. For the six months ended June 30, 2013 and 2012, the Company recognized $129,511 and $160,533, respectively, of stock-based compensation expense (unaudited).

The Company recognizes as expense, the grant-date fair value of stock options and other stock based compensation issued to employees and non-employee directors over the requisite service periods, which are typically the vesting periods. The Company uses the Black-Scholes-Merton model to estimate the fair value of its stock-based payments. The volatility assumption used in the Black-Scholes-Merton model is based on the calculated historical volatility based on an analysis of reported data for a peer

group of companies. The expected term of options granted by the Company has been determined based upon the simplified method, because the Company does not have sufficient historical information regarding its options to derive the expected term. Under this approach, the expected term is the mid-point between the weighted average of vesting period and the contractual term. The risk-free interest rate is based on U.S. Treasury rates whose term is consistent with the expected life of the stock options. The Company has not paid and does not anticipate paying cash dividends on its shares of common stock; therefore, the expected dividend yield is assumed to be zero. The Company estimates forfeitures based on the historical experience of the Company and adjusts the estimated forfeiture rate based upon actual experience.

The fair value of options granted were estimated using the Black-Scholes-Merton option pricing model based on the assumptions in the table below:

Year ended December 31,	**2012**	2011
Expected dividend yield	**0%**	0%
Expected volatility	**55% - 67%**	58% - 66%
Risk-free interest rate	**0.4% - 3.7%**	1.3% - 3.7%
Expected life (in years)	**2.9 - 10.0**	5 - 9.6

The following table summarizes the Company's stock option activity, including grants to non-employees, for the years ended December 31, 2012 and 2011 and for the six month period ended June 30, 2013:

	Number of Shares	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (Years)**
Options outstanding at December 31, 2010	4,251,976	$ 0.59	8.34
Granted	621,307	0.54	
Cancelled	(1,246,946)	0.61	
Exercised	(15,750)	0.37	
Options outstanding at December 31, 2011	3,610,587	$ 0.55	7.58
Granted	10,205,381	0.08	
Cancelled	(2,568,554)	0.16	
Exercised	(41,928)	0.08	
Options outstanding at December 31, 2012	**11,205,486**	**$ 0.09**	**8.70**
Cancelled	(406)	0.08	
Exercised	(162)	0.08	
Options outstanding at June 30, 2013 (unaudited)	**11,204,918**	**$ 0.09**	**8.20**

The following table summarizes information about stock options outstanding at December 31, 2011 and 2012 and June 30, 2013 (unaudited).

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Exercisable at December 31, 2011	2,150,661	$ 0.50	7.05
Vested or expected to vest at December 31, 2011	3,438,738	$ 0.54	7.05
Exercisable at December 31, 2012	3,781,415	$ 0.11	7.05
Vested or expected to vest at December 31, 2012	10,384,618	$ 0.09	8.66
Exercisable at June 30, 2013 (unaudited)	5,047,807	$ 0.11	7.56
Vested or expected to vest at June 30, 2013 (unaudited)	10,465,478	$ 0.09	8.16

The following table summarizes the unvested stock option activity:

	Number of Shares	Weighted-Average Exercise Price
Unvested options at December 31, 2010	2,353,493	$ 0.40
Granted	621,307	0.33
Vested	(818,715)	0.34
Forfeited	(696,159)	0.45
Unvested options at December 31, 2011	1,459,926	$ 0.38
Granted	10,205,381	0.08
Vested	(3,131,904)	0.16
Forfeited	(1,109,332)	0.26
Unvested options at December 31, 2012	7,424,071	$ 0.08
Granted	—	—
Vested	(1,266,798)	0.08
Forfeited	—	—
Unvested options at June 30, 2013 (unaudited)	6,157,273	$ 0.08

The Company granted 10,205,381 and 621,307 options to employees and nonemployees during the years ended December 31, 2012 and 2011, respectively, with a weighted-average grant date fair value of $0.04 and $0.33, respectively. The total intrinsic value of options exercised during 2012 and 2011 was approximately $0 and $2,850, respectively. No options were granted during the six months ended June 30, 2013 (unaudited).

The total fair value of options vested during 2012 and 2011 was $263,751 and $243,326, respectively. As of December 31, 2012, the Company had future employee stock-based compensation expense of $395,495 related to unvested share awards, which is expected to be recognized over an estimated weighted-average period of 2 years.

The total fair value of options vested during the six months ended June 30, 2013 was $53,483 (unaudited). As of June 30, 2013, the Company had future employee stock-based compensation expense of $336,872 related to unvested share awards, which is expected to be recognized over an estimated weighted-average period of 2 years (unaudited).

12. Preferred Stock Warrants Liability

The summary of warrant activity for the year ended December 31, 2012 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2012	—	$ —	—	$ —
Granted	**1,212,121**	**0.33**	**9.1**	**0.11**
Exercised	**—**	**—**	**—**	**—**
Expired/cancelled	**—**	**—**	**—**	**—**
Outstanding at December 31, 2012	**1,212,121**	**$ 0.33**	**9.1**	**$ 0.09**

The aggregate intrinsic value of the preferred stock warrants in the above table is $0 at December 31, 2012. The aggregate intrinsic value is before applicable income taxes and is calculated based on the difference between the exercise price of the warrants and the estimated fair market value of the Company's Series B-1 Preferred Stock as of the respective dates. There was no warrant activity for the six months ended June 30, 2013.

13. Notes Payable

On January 17, 2012, the Company entered into a loan and security agreement (the "Loan and Security Agreement") with Silicon Valley Bank and Oxford Finance LLC (collectively, "the Lenders"). The terms of the agreement provide for two term loans in aggregate of $10,000,000 comprised of a $4,000,000 term loan ("Term A Loan") and a $6,000,000 term loan ("Term B Loan") to be available to the Company as of the date of the Loan and Security Agreement. The Term A Loan accrues interest at a fixed rate per annum of 8.75%. Interest-only payments are due on the Term A Loan for the first 12 months and then 30 equal payments of interest and principal payments are due. The outstanding principal balance on the Term A Loan was $4,000,000 as of December 31, 2012. The outstanding principal balance on the Term A Loan was $4,000,000 as of June 30, 2013 (unaudited).

The terms of the agreement also provide for a term loan up to $6,000,000 for the Term Loan B which was issued to the Company on December 21, 2012 and is outstanding as of December 31, 2012. The terms of the Term B Loan are conterminous with the terms of the Term Loan A. Upon the achievement of certain milestones, the interest only period of the first tranche was extended by an additional six months. The outstanding principal balance on the Term B Loan was $6,000,000 as of June 30, 2013 (unaudited).

In conjunction with the Loan and Security Agreement, the Company issued the Lenders warrants to purchase 1,212,121 shares of the Company's Series B-1 Convertible Preferred Stock. The warrants were issued on January 17, 2012 and December 12, 2012 with an initial exercise price of $0.33 per share and expire on January 16, 2022. The warrants were recorded at fair value as a liability on the Company's balance sheet on the date of issuance and are revalued as of each balance sheet date (see Note 12 Preferred Stock Warrants Liability).

As of December 31, 2012 future principal payments under the Company's notes payable agreements are as follows:

Years ending December 31,	
2013	**$ 1,519,054**
2014	**3,878,978**
2015	**4,232,336**
2016	**369,632**
Total	**$ 10,000,000**

14. Stockholders' Deficit

Common and Preferred Stock

On July 12, 2006, the Company authorized 10,000,000 shares of Common Stock. On December 27, 2007, the Company authorized an additional 2,500,000 shares of Common Stock for a total of 12,500,000 authorized shares. On October 2, 2009, the Company authorized an additional 21,000,000 shares of Common Stock for a total of 33,500,000 authorized shares. On November 30, 2011 the Company authorized an additional 76,500,000 shares of Common Stock for a total of 110,000,000 authorized shares. In January 2012 the Company authorized an additional 3,000,000 shares of Common Stock for a total of 113,000,000 authorized shares. As of December 31, 2012 and 2011, 4,674,495 and 4,580,100 shares, respectively, of Common Stock were issued at $0.001 par value per share and are outstanding. As of June 30, 2013, 4,674,657 shares of Common Stock (unaudited) were issued at $0.001 par value per share and are outstanding. Each holder of Common Stock shall be entitled to one vote for each share held thereof.

On December 27, 2007, the Company authorized 6,500,000 shares of Preferred Stock. On October 2, 2009, the Company authorized an additional 15,234,402 shares of Preferred Stock for a total of 21,734,402 authorized shares. On November 30, 2011, the Company authorized an additional 40,958,843 shares of Preferred Stock for a total of 62,693,245 authorized shares. In January 2012, the Company authorized an additional 3,000,000 shares of Preferred Stock for a total of 65,693,245.

On December 31, 2007, the Company completed the issuance of 3,143,749 shares of Series A Preferred Stock at $3.49 per preferred share. In March 2008, the Company completed a second closing of Preferred Stock and had 3,373,882 shares of Series A Preferred Stock at $3.49 per preferred share issued and outstanding as of December 31, 2008. On February 18, 2009, the Company completed the final closing of Series A Preferred Stock and had 5,734,402 shares of Preferred Stock at $3.49 per preferred share issued and outstanding as of December 31, 2011. During 2012, 38,141 shares of Series A Preferred Stock were converted to common stock. At December 31, 2012 and June 30, 2013 (unaudited), the Company has 5,696,261 shares of series A Preferred Stock at $3.49 per preferred share issued and outstanding.

On October 6, 2009, the Company completed the issuance of 11,504,298 shares of Series B Preferred Stock at $3.49 per preferred share. On November 30, 2011, the Company completed the closing of Series B-1 Preferred Stock and had 45,121,691 shares of Preferred Stock at $0.33 per preferred share issued and outstanding as of December 31, 2011. In January 2012, the Company completed a second closing of Series B-1 Preferred stock. During 2012, 49,998 shares of Series B Preferred Stock were converted to common stock. The Company has 45,998,220 shares of series B-1 Preferred Stock at $0.33 per share issued and outstanding at December 31, 2012 and June 30, 2013 (unaudited).

The Company recorded the shares of redeemable convertible preferred stock at their fair values at issuance, net of issuance costs. These shares have been presented outside of permanent equity due to the redemption feature. The carrying value of the Company's redeemable convertible preferred stock is increased by periodic accretion using the effective interest method so that the carrying amount will equal the redemption value at the redemption date.

Voting Rights

The holders of Common Stock and Preferred Stock shall vote together and not as separate classes, except as otherwise provided by law or agreed to contractually. Each holder of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock, into which the shares of Preferred Stock held by such holder could be converted immediately after the close of business on the record date fixed for a stockholders meeting or the effective date of a written consent. The holders of shares of Preferred Stock shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote and may act by written consent in the same manner as the Common Stock.

Holders of Preferred Stock shall be entitled to notice of any stockholders meeting in accordance with the bylaws of the Company. Fractional votes shall not, however, be permitted and any fractional voting rights shall be disregarded.

Dividends

In any calendar year, the holders of outstanding shares of Preferred Stock shall be entitled to receive dividends, when, as and if declared by the Board of Directors, out of any assets at the time legally available therefore, at the dividends rate specified for such shares of Preferred Stock payable in preference and priority to any declaration or payment of any distribution on Common Stock of the Company in such calendar year. No distributions shall be made with respect to the Common Stock until all declared dividends on Preferred Stock have been paid or set aside for payment to the Preferred Stock holders. Payments of any dividends to the holders of the Preferred Stock shall be made on a pro rata basis. The right to receive dividends on shares of Preferred Stock shall not be cumulative, and no right to such dividends shall accrue to holders of Preferred Stock by reason of the fact that dividends on said shares are not paid or declared in any calendar year. No dividends were declared during the years ended December 31, 2012 and 2011 or during the six months ended June 30, 2013.

Liquidation

In the event of a liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, the holders of Series B-1 Preferred Stock and Series B Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Series A Preferred Stock and the holders of Common Stock by reason of their ownership of such stock, an amount per share for each share of Preferred Stock held by them equal to the sum of the liquidation preference for the Series B-1 Preferred Stock and the Series B Preferred Stock, respectively and (ii) all declared and unpaid dividends on such shares of Preferred

Stock. If upon liquidation, the assets of the Company are insufficient to permit the payments to such stock holders, then the entire assets of the Company legally available for distributions shall be distributed with equal priority and pro rata among the holders of Series B-1 Preferred Stock and the Series B Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After payment or setting aside for payment to the holders of Series B-1 Preferred Stock and Series B Preferred Stock, the holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Common Stock by reason of their ownership of such stock, an amount per share for each share of Preferred Stock held by them equal to the sum of the liquidation preference for the Series A Preferred Stock and (ii) all declared and unpaid dividends on such shares of Preferred Stock. If upon liquidation, the assets of the Company are insufficient to permit the payments to such stock holders, then the assets of the Company legally available for distributions to the holders of Series A Preferred Stock after payment of the full amount payable to the holders of Series B-1 Preferred Stock and Series B Preferred Stock shall be distributed with equal priority and pro rata among the holders of Series A Preferred Stock in proportion to the full amounts to which they would otherwise be entitled.

After the payment or setting aside for payment to the holders of Preferred Stock of the full amounts to holders of Preferred Series B-1, Preferred Series B, and Preferred Series A Stock, the remaining assets of the Company legally available for distribution shall be distributed pro rata to the holders of the Series B-1 Preferred Stock, Series B Preferred Stock, and Common Stock of the Company in proportion to the number of shares of Common Stock held by them, with the share of Series B-1 Preferred Stock and Series B Preferred Stock being treated for this purpose as if they had been converted to shares of Common Stock at the then applicable Conversion Rate, as defined in the Company's Articles of Incorporation.

Conversion

Each share of Preferred Stock shall be convertible, at the option of the holder, at any time after the date of issuance at the office of the Company or any transfer agent for the Preferred Stock, into that number of fully paid nonassessable shares of Common Stock determined by dividing the original issue price for the relevant series of Preferred Stock by the conversion price for such shares in said series. The conversion price for the Preferred Stock Series A and B shall mean $3.49, and Series B-1 shall mean $0.33, and shall be subject to adjustment from time to time for recapitalizations.

Redemption

At the written request of any holder of Preferred Stock delivered to the Company on or after the fifth anniversary of the date of the filing of the amended and restated Certificate of Incorporation (November 30, 2016), the Company shall redeem up to 25% of the shares of Preferred Stock then held by such holder within 20 days after receiving such notification and up to another 25% of the shares of Preferred Stock then held by the holder on each of the first three anniversaries of such initial redemption request. The redemption price is equal to the original issuance price plus all declared but unpaid dividends.

Carrying Value

The Preferred Stock was initially recorded by the Company at the total proceeds received upon issuance, less the issuance costs. The difference between the total proceeds and the total redemption value at the redemption date is charged first to paid-in capital, if any, and then to the accumulated deficit over the period from issuance until redemption first becomes available. The amount of accretion during each period is determined by using the effective interest rate method. Accretion amounted to $106,300 and $93,342 for the years ended December 31, 2012 and 2011, respectively. Accretion amounted to $29,914 and $53,150 for each of the six months ended June 30, 2013 and 2012, respectively (unaudited).

15. Commitments and Contingencies

On November 2, 2009, the Company entered into a new operating lease for its corporate offices for a period of five years commencing in April 2010, with an option to renew for an additional six years. Rent expense was approximately $360,000 for each of the years ended December 31, 2012 and 2011, and $180,061 for each of the six months ended June 30, 2013 and 2012 (unaudited) and is included in general and administrative on the accompanying statement of operations. As of December 31, 2012, Company's approximate future minimum payments for its operating lease obligations are as follows:

Years ending December 31,	
2013	**$ 404,366**
2014	**415,508**
2015	**104,579**
Total	**$ 924,453**

The Company leases its manufacturing facility under a one-year lease from third parties. Rent expense under this lease was $51,455 and $50,000 for the years ended December 31, 2012 and 2011, respectively and $27,248 and $25,822 for the six months ended June 30, 2013 and 2012, respectively (unaudited).

16. Subsequent Events

The Company has evaluated subsequent events from December 31, 2012 (the date of the most current balance sheet presented) through May 30, 2013 (the date of the audit report and the date the financial statements were available to be issued). During this period, no material recognizable subsequent events were identified.

On August 1, 2013, the Company secured a bridge loan amounting to $2.0 million.

Subsequent to June 30, 2013, the Company entered into merger discussions with and signed a contract to be acquired by SafeStitch Medical, Inc. SafeStitch Medical, Inc. is an operating public company and will be the legal acquirer for purposes of the merger. For accounting purposes, the acquisition is being treated as a reverse merger, and Transenterix will be the acquiring entity for accounting purposes.

Exhibit 99.2

For Immediate Release
September 4, 2013

Contact: Karen Stinneford
Phone: 919.833.9102

SafeStitch Medical Completes Merger with TransEnterix

$30 Million Financing Raised from Existing TransEnterix and SafeStitch Medical Stockholders

Combined Company to be Renamed TransEnterix

MIAMI, FL and RESEARCH TRIANGLE, N.C., September 4, 2013 – SafeStitch Medical, Inc. (OTCBB: SFES) and TransEnterix, Inc., a privately-held company, today announced that they have closed SafeStitch's previously announced acquisition of TransEnterix. The combined company is expected to be renamed TransEnterix, subject to stockholder approval, and headquartered in the Research Triangle, NC. The company will continue to trade under the name SafeStitch Medical, Inc. on the OTCBB under the symbol SFES until the anticipated name change is approved by stockholders, which is expected to occur in the fourth quarter of 2013.

Todd M. Pope, the Chief Executive Officer of TransEnterix, will serve as the Chief Executive Officer and a Director of the combined company. Paul A. LaViolette, a Partner at SV Life Sciences and Chairman of TransEnterix, will serve as the Chairman of the combined company's Board of Directors. Dr. Jane Hsiao, the former Chairperson of SafeStitch Medical will continue to serve as a Director of the combined company, and Dr. Phillip Frost, Chief Executive Officer and Chairman of OPKO Health and Chairman of Teva Pharmaceutical Industries has joined as a Director. The remaining Directors are Dr. Aftab R. Kherani, Principal of Aisling Capital; David B. Milne, Managing Partner at SV Life Sciences; Dennis J. Dougherty, Managing General Partner of Intersouth Partners; Richard C. Pfenniger, former Chief Executive Officer of Continucare Corporation and a member of the SafeStitch Board pre-merger; and William N. Starling, Managing Director of Synergy Life Science Partners, LP.

Mr. Pope commented, "We believe the business combination with SafeStitch will enhance our ability to bring flexible minimally invasive surgical technologies to market. This accompanying fundraising provides the company with the resources to advance the development of SurgiBot™, a novel patient side minimally invasive surgical robotic system."

Merger Transaction and Financing

Under the terms of the merger agreement with TransEnterix, SafeStitch Medical issued approximately 105.5 million shares of its common stock to stockholders of TransEnterix, has reserved approximately 17.0 million shares for exercise of TransEnterix options and warrants, and paid an aggregate of approximately $350,000 in cash to TransEnterix's former stockholders whose TransEnterix shares did not convert to SafeStitch shares.

Perella Weinberg Partners acted as exclusive financial advisor and Wilson Sonsini Goodrich & Rosati acted as legal counsel to TransEnterix. Greenberg Traurig, P.A. acted as legal counsel to SafeStitch Medical.

Concurrent with the closing of the merger, SafeStitch raised $30.2 million, before offering expenses, in a private placement of its equity securities. Existing TransEnterix investors contributed $19.7 million and Dr. Phillip Frost and Dr. Jane Hsiao, either personally or through affiliated entities, along with other existing SafeStitch investors, contributed an additional $10.5 million in the financing.

About SafeStitch Medical

SafeStitch Medical is a development stage medical device company focused on the development of medical devices that manipulate tissues for the treatment of obesity, gastroesophageal reflux disease (“GERD”), hernia formation, and other conditions through endoscopic and minimally invasive surgery.

About TransEnterix

TransEnterix is a development stage medical device company that is pioneering the use of flexible instruments and robotics to improve how minimally invasive surgery is performed. TransEnterix is focused on the development and commercialization of SurgiBot™, a novel patient side minimally invasive surgical robotic system. For more information, visit the company’s website at www.transenterix.com.

This press release contains “forward-looking statements,” as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as “expects,” “plans,” “projects,” “will,” “may,” “anticipate,” “believes,” “should,” “intends,” “estimates,” and other words of similar meaning, including statements regarding our product development and commercialization efforts, benefits of combining TransEnterix and SafeStitch Medical, expected changes to the SafeStitch Medical charter documents and our ability to significantly improve clinical outcomes in patients, as well as other non-historical statements about our expectations, beliefs or intentions regarding our business, technologies and products, financial condition, strategies or prospects. Many factors, including those described herein and in our filings with the Securities and Exchange Commission, could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements. These factors include, but are not limited to: whether the merger will develop significant advances in minimally invasive surgery, including bringing TransEnterix’s robotic surgery platform to market, and whether the merger will provide resources sufficient to develop a new minimally invasive robotic surgery system. The forward-looking statements contained in this press release speak only as of the date the statements were made, and we do not undertake any obligation to update forward-looking statements, except as required under applicable law. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA.