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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

for the Quarterly Period ended June 30, 2014

or

☐ **Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**

for the Transition Period from _____ to _____

Commission File Number 0-19437

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

Delaware	**11-2962080**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**
635 Davis Drive, Suite 300, Morrisville, NC	**27560**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (919) 765-8400

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

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

62,980,065 shares of the Company’s common stock, par value $0.001 per share, were outstanding as of August 1, 2014.

TRANSENTERIX, INC.

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FORWARD-LOOKING STATEMENTS

In addition to historical financial information, this report contains "forward-looking statements" within the meaning of 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") that concern matters that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained in this report, including statements regarding future events, our future financial performance, our future business strategy and the plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should" or "will" or the negative of these terms or other comparable terminology. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made by us, which attempt to advise interested parties of the risks, uncertainties, and other factors that affect our business, operating results, financial condition and stock price, including without limitation the disclosures made under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Financial Statements" and "Notes to Consolidated Financial Statements" in this report, as well as the disclosures made in the TransEnterix, Inc. Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 5, 2014 and the Form 10-K/A filed on April 2, 2014, and other filings we make with the Securities and Exchange Commission. Furthermore, such forward-looking statements speak only as of the date of this report. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations except as required by applicable law. References in this report to "we", "our", "us", or the "Company" refer to TransEnterix, Inc. and the combined enterprise of SafeStitch Medical, Inc. and TransEnterix Surgical, Inc.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

TransEnterix, Inc.

Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Sales	$ 113	$ 521	$ 206	$ 850
Operating Expenses				
Cost of goods sold	238	1,156	458	2,038
Research and development	7,882	2,165	12,893	4,946
Sales and marketing	461	540	867	1,052
General and administrative	1,913	702	3,527	1,387
Total Operating Expenses	10,494	4,563	17,745	9,423
Operating Loss	(10,381)	(4,042)	(17,539)	(8,573)
Other (Expense) Income Interest expense, net	(206)	(243)	(527)	(489)
Total Other (Expense) Income, net	(206)	(243)	(527)	(489)
Net Loss	$(10,587)	$(4,285)	$(18,066)	$(9,062)
Other comprehensive income (loss)	—	—	—	—
Comprehensive loss	$(10,587)	$(4,285)	$(18,066)	$(9,062)
Net loss per share - basic and diluted	$ (0.18)	$ (3.97)	$ (0.33)	$ (8.41)
Weighted average common shares outstanding - basic and diluted	59,673	1,078	54,264	1,078

See accompanying notes to consolidated financial statements.

TransEnterix, Inc.

Consolidated Balance Sheets

(in thousands, except share amounts)

	June 30, 2014 (unaudited)	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	$ 52,566	$ 10,014
Short-term investments	—	6,191
Accounts receivable, net	96	188
Interest receivable	2	68
Inventory, net	438	701
Other current assets	617	593
Total Current Assets	53,719	17,755
Restricted cash	250	375
Property and equipment, net	2,413	1,864
Intellectual property, net	2,491	2,741
Trade names, net	8	10
Goodwill	93,842	93,842
Other long term assets	72	127
Total Assets	$ 152,795	$ 116,714
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 3,616	$ 1,804
Accrued expenses	1,906	1,406
Note payable - current portion	4,052	3,879
Total Current Liabilities	9,574	7,089
Long Term Liabilities		
Note payable - less current portion	2,532	4,602
Total Liabilities	12,106	11,691
Commitments and Contingencies		
Stockholders' Equity		
Common stock $0.001 par value, 750,000,000 shares authorized at June 30, 2014 and December 31, 2013; 62,975,255 and 48,841,417 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively(1)	63	49
Additional paid-in capital	256,956	203,238
Accumulated deficit	(116,330)	(98,264)
Total Stockholders' Equity	140,689	105,023
Total Liabilities and Stockholders' Equity	$ 152,795	$ 116,714

See accompanying notes to consolidated financial statements.

(1) Adjusted for 1:5 reverse stock split on March 31, 2014.

TransEnterix, Inc.

Consolidated Statements of Stockholders' Equity

(in thousands)

(Unaudited)

	Common Stock(1)		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2013	48,842	$ 49	$203,238	$ (98,264)	$ 105,023
Stock-based compensation	—	—	1,202	—	1,202
Exercise of stock options and warrants	23	—	24	—	24
Issuance of common stock, net of issuance costs of $3,934	14,110	14	52,492	—	52,506
Net loss	—	—	—	(18,066)	(18,066)
Balance, June 30, 2014	62,975	$ 63	$256,956	$ (116,330)	$ 140,689

See accompanying notes to consolidated financial statements.

(1) Adjusted for 1:5 reverse stock split on March 31, 2014.

TransEnterix, Inc.

Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Six Months Ended June 30, 2014	2013
Operating Activities		
Net loss	$(18,066)	$(9,062)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	594	697
Amortization of debt issuance costs	44	53
Stock-based compensation	1,202	130
Loss on disposal of property and equipment	19	32
Changes in operating assets and liabilities:		
Accounts receivable	92	392
Interest receivable	66	16
Inventory	263	(82)
Other current and long term assets	(13)	(5)
Restricted cash	125	—
Accounts payable	1,812	159
Accrued expenses	500	227
Net cash and cash equivalents used in operating activities	(13,362)	(7,443)
Investing Activities		
Proceeds from sale and maturities of investments	6,191	907
Purchase of property and equipment	(910)	(150)
Net cash and cash equivalents provided by investing activities	5,281	757
Financing Activities		
Payment of debt	(1,897)	—
Proceeds from the issuance of common stock, net of issuance costs	52,506	—
Proceeds from exercise of stock options and warrants	24	—
Net cash and cash equivalents provided by financing activities	50,633	—
Net increase (decrease) in cash and cash equivalents	42,552	(6,686)
Cash and Cash Equivalents, beginning of period	10,014	8,896
Cash and Cash Equivalents, end of period	$ 52,566	$ 2,210
Supplemental Disclosure for Cash Flow Information		
Interest paid	$ 337	$ 437

See accompanying notes to consolidated financial statements.

TransEnterix, Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. Description of Business

On September 3, 2013, SafeStitch Medical, Inc., a Delaware corporation ("SafeStitch") and TransEnterix Surgical, Inc., a Delaware corporation formerly known as TransEnterix, Inc. ("TransEnterix Surgical") consummated a merger transaction whereby TransEnterix Surgical merged with a merger subsidiary of SafeStitch, with TransEnterix Surgical as the surviving entity in the merger ("the Merger"). As a result of the Merger, TransEnterix Surgical became a wholly owned subsidiary of SafeStitch. On December 6, 2013, SafeStitch changed its name to TransEnterix, Inc. As used herein, the term "Company" refers to the combination of SafeStitch and TransEnterix Surgical after giving effect to the Merger, the term "SafeStitch" refers to the historic business of SafeStitch Medical, Inc. prior to the Merger, and the term "TransEnterix Surgical" refers to the historic business of TransEnterix Surgical, Inc. prior to the Merger.

Pursuant to an Agreement and Plan of Merger dated August 13, 2013, as amended by a First Amendment dated August 30, 2013 (collectively, the "Merger Agreement"), each share of TransEnterix Surgical'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, other than those shares of TransEnterix Surgical'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 was the volume-weighted average price of a share of SafeStitch common stock on the OTCBB for the 60-trading day period ended on August 30, 2013 (one business 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 Surgical's options and warrants issued and outstanding immediately prior to the Merger at the same Exchange Ratio. Upon the closing of the Merger, and in accordance with the terms of the Merger Agreement, the Company issued an aggregate of 21,109,949 shares of the Company's common stock as Merger consideration and paid $293,000 to unaccredited investors in lieu of common stock.

In connection with the Merger, on September 3, 2013, the Company consummated a private placement (the "Private Placement") transaction in which it issued and sold shares of its Series B Convertible Preferred Stock, par value $0.01 per share (the "Series B Preferred Stock") to provide funding to support the Company's operations following the Merger. The Private Placement was done pursuant to a Securities Purchase Agreement (the "Purchase Agreement") with accredited investors (the "Investors"), the majority of which were considered related parties as existing investors in SafeStitch and TransEnterix Surgical, pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares of the Series B Preferred Stock, each share of which was convertible, subject to certain conditions, into two 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 Surgical or a combination thereof. In accordance with the Purchase Agreement, the Company issued and sold an additional 25,000 shares of Series B Preferred Stock on September 17, 2013. Proceeds from the issuance of the Series B Preferred Stock, net of issuance costs, were $28.2 million.

On December 6, 2013, the Company filed an Amended and Restated Certificate of Incorporation (the "Restated Certificate") to change its name to TransEnterix, Inc. and to increase the authorized shares of common stock from 225,000,000 to 750,000,000. In accordance with the terms of the Certificate of Designation of Series B Preferred Stock, each outstanding share of Series B Preferred Stock automatically converted into two shares of the Company's common stock upon the filing of the Restated Certificate. An aggregate of 15,139,406 shares of common stock were issued in the conversion of the Series B Preferred Stock.

The Company is a medical device company that is focused on the development and future commercialization of a robotic assisted surgical system called the SurgiBot™ System ("the SurgiBot System"). The SurgiBot System is designed to utilize flexible instruments through articulating channels controlled directly by the surgeon, with robotic assistance, while the surgeon remains

patient-side within the sterile field. The flexible nature of the SurgiBot System would allow for multiple instruments to be introduced and deployed through a single site, thereby offering room for visualization and manipulation once in the body. The SurgiBot System also integrates three-dimensional ("3-D") high definition vision technology. The Company has commercialized the SPIDER ® Surgical System, (the "SPIDER System") a manual laparoscopic system in the United States, Europe and the Middle East. The SPIDER System utilizes flexible instruments and articulating channels that are controlled directly by the surgeon, allowing for multiple instruments to be introduced via a single site. The SPIDER System has been cleared by the U.S. Food and Drug Administration ("FDA"). The Company also manufactures multiple instruments that can be deployed using the SPIDER System currently, and which are being adapted for use with the SurgiBot System.

Prior to the Merger, SafeStitch was focused on developing its Gastroplasty Device for the treatment of obesity, gastroesophageal reflux disease ("GERD") and Barrett's Esophagus. In the second quarter of 2014, the Company determined to cease internal development of the Gastroplasty Device. The Company is evaluating strategic alternatives for the former SafeStitch products.

The Company operates in one business segment.

The Company is subject to a number of risks similar to other similarly-sized companies in the medical device industry. These risks include, without limitation, the historical lack of profitability; our ability to raise additional capital; 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 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 company; and our ability to identify and pursue development of additional products.

2. Summary of Significant Accounting Policies

Basis of presentation

The Company has prepared the accompanying unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 5, 2014 and its Form 10-K/A filed with the SEC on April 2, 2014. The accompanying unaudited interim consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of the Company's management, necessary for a fair statement of the Company's consolidated financial position, results of operations and cash flows for the periods presented. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The principal estimates relate to inventory valuation, stock-based compensation, accrued expenses and income tax valuation. Actual results could differ from those estimates. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

For a description of our critical accounting policies and estimates, please refer to the "Critical Accounting Policies and Estimates" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 5, 2014 and its Form 10-K/A filed with the SEC on April 2, 2014. There have been no material changes in any of our accounting policies since December 31, 2013.

Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Isis Tele-Communications, Inc., which has no current operations, SafeStitch LLC, and TransEnterix Surgical, Inc. All intercompany accounts and transactions have been eliminated in consolidation.

Reverse Merger

On September 3, 2013, SafeStitch and TransEnterix Surgical, consummated the Merger whereby TransEnterix Surgical merged with a merger subsidiary of SafeStitch, with TransEnterix Surgical as the surviving entity in the Merger. As a result of the Merger, TransEnterix Surgical became a wholly owned subsidiary of SafeStitch. On December 6, 2013, SafeStitch changed its corporate name to TransEnterix, Inc.

The Reverse Merger has been accounted for as a reverse acquisition under which TransEnterix Surgical was considered the acquirer of SafeStitch. As such, the financial statements of TransEnterix Surgical are treated as the historical financial statements of the combined company, with the results of SafeStitch being included from September 3, 2013.

As a result of the Reverse Merger with SafeStitch, historical common stock amounts and additional paid in capital have been retroactively adjusted using an Exchange Ratio of 1.1533.

Stock Split

On March 31, 2014, the Company effectuated a reverse stock split of its issued and outstanding shares of common stock at a ratio of 1 for 5 (the “Reverse Stock Split”). As a result of the Reverse Stock Split, the Company’s issued and outstanding stock decreased from 244,276,923 to 48,855,255 shares of common stock, all with a par value of $0.001. All information related to common stock, stock options, RSUs, warrants and earnings per share for prior periods has been retroactively adjusted to give effect to the Reverse Stock Split, except for the reference to the Merger Exchange Ratio of 1.1533.

Identifiable Intangible Assets and Goodwill

Identifiable intangible assets are recorded at cost, or when acquired as part of a business acquisition, at estimated fair value. Certain intangible assets are amortized over 10 years. Similar to tangible personal property and equipment, the Company periodically evaluates identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment existed at June 30, 2014 or December 31, 2013.

Indefinite-lived intangible assets, such as goodwill are not amortized. The Company tests the carrying amounts of goodwill for recoverability on an annual basis at December 31st or when events or changes in circumstances indicate evidence of potential impairment exists, using a fair value based test. No impairment existed at June 30, 2014 or December 31, 2013.

Debt Issuance Costs

The Company capitalizes costs associated with the issuance of debt instruments and amortizes these costs to interest expense over the term of the related debt agreement using the effective yield amortization method. Unamortized debt issuance costs will be charged to operations when indebtedness under the related credit facility is repaid prior to maturity.

Business Acquisitions

Business acquisitions are accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification (“ASC”) 805, “Business Combinations.” ASC 805 requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values, as determined in accordance with ASC 820, “Fair Value Measurements,” as of the acquisition date. For certain assets and liabilities, book value approximates fair value. In addition, ASC 805 establishes that consideration transferred be measured at the closing date of the acquisition at the then-current market price, which may be different than the amount of consideration assumed in the pro forma financial statements. Under ASC 805, acquisition related costs (i.e.,

advisory, legal, valuation and other professional fees) and certain acquisition-related restructuring charges impacting the target company are expensed in the period in which the costs are incurred. The application of the acquisition method of accounting requires the Company to make estimates and assumptions related to the estimated fair values of net assets acquired. Significant judgments are used during this process, particularly with respect to intangible assets. Generally, intangible assets are amortized over their estimated useful lives. Goodwill and other indefinite-lived intangibles are not amortized, but are annually assessed for impairment. Therefore, the purchase price allocation to intangible assets and goodwill has a significant impact on future operating results.

Impact of Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We are currently evaluating the impact of our pending adoption of ASU 2014-09 on our consolidated financial statements and have not yet determined the method by which we will adopt the standard in 2017.

3. Income Taxes

Income taxes have been accounted for using the liability method in accordance with ASC 740 “Income Taxes”. The Company computes its interim provision for income taxes by applying the estimated annual effective tax rate method. The Company estimates an annual effective tax rate of 0% for the year ending December 31, 2014 as the Company incurred losses for the three and six month periods ended June 30, 2014 and is forecasting additional losses through the year, resulting in an estimated net loss for both financial statement and tax purposes for the year ending December 31, 2014. Due to the Company’s history of losses, there is not sufficient evidence at this time to support the conclusion that the Company will generate future income of a sufficient amount and nature to utilize the benefits of its net deferred tax assets. Accordingly, the net deferred tax assets have been reduced by a full valuation allowance. Therefore, no federal or state income taxes are expected and none have been recorded at this time.

The Company’s effective tax rate for each of the six month periods ended June 30, 2014 and 2013 was 0%. At June 30, 2014, the Company had no unrecognized tax benefits that would affect the Company’s effective tax rate.

4. Basic and Diluted Net Loss per Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed giving effect to all dilutive potential common shares that were outstanding during the period. Diluted potential common shares consist of incremental shares issuable upon exercise of stock options and warrants and conversion of preferred stock. In computing diluted net loss per share for the three and six months ended June 30, 2014 and 2013, no adjustment has been made to the weighted average outstanding common shares as the assumed exercise of outstanding options and warrants and conversion of preferred stock would be anti-dilutive.

5. 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 & Poor.

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 $250,000 and $375,000 as of June 30, 2014 and 2013, respectively.

The Company's investments at December 31, 2013 consist of corporate bonds and are classified as available for sale. Investments classified as available for sale are measured at fair value, and net unrealized gains and losses are recorded as a component of accumulated other comprehensive income (loss) on the balance sheet until realized. Realized gains and losses on sales of investment securities are determined based on the specific-identification method and are recorded in interest and other income. The amortized cost of debt securities 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 expense, net. Related unrealized gains and losses were not material as of June 30, 2014 and December 31, 2013. There have been no unrealized gains or losses reclassified to accumulated other comprehensive income.

Cash, cash equivalents, restricted cash, and short-term investments consist of the following:

	June 30, 2014 **(unaudited)**	December 31, 2013
	(In thousands)	
Cash	$ 1,642	$ 930
Money market	50,924	9,084
Total cash and cash equivalents	52,566	10,014
Corporate bonds	—	6,191
Total short-term investments	$ —	$ 6,191
Total restricted cash	$ 250	$ 375
Total	$ 52,816	$ 16,580

6. Fair Value

The Company held certain assets that are required to be measured at fair value on a recurring basis. These assets include available for sale securities classified as cash equivalents. ASC 820-10, "Fair Value Measurement Disclosure," requires the valuation using a three-tiered approach, which requires that fair value measurements be classified and disclosed in one of three tiers. These tiers are: Level 1, defined as quoted prices in active markets for identical assets or liabilities; Level 2, defined as valuations based on observable inputs other than those included in Level 1, such as quoted prices for similar assets and liabilities in active markets, or other inputs that are observable or can be corroborated by observable input data; and Level 3, defined as valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants.

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.

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 measured at fair value on a recurring basis as of June 30, 2014 and December 31, 2013, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	June 30, 2014 (In thousands) (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, 2014
Assets measured at fair value				
Cash and cash equivalents	$ 52,566	$ —	$ —	$ 52,566
Restricted cash	250	—	—	250
Total assets measured at fair value	$ 52,816	$ —	$ —	$ 52,816

	December 31, 2013 (In thousands)			
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, 2013
Assets measured at fair value				
Cash and cash equivalents	$ 10,014	$ —	$ —	$ 10,014
Restricted cash	375	—	—	375
Short term investments	—	6,191	—	6,191
Total assets measured at fair value	$ 10,389	$ 6,191	$ —	$ 16,580

7. Investments

The aggregate fair values of investment securities along with unrealized gains and losses determined on an individual investment security basis are as follows:

	(In thousands)			
	Amortized Cost	Unrealized Gain	Unrealized (Loss)	Fair Value
December 31, 2013				
Corporate bonds	$ 6,191	$ —	$ —	$ 6,191

None of the securities have contractual maturities of more than one year and therefore do not have continuous unrealized losses greater than 12 months. The Company no longer held short-term investments as of June 30, 2014.

8. Inventories

The following table presents the components of inventories:

	June 30, 2014	December 31, 2013
	(In thousands)	
	(unaudited)	
Finished goods	$ 749	$ 896
Reserve for excess and obsolete inventory	(311)	(195)
Total inventories	$ 438	$ 701

9. Goodwill and Intangible Assets

The following table presents the carrying value of the components of goodwill and intangible assets at the balance sheet dates:

	June 30, 2014	December 31, 2013
	(In thousands)	
	(unaudited)	
Goodwill	$ 93,842	$ 93,842
Intangible assets:		
Intellectual property	5,000	5,000
Trade names	10	10
Amortization of intangible assets	(2,511)	(2,259)
Total intangible assets	$ 2,499	$ 2,751

10. Accrued Expenses

The following table presents the components of accrued expenses:

	June 30, 2014	December 31, 2013
	(In thousands)	
	(unaudited)	
Bonus	$ 388	$ 519
Vacation	348	219
Interest	214	62
Severance	204	—
Consulting	186	102
Legal and professional fees	159	99
Vendors	176	182
Other	231	223
Total accrued expenses	$ 1,906	$ 1,406

11. Notes Payable

On January 17, 2012, TransEnterix Surgical entered into a loan and security agreement (the "SVB-Oxford LSA") 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 and a $6,000,000 term loan. In connection with the Merger, the Company assumed and became the borrower under TransEnterix Surgical's outstanding credit facility. The Second and Third Amendment to the SVB-Oxford LSA, dated as of September 3, 2013 and October 31, 2013, respectively, amend the SVB-Oxford LSA among the Lenders and the Company (as so amended, the "Amended Loan Agreement"). The Amended Loan Agreement evidences a term loan, which will mature on January 1, 2016 (the "Term Loan").

The following table presents the components of long-term debt:

	June 30, 2014 (In thousands) (unaudited)
Total long-term debt	6,584
Less: Current portion of long-term debt	4,052
Total long-term debt, net of current portion	$ 2,532

The Term Loan bears interest at a fixed rate equal to 8.75%.

12. Warrants

On March 22, 2013, SafeStitch entered into a stock purchase agreement with approximately 17 investors (the "2013 PIPE Investors") pursuant to which the 2013 PIPE Investors purchased an aggregate of approximately 2,420,000 shares of common stock at a price of $1.25 per share for aggregate consideration of approximately $3.0 million. Included in this private placement was the issuance of warrants to purchase approximately 1,209,600 common shares, representing one warrant for every two common shares purchased, with an exercise price of $1.65 per share and five year expiration. There were approximately 1.2 million warrants outstanding that were assumed as of the Merger. During the year ended December 31, 2013, 54,000 of these warrants were exercised. During the six months ended June 30, 2014, 10,000 of these warrants were exercised.

On January 17, 2012, TransEnterix Surgical entered into the SVB-Oxford LSA with Silicon Valley Bank ("SVB") and Oxford Finance LLC ("Oxford"). Pursuant to this agreement, TransEnterix Surgical issued preferred stock warrants to SVB and Oxford on January 17, 2012 and December 21, 2012, respectively, to purchase shares of preferred stock. The preferred stock expire 10 years from the issue date. The preferred stock warrants were remeasured immediately prior to the Merger. As a result of the remeasurement, the Company recorded approximately $1.8 million of other expense in the accompanying statements of operations and other comprehensive income (loss). As of the Merger, the preferred stock warrants converted to common stock warrants, adjusted based on the Exchange Ratio of 1.1533, and the preferred stock warrant liability was reclassified to additional paid-in capital. These warrants

are exercisable for an aggregate of approximately 279,586 shares of common stock. During the year ended December 31, 2013, 139,793 of these warrants were exercised in a cashless transaction for 112,766 shares of common stock. None of these warrants were exercised during the six months ended June 30, 2014.

13. Closing of Merger and Financing Transaction

On September 3, 2013, the Company consummated the Merger in which a wholly owned subsidiary of SafeStitch merged with TransEnterix Surgical, pursuant to the Merger Agreement. Under the terms of the Merger Agreement, TransEnterix Surgical remained as the surviving corporation and as a wholly-owned subsidiary SafeStitch.

Pursuant to the Merger Agreement, each share of TransEnterix Surgical's capital stock issued and outstanding immediately preceding the Merger was converted into the right to receive 1.1533 shares of the Company's common stock, par value $0.001 per share, other than those shares of TransEnterix Surgical'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 was 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 business day prior to the effective date of the Merger). Upon the closing of the Merger, and in accordance with the terms of the Merger Agreement, the Company issued an aggregate of 21,109,949 shares of the Company's common stock as Merger consideration and paid $293,000 to unaccredited investors in lieu of common stock. Additionally, pursuant to the Merger Agreement, upon consummation of the Merger, the Company assumed all of TransEnterix Surgical's options, whether vested or unvested, and warrants issued and outstanding immediately prior to the Merger at the same Exchange Ratio.

During July 2013, TransEnterix Surgical issued promissory notes (the "Bridge Notes") to related parties consisting of existing investors of TransEnterix Surgical, in the aggregate principal amount of $2.0 million, as contemplated by the Merger Agreement. The Bridge Notes bore interest at a rate of 8% per annum. The Bridge Notes were not secured by any collateral and were subordinated in right of payment to the loan evidenced by the SVB - Oxford LSA. The Bridge Notes were converted into Series B Preferred Stock at the effective time of the Merger.

Concurrent with the closing of the Merger, and in accordance with the terms of the Purchase Agreement, the Company issued 7,544,704.4 shares of Series B Preferred Stock, each share of which is convertible, subject to certain conditions, into two 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 Bridge Notes of TransEnterix Surgical or a combination thereof. The majority of the Series B Preferred Stock was issued to related parties who were existing stockholders of SafeStitch and TransEnterix Surgical. Pursuant to the Purchase Agreement, the Company issued and sold an additional 25,000 shares of Series B Preferred Stock within the period provided in the Purchase Agreement resulting in gross proceeds to the Company of approximately $100,000. Each share of Series B Preferred Stock was converted into two shares of our common stock, par value $0.001 per share, on December 6, 2013.

In connection with the Merger Agreement and the September 2013 private placement, certain of SafeStitch's and TransEnterix Surgical's former stockholders, comprising approximately 93% of our stock on the effective date of the merger, 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 securities held by them (collectively, "Covered Securities") for one year following the September 3, 2013 closing date (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.

At the closing of the Merger, each outstanding share of capital stock of TransEnterix Surgical was cancelled and extinguished and converted into the right to receive a portion of the Merger consideration in accordance with the Merger Agreement. The Bridge Notes were terminated at the closing of the Merger, and the holders of such Bridge Notes received Merger consideration in accordance with the Merger Agreement.

The Merger effectuated on September 3, 2013 qualified as a tax-free reorganization under Section 368 of the Internal Revenue Code. As a result of the Merger, the utilization of certain tax attributes of the Company may be limited in future periods under the rules prescribed under Section 382 of the Internal Revenue Code.

The Company's assets and liabilities are presented at their preliminary estimated fair values, with the excess of the purchase price over the sum of these fair values presented as goodwill.

The following table summarizes the purchase price (in thousands):

Common shares outstanding at the date of merger	12,350
Closing price per share	$ 7.60
	$93,858
Cash consideration	293
Total purchase price	$94,151

The purchase price was allocated to the net assets acquired utilizing the methodology prescribed in ASC 805. The Company recorded goodwill of $93.8 million after recording net assets acquired at fair value as presented in the following table.

The following table summarizes the allocation of the purchase price to the net assets acquired (in thousands):

Cash and cash equivalents	$ 597
Accounts receivable	54
Inventory	50
Other current assets	53
Property and equipment	185
Other long-term asset	2
Intangible assets	10
Goodwill	93,842
Total assets acquired	94,793
Accounts payable and other liabilities	642
Total purchase price	$94,151

Following the announcement of the Merger, the SafeStitch stock price increased prior to the Merger closing date of September 3, 2013, generating additional goodwill. There may be impairment in the future and the impairment of goodwill will be assessed annually.

The Company allocated $10,000 of the purchase price to identifiable intangible assets of trade names that met the separability and contractual legal criterion of ASC 805. The trade names will be amortized using the straight-line method over 5 years.

The results of operations of SafeStitch have been included in the Company's consolidated financial statements from the date of the Merger.

14. Public Offering of Common Stock

On April 14, 2014, the Company sold 12,500,000 shares of common stock at a public offering price of $4.00 per share for aggregate gross proceeds of $50.0 million in an underwritten firm commitment public offering. Certain of the Company's existing stockholders that are affiliated with certain of the Company's directors purchased $10 million of common stock in the public offering. The closing of the public offering occurred on April 21, 2014.The Company granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,875,000 shares of Common Stock to cover over-allotments. On April 30, 2014, the

underwriters exercised a portion of their over-allotment option to acquire an additional 1,610,000 shares at the public offering price of $4.00 per share for aggregate additional gross proceeds of $6.4 million. The purchase of the over-allotment shares closed on May 5, 2014. Total proceeds were $52.5 million, net of issuance costs of $3.9 million. The common stock was offered and sold pursuant to the Shelf Registration Statement (the "Shelf Registration Statement") which was declared effective on April 2, 2014. The Shelf Registration Statement allowed the Company to raise up to $100.0 million through the sale of debt securities, common stock, preferred stock, or warrants, or any combination thereof.

15. Commitments and Contingencies

On November 2, 2009, TransEnterix Surgical entered into an operating lease for its corporate offices for a period of five years commencing in April 2010. On June 12, 2014, the Company entered into a lease amendment extending the term of the lease for a period of 3 years and 2 months commencing on May 1, 2015 and expiring on June 30, 2018, with an option to renew for an additional three years. On October 25, 2013, the Company entered into an operating lease for its warehouse for a period of four years and four months commencing in January 2014, with an option to renew for an additional six years. The Company's approximate future minimum payments for its operating lease obligations are as follow:

Years ending December 31, (In thousands)	
2014	$ 498
2015	452
2016	592
2017	609
2018	373
Total	$2,524

On February 13, 2014, TransEnterix Surgical, Inc., a wholly owned subsidiary of the Company, entered into a Robotic Development and Supply Agreement (the "Robotic Agreement") with Microline Surgical, Inc. ("Microline"). Under the Robotic Agreement, Microline is developing a flexible sealer product for exclusive use by the Company with the SurgiBot System in open, minimally invasive and laparoscopic surgery. Development of the contemplated products under the Robotic Agreement is ongoing. If such products are successfully developed and applicable regulatory approvals obtained, the Company will owe an aggregate of $1,400,000 to Microline in milestone fees. Actual payment of such milestone fees is substantially uncertain, dependent on product development activities. If the products are successfully developed and applicable regulatory approvals obtained, the Company is committed to product supply commitments set forth in the Robotic Agreement.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes to our consolidated financial statements included in this report. The following discussion contains forward-looking statements. See cautionary note regarding "Forward-Looking Statements" at the beginning of this report.

Overview

We are a medical device company that is focused on the development and future commercialization of a robotic assisted surgical system called the SurgiBot™ System (the "SurgiBot System"). The SurgiBot System is designed to utilize flexible instruments through articulating channels controlled directly by the surgeon, with robotic assistance, while the surgeon remains patient-side within the sterile field. The flexible nature of the SurgiBot System would allow for multiple instruments to be introduced and deployed through a single site, thereby offering room for visualization and manipulation once in the body. The SurgiBot System integrates three-dimensional ("3-D") high definition vision technology. The Company has commercialized the SPIDER® Surgical System, (the "SPIDER System") a manual laparoscopic system in the United States, Europe and the Middle East. The SPIDER System utilizes flexible instruments and articulating channels that are controlled directly by the surgeon, allowing for multiple instruments to be introduced via a single site. The SPIDER System has been cleared by the U.S. Food and Drug Administration ("FDA"). The Company also manufactures multiple instruments that can be deployed using the SPIDER System currently, and which are being adapted for use with the SurgiBot System. In April 2014, we launched the Flex Ligating Shears ("FLS") which is an advanced energy device used with the Company's existing SPIDER Surgical System. The FLS device is designed to deliver controlled energy to effectively ligate and divide tissue. The Company intends to offer a similar device in the future for its SurgiBot System.

During the second quarter of 2014, we determined to cease internal development of the SafeStitch Gastroplasty Device. We are evaluating strategic alternatives for the former SafeStitch products.

We believe that future outcomes of minimally invasive surgery will be enhanced through our combination of more advanced tools and robotic functionality which are designed to: (i) empower surgeons with improved precision, dexterity and visualization; (ii) improve patient satisfaction and post-operative recovery; 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 our resources on the development and future commercialization of the SurgiBot System. We are planning to make the product available subject to our obtaining the requisite regulatory and government clearances.

We believe that:

- there are a number of hospitals and ambulatory surgery centers in the U.S. and internationally that could benefit from the addition of robotic-assisted minimally invasive surgery at a lower cost of entry than existing robotic surgery systems;
- surgeons can benefit from the ease of use, 3-D visualization and precision of robotic assisted surgery while remaining patient-side within the sterile field, consistent with current laparoscopic surgery procedures; and
- patients will continue to seek a minimally invasive option offering minimal scarring and fewer incisions for many common general abdominal and gynecologic surgeries.

From our inception, we devoted a substantial percentage of our resources to research and development and start-up activities, consisting primarily of product design and development, clinical trials, manufacturing, recruiting qualified personnel and raising capital.

Since inception, we have been unprofitable. As of June 30, 2014, we had an accumulated deficit of $116.3 million.

We expect to continue to invest in research and development and related clinical trials, and increase selling, general and administrative expenses as we grow. As a result, we will need to generate significant revenue in order to achieve profitability

The Company operates in one business segment.

Recent Events

Stock Split

On March 31, 2014, we effectuated a reverse stock split of our issued and outstanding shares of common stock at a ratio of 1 for 5 (the “Reverse Stock Split”). As a result of the Reverse Stock Split, our issued and outstanding stock decreased from 244,276,923 to 48,855,255 shares of common stock, all with a par value of $0.001. All information related to common stock, stock options, RSUs, warrants and earnings per share for prior periods has been retroactively adjusted to give effect to the Reverse Stock Split.

Public Offering

On April 14, 2014, we sold 12,500,000 shares of common stock at a public offering price of $4.00 per share for aggregate gross proceeds of $50.0 million in an underwritten firm commitment public offering. We granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,875,000 shares of common stock to cover over-allotments. Certain of our existing stockholders that are affiliated with certain of our directors purchased $10 million of common stock in the public offering. The common stock was offered and sold pursuant to our shelf registration statement on Form S-3 (File No. 333-193235) registering an aggregate of $100 million of our designated securities (the “Shelf Registration Statement”). The Shelf Registration Statement was declared effective by the SEC on April 2, 2014. The closing of the public offering occurred on April 21, 2014. On April 30, 2014, the underwriters exercised a portion of their over-allotment option to acquire an additional 1,610,000 shares at the public offering price of $4.00 per share for aggregate additional gross proceeds of $6.4 million. The purchase of the over-allotment shares closed on May 5, 2014. Total proceeds were $52.5 million, net of issuance costs of $3.9 million.

In connection with the public offering, our common stock was eligible to be listed on the NYSE MKT and began trading on such exchange on April 15, 2014.

Results of Operations

Our results of operations include the acquired SafeStitch operations from the Merger date, September 3, 2013, forward.

Revenue

We derived sales from the SPIDER System and other distributed products through limited direct sales in the United States and international distributors. We record revenue when persuasive evidence of an arrangement exists, delivery has occurred which is typically at shipping point, the fee is fixed or 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 our products. Shipping and handling costs we incur are included in cost of goods sold.

Research and Development

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. In future periods, we expect R&D expenses to grow as we continue to invest in basic research, clinical trials, product development and intellectual property. R&D expenses are expensed as incurred.

Sales and Marketing

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.

General and Administrative

General and administrative expenses consist of personnel costs related to the executive, finance and human resource functions, as well as professional service fees, legal fees, accounting fees, insurance costs, amortization of intellectual property and general corporate expenses. In future periods, we expect general and administrative expenses to increase to support our sales, marketing, research and development efforts.

Other Expense, Net

Other expense is primarily composed of interest expense on long-term debt.

Comparison of the Three Months Ended June 30, 2014 and 2013

Sales for the three months ended June 30, 2014 decreased to $0.1 million from $0.5 million for the three months ended June 30, 2013. The $0.4 million decrease was primarily due to lower sales volumes as a result of the reduction in our U.S. sales force headcount. We have chosen to focus resources on the SurgiBot System development and therefore away from continued investment in sales and marketing of the SPIDER System. The SPIDER System will remain on the market, and we will focus on serving existing customers.

Cost of goods sold for the three months ended June 30, 2014 decreased to $0.2 million from $1.2 million for the three months ended June 30, 2013. The $1.0 million decrease was primarily the result of our reduction in sales as we limit sales of our SPIDER System to our existing customers and the discontinuation of production of our SPIDER System and the transfer of employees from our manufacturing and quality departments to research and development and regulatory functions.

R&D expenses for the three months ended June 30, 2014 increased to $7.9 million compared to $2.2 million for the three months ended June 30, 2013. The $5.7 million increase resulted primarily from increased supplies expense of $1.8 million, increased contract engineering services and consulting of $1.4 million related to product development of our SurgiBot System, increased personnel related expenses of $1.1 million as we increased the headcount and transferred employees from our manufacturing and quality departments to research and development and regulatory functions, increased other expenses of $0.5 million, and increased stock compensation costs of $0.3 million. In addition, R&D expenses incurred for development of SafeStitch products in the second quarter of 2014 were $0.6 million.

Sales and marketing expenses were $0.5 million for the three months ended June 30, 2014 and 2013.

General and administrative expenses for the three months ended June 30, 2014 increased to $1.9 million compared to $0.7 million for the three months ended June 30, 2013. The $1.2 million increase was primarily due to increased legal, accounting and investor relation fees and other public company costs of $0.4 million, increased stock compensation costs of $0.4 million, increased personnel costs of $0.3 million, and increased insurance and other costs of $0.1 million.

Other expense was $0.2 million for the three months ended June 30, 2014 and 2013.

Comparison of the Six Months Ended June 30, 2014 and 2013

Sales for the six months ended June 30, 2014 decreased to $0.2 million from $0.9 million for the six months ended June 30, 2013. The $0.7 million decrease was primarily due to lower sales volumes as a result of the reduction in our U.S. sales force headcount. We have chosen to focus resources on the SurgiBot System development and therefore away from continued investment in sales and marketing of the SPIDER System. The SPIDER System will remain on the market, and we will focus on serving existing customers.

Cost of goods sold for the six months ended June 30, 2014 decreased to $0.5 million from $2.0 million for the six months ended June 30, 2013. The $1.5 million decrease was primarily the result of our reduction in sales as we limit sales of our SPIDER System to our existing customers and the discontinuation of production of our SPIDER System and the transfer of employees from our manufacturing and quality departments to research and development and regulatory functions.

R&D expenses for the six months ended June 30, 2014 increased to $12.9 million compared to $4.9 million for the six months ended June 30, 2013. The $8.0 million increase resulted primarily from increased personnel related expenses of $2.0 million as we increased the headcount and transferred employees from our manufacturing and quality departments to research and development and regulatory functions, increased contract engineering services and consulting of $1.9 million related to product development of our SurgiBot System, increased supplies expense of $1.8 million, increased other expenses of $0.9 million, and increased stock compensation costs of $0.4 million. In addition, R&D expenses incurred for development of SafeStitch products for the six months ended June 30, 2014 were $1.0 million.

Sales and marketing expenses for the six months ended June 30, 2014 decreased to $0.9 million compared to $1.1 million for the six months ended June 30, 2013. The $0.2 million decrease was primarily related to lower personnel-related costs as we decreased our direct sales and marketing personnel.

General and administrative expenses for the six months ended June 30, 2014 increased to $3.5 million compared to $1.4 million for the six months ended June 30, 2013. The $2.1 million increase was primarily due to increased legal, accounting and investor relation fees and other public company costs of $0.6 million, increased personnel costs of $0.5 million, increased stock compensation costs of $0.5 million, and increased insurance and other costs of $0.3 million. In addition, general and administrative expenses incurred by SafeStitch for the six months ended June 30, 2014 were $0.2 million.

Other expense was $0.5 million for the six months ended June 30, 2014 and 2013.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception we have incurred significant losses and, as of June 30, 2014, we had an accumulated deficit of $116.3 million. We have not yet achieved profitability and we cannot assure investors that we will achieve profitability with our existing capital resources. We expect to continue to fund research and development, sales and marketing and general and administrative expenses at similar to current or higher levels and, as a result, we will need to generate significant revenues to achieve profitability. Our principal sources of cash have been proceeds from public offerings of common stock, private placements of common and preferred stock and incurrence of debt. We expect existing cash balances will be sufficient to fund our operations and satisfy our other anticipated cash requirements for at least the next 12 months.

In January 2014, we filed the Shelf Registration Statement with the SEC which was declared effective on April 2, 2014. The Shelf Registration Statement allowed us to raise up to $100.0 million through the sale of debt securities, common stock, preferred stock, or warrants, or any combination thereof. On April 14, 2014, we sold 12,500,000 shares of common stock at a public offering price of $4.00 per share for aggregate gross proceeds of $50.0 million in an underwritten firm commitment public offering. We granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,875,000 shares of Common Stock to

cover over-allotments. Certain of our existing stockholders that are affiliated with certain of our directors purchased $10 million of common stock in the public offering. The common stock was offered and sold pursuant to the Shelf Registration Statement. The closing of the public offering occurred on April 21, 2014. On April 30, 2014, the underwriters exercised a portion of their over-allotment option to acquire an additional 1,610,000 shares at the public offering price of $4.00 per share for aggregate additional gross proceeds of $6.4 million. The purchase of the over-allotment shares closed on May 5, 2014. Total proceeds were $52.5 million, net of issuance costs of $3.9 million. Following such public offering (including the over-allotment), we currently have the ability to raise an additional $43.6 million from the Shelf Registration Statement.

At June 30, 2014, we had cash and cash equivalents of approximately $52.6 million. Our cash and cash equivalents increased by approximately $42.6 million during the six months ended June 30, 2014, primarily as a result of proceeds from the issuance of common stock, net of issuance costs, of $52.5 million, proceeds from the sale and maturities of investments of $6.2 million, offset by net cash used in operating activities of $13.4 million, purchases of property and equipment of $0.9 million, and payments on term debt of $1.9 million.

Cash Flows

Net Cash Used in Operating Activities

Net cash used in operating activities was $13.4 million during the six months ended June 30, 2014. This amount was attributable primarily to the net loss after adjustment for non-cash items, such as depreciation and amortization, stock-based compensation, plus the net change in operating assets and liabilities for the six months ended June 30, 2014, which consisted primarily of increases in accounts payable and accrued expenses and decreases in restricted cash, inventory and accounts receivable.

Net Cash Provided by Investing Activities

Net cash provided by investing activities was $5.3 million during the six months ended June 30, 2014. This amount reflected the net cash proceeds from the sale and maturities of investments of $6.2 million offset by cash paid for the purchases of property and equipment of $0.9 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the six months ended June 30, 2014 of $50.6 million was primarily related to proceeds from the issuance of common stock, net of issuance costs, of $52.5 million, offset by payments on debt of $1.9 million.

Operating Capital and Capital Expenditure Requirements

During August 2013, TransEnterix Surgical issued promissory notes (the “Bridge Notes”) in the aggregate principal amount of $2.0 million. The Bridge Notes bore interest at a rate of 8% per annum. The Bridge Notes were not secured by any collateral and were subordinated in right of payment to the loan evidenced by the Silicon Valley Bank and Oxford Finance LLC loan and security agreement. The Bridge Notes were converted into Series B Preferred Stock at the effective time of the Merger.

On September 3, 2013, we consummated a private placement (the “Private Placement”) transaction in which we issued and sold shares of our Series B Convertible Preferred Stock, par value $0.01 per share (the “Series B Preferred Stock”) to finance our operations following the merger. The Private Placement was done pursuant to a Securities Purchase Agreement (the “Purchase Agreement”) with accredited investors (the “Investors”), the majority of which were considered related parties as existing investors in SafeStitch and TransEnterix Surgical, pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares of the Series B Preferred Stock, each share of which was convertible, subject to certain conditions, into two 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 Surgical or a combination thereof. In accordance with the Purchase Agreement, we issued and sold an additional 25,000 shares of Series B Preferred Stock on September 17, 2013. Proceeds from the issuance of the Series B Preferred Stock, net of issuance costs, were $28.2 million.

In connection with the Merger, we assumed and became the borrower under TransEnterix Surgical's outstanding credit facility pursuant to the terms of the SVB-Oxford LSA, among the Company, Silicon Valley Bank, and Oxford Finance LLC, as lenders (the "Lenders"). The Second and Third Amendment to the SVB-Oxford LSA, dated as of September 3, 2013 and October 31, 2013, respectively, amend the SVB-Oxford LSA among the Lenders and the Company (as so amended, the "Amended Loan Agreement"). The Amended Loan Agreement evidences a term loan, which will mature on January 1, 2016 (the "Term Loan").

The Term Loan bears interest at a fixed rate equal to 8.75%. Commencing August 2013, the Amended Loan Agreement provides for the amortization of principal (in the form of level monthly payments of principal and interest). The Term Loan will be required to be prepaid if the Term Loan is accelerated following an event of default. In addition, we are permitted to prepay the Term Loan in full at any time upon 10 days' written notice to the Lenders. Upon the earliest to occur of the maturity date, acceleration of the Term Loan, or prepayment of the Term Loan, we are required to make a final payment equal to the original principal amount of the Term Loan multiplied by 3.33% (the Final Payment Fee). Any prepayment, whether mandatory or voluntary, must include the Final Payment Fee, interest at the default rate (which is the rate otherwise applicable plus 5%) with respect to any amounts past due, and the Lenders' expenses, and all other obligations that are due and payable to the Lenders.

The Amended Loan Agreement is secured by a security interest in substantially all our assets and any future subsidiaries, other than intellectual property. The Amended Loan Agreement contains customary representations (tested on a continual basis) that, subject to exceptions, restrict our ability to do the following things: declare dividends or redeem or repurchase equity interests; incur additional liens; make loans and investments; incur additional indebtedness; engage in mergers, acquisitions, and asset sales; transact with affiliates; fail to appoint a chief executive officer, chief financial officer or chief technology officer upon vacancy; undergo a change in control; add or change business locations; and engage in businesses that are not related to our existing business.

Following the closing of the public offering (including the over-allotment), we currently have the ability to raise an additional $43.6 million from the Shelf Registration Statement. The timing and terms of any additional financing transactions, whether pursuant to this Shelf Registration Statement or otherwise, have not yet been determined. Any additional financing may not be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain this additional financing, we may be required to reduce the scope of our planned product development and marketing efforts.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations as of December 31, 2013 (in millions):

Payment due by period	Total	Less than 1 year	1 to 3 years	3 to 5 years
Long-term debt obligation(1)	$ 9.7	$ 4.5	$ 5.2	$ —
Operating leases	$ 2.5	$ 0.5	$ 1.7	$ 0.3
Total contractual obligations(2)	$12.2	$ 5.0	$ 6.9	$ 0.3

(1) Long-term debt obligations include future principal and interest payments under the Amended Loan Agreement.

(2) On February 13, 2014, TransEnterix Surgical, Inc., a wholly owned subsidiary of the Company, entered into a Robotic Development and Supply Agreement (the "Robotic Agreement") with Microline Surgical, Inc. ("Microline"). Under the Robotic Agreement, Microline is developing a flexible sealer product for exclusive use by the Company with the SurgiBot System in open, minimally invasive and laparoscopic surgery. Development of the contemplated products under the Robotic Agreement is ongoing. If such products are successfully developed and applicable regulatory approvals obtained, the Company will owe an aggregate of $1,400,000 to Microline in milestone fees. Actual payment of such milestone fees is substantially uncertain, dependent on product development activities. If the products are successfully developed and applicable regulatory approvals obtained, the Company is committed to product supply commitments set forth in the Robotic Agreement. Milestone fees under the Robotic Agreement are not included in the table above due to the substantial uncertainty of the success of the product development efforts.

Operating lease amounts include future minimum lease payments under all our non-cancelable operating leases with an initial term in excess of one year. We rent office space under an operating lease which expires in 2015, with options to extend the lease through 2021. On June 12, 2014, we extended the term of the lease for a period of 3 years and 2 months commencing May 1, 2015 and expiring on June 30, 2018, with an option to renew for an additional three years. We also rent space for a warehouse facility

which expires in 2018, with options to extend the lease through 2024. This table does not include obligations for any lease extensions that have not been executed.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations set forth above 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 consolidated financial statements and notes thereto appearing in the Annual Report on Form 10-K for the year ended December 31, 2013, filed by the Company with the SEC on March 5, 2014. 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 identifiable intangible assets and goodwill, 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 Consolidated Financial Statements in the Annual Report on Form 10-K for the year ended December 31, 2013, filed by the Company with the SEC on March 5, 2014. 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 identifiable intangible assets and goodwill, stock-based compensation, intellectual property and long-lived assets and inventory.

Identifiable Intangible Assets and Goodwill

Identifiable intangible assets are recorded at cost, or when acquired as part of a business acquisition, at estimated fair value. Certain intangible assets are amortized over 5 years. We periodically evaluate identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Indefinite-lived intangible assets, such as goodwill are not amortized. We test the carrying amounts of goodwill for recoverability on an annual basis or when events or changes in circumstances indicate evidence of potential impairment exists, using a fair value based test.

Accounting for Stock-Based Compensation

We recognize 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. We use the Black-Scholes-Merton model to estimate the fair value of our 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 we do 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. We have not paid and do not anticipate paying cash dividends on our shares of common stock; therefore, the expected dividend yield is assumed to be zero. We estimate forfeitures based on our historical experience and adjust the estimated forfeiture rate based upon actual experience.

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. 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.

Recent Accounting Pronouncements

See “Note 2. Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, filed by the Company with the SEC on March 5, 2014, for a full description of recent accounting pronouncements including the respective expected dates of adoption and effects on Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Loss.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2014. We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2014, our principal executive officer and principal financial officer concluded that, as of such a date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the last quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

We discuss various risks that may materially affect our business in our Annual Report on Form 10-K for the year ended December 31, 2013 filed on March 5, 2014. There have been no material changes to such risks.

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

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds from Public Offering of Common Stock

On April 14, 2014, the Company sold 12,500,000 shares of common stock at a public offering price of $4.00 per share for aggregate gross proceeds of $50.0 million in an underwritten firm commitment public offering. Certain of the Company's existing stockholders that are affiliated with certain of the Company's directors purchased $10 million of common stock in the public offering. The closing of the public offering occurred on April 21, 2014. The Company granted the underwriters an option, exercisable for 30 days, to purchase up to an additional 1,875,000 shares of Common Stock to cover over-allotments. On April 30, 2014, the underwriters exercised a portion of their over-allotment option to acquire an additional 1,610,000 shares at the public offering price of $4.00 per share for aggregate additional gross proceeds of $6.4 million. The purchase of the over-allotment shares closed on May 5, 2014. Total proceeds were $52.5 million, net of issuance costs of $3.9 million. The common stock was offered and sold pursuant to the Shelf Registration Statement which was declared effective on April 2, 2014. The Shelf Registration Statement allowed the Company to raise up to $100.0 million through the sale of debt securities, common stock, preferred stock, or warrants, or any combination thereof.

The joint managing underwriters of the offering were Stifel, Nicolaus & Company, Incorporated and RBC Capital Markets, LLC and RBC Capital Markets. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors as compensation for board or board committee service. Dr. Phillip Frost, who, at the time of the public offering and until June 24, 2014, was a member of our Board of Directors, is the trustee of Frost Gamma Investments Trust which owned approximately 8.8% of our common stock at the time of the offering. Frost Gamma Investments Trust owns greater than 10% of Ladenburg Thalmann Financial Services, or LTFS, and Dr. Frost is also Chairman of the Board of LTFS. LTFS is affiliated with Ladenburg Thalmann & Co., one of the underwriters in the public offering.

There has been no material change in the planned use of proceeds from our public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) (5) under the Securities Act of 1933, as amended, on April 15, 2014. We are using the net proceeds for research and development, sales, marketing and commercialization related to the SurgiBot System, working capital and other general corporate purposes.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Number	Description
1.1	Underwriting Agreement by and among TransEnterix, Inc. and Stifel Nicolaus & Company, Incorporated and RBC Capital Markets, LLC dated April 14, 2014 (incorporated by reference from the Company's Current Report on Form 8-K filed on April 15, 2014).
3.1	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of TransEnterix, Inc. (incorporated by reference from the Company's Current Report on Form 8-K filed on April 1, 2014).
4.1	Specimen certificate of Common Stock of the Company (incorporated by reference from the Company's Current Report on Form 8-K/A filed on April 4, 2014).
10.1	Form of TransEnterix, Inc. Indemnification Agreement for Directors and Executive Officers (incorporated by reference to Exhibit 10.1 from the Company's Current Report on Form 8-K filed on June 3, 2014.
10.2	Amendment No. 1 to Development and Supply Agreement, dated as of July 16, 2014, by and between Microline Surgical, Inc. and TransEnterix, Inc. (incorporated by reference to Exhibit 10.1 from the Company's Current Report on Form 8-K filed on July 18, 2014).
10.3	Second Amendment to Lease Agreement dated June 12, 2014 between LCFRE Durham Keystone Technology Park, L.P. and TransEnterix, Inc.*
10.4	Robotic Development and Supply Agreement, dated as of February 13, 2014, between TransEnterix Surgical, Inc. and Microline Surgical, Inc. * +
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)*
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*

* Filed herewith.
+ Confidential treatment has been requested for certain portions of this agreement pursuant to an application for confidential treatment filed with the Securities and Exchange Commission on August 6, 2014. Such provisions have been filed separately with the Commission.

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.

TransEnterix, Inc.

Date: August 6, 2014

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

Date: August 6, 2014

By: /s/ Joseph P. Slattery
Joseph P. Slattery
Executive Vice President and Chief Financial Officer

EXHIBIT 10.3

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT (this "***Amendment***") is entered into between **LCFRE DURHAM KEYSTONE TECHNOLOGY PARK, L.P.**, a Delaware limited partnership ("***Landlord***"), and **TRANSENTERIX, INC.**, a Delaware corporation ("***Tenant***"), with reference to the following:

A. GRE Keystone Technology Park Three LLC (predecessor-in-interest to Landlord) and Tenant entered into that certain Lease Agreement dated December 11, 2009, and that certain Lease Modification Agreement No. 1 dated May 4, 2010 (as amended, the "***Lease***"), covering approximately 37,347 square feet known as Suite 300 on the 1st floor (the "***Leased Premises***") of the building commonly known as Keystone Technology Park – Building X and located at 635 Davis Drive, Durham, North Carolina (the "***Building***").

B. Landlord and Tenant now desire to further amend the Lease as set forth below. Unless otherwise expressly provided in this Amendment, capitalized terms used in this Amendment shall have the same meanings as in the Lease.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. First Extension Period. The term of the Lease is extended for a period of thirty-eight (38) months (the "***First Extension Period***") commencing on May 1, 2015, and expiring on June 30, 2018. Tenant acknowledges that it has no further extension or renewal rights or options under the Lease, except as provided below.

2. Base Rent. Commencing on May 1, 2015, and continuing through the First Extension Period, Tenant shall, at the time and in the manner provided in the Lease, pay to Landlord as Base Rent for the various portions of the Leased Premises the amounts set forth in the following rent schedules, plus any applicable tax thereon:

FROM	THROUGH	ANNUAL RENTAL RATE PER SQ. FT.	ANNUAL BASE RENT	MONTHLY BASE RENT
May 1, 2015	April 30, 2016	$12.50	$466,837.50	$38,903.13*
May 1, 2016	April 30, 2017	$12.84	$479,535.48	$39,961.29
May 1, 2017	April 30, 2018	$13.20	$492,980.40	$41,081.70
May 1, 2018	June 30, 2018	$13.56	$506,425.32	$42,202.11

* Subject to **Section 4** below, monthly Base Rent shall abate during the period commencing on May 1, 2015, and expiring on June 30, 2015.

3. TICAM Expenses. During the First Extension Period, Tenant shall continue to pay Tenant's proportionate share of TICAM Expenses as more particularly described in **Article 4** of the Lease; provided, however, subject to **Section 4** below, Tenant's proportionate share of TICAM Expenses shall abate during the period commencing on May 1, 2015, and expiring on

June 30, 2015. Notwithstanding anything in the Lease to the contrary, increases in Controllable TICAM Expenses (as hereinafter defined) shall not, in the aggregate, exceed five percent (5%) annually on a cumulative, compounded basis. The term "***Controllable TICAM Expenses***" means all TICAM Expenses excluding expenses relating to the cost of utilities, snow removal, insurance, and taxes and assessments.

4. Abated Rent. If this Amendment provides for a postponement of any Base Rent or payment of TICAM Expenses, a period of "free" rent, reduced rent, early occupancy, or other rent concession, such postponed rent, "free" rent, reduced rent or other rent concession shall be referred to herein as the "***Abated Rent***". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the First Extension Period only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all Base Rent and TICAM Expenses (other than the Abated Rent) and all other monetary obligations and the surrender of the Leased Premises in the physical condition required by the Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under the Lease. If a monetary event of default shall occur beyond applicable notice and cure periods, the Abated Rent shall immediately become due and payable in full and this Amendment shall be enforced as if there were no such rent abatement or other rent concession. In such case Abated Rent shall be calculated based on the full initial Base Rent payable under this Amendment.

5. Security Deposit. Notwithstanding anything to the contrary contained in the Lease, including anything contained in **Section 4.07** of the Lease, as of May 1, 2015, the Letter of Credit amount set forth in **Sections 2.01(i)** and **4.07** of the Lease shall be reduced from $250,000.00 to $38,903.13.

6. Condition of the Leased Premises. Tenant accepts the Leased Premises in its "as-is" condition and configuration. However, any necessary construction of leasehold improvements shall be accomplished and the cost of such construction shall be paid in accordance with the "Work Letter" between Landlord and Tenant attached to this Amendment as **Exhibit A**. Tenant acknowledges that Landlord has not undertaken to perform any modification, alteration or improvement to the Leased Premises. **TENANT WAIVES (I) ALL CLAIMS DUE TO DEFECTS IN THE LEASED PREMISES, THE BUILDING AND/OR THE PROJECT; AND (II) ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THOSE OF SUITABILITY, HABITABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE.** Tenant waives the right to terminate the Lease due to the condition of the Leased Premises.

7. Alterations; Restoration of the Leased Premises. Notwithstanding anything contained in the Lease to the contrary, including anything contained in **Section 7.02(a)**, upon the expiration or earlier termination of the Lease, with respect to any Alterations installed prior to the Effective Date, except with respect to Tenant's obligation to remove the clean rooms and equipment related thereto in accordance with **Section 7.02(a)** of the Lease and except to the extent required by this **Section 7**, Tenant shall not be required to remove any such Alterations or restore the Leased Premises to the condition existing prior to the installation of such Alteration. Tenant shall, however, be obligated to remove any epoxy flooring installed throughout the Leased Premises and agrees to restore the Leased Premises flooring to a clean concrete slab condition. With respect to any Alterations installed by Tenant after the Effective Date, at the time Tenant requests Landlord's approval to such Alteration, Tenant shall request Landlord to determine

whether or not Landlord requires Tenant to remove such Alteration at the expiration or earlier termination of the Lease. Any Alteration that Landlord requires to be removed, shall be removed in accordance with Section 7.01 of the Lease. Prior to Tenant vacating the Leased Premises upon the expiration or earlier termination of the Lease, Tenant, at Tenant's sole cost and expense, shall provide Landlord with a certification in a form acceptable to Landlord that the Leased Premises is free of all Hazardous or Toxic Materials (as defined in Section 6.03 of the Lease). Landlord shall have the right to require Tenant to restore its generator installed at the Project to a good and working condition prior to the expiration or earlier termination of the Lease. At Landlord's determination, Tenant's generator shall remain upon the Project and be surrendered with the Leased Premises and become the sole property of Landlord.

8. Maintenance and Repairs by Tenant. Subject to the provisions of this **Section 8**, Tenant is responsible for the repair and maintenance costs for the existing HVAC unit serving the Leased Premises. Prior to the replacement of the existing HVAC unit in the Leased Premises and so long as Tenant has performed the maintenance required for the HVAC unit, Landlord, at Landlord's expense, shall be responsible for repairs or replacements to the existing HVAC unit in excess of $1,000.00 per year of the Term in the aggregate as identified either through service calls from Tenant or as otherwise identified in the course of the preventive maintenance and/or inspections ("***Landlord's HVAC Obligations***"). In the event that it is determined by Landlord's vendor (or by Tenant's vendor and then confirmed by Landlord's vendor) that the existing HVAC requires replacement during the term, Landlord shall contract with the vendor of Landlord's choice for such replacement and schedule the installation thereof. The cost of such replacement shall be borne by Landlord but amortized over the First Extension Period as part of Base Rent at the rate of eight percent (8%) per annum. After a unit comprising the existing HVAC is replaced, Tenant shall, at Tenant's expense, be responsible for all repairs and maintenance for such replacement or new HVAC unit for the remainder of the term as it may be extended.

9. Assignment and Sublease. Notwithstanding anything contained in the Lease to the contrary, including anything contained in **Section 10.01(e)** of the Lease, if Tenant desires to assign the Lease or sublease the Leased Premises, or any part thereof, Tenant shall give Landlord notice of the proposed assignment or sublease at least thirty (30) days' in advance of the date on which Tenant desires to make such assignment or sublease.

10. Early Termination Option. **Section 3.07** of the Lease (as modified by **Section 2** of the First Amendment) is hereby deleted and of no further force or effect.

11. Renewal Option.

(a) Landlord and Tenant acknowledge that (a) this extension of the Lease Term for the First Extension Period set forth herein is in lieu of Tenant's first (1st) Renewal Option provided in **Exhibit G** attached to the Lease, and (b) Tenant continues to have one (1) Renewal Option for three (3) years pursuant to such **Exhibit G**.

(b) Notwithstanding anything contained in the Lease to the contrary, Tenant's notice of its election to exercise its Renewal Option must be given no earlier than eighteen (18) months nor later than twelve (12) months prior to the expiration of the First Extension Period. Further, the Base Rent during the Renewal Term shall be equal to the greater of: (i) the Market Base Rent Rate (as defined in **Exhibit G** to the Lease) or (ii) the Base Rent in effect during the last month of the First Extension Period escalated by two and three-quarters percent (2.75%).

(c) The first parenthetical contained in the second paragraph of **Exhibit G** to the Lease is deleted in its entirety and replaced with the following parenthetical:

"(taking into consideration, without limitation, whether the space is office space, lab space, or mixed office and lab space, use, location, and floor level within the applicable building, definition of rentable area, leasehold improvements provided, quality and location of the applicable building, rental concessions (*e.g.*, abatements or Lease assumptions.))"

(d) The Renewal Option granted under **Exhibit G** is personal to TransEnterix, Inc. and shall not be assignable to any other person or entity. Except as modified herein, all terms of **Exhibit G** shall apply to Tenant's exercise of its Renewal Option.

12. Right of First Offer. Tenant shall have a right of first offer pursuant to the attached **Rider No. 1**, which is incorporated into this Amendment for all purposes.

13. Confidentiality. The second (2nd) sentence of **Section 11.04** of the Lease is deleted in its entirety and replaced with the following sentence:

"If Tenant is a publicly traded company and the Lease, any amendment to it or document related to the Lease is considered a material contract so must be filed with the Securities and Exchange Commission ("***SEC***"), Tenant may file the Lease, amendment or document only after: (i) it has notified Landlord of the fact that the Lease, amendment or document is material and its intent to file it with the SEC; and (ii) it makes a good faith effort to have the confidential portions of the Lease, amendment or document redacted, provides Landlord with notice of what confidential portions were in fact redacted, and if not redacted, proof of its good faith efforts."

14. Consent. This Amendment is subject to, and conditioned upon, any required consent or approval being unconditionally granted by Landlord's mortgagee(s). If any such consent shall be denied, or granted subject to an unacceptable condition, this Amendment shall be null and void and the Lease shall remain unchanged and in full force and effect.

15. Broker. Tenant represents and warrants that it has not been represented by any broker or agent in connection with the execution of this Amendment except Thalhimer Raleigh, LLC as Tenant's broker. Tenant shall indemnify, defend and hold harmless Landlord and its designated property management, construction and marketing firms, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, directors, shareholders, employees, servants, partners, members, representatives, insurers and agents from and against all claims (including costs of defense and investigation) of any broker or agent or similar party claiming by, through or under Tenant in connection with this Amendment. Landlord represents and warrants that it has not been represented by any broker or agent in connection with the execution of this Amendment, except Thalhimer Raleigh, LLC as Landlord's broker. Landlord shall indemnify, defend and hold harmless Tenant and its partners, members, affiliates and subsidiaries, and all of

their respective officers, directors, shareholders, employees, servants, partners, members, representatives, insurers and agents from and against all claims (including costs of defense and investigation) of any other brokers or agent or similar party claiming by, through or under Landlord in connection with this Amendment.

16. OFAC List Representation. Tenant hereby represents and warrants to Landlord that neither Tenant nor any of its officers, directors, shareholders, partners, members or affiliates is or will be an entity or person: (a) that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order 13224 issued on September 24, 2001 ("***EO 13224***"); (b) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("***OFAC***") most current list of "Specially Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, http:www.treas.gov/ofac/t11sdn.pdf); (c) who commits, threatens to commit or supports "terrorism," as that term is defined in EO 13224; or (d) who is otherwise affiliated with any entity or person listed above.

17. Time of the Essence. Time is of the essence with respect to Tenant's execution and delivery to Landlord of this Amendment. If Tenant fails to execute and deliver a signed copy of this Amendment to Landlord by 5:00 p.m. (in the city in which the Leased Premises is located) on June 30, 2014, this Amendment shall be deemed null and void and shall have no force or effect, unless otherwise agreed in writing by Landlord. Landlord's acceptance, execution and return of this Amendment shall constitute Landlord's agreement to waive Tenant's failure to meet such deadline.

18. Miscellaneous. This Amendment shall become effective only upon full execution and delivery of this Amendment by Landlord and Tenant. This Amendment contains the parties' entire agreement regarding the subject matter covered by this Amendment, and supersedes all prior correspondence, negotiations, and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in this Amendment on which the parties have relied. Except as modified by this Amendment, the terms and provisions of the Lease shall remain in full force and effect, and the Lease, as modified by this Amendment, shall be binding upon and shall inure to the benefit of the parties hereto, their successors and permitted assigns.

[*Signatures to follow*]

LANDLORD AND TENANT enter into this Amendment as of the Effective Date specified below Landlord's signature.

LANDLORD:

LCFRE DURHAM KEYSTONE TECHNOLOGY PARK, L.P., a Delaware limited partnership

By: LCFRE Durham Keystone Technology Park GP, LLC, a Delaware limited liability company, its general partner

By: /s/ Thomas P. Patterson
Name: Thomas P. Patterson
Title: Senior Vice President
Effective Date: June 12, 2014

TENANT:

TRANSENTERIX, INC., a Delaware corporation

By: /s/ Todd M. Pope
Name: Todd M. Pope
Title: CEO

EXHIBIT A

WORK LETTER

This Work Letter is attached as an Exhibit to that certain Second Amendment to Lease Agreement (the "***Amendment***") between **LCFRE DURHAM KEYSTONE TECHNOLOGY PARK, L.P.**, as Landlord, and **TRANSENTERIX, INC.,** as Tenant, that amends that certain Lease Agreement dated December 11, 2009 (as amended, the "***Lease***") and relating to the lease by Landlord to Tenant of that certain Leased Premises. Unless otherwise specified, all capitalized terms used in this Work Letter shall have the same meanings as in the Lease as amended by the Amendment.

1. **Construction**. Tenant agrees to construct leasehold improvements (the "***Tenant Work***") in a good and workmanlike manner in and upon the Leased Premises, at Tenant's sole cost and expense, in accordance with the following provisions. Tenant shall submit to Landlord for Landlord's approval complete plans and specifications for the construction of the Tenant Work ("***Tenant's Plans***"). Within ten (10) business days after receipt of Tenant's Plans, Landlord shall review and either approve or disapprove Tenant's Plans. If Landlord disapproves Tenant's Plans, or any portion thereof, Landlord shall notify Tenant thereof and of the revisions Landlord requires before Landlord will approve Tenant's Plans. Within ten (10) business days after Landlord's notice, Tenant shall submit to Landlord, for Landlord's review and approval, plans and specifications incorporating the required revisions. The final plans and specifications approved by Landlord are hereinafter referred to as the "***Approved Construction Documents***". Tenant will engage experienced, licensed contractors, architects, engineers and other consultants, approved by Landlord in its reasonable discretion, to construct the Tenant Work and will require in the applicable contracts that such parties (a) carry insurance in such amounts and types of coverages as are reasonably required by Landlord, and (b) design and construct the Tenant Work in a good and workmanlike manner and in compliance with all laws. Unless otherwise agreed to in writing by Landlord and Tenant, all work involved in the construction and installation of the Tenant Work shall be carried out by Tenant's contractor under the sole direction of Tenant, in compliance with all Building rules and regulations and in such a manner so as not to unreasonably interfere with or disturb the operations, business, use and enjoyment of the Project by other tenants in the Building or the structural calculations for imposed loads. Tenant shall obtain from its contractors and provide to Landlord a list of all subcontractors providing labor or materials in connection with any portion of the Tenant Work prior to commencement of the Tenant Work. Tenant warrants that the design, construction and installation of the Tenant Work shall conform to the requirements of all applicable laws, including building, plumbing and electrical codes and parameters, and the requirements of any authority having jurisdiction over, or with respect to, such Tenant Work.

2. **Costs**. Subject to the terms and conditions of this **Section 2**, Landlord will provide Tenant with an allowance (the "***Reimbursement Allowance***") to be applied towards the cost of constructing the Tenant Work.

(A) Landlord's obligation to reimburse Tenant for Tenant's construction of the Tenant Work shall be: (i) limited to actual costs incurred by Tenant in its construction of the Tenant Work; (ii) limited to an amount up to, but not exceeding, $5.50 multiplied by the square footage of the Leased Premises; and (iii) conditioned upon Landlord's receipt of written notice (which notice shall be accompanied by invoices and documentation set forth below) from Tenant that the Tenant Work covered by such submitted invoices has been completed and accepted by Tenant. The cost of all (a) space planning, design, consulting or review services, including the cost of engineering and architectural services, and construction drawings, (b) materials and labor, and (c) other reasonable costs of construction shall all be included in the cost of the Tenant Work and may be paid out of the Reimbursement Allowance, to the extent sufficient funds are available for such purpose. Up to thirty percent (30%) of the Reimbursement Allowance may be used towards Tenant's soft costs for the Tenant Work including furniture, fixtures and equipment or moving expenses. Any reimbursement obligation of Landlord under this Work Letter shall be applied solely to the purposes specified above, as allocated, no later than December 31, 2015, or be forfeited with no further obligation on the part of Landlord. Notwithstanding the preceding sentence, Tennant shall submit its request for reimbursement of any Tenant Work that is performed from the Effective Date through December 31, 2014 no later than January 31, 2015, or with respect to such Tenant Work for calendar year 2014, be forfeited with no further obligation on the part of Landlord.

(B) Landlord shall pay installments of the Reimbursement Allowance to Tenant within forty-five (45) days following Landlord's receipt of (i) third-party invoices for costs incurred by Tenant in constructing the Tenant Work; (ii) evidence that Tenant has paid the invoices for such costs; and (iii) interim or final lien waivers, as applicable, from any contractor or supplier who has constructed or supplied materials for the Tenant Work. If the costs incurred by Tenant in constructing the Tenant Work exceed the Reimbursement Allowance, then Tenant shall pay all such excess costs and Tenant agrees to keep the Leased Premises and the Project free from any liens arising out of the non-payment of such costs.

(C) All installations and improvements now or hereafter placed in the Leased Premises other than building standard improvements shall be for Tenant's account and at Tenant's cost. Tenant shall pay ad valorem taxes and increased insurance thereon or attributable thereto, which cost shall be payable by Tenant to Landlord as additional Rent within 30 days after receipt of an invoice therefor. Tenant's failure to pay such cost shall constitute an event of default under the Lease.

3. **ADA Compliance**. Tenant shall, at its expense, be responsible for ADA compliance in the Leased Premises, including restrooms on any floor now or hereafter leased or occupied in its entirety by Tenant, its Affiliates or transferees. Landlord shall not be responsible for determining whether Tenant is a public accommodation under ADA or whether the Approved Construction Documents comply with ADA requirements. Such determinations, if desired by Tenant, shall be the sole responsibility of Tenant. Landlord's approval of the Approved Construction Documents shall not be deemed a statement of compliance with applicable Laws, nor of the accuracy, adequacy, appropriateness, functionality or quality of the improvements to be made according to the Approved Construction Documents.

4. **Landlord's Oversight and Coordination**. Construction of the Tenant Work shall be subject to oversight and coordination by Landlord, but such oversight and coordination shall not subject Landlord to any liability to Tenant, Tenant's contractors or any other person. Landlord has the right to inspect construction of the Tenant Work from time to time upon reasonable notice. Within ten (10) days following the date of invoice, Tenant shall, for supervision and administration of the construction and installation of the Landlord Work, pay Landlord a construction management fee equal to five (5%) of the aggregate contract price for the Tenant Work, which may be paid from the unused portion of the Reimbursement Allowance (if any). Tenant's failure to pay such construction management fee when due shall constitute an event of default under the Lease. Notwithstanding the foregoing, Landlord shall not charge a separate construction management fee if that Tenant hires a third party construction manager to manage Tenant's construction of the Tenant Work.

5. **Assumption of Risk and Waiver**. Tenant hereby assumes any and all risks involved with respect to the Tenant Work and hereby releases and discharges all Landlord parties from any and all liability or loss, damage or injury suffered or incurred by Tenant or third parties in any way arising out of or in connection with the Tenant Work.

RIDER NO. 1

RIGHT OF FIRST OFFER

1. Right of First Offer. Subject to the terms and conditions of this **Rider No. 1**, so long as twenty-four months remain in the First Extension Period or in any exercised renewal term, Tenant shall have an one-time right of first offer (this "***Right of First Offer***") to expand the Leased Premises to include, at Tenant's election, either (i) approximately 12,154 square feet space located on the 1st floor of the Building as shown on the attached Schedule 1, or (ii) approximately 27,050 square feet space located on the 1st floor of the Building as shown on the attached Schedule 2 (the "***ROFO Space***"), at such time as such space becomes Available (as defined below) for direct lease to a new tenant (whether or not a bona fide offer has been made); provided no uncured default exists under the Lease (and no condition exists which, with the passage of time and/or giving of notice, would be a default under the Lease) and Tenant remains in occupancy of the entire Leased Premises. Notwithstanding the foregoing, if Landlord is involved in lease discussions with a third party tenant regarding the lease of greater than 12,154 square feet of space, then the term "ROFO Space" shall mean only that ROFO Space shown on Schedule 2. The ROFO Space shall be deemed "***Available***" at such time as Landlord decides to offer the ROFO Space for lease and such space is no longer any of the following: (i) leased or occupied; (ii) assigned or subleased by the then-current tenant of the space; (iii) re-leased by the then-current tenant of the space by renewal, extension or renegotiation (whether agreed to prior to or after the Effective Date); or (iv) subject to an expansion option, right of first refusal, preferential right or similar obligation existing under any other tenant leases for the Building as of the Effective Date.

2. **Acceptance**. Prior to leasing the ROFO Space to a new tenant, Landlord shall first offer such space in writing to Tenant specifying the amount and location of such space, the anticipated date of tender of possession, the rental rate, and other applicable terms (the "***ROFO Notice***"). Tenant shall have five (5) business days within which to accept or reject such offer. Landlord may consider, in Landlord's sole and absolute discretion, any counter offer received from Tenant during such five (5) business day acceptance or rejection period. If Tenant accepts Landlord's offer, Tenant shall, within fifteen (15) days after Landlord's written request, execute and return a lease amendment adding the ROFO Space to the Leased Premises for all purposes under the Lease (including any extensions or renewals) and confirming the Base Rent and other applicable terms specified in the ROFO Notice. Such lease amendment may, if applicable, contain a construction agreement using Landlord's then-current form setting forth the schedule and other terms and obligations of the parties regarding the construction of any leasehold improvements in the ROFO Space. If Tenant (a) rejects such offer or (b) fails timely to (i) accept such offer or (ii) execute and return the required lease amendment, then this Right of First Offer shall lapse and be of no further force and effect. In such event, Landlord shall be relieved of any future obligations hereunder and may thereafter lease all or part of the ROFO Space to any party without further notice or obligation to Tenant.

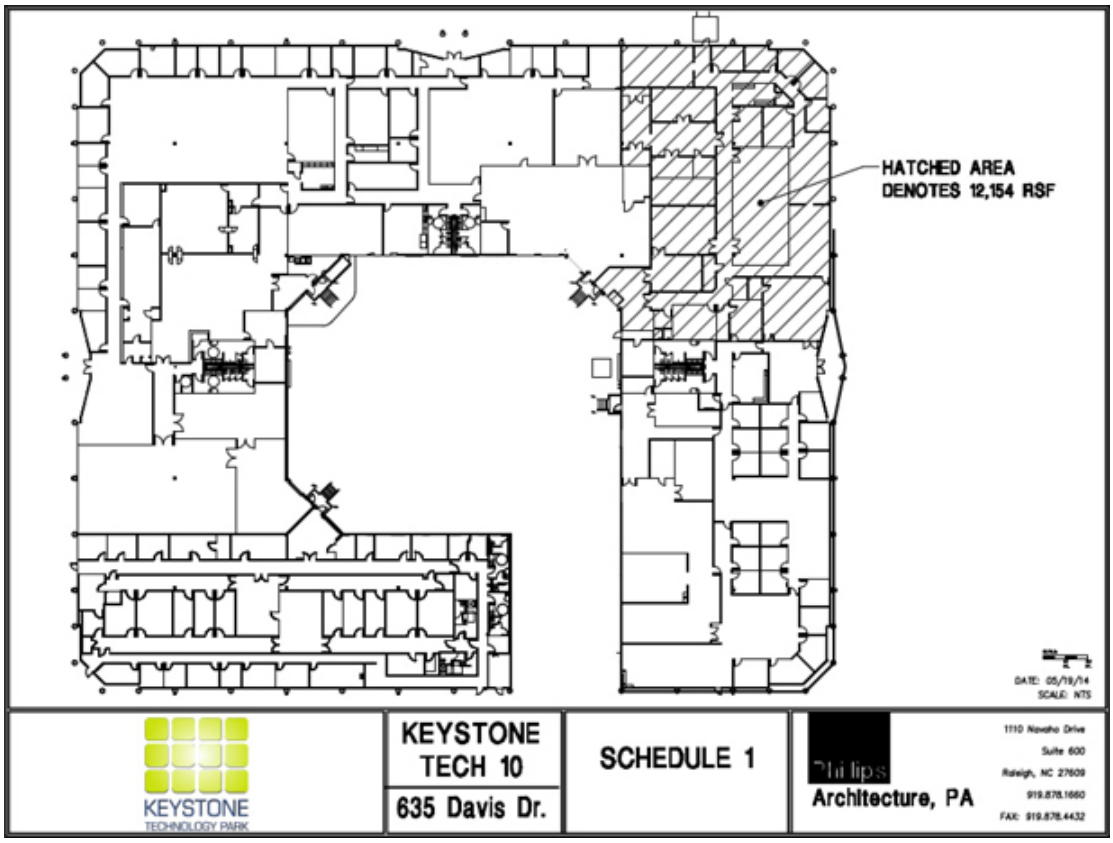
3. **Tender of Possession**. The ROFO Space shall be leased for the period commencing upon Landlord's tender of possession of the ROFO Space in accordance with Landlord's offer

and this Rider (the "***ROFO Space Commencement Date***") and continuing through the expiration or earlier termination of the Term of the Lease, as it may be extended or renewed. Landlord shall not be liable for any delay or failure to tender possession of the ROFO Space by the anticipated tender date for any reason, including by reason of any holdover tenant or occupant, nor shall such failure invalidate the Lease or extend the Term of the Lease.

4. **Condition of Premises**. The ROFO Space shall be tendered in an "as-is" condition. However, all leasehold improvements shall be constructed in the ROFO Space in accordance with the construction agreement (if any) attached to the applicable lease amendment. Any allowances shall be prorated for any delays in the ROFO Space Commencement Date, taking into account the economic assumptions underlying the terms in the ROFO Notice.

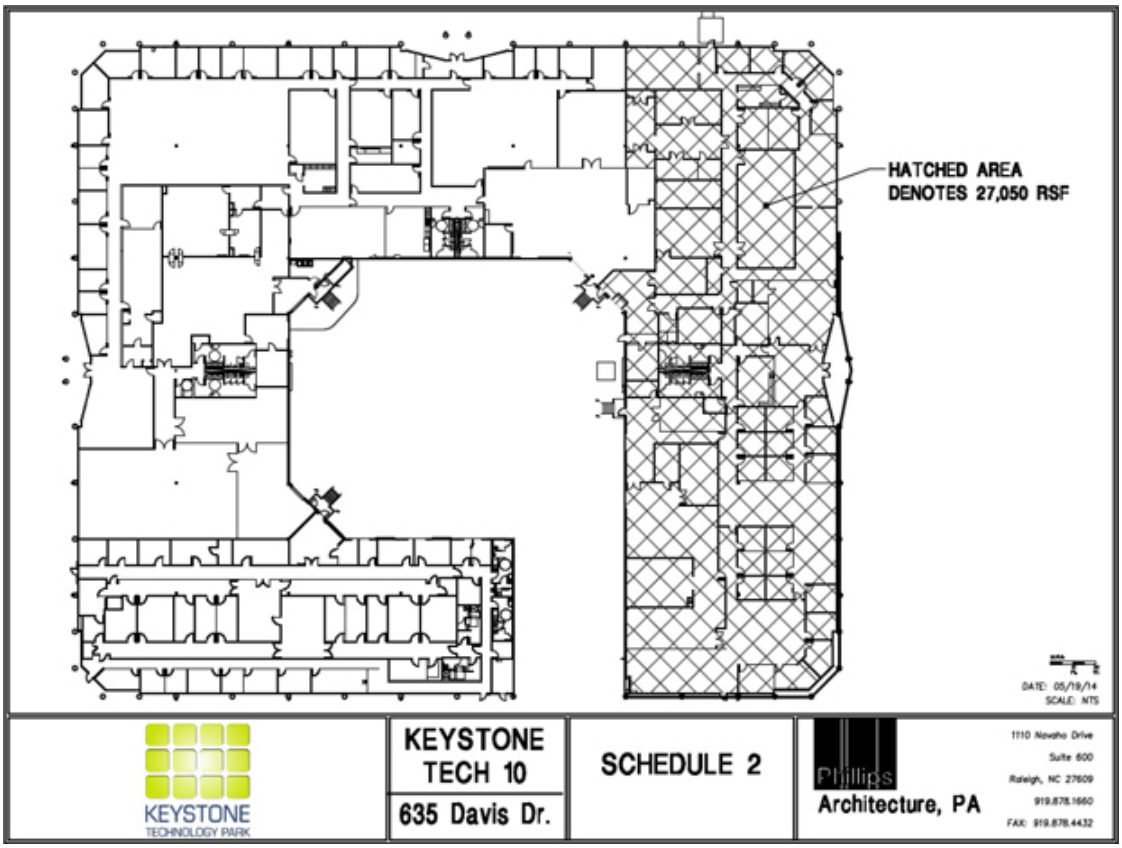
5. **Personal**. This Right of First Offer is personal to TransEnterix, Inc. and shall not be assignable to any other person or entity. Any assignment of the Lease or the subletting by Tenant of all or any portion of the Leased Premises shall terminate this Right of First Offer. Any assignment in violation of this paragraph is void and of no force or effect.

Schedule 1 to Rider No. 1



Schedule 1 to Rider No. 1 - i

Schedule 2 to Rider No. 2



Schedule 2 to Rider No. 1 - i

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH "*" AND BRACKETS AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ROBOTIC DEVELOPMENT AND SUPPLY AGREEMENT

This Robotic Development and Supply Agreement ("Agreement") is made as of this 13th day of February, 2014 ("Effective Date"), by and between Microline Surgical, Inc. of 800 Cummings Center, Suite 166T, Beverly, MA 01915 ("Microline") and TransEnterix Surgical, 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 previously agreed to have Microline develop and supply a fully disposable flexible sealing product and power supply (known as FVS and UPS Products) in a Development and Supply Agreement dated November 4, 2011 (the "Original Agreement");

WHEREAS, the parties are amending the Original Agreement by entering into Amendment No. 1 to the Original Agreement;

WHEREAS, TransEnterix is developing and launching its SurgiBot® surgical platform, and wishes to engage Microline to develop a flexible sealer product for its Robotic System (as defined below) for exclusive use in the Field with the Robotic System; and

WHEREAS, following the development of such FSP Product (as defined below), Microline shall supply such FSP Product, along with the Power Supply 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) "Animal Testing " shall mean burst pressure testing of the FSP Product using explanted vessels, and simulated use testing of the FSP Product in a live animal model.

(c) "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.

(d) "Deliverable" shall mean any of the items to be delivered by Microline to TransEnterix pursuant to the Work Plan, including the PoPP1, PoPP2, and Pilot Product Units.

(e) [Intentionally omitted.]

(f) "Design Review" shall mean a meeting between Microline and TransEnterix where a detailed review of the FSP Product device design and any relevant document deliverables occurs. The Design Review is not considered complete until the Project Directors agree in writing that the design or documentation changes resulting from the review are complete and that the reviewed FSP Product device design is considered acceptable.

(g) "FDA" shall mean the United States Food and Drug Administration and any successor agency thereto.

(h) "FDA Clearance [******] mm or [**] mm" shall mean Microline's 510(k) clearance by the FDA for marketing and sale in the United States of the FSP Product developed by Microline hereunder, with a [**********] indication and for use with the Robotic System.

(i) "FDA Clearance [**]" shall mean a 501(k) clearance by the FDA for marketing and sale in the United States of the FSP Product developed hereunder, with a [**********] indication and for use with the Robotic System.

(j) "FDA Submission [*****] mm or [**] mm" shall mean Microline's submission to the FDA of a request for 510(k) clearance for marketing and sale in the United States of the FSP Product developed hereunder, with a [********** ****] indication and for use with the Robotic System.

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

(l) "FSP Design Freeze" shall mean the reasonable completion of the design and Design Review for the final iteration of the FSP Product, where the Project Directors agree that the resulting device should meet all of the FSP Product Specifications. This assessment is made based upon the review of (i) PoPP2 test data (or such other test data as required) and (ii) design modifications made to reasonably address specification failures in PoPP2 (or any subsequent proof of principle prototype iterations).

(m) "FSP Launch Date" shall mean the date on which all Milestones have been met and Pilot Product Acceptance has occurred.

(n) "FSP Product" shall mean the fully disposable flexible vessel sealing product that (i) utilizes the Power Supply Products, (ii) is designed and intended for use with the Robotic System and (iii) is designed in accordance with the FSP Product Specifications.

(o) "FSP Product Specifications" shall mean the written requirements and specifications for the FSP Product to be developed hereunder, as agreed to in writing by the Parties pursuant to Section 2(f) and as subsequently amended by mutual agreement of the Parties.

(p) "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.

(q) "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.

(r) "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.

(s) "Marketing Requirements Document" shall mean the description of the requirements for the development of the FSP Product as initially set forth on Exhibit A, and as reviewed and updated in writing by mutual agreement of the Project Directors.

(t) "Milestone" shall mean each of the events listed in Section 10, which include, in addition to the Effective Date of this Agreement, Kick-Off Meeting, Design Review and sign off on Supply Product Specification, Proof of Principle Prototype 1, Proof of Principle Prototype 2, FSP Design Freeze, FDA Clearance [**], FDA Submission [******] mm or [**] mm, and FDA Clearance [*****] mm or [**] mm.

(u) "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.

(v) "Pilot Product Acceptance" shall mean acceptance by TransEnterix of the Pilot Product Units, which acceptance shall not be unreasonably withheld, and which acceptance shall be made if the Pilot Product Units are acceptable for use in accordance with instructions for use and substantially meet the tissue sealing product specifications within the Supply Product Specifications agreed upon by the Project Directors.

(w) "Pilot Product Units" shall mean one-hundred (100) sterile units of the FSP Product in compliance with the Warranties, for initial clinical demand, that are to be delivered to TransEnterix pursuant to the Work Plan.

(x) "Power Supply Product" shall mean the Microline Universal Power Supply product conforming to the applicable Supply Product Specification and consistent with the Marketing Requirements Document.

(y) "Program Executives" shall mean Sharad Joshi or his successor as Chief Executive Officer for Microline, and Todd M. Pope or his successor as Chief Executive Officer for TransEnterix.

(z) "Profit Margin" shall mean [**********] of then-current Transfer Price for a Supply Product.

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

(bb) "Project Directors" shall initially mean Richard M. Mueller and Chris Devlin and their successors agreed to by the Program Executives.

(cc) "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.

(dd) "Proof of Principle Prototype 1" or "PoPP1" shall mean the completion of the design, Design Review, fabrication and testing (including Animal Testing) of the first iteration of FSP Product prototypes. [**********
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**********.]

(ee) "Proof of Principle Prototype 2" or "PoPP2" shall mean the completion of the design, Design Review, fabrication and testing (including Animal Testing) of the second iteration of FSP Product prototypes.[**********
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**********.]

(ff) "Regulatory Approval" shall mean FDA Clearance [******] mm or [**] mm.

(gg) "Robotic System" shall mean TransEnterix's robotic surgical system, with the characteristics described on Exhibit B.

(hh) "Supply Products" shall mean the FSP Products and the Power Supply Products.

(ii) "Supply Product Specifications" shall mean the FSP Product Specifications and the specifications for the Power Supply Product in each case as developed by the Project Directors and consistent with the requirements set forth in the Marketing Requirements Document, and as agreed to by the Project Directors in writing.

(jj) "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.

(kk) "Transfer Price" for a Supply Product for a given period shall mean the transfer price indicated on Exhibit D for such Supply Product and period.

(ll) "Work Plan" shall mean the Work Plan, including the timeline and Work Plan Budget, for development of the FSP Product as mutually agreed-upon by the parties and attached as Exhibit C, as such Exhibit may be updated and amended upon mutual written agreement of the parties (acting through the Program Executives) as provided in this Agreement.

2. DEVELOPMENT PROJECT

(a) Supply Product Specifications and Marketing Requirements Document. The parties will mutually agree to and approve Supply Product Specifications and Marketing Requirements Documents. Prior to the Kick-Off Meeting required under Section 2(f), Microline shall develop, with collaborative input by TransEnterix, proposed Supply Product Specifications that are consistent with the Marketing Requirements Document. It is understood and agreed to by the Parties that while the Supply Product Specifications shall be developed through collaboration between the parties, Microline shall be considered the developer of the Supply Product Specifications for all regulatory purposes. TransEnterix must provide a clear set of technical specifications of the Robotic System that affect the Supply Product Specifications before Supply Product Specifications are finalized.

(b) 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 an FSP Product, for use with the Robotic System, that is consistent with the Marketing Requirements Document and in accordance with the FSP Product Specification, (ii) deliver the Deliverables as set forth in the Work Plan, including the prototypes and Pilot Product Units, and (iii) otherwise comply with its obligations in the Work Plan and the Marketing Requirements Document.

(c) TransEnterix's Obligations. TransEnterix shall make test fixtures and breadboards available to Microline at mutually agreed points in the Work Plan so it can test for compatibility and interactions with the Robotic System. TransEnterix will certify the test fixtures and breadboards and in any event supply them to Microline so as not to delay development of the FSP Product or Power Supply Product. TransEnterix shall otherwise use its commercially reasonable efforts to perform any responsibilities allocated to it in the Work Plan.

(d) Project Directors. Each Project Director shall be responsible for representing the interests of the corresponding party with respect to the management of the Project. The parties acknowledge and agree that the Project Directors shall have the authority to amend the Marketing Requirements Document, and the Supply Product Specifications, on behalf of the parties upon mutual agreement.

(e) Design Meetings. The Project 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, the Marketing Requirements Document, or the Supply Product Specifications. The Microline Project Director shall be responsible for recording the minutes of each meeting. Such minutes shall be circulated within ten (10) business days 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 Project Director within ten (10) business days of receipt of such minutes.

(f) Kick-Off Meeting. The first meeting of the Project 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 thirty (30) days after the Effective Date or on such other date as mutually agreed to by the parties. During the Kick-Off Meeting, the parties shall (i) review each of the Work Plan, the Marketing Requirements Document, and the Supply Product Specifications developed by the parties under Section 2(a), and (ii) develop and agree to a detailed statement of work (the "SOW") which shall become part of the Work Plan. Promptly after the Kick-Off Meeting, Microline shall update the FSP Product Specification, Power Supply Product Specification, Work Plan (including by incorporating the SOW) and/or Marketing Requirements Document to reflect any changes agreed to by the parties during the Kick-Off Meeting, and the same shall be delivered to the Program Executives for written approval.

(g) Changes to Marketing Requirements Document, Supply Product Specifications or Work Plan. Except as provided herein, no changes to the Work Plan, Supply Product Specifications, or Marketing Requirements Document shall be permitted without the written consent of both parties. If either party wishes to propose a change to any such 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.

(h) Development Costs. Microline shall use commercially reasonable efforts to design and develop the FSP Product to be developed hereunder 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). Microline shall have the sole authority to select and manage vendors to be used in connection with the project. TransEnterix will have the option to make direct payments to vendors for purchases of tooling specific to the FSP Supply Products. In such cases, TransEnterix shall additionally pay to the vendors the costs for validations of such tooling made at such vendors' facilities, whereas Microline shall be solely responsible for operation of the tooling and any costs associated with validations of such tooling made at the Microline facility.

(i) Subcontracting. Either party may subcontract its obligations under the Work Plan upon prior written notice to the other party. 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. Each Party agrees to enter into an agreement with any such subcontractors pursuant to which the subcontractor agrees to be bound by the confidentiality and intellectual property obligations of the parties set forth in Section 14 of this Agreement. TransEnterix may perform a quality system assessment of any subcontractor who provides Microline with contract manufacturing services related to the Supply Products.

3. DELIVERABLES AND TESTING; REGULATORY APPROVAL

(a) Deliverables. Microline shall use commercially reasonable efforts to deliver Deliverables conforming to the Supply Product Specifications and 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 to TransEnterix of the Pilot Product Units, TransEnterix shall promptly, but within no more than fifteen (15) business days, (i) inspect, review and test and (ii) accept or reject such Pilot Product Units by written notice to Microline. Upon delivery to TransEnterix of any Deliverable (but not including the Pilot Product Units or any Deliverable defined herein to require mutual satisfaction or agreement (e.g., FSP Design Freeze, PoPP1, PoPP2)), TransEnterix shall promptly, but within no more than ten (10) business days, (i) inspect, review and test each Deliverable and (ii) accept or reject such Deliverable by written notice to Microline. Payment for any Deliverable with an associated Milestone payment under Section 10 shall be due as specified in Section 10(a). TransEnterix shall accept all such Deliverables delivered in reasonable conformity with the material aspects of the Supply Product Specifications, Marketing Requirements Document, or Work Plan, as applicable, but may reject any Deliverable that fails to conform to a reasonable degree with material aspects of such criteria. In the event TransEnterix rejects any such Deliverable, it shall provide the reasons for such rejection to Microline. Unless the parties agree to a longer timeframe and/or cost, as applicable, 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 Supply Product Specifications. Notwithstanding anything to the contrary in this Agreement, each Party shall be commercially reasonable in agreeing that a Milestone or Deliverable has been met.

(c) Regulatory Approval. Microline shall apply for and use commercially reasonable efforts to obtain at its expense Regulatory Approval, and corresponding 510(k) clearance for use of the Power Supply Product, in each case in the United States. Microline shall keep TransEnterix informed as to the status of its applications for such Regulatory Approval and 510(k) clearance, and shall advise TransEnterix as to whether such applications are for the [******] mm or [**] mm [**********] indication. As reasonably requested by TransEnterix, the Parties shall meet to negotiate mutually acceptable amendments to the Work Plan and SOW to develop necessary extended Shelf Life (as defined in 6(a)), and the necessary information and documents for filing for such additional regulatory clearances in jurisdictions outside of the United States at TransEnterix's expense, including, without limitation, the technical file for CE/European approval. All cost increases associated with such amendments shall be reflected in a mutually agreed-upon amendment to the Work Plan. TransEnterix shall cooperate with Microline relating to all material issues, amendments, supplements, and other matters described in this Section 3(c) respecting all regulatory approvals for the FSP Product developed hereunder. Upon such mutually agreed-upon amendments, Microline shall use commercially reasonable efforts to obtain regulatory approvals for use of the FSP Product developed hereunder, and the Power Supply Product, in jurisdictions outside of the United States, as agreed, at TransEnterix's expense.

(d) TransEnterix shall use commercially reasonable efforts to, within five (5) months from the Effective Date, freeze the aspects of the Robotic System that affect the FSP Product Specification ("Surgibot Design Freeze"). If Surgibot Design Freeze does not occur within five (5) months of the Effective Date, all subsequent deadlines shall be extended by the length of time Surgibot Design Freeze is delayed. Microline's obligations to meet the Milestones, the Deliverables and Pilot Product Acceptance are subject to the Robotic System receiving FDA clearance and such Robotic System aspects not changing in the FDA-cleared Robotic System in a way that affects the FSP Product Specification.

4. SUPPLY RELATIONSHIP

(a) Purchase and Sale. During the Minimum Period (defined in Section 4(c))), Microline agrees to manufacture and sell to TransEnterix 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. Such forecasts shall become binding with respect to any given calendar quarter ninety (90) days prior to the commencement of such calendar quarter. Microline shall use commercially reasonable efforts to accommodate such forecasts and provide the required Supply

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH "*" AND BRACKETS AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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 [**********] 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 [**********] following the FSP Launch Date (collectively, the "Minimum Period"), TransEnterix shall purchase at least the minimum number of Supply Products set forth on Exhibit E, which number shall be reduced by [****]% for each month's delay in the FSP Launch Date from the date specified in the Work Plan that is caused solely by Microline (the "Minimum Products"). Delays to the Work Plan that are caused by a delay in TransEnterix deliverables or by mutually agreed changes to FSP Product Specifications will not be counted towards this reduction in Minimum Products, but instead will shift the Work Plan schedule accordingly. [**********
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**********.] 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"). [**********
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(d) Improvements to Power Supply Products. Microline may notify TransEnterix in writing of any improvement made by Microline to the Power Supply 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 Power Supply Products being supplied to TransEnterix hereunder, the parties shall negotiate in good faith an adjustment to the price of such Power Supply 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.

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH "*" AND BRACKETS AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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) or such other address specified by TransEnterix in writing; (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) or such other address specified by TransEnterix in writing. 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 FSP Supply Product will function with the Power Supply Product supplied hereunder, and vice versa), conform in all material respects to the applicable Supply Product Specifications, will conform with the applicable Regulatory Approval and will be free from any material defects in materials and workmanship for a period (the "Shelf Life") of twelve (12) months from the date of shipment from Microline to TransEnterix or such other duration agreed to in writing by the parties, (ii) Microline will transfer good title to the Supply Products to TransEnterix, and (iii) all documentation supplied with the Supply Products will be complete and accurate (the warranties contained in Section 6(a)(i), (ii) and (iii) collectively, the "Warranties").

(b) Inspection and Acceptance. Within fifteen (15) business 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 may, at its option, test select units for conformance to Supply Product Specifications, 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 fifteen (15) business days following receipt of such returned Supply Product(s) by TransEnterix. 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 provided that the Supply Product did not meet the Supply Product Specifications or Warranties and was used in accordance with instructions for use.

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. Microline shall adopt and maintain a quality system to ensure that all Supply Products manufactured under this Agreement conform to the applicable approved Supply Product Specifications (the "QA System"). TransEnterix may annually perform a quality system assessment and product assessment (i.e. quality system audit and product quality audit) at Microline's facilities to assure conformance to quality system regulations and product specifications. Each party shall work together in good faith to resolve any issues related to quality and/or regulatory requirements.

(c) Government Inspections. Microline agrees to provide access to its facilities at any time to FDA representatives or, if applicable, 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 ten (10) 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.

(f) Complaints and Corrective Action.

(i) TransEnterix will be the initial contact for all complaints from its customers. TransEnterix will record, log, and maintain complaint files. TransEnterix will forward to Microline reports of complaints within ten (10) business days of their receipt by TransEnterix. If the complaint is accompanied by or followed by return of the subject Supply Product to TransEnterix, TransEnterix will return to Microline the Product that is the subject of the complaint; provided, TransEnterix may at its option perform an initial evaluation of the returned Product to determine the root cause of failure. Microline shall make available all complaint investigation reports, customer communications and corrective actions associated with Supply Product complaint reports within sixty (60) days of receiving the TransEnterix report of complaint.

(ii) Microline will be responsible for filing all required regulatory reports with the appropriate Regulatory Authorities.

(g) Product Recalls. If, in the judgment of Microline or TransEnterix, any Supply Product defect or any government action requires a recall of, or the issuance of an advisory letter regarding, any Supply Product, either Party shall undertake such recall or issue such advisory letter only after notification to and agreement with the other Party. Each Party shall notify the other Party within five (5) business days of becoming aware (as such phrase is defined in 21 CFR 803) of any issue that could lead to a field action related to the Supply Products. The Parties shall endeavor to reach an agreement prior to making any recall or issuing any advisory letter regarding the manner, text and timing of any publicity to be given in such matters in time to comply with any applicable legal or regulatory requirements, but such agreement will not be a precondition to any action that either Party deems necessary to protect users of Supply Products or to comply with any applicable governmental orders or mandates. The Parties agree to provide reasonable assistance to one another in the event of any recall or issuance of any advisory letter. Notwithstanding anything in this Agreement to the contrary, TransEnterix shall have the right to manage any Supply Product recall.

(h) Return of Products Safety Related or Not Safety Related. With regard to issues pertaining to quality, reliability, durability or customer dissatisfaction, but not necessarily pertaining to safety related issues, whereby customer complaints indicate a known or inherent product fault, flaw, or deficiency not related to the Marketing Requirements, both parties shall work together in good faith to resolve the issues. TransEnterix may return inventory of Supply Products to Microline for rework, repair, or replacement at Microline's expense in the event of known and confirmed product faults, flaws, or deficiencies whether related to product safety or not within a reasonable period of time but not to exceed thirty (30) days from the time of the return.

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8. EXCLUSIVITY.

(a) Microline Exclusivity; Changes to FSP Product. Microline agrees that it shall develop the FSP Product exclusively for, and supply the FSP Product exclusively to, TransEnterix for use with the Robotic System in the Field. TransEnterix acknowledges and agrees that nothing herein shall preclude Microline from conducting any development efforts, or from using any Microline Background Technology, Microline Project Technology, or Intellectual Property Rights therein, in each case to research, develop or commercialize products (other than the FSP Product, or any fully or partially reusable version thereof, specifically for use with the Robotic System in the Field). Microline covenants and agrees that it shall promptly refer all inquiries regarding the FSP Product for use with the Robotic System in the Field to TransEnterix. Microline agrees that it will not supply the FSP Product for use with the Robotic System, or any other product specifically for use with the Robotic 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.

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(b) TransEnterix Exclusivity. During the Minimum Period, and except as set forth in Section 8(c), TransEnterix agrees that it shall purchase all FSP Products and Power Supply Products, and any other vessel sealing devices and associated power supply products for use with the Robotic 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 [**]% of the binding forecasts for [***] 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 reasonably 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 alternative 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 and authorize said alternative supplier to manufacture Supply Products, including a limited non-exclusive, non-sublicensable license under Microline Project Technology and Microline Background Technology solely to the extent necessary to manufacture Supply Products for TransEnterix.

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 Robotic System in accordance with the applicable Regulatory Approval 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. Microline shall provide to TransEnterix samples of the planned labeling or product literature at least ninety (90) days prior to the submission of the labeling to regulatory authorities in accordance with the FDA Clearance [******] mm or [**] mm, the FDA Clearance [**] and, if applicable, CE Mark Technical File, or other similar regulatory market applications. Microline shall give full consideration to any comments received from TransEnterix with respect to such labeling and product literature. In addition, Microline shall

provide to TransEnterix copies of the regulatory approved or cleared labeling to be used in connection with any FSP Supply Product at least thirty (30) days prior to the first commercial sale of such Supply Product. 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 Microline shall give full consideration to comments received from TransEnterix with respect to such material change.

10. PAYMENTS

(a) 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:

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(b) 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 FSP 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)), FSP Products or the Power Supply Products to a third party which are inconsistent with the rights granted to TransEnterix herein; (iii) Microline has not received any communications alleging that Microline's use of Microline Background Technology relating to the FSP Products or Power Supply Products would violate Intellectual Property Rights of any third party; and (iv) Microline shall comply in all material respects with all applicable laws.

(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 Robotic System to a third party which are inconsistent with the rights granted to Microline herein; (iii) TransEnterix will use commercially reasonable efforts to seek to obtain all United States regulatory approvals from, to make all necessary and appropriate applications and other submissions to, and to prepare and maintain 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 business activities relating to the Robotic System; and (iv) TransEnterix has not received any communications alleging that TransEnterix's use of TransEnterix Background Technology relating to the Robotic System would violate Intellectual Property Rights of any third party; and (v) TransEnterix shall comply in all material respects with all applicable laws.

(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.

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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). Microline Background Technology and TransEnterix Background Technology each includes all Technology Controlled by Microline or TransEnterix, as the case may be, and disclosed to the other party for use in connection with the Project, together with any improvements to, or derivations of, such Technology.

(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 FSP Products or the Power Supply Products or to the development efforts relating to such FSP Products or Power Supply Products ("Microline Project Technology"), but excluding all TransEnterix Background Technology and TransEnterix Project Technology).

(c) TransEnterix Project Technology. TransEnterix shall own all right, title and interest in and to the following Project Technology: (i) all Project Technology, and all Intellectual Property Rights therein, relating to Interface Features (defined below), and (ii) all Project Technology, and all Intellectual Property Rights therein, that is an improvement to, a derivation of, or in the Robotic System ("TransEnterix Project Technology"). For the purposes of this Section 12(c), an "Interface Feature" means any feature for mechanically, electrically or electronically coupling or connecting the FSP Product with the Robotic System, whether those components of the Interface Feature are included on the FSP Product or the Robotic System.

(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 FSP Products or the Power Supply 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 Robotic 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(h), 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 to sell the Supply Products purchased from Microline to distributors and end users or fulfill its obligations under this Agreement. The license granted pursuant to this Section 12(f)(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(h), 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 Robotic 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, misuse, 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. Notwithstanding the foregoing, the Parties agree that TransEnterix Background Technology and TransEnterix Project Technology is the Confidential Information of TransEnterix, and Microline Background Technology and Microline Project Technology is the Confidential Information of Microline.

(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, or as required by law. In the event the terms of this Agreement or the other Confidential Information are required to be disclosed by law, the disclosing party shall notify the non-disclosing party with sufficient advance notice to obtain any Microline internal approvals and give the non-disclosing party an opportunity to review and comment. 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 Minimum 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 FSP Products during the year prior to the applicable Renewal Term:

Renewal Term	Quantity
First Renewal Term	[*****]
Second Renewal Term	[*****]
Third Renewal Term	[*****]

(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 the Alternate Supplier to manufacture or commercialize the FSP Product or Power Supply Product. Such license shall terminate on the second anniversary of the date that the Initial Term or then-current Renewal Term (as of the effective date of termination, 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 as necessary to enable TransEnterix to manufacture, have manufactured, use and sell the FSP Product developed hereunder and the Power Supply Product.

(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, Delay.

(i) Notwithstanding any other provision of this Agreement, TransEnterix shall have the right to terminate this Agreement at any time after it has accepted the Pilot Product Units as in compliance with the Warranties, upon ninety (90) days' written notice to Microline; however, in such instance, TransEnterix shall not be released from its obligation to pay Microline the Transfer Price multiplied by the Profit Margin for each Minimum Product not purchased, as specified in Section 4(c), and any other payment obligations accruing prior to or in connection with such termination.

(ii) Microline shall use commercially reasonable efforts to obtain the Regulatory Approval within [**********] 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 [**********] of the Effective Date (unless Microline's failure to obtain such Regulatory Approval is due to reasons beyond the reasonable control of Microline or related to any acts, omissions or delays of or caused by TransEnterix). Notwithstanding the immediately preceding parenthetical, if Microline has not procured the Regulatory Approval for any reason within [**********] after the Effective Date, TransEnterix may at its option terminate this Agreement upon ninety (90) days written notice to Microline. If TransEnterix fails to accept a Deliverable on a timely basis as provided in Section 3(b) or to make any Milestone payment on a timely basis in accordance with Section 10(a) (or fails to be commercially reasonable in agreeing in a reasonable period of time that a Deliverable or Milestone has been met), the subsequent deadlines for Microline to deliver subsequent Deliverables or meet subsequent Milestones, including deadlines for obtaining Regulatory Approval resulting from this section, shall be extended by the total number of days of delay in payment or acceptance.

(iii) 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's cumulative delay (unrelated to any acts, omissions or

delays of or caused by TransEnterix) in delivering a Deliverable to TransEnterix extends more than [**********] beyond the delivery date for such Deliverable specified in the Work Plan, except that if TransEnterix fails to accept a Deliverable on a timely basis as provided in Section 3(b) or to make any Milestone payment on a timely basis in accordance Section 10(a) (or fails to be commercially reasonable in agreeing in a reasonable period of time that a Deliverable or Milestone has been met), subsequent deadlines, including deadlines resulting from this section, shall be extended by the total number of days of delay in payment or acceptance. For the purpose of this Subsection 15(d)(iii), Microline's cumulative delay shall be calculated exclusive of any period of delay attributable to a failure by TransEnterix to carry out its obligations under the Work Plan or this Agreement or to any acts, omissions or delays of or caused by TransEnterix.

(iv) For clarity, in no case shall a rejection by TransEnterix of a Deliverable under the terms set forth in Section 3(b) be deemed a failure by TransEnterix to accept a Deliverable on a timely basis under Sections 15(d)(ii) or 15(d)(iii), provided however that acceptance is not unreasonably withheld, conditioned or delayed, and that acceptance is made when in the reasonable mutual agreement of the Project Directors, a Deliverable is acceptable for use in accordance with the relevant instructions for use, where applicable, and substantially complies with all material aspects of the relevant product specifications agreed upon by the Project Directors.

(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 effective date of termination, Microline had fully met its obligations to TransEnterix described in that specific sub-section), 11, 12, 13, 14, 15(c)(ii),15(d)(i), 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 Surgical, Inc.
635 Davis Drive, Suite 300
Durham, North Carolina 27713
Attention: Todd Pope, tpope@TransEnterix.com
Telecopier: (919) 765-8459

with a required copy to:

TransEnterix Surgical, Inc.
635 Davis Drive, Suite 300
Durham, North Carolina 27713
Attention: Legal Counsel
Telecopier: (919) 765-8459

(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.

Signatures Appear on the Following Page-

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH "*" AND BRACKETS AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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 Surgical, Inc.	Microline Surgical, Inc.
By: /s/ Todd M. Pope	By: /s/ Sharad H. Joshi
Name: Todd M. Pope	Name: Sharad H. Joshi
Title: CEO	Title: President and CEO

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EXHIBIT A

MARKETING REQUIREMENTS DOCUMENT

1.0 PURPOSE

The purpose of this document is to define product concept and product requirements for the SurgiBot FLEX VESSEL SEALING DEVICE, AND ASSOCIATED UPS.

2.0 SCOPE

This MRD covers the Surgibot FLEX VESSEL SEALING DEVICE and its use clinically with the SurgiBot Surgical System.

3.0 DEFINITIONS

Requirement: A performance or physical characteristic of the product that must be achieved in order to fulfill the requirement. The individual requirements are indicated by a bold-face "**(Rxx)**" where xx is an alphanumeric unique to the requirement.

Objective: A performance or physical characteristic of the product that is desirable but is not required. The individual objectives are indicated by a bold-face "**(Oxx)**" where xx is an alphanumeric unique to the objective.

Rationale: A short justification of the rationale for the requirement or objective.

4.0 PRODUCT CONCEPT DEFINITION

4.1 Product Description:

[**********]

[**********]

[**********]

[**********]

[**********]

[**********]

[**********]

[**********]

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4.2 Intended Use:

4.2.1 The Flex Vessel Sealing Device will simultaneously grasp, seal, and divide tissue in a manner consistent with the current Microline FLS

4.2.2 The FVS will seal vessels and have clearance for vessel sealing with a target of [***] vessel sealing indication or a minimum of [***] vessel sealing indication.

4.3 "Target Procedures" may include (but will not be limited to):

[**********]

[**********]

[**********]

4.4 End Users: Prescription Use.

4.4.1 Surgeon familiar with minimally invasive laparoscopy techniques

4.4.2 Nurse: OR Nurse

4.5 Intended Markets: Laparoscopic Surgery

4.5.1 The primary segments in which this product will be sold include:

4.5.1.1 Hospital Operating Rooms

4.5.1.2 Surgery Centers

5.0 MARKETING REQUIREMENTS

5.1 General Requirements

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[**********]

[**********]

5.2 **Usability (Human Factor) Requirements**

[**********]

[**********]

[**********]

[**********]

5.3 **Compatibility Requirements:**

[**********]

[**********]

[**********]

[**********]

[**********]

[**********]

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5.X **Performance Requirements:**

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[***
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[**********
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[**********
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[**********
*********]

5.4 **Environmental Requirements**

(R13) Operating Environment: The System shall be utilized in temperatures representative of an Operating Room environment.

(R14) Storage Environment: The System shall be stored in conditions that do not adversely affect function or sterility shelf life.

5.5 **Biocompatibility Requirements**

(R15) Biocompatible Materials: Tissue contacting materials of the System shall be biocompatible according to the nature of contact and duration of contact with tissue.

Rationale: Biological testing of patient contacting materials is described by ISO-10993, a standard recognized by the FDA. Tissue contacting material should undergo designated testing or have long, safe histories of clinical use in other devices legally marketed in the US.

5.6 **Packaging Requirements**

(R16) System Packaging: The System shall be packaged in a manner that protects the instrument from handling damage, maintains a sterile barrier, is easily stored in a hospital environment, is easily opened by hospital staff for use and meets applicable requirements of sterile packaging systems.

(O1) Packaged individually in blister and box, then in shipper carton 3 per box.

5.7 **Sterilization Requirements (please modify if not required)**

(R17) Sterilization Level: The System shall have a sterility assurance level (SAL) of 10^{-6}.

Rationale: The normal SAL for medical devices is 10^{-6} (one in a million) for critical and invasive devices.

(R18) Sterilization Method: The single use portion of the system must be compatible with Gamma or ETO sterilization methods.(MSI to provide sterile)

5.8 **Labeling Requirements**

(R19) Labeling: Labeling content shall comply with federal and international regulations for medical devices.

(R20) Trademarks and Registrations: The System shall include relevant trademarks or registrations.

(R21) Latex Free: No materials contain latex (notification on labeling is required if latex is present).

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5.9 **Distribution Requirements**

(R22) Distribution: Package must meet applicable requirements per standardized distribution testing and maintain seal integrity for the sterility shelf life of the product.

5.10 **Shelf Life Requirements**

(R23) Sterility Shelf Life: The System will be initially launched with a 12 months sterility shelf life.

(R24) Functional Shelf Life: The Instrument will be initially launched with a 12 months sterility shelf life.

5.11 **Regulatory Requirements**

(R25) Relevant Regulations: The device will be immediately marketed in the US with FDA clearance.

(R26) Upon request, MSI will obtain clearance for sale in additional countries at TRX expense, and MSI will cooperate with provision of the needed technical files.

5.12 **Manufacturing Requirements**

(O2) Manufacturing Location: Target manufacturing location FLS is Beverly Mass.

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EXHIBIT B

ROBOTIC SYSTEM

The Robotic System is a surgical platform which allows for flexible instruments to be introduced into the body for purposes of performing surgery using motors to orient and move the instruments within a body cavity. The system includes a component(s) through which flexible instruments can be inserted into the body. This component can receive a flexible instrument and use the motors to move the flexible instrument in multiple degrees of freedom.

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EXHIBIT C
WORK PLAN
PLAN HAS BEEN REDACTED

THIS EXHIBIT HAS BEEN REDACTED AND IS THE SUBJECT OF A CONFIDENTIAL TREATMENT REQUEST. REDACTED MATERIAL IS MARKED WITH "*" AND BRACKETS AND HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT D

PRICING OF SUPPLY PRODUCTS

- Transfer Price for FSP Products based on tooling and volumes

Annual Volumes	Transfer Price (no tooling)	Transfer Price (with tooling)
[**********] units	$[***]	N/A
[**********] units	$[***]	$[***]
[**********] units	[****]	$[***************]
>[*****] units	[****]	$[***************]

- The table above is an estimate. It is based on what Microline knows today and, is subject to change based on the unknown changes required by specifications and Surgibot interface requirements. Any changes that lead to an increase in pricing must be reviewed and approved by TransEnterix prior to implementation. Transfer pricing will be jointly reviewed upon Design Freeze for the FSP Product and annually thereafter to provide opportunities for cost reductions. Microline and TransEnterix agree that the pricing for >[*****] units will be reduced to reflect volume pricing discounts; however the pricing for these volumes will not be set until the aforementioned pricing reviews.
- Option is shown above for CapEx investment estimated to be $[******] to bring component costs and Transfer Price down shown above "with tooling." TransEnterix and Microline will jointly develop a tooling plan and strategy where TRx will cover the costs of tools that are unique to the FSP Product.

Power Supply Products

Transfer Price = $[*****]/unit

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EXHIBIT E

PRODUCT MINIMUMS

Period	FSP Products	Power Supply Products
[******]*	[******]	[**]
[******]*	[******]	[**]
[******]*	[******]	[**]
First Renewal Term	[******]	
Second Renewal Term	[******]	
Third Renewal Term	[******]	

*Refersto [******] periods during the Minimum Period.

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A)/15D-14(A)

I, Todd M. Pope, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TransEnterix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/s/ Todd M. Pope
Todd M. Pope
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A)/15D-14(A)

I, Joseph P. Slattery, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TransEnterix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 6, 2014

/s/ Joseph P. Slattery
Joseph P. Slattery
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd M. Pope, hereby certify pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and 18 U.S.C. Section 1350, that the Quarterly Report on Form 10-Q of TransEnterix, Inc. (the "Company") for the quarterly period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

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

This certification accompanies the Report pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph P. Slattery, hereby certify pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and 18 U.S.C. Section 1350, that the Quarterly Report on Form 10-Q of TransEnterix, Inc. (the "Company") for the quarterly period ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

By: /s/ Joseph P. Slattery
Joseph P. Slattery
Executive Vice President and Chief Financial Officer

This certification accompanies the Report pursuant to Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act, and shall not be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Report, irrespective of any general incorporation language contained in such filing.

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.