Table of Contents

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

FORM 10-K/A
AMENDMENT NO. 2

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

For the fiscal year ended December 31, 2013

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	**None**

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.001 par value per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒.

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	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

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

On June 30, 2013, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value (based on the average bid and asked price of its common stock on that date) of the voting stock held by non-affiliates of the registrant was $10,671,629.

The number of shares outstanding of the registrant's common stock, as of March 28, 2014 was 244,276,923.

TRANSENTERIX, INC.
ANNUAL REPORT ON FORM 10-K/A
EXPLANATORY NOTE

This Amendment No. 2 to Form 10-K amends our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, originally filed on March 5, 2014 and amended by Amendment No. 1 to the Form 10-K filed on March 14, 2014. We refer to the Annual Report on Form 10-K and the Amendment No. 1 to the Form 10-K as the "Original Filing" in this Form 10-K/A Amendment No. 2. We are filing this Form 10-K/A Amendment No. 2 to update our disclosures with respect to the items listed in this filing and to add additional exhibits. Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the dates respectively filed.

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. In this Form 10-K/A Amendment No. 2, when we refer to the registrant as a combination of SafeStitch and TransEnterix Surgical after giving effect to the Merger, we use the terms "TransEnterix," the "Company," "we," "us," and "ours". When we refer to the historic business, operations and corporate status of the parent in the Merger we use the term "SafeStitch" and when we refer to the historic business, operations and corporate status of the subsidiary in the Merger, we use the term "TransEnterix Surgical."

Table of Contents

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K/A Amendment No. 2 contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such forward-looking statements contain information about our expectations, beliefs or intentions regarding our product development and commercialization efforts, business, financial condition, results of operations, strategies or prospects. You can identify forward-looking statements by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual operations or results to differ materially from the operations and results anticipated in forward-looking statements. These factors include, but are not limited to those set forth under the heading “Risk Factors” 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.

PART I

ITEM 1. BUSINESS

Overview of Corporate Structure

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. In this Form 10-K/A Amendment No. 2, when we refer to the registrant as a combination of SafeStitch and TransEnterix Surgical after giving effect to the Merger, we use the terms "TransEnterix," the "Company," "we," "us," and "ours". When we refer to the historic business, operations and corporate status of the parent in the Merger we use the term "SafeStitch" and when we refer to the historic business, operations and corporate status of the subsidiary in the Merger, we use the term "TransEnterix Surgical."

Overview of the 2013 Merger Transaction

The Merger

On September 3, 2013, pursuant to an Agreement and Plan of Merger dated August 13, 2013, and amended by a First Amendment dated August 30, 2013 (collectively, the Merger Agreement) by and among SafeStitch, Tweety Acquisition Corp., a Delaware corporation (Merger Sub) and TransEnterix Surgical, the Merger was consummated and TransEnterix Surgical became a wholly owned subsidiary of 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 (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.

All references to share amounts in this Form 10-K/A Amendment No. 2 have been retroactively adjusted to reflect the impact of the Exchange Ratio.

The Private Placement

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), pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares of the Company's Series B Convertible Preferred Stock, par value $0.01 per share (the Series B Preferred Stock), each share of which was convertible, subject to

certain conditions, into ten (10) shares of common stock (the Conversion Shares and, together with the Series B Preferred Stock, the Private Placement Securities), for a purchase price of $4.00 per share of Series B Preferred Stock, which was paid in cash, cancellation of certain indebtedness of TransEnterix 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 Convertible Preferred Stock, each outstanding share of Series B Preferred Stock automatically converted into ten shares of the Company's common stock upon the filing of the Restated Certificate. An aggregate of 75,697,094 shares of common stock were issued in the conversion of the Series B Preferred Stock.

Accounting Treatment

The Merger is treated as a reverse acquisition of SafeStitch for financial accounting and reporting purposes. As such, TransEnterix Surgical is treated as the acquirer for accounting and financial reporting purposes while SafeStitch is treated as the acquired entity for accounting and financial reporting purposes. Further, as a result, the assets and liabilities and the historical operations that are reflected in this Form 10-K/A Amendment No. 2 and will be reflected in the Company's future financial statements filed with the SEC will be those of TransEnterix Surgical, and SafeStitch assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of TransEnterix Surgical.

Smaller Reporting Company

Following the consummation of the Merger, for 2013 the Company continues to be a "smaller reporting company," as defined in Regulation S-K promulgated under the Exchange Act.

Business Description of the Combined Company

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 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 is U.S. Food and Drug Administration (FDA) cleared. 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. SafeStitch has

developed other surgical devices, including the SMART Dilator™, to be utilized in treating obesity, GERD and esophageal strictures. SafeStitch also developed and was commercializing a surgical stapler called the AMID™ Hernia Fixation Device. On a going-forward basis, the Company intends to continue to develop the Gastroplasty Device for the treatment of obesity. The Company has discontinued sales of the AMID Hernia Fixation Device.

The Company operates in one business segment.

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 on the development and future commercialization of the SurgiBot System.

Market Overview

TransEnterix Surgical

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

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

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

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

SafeStitch

SafeStitch's product portfolio and its products under development prior to the Merger were primarily designed to address three market opportunities: obesity, GERD, and hernia repair. The Company is continuing to develop the Gastroplasty Device for obesity. We believe the Gastroplasty Device could represent an alternative for patients eligible for the common bariatric surgery procedures currently performed for obesity – gastric bypass, gastric sleeve and gastric banding procedures. Bariatric surgery has become more prevalent, an estimated 350,000 to 400,000 bariatric surgical procedures are performed annually worldwide. Bariatric surgery is usually recommended for those people with a body mass index (BMI) of 35 or higher. Gastric bypass combines the creation of a small stomach pouch to restrict food intake and the construction of a duodenal bypass, thereby decreasing the body's ability to absorb nutrients from food. In the gastric sleeve procedure, the stomach volume is significantly reduced, which accelerates the flow of food through the stomach. For gastric banding procedures, a small inflatable/deflatable band (which allows adjustment to the size of the opening between the pouch and the stomach) is placed around the upper part of the stomach, creating a small pouch, so that the patient feels full sooner.

Combined Company

Following the Merger, the Company's development efforts have been focused on the SurgiBot System. Although the Company currently continues to sell its SPIDER System pursuant to existing purchase orders and supply agreements entered into in the ordinary course, the Company is in the process of winding down such sales efforts to allow the Company to focus on the SurgiBot System. The Company also continues to pursue development of the Gastroplasty Device.

Product Overview

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

SurgiBot™ System

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

The SurgiBot System is composed of four key components:

- **The SurgiBot™ Base**: a reusable robotic base that provides the platform of the system;
- **The EndoDrive**: a single port, surgical access device for abdominal surgery that interfaces with the SurgiBot Base, which allows for the insertion of surgical instruments for the surgical procedures being performed;
- **The Positioning Arm**: a reusable arm that supports and repositions the SurgiBot Base at the operating table; and
- **The 3-D Vision System**: a three dimensional scope and vision system for laparoscopic surgical visualization that can be viewed by all operating room personnel, not just the surgeon.

Key design features of the SurgiBot System are:

- **Precision with scaling**: The SurgiBot System allows the user to adjust the level of mechanized movement using scaled ratios;
- **Strength**: The SurgiBot System features powered motion driven by motors controlled by the surgeon;
- **Ergonomics**: The SurgiBot System stabilizes multiple instruments and a laparoscope, and allows the surgeon to reposition their hands in an ergonomic fashion;
- **Patient side**: The SurgiBot System is positioned next to the operating table, thereby allowing the surgeon, as operator, to remain in the sterile field next to the patient;
- **Internal Triangulation**: The SurgiBot System utilizes a deployment mechanism to achieve triangulation of multiple instruments inside the body as contrasted with other robotic systems that rely on crossing instruments at the patient's abdominal wall. The SurgiBot System allows for triangulation that can be repositioned in the surgical field during a procedure and be maintained at positions throughout a body cavity; and
- **Direct surgeon connection to the instruments**: The SurgiBot System allows the surgeon-operator to maintain human tactile feedback along several degrees of motion. Existing robotic systems lack any such tactile feedback.

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

We currently estimate that we will make the applicable filings for the SurgiBot System with the FDA and other regulatory bodies in the fourth quarter of 2014.

SPIDER® Surgical System

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

Key features of the SPIDER System are:

- Triangulation achieved via single site access through the belly button;
- True left and true right instrumentation for surgeons;
- Flexible, articulating instruments;
- A single-operator platform; and
- An open platform with multiple working channels.

The SPIDER System is commercially available in a limited release in select markets worldwide. As of December 31, 2013, we have sold over 3,000 FDA-cleared, CE Marked SPIDER Systems. In the years ended December 31, 2013 and 2012, TransEnterix Surgical had one customer who accounted for 37% and 21%, respectively, of the revenue from TransEnterix Surgical's products, including the SPIDER System. That customer, Al Danah Medical Co. W.L.L., was a distributor of such products pursuant to a pre-release distribution agreement with TransEnterix Surgical dated June 10, 2012. Although this customer was the most significant purchaser of TransEnterix Surgical's commercialized products during 2012 and 2013, the Company does not believe it is dependent on such customer, as the Company is focused on developing the SurgiBot System, and has reduced its sales and marketing efforts with respect to the other TransEnterix Surgical products, including the SPIDER System.

Surgical Instruments

The Company has developed and manufactures, or has manufactured, flexible and rigid laparoscopic surgical instruments that are used in abdominal surgery, such as scissors, graspers, clip appliers, and suction and irrigation instruments. Such instruments are currently being sold in limited volumes in connection with the SPIDER System described below, and are currently being adapted for use with the SurgiBot System. We expect to launch one such instrument in 2014, which we are calling our flexible energy device. This product has received 510(k) clearance from the FDA, and provides surgeons with a flexible instrument that can be used to perform tissue ligation. We believe the flexibility of our instrument provides the surgeon with the ability to create proper angles for tissue ligation that cannot be achieved with the rigid products currently being sold.

SafeStitch Product Overview

With respect to the SafeStitch products and products in development, the Company has focused its efforts since the Merger on the development of the Gastroplasty Device, and has stopped the commercialization or development of the other SafeStitch products. The product descriptions below reflect activities in 2013 prior to the consummation of the Merger.

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

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

SafeStitch was developing use of the Gastroplasty Device for the diagnosis and treatment of Barrett's Esophagus, which is caused by GERD, and is a condition in which the lining of the esophagus imitates the stomach mucosa, beginning at the esophageal junction and migrating upward. Barrett's esophageal tissue is pre-cancerous and can result in difficulty in swallowing, malignancy and death. Following the Merger, we ceased such development efforts.

The AMID™ HFD Stapler. SafeStitch developed the AMID HFD stapler in cooperation with Dr. Parviz Amid, a pioneer of and renowned expert in the Lichtenstein Hernia Repair. This stapler uses non-absorbable titanium staples to repair inguinal (groin) or ventral (abdominal) hernias, and for the approximation of tissue, including skin. The staples are used to fix mesh in place, which helps prevent the recurrence of a hernia. Hernias impact approximately 3% of the world's population, and roughly 800,000 inguinal hernias are repaired annually in the United States. Greater than 60% of the inguinal hernia repairs performed in developed countries are performed using the Lichtenstein technique popularized by Dr. Parviz Amid, the inventor of the AMID HFD. During the repair, mesh is affixed to tissues to prevent hernia recurrence. Hernias are also repaired through open incision without affixing mesh, and laparoscopically with mesh reinforcement.

In November 2009, SafeStitch received FDA clearance to market the AMID HFD in the United States as a Class II device, and, in February 2010, SafeStitch received CE Mark approval to market the stapler in the European Union and other countries accepting and requiring CE Mark. After SafeStitch commenced production of the AMID HFD in 2010, it voluntarily suspended sales in order to implement several improvements and a more robust and reliable commercial manufacturing process. Thereafter, SafeStitch submitted a "Special 510(k)" to the FDA that was cleared in February 2012. SafeStitch began commercial sales in the United States during the second quarter of 2012. Additionally, SafeStitch supplemented its Technical File for clearance to market the AMID HFD in the European Union. Following the decision to cease sales of the AMID HFD following the Merger, the Company delisted the AMID HFD Stapler in both the U.S. and European Union.

SMART Dilator™. Dilators are used when an endoscopy procedure demonstrates the narrowing of the esophagus. Narrowing may be treated by administering GERD medication or by using a dilator to

expand the esophagus. Approximately 800,000 dilations are performed in the United States each year. According to peer-reviewed literature, dilation results in a 0.5-1.0% perforation rate. Untreated perforation of the esophagus is fatal, usually within two days. SafeStitch's SMART Dilator™ product, which was developed to address perforation risk, was expected to be used to treat GERD and GERD-related complications such as Barrett's Esophagus, but following the Merger we have ceased further development.

Bite Blocks. A bite block is used to protect the endoscope used in transoral gastrointestinal procedures and is utilized in almost all such procedures. Endoscopies require a bite block to protect the endoscope, the patient's teeth and his or her airway. SafeStitch developed a standard bite block and airway bite block to be used during an endoscopy and intended to prevent a low oxygen level during the procedure due to a restricted airway. The latter problem is commonly encountered in obese patients during upper endoscopy and if uncorrected can lead to brain damage and cardiac arrest or arrhythmia. A number of bite blocks are on the market. The bite blocks developed by SafeStitch are Class I 510(k)-exempt devices that required no preclearance from the FDA. The Company is currently developing the bite blocks in connection with the Gastroplasty Device.

Business Strategy

Our strategy is to focus our resources on the development and 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 an increasing number of 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 assisted 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.

Research and Development

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

During the fiscal year ended December 31, 2012, TransEnterix Surgical incurred research and development expenses of approximately $6.3 million, while SafeStitch incurred research and development expenses of $2.9 million. During the fiscal year ended December 31, 2013, the Company

incurred research and development expenses of approximately $12.7 million, primarily related to the SurgiBot System development. SafeStitch and TransEnterix Surgical funded their respective research and development expenses prior to the Merger primarily from proceeds raised from equity and debt financing transactions. We expect to continue to use equity and debt financing transactions to fund our research and development activities. As both TransEnterix Surgical and SafeStitch had limited past revenues from sales of products, no customers were obligated to pay any material portion of such research and development expenses.

Intellectual Property

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

The following summarizes our current patent and patent application portfolio.

TransEnterix Surgical: The Company holds three United States patents, two Japanese patents, and two Australian patents, and it has filed more than thirty patent applications in the United States and abroad. In each instance, we own all right, title and interest, and no licenses, security interests or other encumbrances have been granted on such patents and patent applications. Two of our United States patents resulted from filings relating to the SPIDER System and will remain in force until 2027 and 2032, respectively. The Japanese and Australian patents, which also resulted from filings relating to the SPIDER System, will expire in 2027. The patent applications relate to the SPIDER System, the SurgiBot System, and other instruments and systems for minimally invasive surgical procedures. We intend to seek further patent and other intellectual property protection in the United States and internationally where available and when appropriate as we continue our SurgiBot System product development efforts.

SafeStitch: We also have intellectual property from SafeStitch. We have exclusively licensed technology, know-how and patent applications from Creighton University (Creighton) for the Gastroplasty Device (which was also used in the SMART Dilator and bite blocks products). These patent applications include systems and techniques for minimally invasive gastrointestinal procedures, a dilator for use with an endoscope, and bite blocks for use with an endoscope and for preserving airways of patients during endoscopy. In addition, we have certain rights to other Creighton intellectual property that we have not yet defined as products under development. In total, we have one issued patent and eight patent applications pending in the United States, including those that are exclusively licensed from Creighton. The issued patent, owned by Creighton, relates to the Gastroplasty Device and will expire in 2026. We are also pursuing several of these applications in other countries, and three such foreign patents have been issued.

Pursuant to our exclusive license and development agreement with Creighton (the Creighton Agreement), we own all inventions conceived of and reduced to practice solely by our employees and agents related to the SafeStitch products, and all patent applications and patents related to the SafeStitch products claiming such inventions developed without the use of any licensed patent rights or associated know-how from Creighton. Creighton owns all inventions conceived of and reduced to practice solely by Dr. Charles Filipi, or any Creighton employees or agents who work directly with Dr. Filipi in the course of performing duties for us, and all patent applications and patents claiming such inventions, which inventions, patent applications and all resulting licensed patent rights are subject to the Creighton Agreement. Together with Creighton, we jointly own all inventions conceived of and reduced to practice

jointly by Dr. Filipi, and/or any Creighton employees or agents who work directly with him, and our employees or agents. Notwithstanding the foregoing, Creighton owns all inventions conceived of or reduced to practice under its research and development budget, and all patent applications and patents claiming such inventions, even if conceived of solely by our employees or agents, and such inventions, patent applications and all resulting licensed patent rights are subject to the Creighton Agreement. The Company has seven years after the later of the effective date of the Creighton Agreement or the disclosure and acceptance of a licensed patent and associated know-how (each as defined in the Creighton Agreement) to commence development of the licensed patent or commercially exploit the licensed products developed. We believe the Company's work in developing the Gastroplasty Device has satisfied this requirement; however, if necessary, such seven-year term can be extended by the Company by payment, per licensed patent, of a term extension fee. If the Company fails to develop or commercially exploit a licensed patent and associated know-how within such term, the licensed patent and associated know-how revert back to Creighton. Otherwise, no specific term is established under the Creighton Agreement. Our obligations to pay royalties ends when the last valid claim (as defined in the Creighton Agreement) expires.

Dr. Filipi was the Chief Medical Officer of SafeStitch prior to the Merger, and he continues to serve as our Chief Medical Officer following the Merger.

Competition

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

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

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

The table below lists our products, sourced from TransEnterix Surgical and SafeStitch, and the significant competitors in these product fields:

Products and Products Under Development	Significant Competitors
SPIDER® Surgical System	Applied Medical, Olympus America, Johnson & Johnson and Covidien
The SurgiBot™ System	Intuitive Surgical
Gastroplasty Device	USGI Medical, Endo Gastric Solutions, Inc., ValenTx, Inc., GI Dynamics, Inc. and Medigus, Ltd.

In addition, our ability to compete may be affected by the failure to fully educate physicians in the use of our products and products in development, or by the level of physician expertise. This may have the effect of making our products less attractive. Among the products with which we will directly compete, we expect to differentiate on the basis of ease of use, flexibility and sensitivity, access to the patient, enhanced safety, effectiveness, efficiency and visualization, as well as lower cost, in most cases. Several medical device companies are actively engaged in research and development of robotic systems or other medical devices and tools used in minimally invasive surgery procedures. We cannot predict the basis upon which we will compete with new products marketed by others.

Government Regulation of our Product Development Activities

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

Device Development

Medical devices are subject to varying levels of pre-market regulatory controls. The FDA classifies medical devices into one of three classes: (i) Class I devices are relatively simple and can be manufactured and distributed with general controls; (ii) Class II devices are somewhat more complex and require greater scrutiny; and (iii) Class III devices are new, high risk devices, and frequently are permanently implantable or help sustain life.

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

The second, more comprehensive, approval process applies to a new device that is not substantially equivalent to a pre-1976 product or that is to be used in supporting or sustaining life or preventing impairment. These devices are normally Class III devices. For example, most implantable devices are subject to the approval process. Two steps of FDA approval are generally required before a company can market a product in the United States that is subject to approval, as opposed to clearance, as a Class III device. First, a company must comply with IDE regulations in connection with any human clinical investigation of the device. These regulations permit a company to undertake a clinical study of a

"non-significant risk" device without formal FDA approval. Prior express FDA approval is required if the device is a significant risk device. Second, the FDA must review the company's PMA application, which contains, among other things, clinical information acquired under the IDE. Additionally, devices subject to PMA approval may be subject to a panel review to obtain marketing approval and are required to pass a factory inspection in accordance with the current "good manufacturing practices" standards in order to obtain approval. The FDA will approve the PMA application if it finds there is reasonable assurance that the device is safe and effective for its intended use. The PMA process takes substantially longer than the 510(k) process, approximately one to two years or more. However, in some instances the FDA may find that a device is new and not substantially equivalent to a predicate device but is also not a high risk device as is generally the case with Class III PMA devices. In these instances FDA may allow a device to be down classified from Class III to Class I or II. The de novo classification option is an alternate pathway to classify novel devices of low to moderate risk that had automatically been placed in Class III after receiving a "not substantially equivalent" (NSE) determination in response to a 501(k) notification. The FDCA has also been amended to allow a sponsor to submit a de novo classification request to the FDA for novel low to moderate risk devices without first being required to submit a 510(k) application. These types of applications are referred to as "Evaluation of Automatic Class III Designation" or "de novo." In instances where a device is deemed not substantially equivalent to a Class II predicate device, the candidate device may be filed as a de novo application which may lead to delays in regulatory decisions by the FDA. FDA review of a de novo application may lead the FDA to identify the device as either a Class I or II device and worthy of either an exempt or 510(k) regulatory pathway.

We believe that the SurgiBot System-related products are Class II devices, and we are in the process of pursuing Section 510(k) clearance for such products. The FDA might not agree with our assessment that the SurgiBot System is eligible for the 510(k) process or that the SurgiBot System is a Class II device. If that were to occur, we would be required to undertake the more complex and costly PMA process or perhaps be considered for a de novo reclassification. However, for either the 510(k), de novo, or the PMA process, the FDA could require us to conduct clinical trials, which would take more time, cost more money and pose certain other risks and uncertainties.

We have participated in discussions with, and intend to continue to engage in discussions with, the FDA regarding the appropriate regulatory pathway for our products, with primary emphasis directed toward confirming the regulatory pathway for the SurgiBot System. While clinical trial data for Class II devices are generally not required, we have received information from FDA that clinical trial data may be required for the SurgiBot System to enable market clearance. Should a clinical study be required to support a 510(k) submission, the Company would seek FDA advisement on study design, endpoints and statistical methods. Additionally, clinical data may be required to support a CE Mark filing. The Company is pursuing regulatory guidance on the requirements related to the clinical evaluation to support a CE Mark.

We believe that our Gastroplasty Device for the treatment of obesity is a Class III device subject to PMA approval by the FDA and that this device will require clinical trials in order to meet the PMA requirements. Prior to initiation of pilot or pivotal clinical studies in support of a PMA application the Company will file a pre-submission application and meet with FDA to gain approval on an agreed upon study plan including study population, study objectives, endpoints, means of measure, and statistical methods.

Even when a clinical study has been approved by the FDA or deemed approved, the study is subject to factors beyond a manufacturer's control, including, but not limited to, the fact that the institutional review board (IRB) at a specified clinical site might not approve the study, might decline to renew approval, or might suspend or terminate the study before its completion. There is no assurance that a clinical study at any given site will progress as anticipated. In addition, there can be no assurance that

the clinical study will provide sufficient evidence to assure the FDA that the product is safe and effective, a prerequisite for FDA approval of a PMA, or substantially equivalent in terms of safety and effectiveness to a predicate device, a prerequisite for clearance under Section 510(k). Even if the FDA approves or clears a device, it may limit its intended uses in such a way that manufacturing and distribution of the device may not be commercially feasible.

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

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

A company that intends to manufacture medical devices is required to register with the FDA before it begins to manufacture the device for commercial distribution. As a result, we and any entity that manufactures products on our behalf will be subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation (QSR) requirements and other regulations. In Europe, we need to comply with the requirements of the Medical Devices Directive, or MDD, and appropriately affix the CE Mark on our products to attest to such compliance. To achieve compliance, our products must meet the "Essential Requirements" of the MDD relating to safety and performance and we must successfully undergo verification of our regulatory compliance, or conformity assessment, by a notified body selected by us. The level of scrutiny of such assessment depends on the regulatory class of the product. We are subject to continued surveillance by our notified body and will be required to report any serious adverse incidents to the appropriate authorities. We also must comply with additional requirements of individual countries in which our products are marketed. In the European Community, we are required to maintain certain International Organization for Standardization (ISO) certifications in order to sell products. These regulations require us or our manufacturers to manufacture products and maintain documents in a prescribed manner with respect to design, manufacturing, testing, labeling and control activities. Further, we are required to comply with various FDA and other agency requirements for labeling and promotion. The FDA's Medical Device Reporting regulations require that we provide information to the FDA whenever there is evidence to reasonably suggest that a device may have caused or contributed to a death or serious injury or, if a malfunction were to occur, could cause or contribute to a death or serious injury. In addition, the FDA prohibits us from promoting a medical device for unapproved indications.

Impact of Regulation

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

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

Health Care Regulation

In the United States, there have been, and we expect there to continue to be, a number of legislative and regulatory initiatives, at both the federal and state government levels, to change the healthcare system in ways that, if approved, could affect our ability to sell our products profitably. At the current time, our products are not defined as durable medical equipment (DME). Non-DME devices used in surgical procedures are normally paid directly by the hospital or health care provider and not reimbursed separately by third-party payors. Instead, the hospital or health care provider is reimbursed based on the procedure performed and the inpatient or outpatient stay. As a result, these types of devices are subject to intense price competition that can place a small manufacturer at a competitive disadvantage as hospitals, ASCs and health care providers attempt to negotiate lower prices for products such as the ones we develop and sell.

In March 2010, President Obama signed into law both the Patient Protection and Affordable Care Act (the Affordable Care Act) and the reconciliation law known as Health Care and Education Affordability Reconciliation Act (the Reconciliation Act, and, with the Affordable Care Act, the 2010 Health Care Reform Legislation). The constitutionality of the 2010 Health Care Reform Legislation was confirmed on June 28, 2012 by the Supreme Court of the United States. Specifically, the Supreme Court upheld the individual mandate and included changes regarding the extension of medical benefits to those who currently lack insurance coverage. Thus, the 2010 Health Care Reform Legislation will change the existing state of the health care system by expanding coverage through voluntary state Medicaid expansion, attracting previously uninsured persons through the new health care insurance exchanges and by modifying the methodology for reimbursing medical services, drugs and devices, such as our products. These structural changes could entail modifications to the existing system of third-party payors and government programs, such as Medicare and Medicaid or some combination of both, as well as other changes.

The 2010 Health Care Reform Legislation subjects manufacturers of medical devices to an excise tax of 2.3% on certain U.S. sales of medical devices beginning in January 2013. This excise tax will likely increase our expenses in the future.

Further, the 2010 Health Care Reform Legislation includes the Physician Payments Sunshine Act, which, in conjunction with its implementing regulations, requires manufacturers of certain drugs, biologics, and devices that are reimbursed by Medicare, Medicaid and the Children’s Health Insurance Program to report certain payments or “transfers of value” provided to physicians and teaching hospitals and to report ownership and investment interests held by physicians and their immediate family members during the preceding calendar year. The Centers for Medicare & Medicaid Services, or CMS, issued its final rule implementing the Physician Payments Sunshine Act in February 2013, and required data collection commenced as of August 1, 2013. Manufacturers must report aggregated data for August

through December of 2013 to CMS in the first quarter of 2014 and more detailed information regarding the specific payments and transfers of value in the second quarter of 2014. CMS will release the data on a public website by September 30, 2014. The Company is in the process of complying with its obligations under the Physician Payments Sunshine Act. The failure to report appropriate data could subject us to significant financial penalties. Other countries and several states currently have similar laws and more may enact similar legislation.

Regulations under the 2010 Health Care Reform Legislation have been, and are expected to continue to be, drafted, released and finalized throughout the next several years. The full impact of the 2010 Health Care Reform Legislation, as well as laws and other reform measures that may be proposed and adopted in the future, remains uncertain, but may continue the downward pressure on medical device pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs, which could have a material adverse effect on our business operations.

International Regulation and Potential Impact

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

Employees

As of December 31, 2013, we had 92 employees, including 91 full time employees. The Company considers its relationships with its employees to be good.

Corporate Information

TransEnterix Surgical

TransEnterix Surgical was originally incorporated under the laws of the State of Delaware on July 12, 2006. On September 3, 2013, TransEnterix Surgical merged with and into a SafeStitch merger subsidiary and became a wholly owned subsidiary of SafeStitch.

SafeStitch

SafeStitch was originally incorporated on August 19, 1988 as NCS Ventures Corp. under the laws of the State of Delaware. Its name was changed to Cellular Technical Services Company, Inc. on May 31, 1991. On September 4, 2007, SafeStitch acquired SafeStitch LLC, and, in January 2008, changed its name to SafeStitch Medical, Inc. On December 6, 2013, SafeStitch's name was changed to TransEnterix, Inc.

Combined Company

The Company's principal executive offices are located at 635 Davis Drive, Suite 300, Morrisville, NC 27560.

Available Information

The Company maintains a website at www.transenterix.com. Our Code of Business Conduct and Ethics, as reviewed and updated on February 18, 2014, is available on our website. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge on our website as soon as practicable after electronic filing of such material with, or furnishing it to, the U.S. Securities and Exchange Commission (the SEC). This information may be read and copied at the Public Reference Room of the SEC at 100 F Street, N.E., Washington D.C. 20549. The SEC also maintains an internet website that contains reports, proxy statements, and other information about issuers, like TransEnterix, Inc., who file electronically with the SEC. The address of the site is http://www.sec.gov.

PART II

ITEM 7. 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 "Risk Factors" and our consolidated financial statements and the related notes to our consolidated financial statements included in our 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 following discussion contains forward-looking statements. See cautionary note regarding "Forward-Looking Statements" at the beginning of this Form 10-K/A Amendment No. 2.

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 is U.S. Food and Drug Administration (FDA) cleared. 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.

The Company has maintained the operations of SafeStitch that are focused on developing its Gastroplasty Device for the treatment of obesity.

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 are designed to; (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 (ASCs) 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 December 31, 2013 we had an accumulated deficit of $98.3 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.

As of December 31, 2013, we have incurred $2.9 million of Merger related expenses which were included in operating expenses.

The Company operates in one business segment.

Recent Events

Merger

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, when we refer to the registrant as a combination of SafeStitch and TransEnterix Surgical after giving effect to the Merger, we use the terms “TransEnterix,” the “Company,” “we,” “us,” and “ours”. When we refer to the historic business, operations and corporate status of the parent in the Merger we use the term “SafeStitch” and when we refer to the historic business, operations and corporate status of the subsidiary in the Merger we use the term “TransEnterix Surgical.”

On September 3, 2013, pursuant to an Agreement and Plan of Merger dated August 13, 2013, and amended by a First Amendment dated August 30, 2013 (collectively, the Merger Agreement) by and

among SafeStitch, Tweety Acquisition Corp., a Delaware corporation (Merger Sub) and TransEnterix Surgical, the Merger was consummated and TransEnterix Surgical became a wholly owned subsidiary of 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 (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.

Following the announcement of the Merger on August 14, 2013, the common stock price increased prior to the Merger closing date of September 3, 2013, generating additional goodwill. As of December 31, 2013, the net carrying value of our goodwill and other intangible assets totaled approximately $96.6 million. In accordance with generally accepted accounting principles, we annually assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may impair our goodwill and other intangible assets. Any charges relating to such impairments would adversely affect our results of operations in the periods recognized. We performed our annual impairment analysis as of December 31, 2013. Based upon the results of our analysis, we determined that no impairment of goodwill existed as of this date.

TransEnterix Surgical Bridge Loan

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 Loan and Security Agreement dated as of January 17, 2012, as amended, among Silicon Valley Bank and Oxford Finance LLC, and TransEnterix Surgical. The Bridge Notes were converted into Series B Convertible Preferred Stock of the Company at the effective time of the Merger.

Private Placement

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 for the Company's operations following the Merger. The Private Placement was done pursuant to a Securities Purchase Agreement (the Purchase Agreement) with certain private investors (the Investors), pursuant to which the Investors agreed to purchase an aggregate of 7,544,704.4 shares Series B Preferred Stock, each share of which was convertible, subject to certain conditions, into ten (10) shares of common stock (the Conversion Shares and, together with the Series B Preferred Stock, the Private Placement Securities), for a purchase price of $4.00 per share of Series B Preferred Stock, which was paid in cash, cancellation of certain indebtedness of TransEnterix 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 for cash proceeds of $100,000. Proceeds from the issuance of the Series B Preferred Stock, net of issuance costs, were $28.2 million. Each outstanding share of Series B Preferred Stock was automatically

converted into ten (10) shares of common stock on December 6, 2013, upon the filing of the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock.

Lock-Up and Voting Agreement

In connection with the Merger Agreement and the Private Placement, certain of SafeStitch's and TransEnterix Surgical's former stockholders, 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.

Additionally, pursuant to the Lock-up and Voting Agreements, each person party thereto has agreed, for the period commencing on the Closing Date and ending on the one-year anniversary of the Closing Date, to vote all of such person's Covered Securities in favor of: (i) amending the Company's Amended and Restated Certificate of Incorporation to change the legal name of the Company to "TransEnterix, Inc."; (ii) effecting a reverse stock split of the common stock on terms approved by the Company's Board; and (iii) amending the Company's 2007 Incentive Compensation Plan in order to increase the number of shares of common stock available for issuance thereunder. The events in (i) and (iii) took place during the fourth quarter of 2013, and the reverse stock split was approved by our stockholders in February 2014.

Registration Rights Agreement

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

The foregoing description of the Purchase Agreement, the Lock-Up and Voting Agreement and the Registration Rights Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Purchase Agreement, the form of Lock-up and Voting Agreement and the Registration Rights Agreement, which are filed as Exhibit 10.1, Exhibit 10.2 and Exhibit 10.10, respectively, to the Form 8-K dated September 6, 2013, and incorporated by reference herein.

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. The Company records revenue when persuasive evidence of an arrangement exists, delivery has occurred which is typically at shipping point, the fee is fixed and determinable and collectability is reasonably assured. Shipping and handling costs billed to customers are included in revenue.

Sales for the year ended December 31, 2013 decreased 33% to $1.4 million compared to $2.1 million for the year ended December 31, 2012. 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

Cost of goods sold consists of materials, labor and overhead incurred internally to produce our products. Shipping and handling costs incurred by the Company are included in cost of goods sold.

Cost of goods sold for the year ended December 31, 2013 increased 9% to $4.8 million as compared to $4.4 million for the year ended December 31, 2012. The $0.4 million increase was primarily related to an increase in the reserve for obsolete inventory of $0.7 million for raw material inventory that we do not anticipate utilizing, as we limit sales of our SPIDER System to our existing customers and an increase in other manufacturing and quality costs of $0.3 million, offset by a decrease of $0.6 million in cost of finished goods as a result of a decrease in sales during the same period.

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.

R&D expenses for the year ended December 31, 2013 increased 102% to $12.7 million as compared to $6.3 million for the year ended December 31, 2012. The $6.4 million increase resulted primarily from the increase of personnel related expenses of $2.4 million as we increased the headcount in our research and development and regulatory functions, the increase in supplies and other expenses of $2.3 million and an increase of $1.4 million for contract engineering services and consulting related to product development of our SurgiBot System. R&D expenses incurred by SafeStitch from the date of the Merger through December 31, 2013 were also $0.3 million.

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.

Sales and marketing expenses for the year ended December 31, 2013 decreased 49% to $1.9 million compared to $3.7 million for the year ended December 31, 2012. The $1.8 million decrease was primarily related to lower personnel-related costs of $1.2 million and travel-related expenses of $0.2 million as we decreased our direct sales and marketing personnel and reduced expenditures for marketing clinical studies, demonstration product and tradeshows and other marketing expenses of $0.4 million.

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.

General and administrative expenses for the year ended December 31, 2013 increased 50% to $4.2 million compared to $2.8 million for the year ended December 31, 2012. The $1.4 million increase was primarily due to increased personnel costs of $0.4 million, increased stock compensation costs of $0.5 million, increased legal, accounting and investor relation fees of $0.4 million, and increased insurance costs of $0.2 million, offset by decreased consulting expenses of $0.1 million.

Merger Expenses

Merger expenses consist primarily of legal, investment banking, accounting and other professional fees related to the Merger. We incurred $2.9 million of Merger related expenses for the year ended December 31, 2013.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment was the result of an impairment charge of $0.4 million for a change in the estimate of the useful lives for certain manufacturing property and equipment that we do not anticipate using in the future.

Other Expense, Net

Other expense is primarily composed of interest expense on long-term debt and the remeasurement of fair value of preferred stock warrant liability.

Other expense for the year ended December 31, 2013 increased to $2.8 million compared to $0.4 million for the year ended December 31, 2012. The $2.4 million increase was related to the remeasurement of fair value of the preferred stock warrant liability immediately preceding the Merger of $1.8 million, and an increase in interest expense of $0.6 million as a result of an additional $6.0 million in proceeds received by us from the issuance of debt in December 2012.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception we have incurred significant losses and, as of December 31, 2013, we had an accumulated deficit of $98.3 million. We have not yet achieved profitability and we cannot assure investors that we will achieve profitability with our existing capital resources. Our recurring losses raise substantial doubt about our ability to continue as a going concern. As a result, the Company's independent registered public accounting firm included an explanatory paragraph in its report on our consolidated financial statements as of and for the years ended December 31, 2013 and 2012 with respect to this uncertainty. 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 private placements of common and preferred stock, incurrence of debt and the sale of equity securities held as investments.

In January 2014, we filed a "universal shelf" Registration Statement on Form S-3 (the Shelf Registration Statement) with the SEC. Once the SEC declares the Shelf Registration Statement effective, it will allow us to raise up to an additional $100.0 million through the sale of debt securities, common stock, preferred stock, or warrants, or any combination thereof.

At December 31, 2013, we had cash, cash equivalents and short-term investments of approximately $16.2 million. Our cash and cash equivalents increased by approximately $1.1 million during the year ended December 31, 2013 primarily as a result of net cash provided by Private Placement transaction of $28.2 million, proceeds from issuance of bridge notes of $2.0 million, proceeds from the exercise of options and warrants of $0.1 million, and cash received in acquisition of a business, net of cash paid of $0.2 million offset by net cash used in operating activities of $21.2 million, payments on term debt of $1.5 million, purchases of property and equipment of $1.4 million, and purchase of investments, net of sales of $5.3 million.

Cash Flows

Net Cash Used in Operating Activities

Net cash used in operating activities was $21.2 million during the year ended December 31, 2013. This amount was attributable primarily to the net loss after adjustment for non-cash items, such as depreciation and amortization, stock-based compensation, remeasurement of fair value of preferred stock warrant liability, impairment loss on property and equipment, plus the net change in operating assets and liabilities for the year ended December 31, 2013, which consisted primarily of increases in accounts payable and accrued expenses and a decrease in inventory and accounts receivable.

Net Cash Used in Investing Activities

Net cash used in investing activities was $6.5 million during the year ended December 31, 2013. This amount reflected the net cash paid for the purchases of property and equipment of $1.4 million and purchase of investments, net of sales of $5.3 million, offset by cash received in the acquisition, net of cash paid of $0.2 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities during the year ended December 31, 2013 was $28.8 million, which reflected the $28.2 million net proceeds from the issuance of preferred stock under the Securities Purchase Agreement, proceeds from issuance of bridge notes of $2.0 million, and proceeds from the issuance of stock options and warrants of $0.1 million, offset by the payment on debt of $1.5 million.

Operating Capital and Capital Expenditure Requirements

We believe that our existing cash and cash equivalents, together with cash received from sales of our products, will not be sufficient to meet our anticipated cash needs through December 31, 2014. We intend to spend substantial amounts on research and development activities, including product development, regulatory and compliance, clinical studies in support of our future product offerings, and the enhancement and protection of our intellectual property. We will need to obtain additional financing to pursue our business strategy, to respond to new competitive pressures or to take advantage of opportunities that may arise. To meet our capital needs, we are considering multiple alternatives, including, but not limited to, additional equity financings, debt financings and other funding transactions. There can be no assurance that we will be able to complete any such transaction on acceptable terms or otherwise. If we are unable to obtain the necessary capital, we will need to pursue a plan to license or sell our assets, cease operations and/or seek bankruptcy protection.

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 Loan and Security Agreement dated as of January 17, 2012, among Silicon Valley Bank and Oxford Finance LLC, and TransEnterix Surgical. The Bridge Notes were converted into Series B Convertible Preferred Stock of the Company at the effective time of the Merger.

On September 3, 2013, the Company consummated the Private Placement transaction in which it issued and sold shares of its Series B Preferred Stock to finance the operations of the Company following the Merger. The Private Placement was done pursuant to the Purchase Agreement with the Investors signatory thereto, 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 ten (10) shares of common stock, for a purchase price of $4.00 per share of Series B Preferred Stock, which was paid in cash, cancellation of certain indebtedness of TransEnterix 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 for cash proceeds of $100,000. Proceeds from the issuance of the Series B Preferred Stock, net of issuance costs, were $28.2 million.

In connection with the Merger, the Company assumed and became the borrower under TransEnterix Surgical's outstanding credit facility pursuant to the terms of the Loan and Security Agreement, dated as of January 17, 2012 (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, the Company is 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, the Company is 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 assets of the Company 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 the Company's 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 the Company's existing business

Under the Shelf Registration Statement, we will have the ability to issue debt securities, common stock, preferred stock, or warrants, or any combination thereof. The sale of additional equity or convertible debt securities could result in dilution to our stockholders. In addition, any debt securities we issue could have rights senior to those associated with our common stock and could contain covenants that would restrict our operations. Furthermore, any preferred equity securities we issue could have rights senior to those associated with our common stock. Depending on our non-affiliated public equity float during the time period prior to consummating another financing transaction, the Shelf Registration Statement will allow us to raise up to an additional $100.0 million of securities. The timing and terms of any additional financing transactions, whether pursuant to the 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):

		Payments due by period		
	Total	Less than 1 year	1 to 3 years	3 to 5 years
Long-term debt obligations	$ 9.7	$ 4.5	$ 5.2	—
Operating leases	$ 1.1	$ 0.5	$ 0.5	$ 0.1
Total contractual obligations	$10.8	$ 5.0	$ 5.7	$ 0.1

Long-term debt obligations include future payments under the Amended Loan Agreement.

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. 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.

Off-Balance Sheet Arrangements

As of December 31, 2013, we did not have any off-balance sheet arrangements.

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 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 Financial Statements set forth in our financial statements for the years ended December 31, 2013 and 2012, which are attached as Item 8 of 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 10 years. We periodically evaluates 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 estimates 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. Raw materials consist of purchased material as well as sub-assemblies for which some labor has been applied. We record reserves, when necessary, to reduce the carrying value of inventory to their net realizable value. At the point of loss recognition, a new, lower-cost basis for that inventory is established, and any subsequent improvements in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Recent Accounting Pronouncements

See “Note 2. Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements in “Item 8. Financial Statements and Supplementary Data” of 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 9A. CONTROLS AND PROCEDURES

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 December 31, 2013. 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.

In December 2013, our management identified that the Company did not include a shareholder advisory vote on “say-on-pay” or a shareholder advisory vote on “say-on-frequency” as required by Rule 14a-21 in the SafeStitch proxy statement for its 2013 annual meeting of stockholders. SafeStitch was a smaller reporting company at the time and failure to include such advisory votes was inadvertent. Management re-evaluated the effectiveness of the Company’s disclosure controls and procedures for the quarters ended June 30, 2013 and September 30, 2013, and concluded that the Company’s disclosure controls and procedures were not effective for those quarters in ensuring that all requirements were met in 2013 with respect to the Company’s proxy statement. The Company is implementing additional procedures, including securities counsel review of all future SEC filings, to ensure that all requirements, including the requirements of Rule 14a-21, are met. Based on such evaluation, and with such changes implemented, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2013, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed 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. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For the year ended December 31, 2013, pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, management (with the participation of our principal executive officer and principal financial officer) conducted an evaluation of the effectiveness of our internal control over financial reporting based on the original framework established in Internal Control— Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that, as of December 31, 2013, our internal control over financial reporting was effective.

Changes in Internal Controls 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 III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

Our executive officers are elected by the Board of Directors (the Board), and serve for a term of one year and until their successors have been elected and qualified or until their earlier resignation or removal by the Board. There are no family relationships among any of the directors and executive officers of the Company. Pursuant to the Agreement and Plan of Merger, dated as of August 13, 2013, by and among SafeStitch, Tweety Acquisition Corp. and TransEnterix Surgical, as amended (Merger Agreement), SafeStitch had the ability to appoint three members of our Board and TransEnterix Surgical had the ability to appoint six members of our Board. Such appointment rights did not continue beyond the initial rights as set forth in the Merger Agreement. In accordance with our amended and restated certificate of incorporation, as amended, incumbent directors are elected to serve until our next annual meeting and until each director's successor is duly elected and qualified. No director or executive officer has been involved in any legal proceeding during the past ten years that is material to an evaluation of his or her ability or integrity.

The following table sets forth names, ages and positions with the Company for all directors and executive officers of the Company as of March 10, 2014:

	Age	Position	Director Since (1)
Directors			
Dennis J. Dougherty	66	Director	2013
Phillip Frost, M.D.	77	Director	2013
Jane H. Hsiao, Ph.D., MBA	66	Director	2005
Aftab R. Kherani, M.D.	40	Director	2013
Paul A. LaViolette	56	Director, Chairman of the Board	2013
David B. Milne	51	Director	2013
Richard C. Pfenniger, Jr.	58	Director	2005
Todd M. Pope	48	Chief Executive Officer, President, Director	2013
William N. Starling	60	Director	2013
Other Executive Officers			
Richard M. Mueller	41	Chief Operating Officer	
Joseph P. Slattery	49	Chief Financial Officer	

(1) Dennis Dougherty, Aftab Kherani, Paul LaViolette, David Milne and William Starling were members of the Board of Directors of TransEnterix Surgical prior to the Merger. TransEnterix Surgical is now a wholly owned subsidiary of the Company. Mr. Dougherty served as a director of TransEnterix Surgical from September 2010 until September 3, 2013. Dr. Kherani served as a director of TransEnterix Surgical from December 2012 until September 3, 2013. Mr. LaViolette served as a director and Chairman of the Board of TransEnterix Surgical from July 2011 until September 3, 2013. Mr. Milne served as a director of TransEnterix Surgical from December 2007 until September 3, 2013. Mr. Starling served as a director of TransEnterix Surgical from its founding in July 2006 until September 3, 2013. Under the Merger Agreement, at the time of the Merger on September 3, 2013, each of Messrs. Dougherty, LaViolette, Milne and Starling and Dr. Kherani became members of the Board of Directors of the Company and resigned as members of the Board of TransEnterix Surgical.

Directors

The following information summarizes, for each of our directors, his or her principal occupations and other public company directorships for at least the last five years and information regarding the specific experiences, qualifications, attributes and skills of such director:

Dennis J. Dougherty. Mr. Dougherty founded and has been the Managing General Partner of Intersouth Partners since 1985. Mr. Dougherty holds primary responsibility for Intersouth's life science portfolio, which includes companies in biopharmaceuticals, medical technology and agribusiness, working with companies from founding through public offering. Mr. Dougherty has served on the boards of directors of more than 40 companies, most of which were privately held. Mr. Dougherty is a founder of the North Carolina Council for Entrepreneurial Development and was a member of the Steering Committee for the Kauffman Fellows Program. He has served on the Board of Directors of the National Venture Capital Association and is on the Board of Trustees of Oklahoma City University. Mr. Dougherty was also an office managing partner for Touche Ross and Co. (now Deloitte & Touche). He holds a B.S. in Business from Oklahoma City University and completed postgraduate studies in accounting and finance at Duke University. The Board believes that Mr. Dougherty's deep experience in venture investment since his founding of Intersouth Partners, active work with biopharmaceuticals and medical technology companies, commitment to active participation with many entrepreneurial and start-up organizations, and his board service on many publicly held and privately owned companies position him to provide valuable insight and make substantial contributions to our Board.

Phillip Frost, M.D. Dr. Frost currently serves as the CEO and Chairman of OPKO Health, Inc. (OPKO), a specialty healthcare company. Dr. Frost was named the Chairman of the Board of Teva Pharmaceutical Industries, Limited (Teva), in March 2010 and had previously been Vice Chairman since January 2006 when Teva acquired IVAX Corporation (IVAX). Dr. Frost had served as Chairman of the Board of Directors and Chief Executive Officer of IVAX since 1987 until its acquisition by Teva. He was Chairman of the Department of Dermatology at Mt. Sinai Medical Center of Greater Miami, Miami Beach, Florida from 1972 to 1990. Dr. Frost was Chairman of the Board of Directors of Key Pharmaceuticals, Inc. from 1972 until the acquisition of Key Pharmaceuticals by Schering Plough Corporation in 1986. Dr. Frost was named Chairman of the Board of Ladenburg Thalmann Financial Services Inc., an investment banking, asset management, and securities brokerage firm providing services through its principal operating subsidiary, Ladenburg Thalmann & Co. Inc., in July 2006 and has been a director of Ladenburg Thalmann from 2001 until 2002 and again since 2004. He serves as a member of the Board of Trustees of the University of Miami and as a Trustee of each of the Miami Jewish Home for the Aged, and the Mount Sinai Medical Center. Dr. Frost is also a director of Castle Brands, a developer and marketer of premium brand spirits, and a director of BioZone Pharmaceutical, Inc., a developer, manufacturer, and marketer of over-the-counter drugs. Dr. Frost previously served as a director for PROLOR Biotech, Inc. (Prolor), Continucare Corporation, Northrop Grumman Corp., Ideation Acquisition Corp., and Protalix Bio Therapeutics, Inc., and as Governor and Co-Vice-Chairman of the American Stock Exchange. Dr. Frost received his B.A. from the University of Pennsylvania and his M.D. from Albert Einstein College of Medicine. The Board believes that Dr. Frost's qualifications, attributes and skills for service on our Board include his medical background, his pertinent experience in the pharmaceutical and healthcare companies, financial expertise, knowledge of the regulatory process for obtaining product clearances and approval, industry knowledge, managerial experience and public company board service.

Jane H. Hsiao, Ph.D., MBA. Dr. Hsiao served as Chairman of the Board from September 2007 until September 2013. Dr. Hsiao has served since May 2007 as Vice-Chairman and Chief Technical Officer of OPKO. Since October 2008, Dr. Hsiao has served as Chairman of the Board and, since February 2012, Interim CEO of medical device developer, Non-Invasive Monitoring Systems, Inc. (NIMS). Additionally, Dr. Hsiao serves as a director Neovasc, Inc., a company developing and marketing medical specialty vascular devices. Dr. Hsiao previously served as the Vice Chairman-Technical Affairs and Chief Technical Officer of IVAX, from 1995 until IVAX was acquired in January 2006 by Teva. Dr. Hsiao also served as Chairman, CEO and President of IVX Animal Health, IVAX's veterinary products subsidiary, from 1998 until 2006, and as IVAX's Chief Regulatory Officer from 1992 to 1995. Dr. Hsiao previously served on the board of directors of Prolor, Ivax Diagnostics, Inc. and Sorrento Therapeutics, Inc., a development stage biopharmaceutical company. Dr. Hsiao received her B.S. from National Taiwan University and her Ph.D. from the University of Illinois, Chicago. Dr. Hsiao's background in building and growing companies in the pharmaceutical and medical device industry, her strong technical expertise, as well as her senior management experience and extensive board service allow her to play an integral role as a member of our Board. Her broad experience in many biotechnology and life science companies gives her a keen understanding and appreciation of the many regulatory and developmental issues confronting medical device, pharmaceutical and biotechnology companies.

Aftab R. Kherani, M.D. Since September 2008, Dr. Kherani has served as a Principal of Aisling Capital. Previously, Dr. Kherani was an Engagement Manager at McKinsey & Company, where he was a member of the Pharmaceutical, Medical Product and Private Equity practices. Prior to McKinsey, Dr. Kherani was a Chief Resident in Surgery at Duke University Medical Center, where he completed his residency in general surgery. He completed a two-year post-doctoral research fellowship at Columbia University, College of Physicians & Surgeons from 2001 to 2003. Dr. Kherani currently serves as a board observer at T2 Biosystems, Inc., a privately-held company. Dr. Kherani received his M.D. from Duke, and his B.S. in Biology and A.B. in Economics from Duke. The Board believes that Dr. Kherani's qualifications, skills and attributes including his experience as a general surgeon, coupled with his strong investment background and healthcare consulting experience, position him to provide unique insights and be a valuable contributor to our Board.

Paul A. LaViolette. Mr. LaViolette has served as Chairman of our Board since September 2013. Mr. LaViolette is Managing Partner and Chief Operating Officer at SV Life Sciences Fund IV, L.P. (SVLS), a medical device value fund. He joined SVLS in 2009 and has over 33 years of global medical technology management experience. Prior to joining SVLS, Mr. LaViolette was most recently Chief Operating Officer at Boston Scientific Corporation (BSC), an $8 billion medical device leader. During his 15 years at BSC, he served as COO, Group President, President-Cardiology and President-International. Mr. LaViolette integrated two dozen acquisitions and led extensive product development, operations and worldwide commercial organizations. Mr. LaViolette previously held marketing and general management positions at CR Bard, and various marketing roles at Kendall (Covidien). He currently serves on the boards of Baxano Surgical, Inc. and Thoratec Corporation, each of which are publicly held. Additionally, Mr. LaViolette serves on the boards of Cardiofocus, Inc., CardioKinetix, Inc., Coridea NC2, Inc., CSA Medical Inc., DC Devices Inc., Direct Flow Medical, Inc. and ValenTx, Inc., each of which are privately-held, as well as the Medical Device Manufacturers Association. Mr. LaViolette received his B.A. in Psychology from Fairfield University and his MBA from Boston College. Mr. LaViolette's broad experience and many attributes qualify him to serve on our Board, and as the Chairman of our Board. Mr. LaViolette's vast medical device operating experience makes him knowledgeable in the areas of product launches, new product development, clinical and regulatory affairs, plant management, quality systems, international sales and marketing, acquisitions and integrations and the analysis of investment opportunities.

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

Richard C. Pfenniger, Jr. Mr. Pfenniger served as the Interim CEO of IntegraMed America, Inc., a privately held company (IntegraMed), from January 2013 through June 2013. Previously, Mr. Pfenniger served as Chief Executive Officer and President of Continucare Corporation, a provider of physician services, from October 2003 until December 2011, and the Chairman of Continucare's board of directors from September 2002 until December 2011. Additionally, Mr. Pfenniger served as CEO and Vice Chairman of Whitman Education Group, Inc., a post-secondary education provider, from 1997 until 2003. From 1994 to 1997, Mr. Pfenniger served as Chief Operating Officer of IVAX Corporation, and from 1989 to 1994 he served as Senior Vice President-Legal Affairs and General Counsel of IVAX Corporation. Mr. Pfenniger is a director of GP Strategies, Inc., a corporate education and training company, OPKO, and IntegraMed. Mr. Pfenniger received his B.S. from Florida Atlantic University and his J.D. from the University of Florida. As a result of Mr. Pfenniger's multi-faceted experience as a chief executive officer, chief operating officer and general counsel, he is able to provide valuable business, leadership and management advice to the Board in many critical areas. In addition, Mr. Pfenniger's knowledge of the healthcare business has given him insight into many aspects of our business. Mr. Pfenniger also brings financial expertise to the Board, including through his service as Chairman of our Audit Committee.

Todd M. Pope. Mr. Pope became our President and Chief Executive Officer on September 3, 2013 in connection with the consummation of the Merger. Prior to the Merger, he was the president and chief executive officer of TransEnterix Surgical from September 2008. Mr. Pope has spent more than 20 years working in key leadership positions within the medical device industry. Prior to joining TransEnterix Surgical, Mr. Pope served as worldwide president of Cordis, a multi-billion-dollar division within Johnson & Johnson's medical device business. Mr. Pope previously held a number of leadership positions within Johnson & Johnson and BSC. Mr. Pope received his bachelor's degree from University of North Carolina at Chapel Hill, and currently serves on the University's Kenan-Flagler Board of Visitors, and Educational Foundation Executive Board. The Board believes that Mr. Pope's more than 20 years' leadership experience in the medical device industry, at both privately held and multi-national companies, and his knowledge of the industry, coupled with his deep understanding of our technologies, product candidates, market and history make him an essential contributor to our Board.

William N. Starling. William N. Starling is Managing Director of Synergy Life Science Partners, LP, a life science venture capital firm founded in 2006, and Chief Executive Officer and co-founder, in 2001, of Synecor, LLC, an incubator for new life science companies. As CEO of Synecor, Mr. Starling is a cofounder of BaroSense Inc., Bioerodible Vascular Solutions, Inc., InnerPulse, Inc., TransEnterix, Interventional Autonomics Corporation, NeuroTronik Limited, and Aegis Surgical, Limited. Mr. Starling currently serves as President and CEO of Aegis Surgical and Interventional Autonomics Corporation, and as a board member of EBR Systems, Inc. and iRhythm Technologies, all of which are privately-held. He began his career in the medical technology device industry at American Edwards Laboratories and subsequently was part of the founding management team and Director of Marketing for Advanced

Cardiovascular Systems, Inc.; a cofounder, Vice President and board member of Ventritex, Inc.; and a cofounder and Chairman of the Board of Directors and President/CEO of Cardiac Pathways Corporation. Mr. Starling received his BSBA degree from the University of North Carolina at Chapel Hill and his MBA degree from the University of Southern California. The Board believes that Mr. Starling's experience in working with companies throughout their life cycle from start-up, through IPO to publicly traded, his extensive contributions to the medical device industry and his public company board experience make him a valuable contributor to our Board.

Executive Officers (Non-Board Members)

Richard M. Mueller. Mr. Mueller has served as our Chief Operating Officer since September 3, 2013. Prior to the Merger he served as the Chief Operating Officer of TransEnterix Surgical from January 2013, after serving as its Chief Technology Officer from January 2011 until his appointment as Chief Operating Officer. Mr. Mueller oversees the innovation, development and research of TransEnterix's technologies for minimally invasive surgery. He also directs the realization of new technologies to market through the sourcing and manufacturing process. A biomechanical engineer, who received his B.S. from Case Western Reserve University, Mr. Mueller previously served, from January 2005 until January 2011 as vice president of research and development at NuVasive Inc., a publicly-traded spinal device company. Prior thereto, he was director of research and product development at Theken Spine, a start-up later acquired by Integra Life Sciences. Mr. Mueller has participated in more than 100 medical device launches and has extensive experience in the medical device industry.

Joseph P. Slattery. Mr. Slattery has served as our Executive Vice President and Chief Financial Officer since October 2013. Previously, Mr. Slattery served as Executive Vice President and Chief Financial Officer of Baxano Surgical, Inc., a minimally invasive spine company, from April 2010 until September 2013. Mr. Slattery served as a member of the Baxano Surgical board of directors from November 2007 until April 2010 and resigned in connection with his appointment as an officer. From October 2006 through August 2007, Mr. Slattery served as Chief Financial Officer and Senior Vice President of Finance and Information Systems of Digene Corporation, a molecular diagnostics company that was acquired by Qiagen, N.V. in August 2007. Prior to being appointed Chief Financial Officer, he served as Senior Vice President, Finance and Information Systems, beginning in September 2002. Previously, he served as Vice President, Finance, from July 1999 to September 2002 and as Controller from February 1996 to July 2000. Mr. Slattery served on the board of directors of Micromet, Inc., a publicly-held biopharmaceutical company, which was acquired by Amgen in March 2012, and currently serves on the board of directors of CVRx, Inc., a privately-held medical device company, and Exosome Diagnostics, a privately-held molecular diagnostics company. Mr. Slattery received a B.S. degree in Accountancy from Bentley University and is a Certified Public Accountant.

Section 16(a) Beneficial Ownership Reporting Compliance

Under section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Company's directors, executive officers and persons who own more than ten percent (10%) of our common stock are required to file with the Securities and Exchange Commission (the SEC), initial reports of ownership and reports of changes in ownership of the common stock and other equity securities of the Company. To the Company's knowledge, based solely on a review of copies of such reports furnished to the Company during and/or with respect to year ended December 31, 2013, the Company is not aware of any late or delinquent filings required under Section 16(a) of the Exchange Act in respect of the Company's equity securities.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer and other persons performing similar functions. A copy of our Code of Business Conduct and Ethics is available on our website at www.transenterix.com. We intend to post amendments to, or waivers from a provision of, our Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer or persons performing similar functions on our website.

Board Nominations by Security Holders

The Board will consider candidates recommended by our stockholders pursuant to written applications submitted to our Corporate Secretary, TransEnterix, Inc., 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560.

There have been no changes to the procedures by which security holders may recommend nominees to our Board.

Communication with the Board

Interested parties who want to communicate with the independent or non-management directors as a group, with the Board as a whole, any Board committee or any individual Board members should address their communications to the Board, the Board members or the Board committee, as the case may be, and send them to c/o Corporate Secretary, TransEnterix, Inc., 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560, or call the Corporate Secretary at (305) 575-4602. The Corporate Secretary will forward all such communications directly to such Board members. Any such communications may be made on an anonymous and confidential basis.

There have been no changes to the procedures by which interested parties may communicate with the Board.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

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

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (2)	NonEquity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Todd M. Pope President and Chief Executive Officer (3)	2013 2012	$325,000 $310,000	— —	— —	$ 401,694 (4) $ 186,516 (4)	$ 146,250 (5) 150,000 (5)	— —	— —	$ 872,944 $ 646,516
Joseph P. Slattery, Executive Vice President, Chief Financial Officer (6)	2013	$ 69,103	$25,000	$ 1,430,000	—	—	—	—	$1,524,103
Richard M. Mueller, Chief Technology Officer and Chief Operating Officer	2013 2012	$300,000 $285,000	— —	— —	— $ 98,957 (7)	$ 100,000 (5) $ 90,000 (5)	— —	— —	$ 400,000 $ 473,957
Jeffrey G. Spragens, former Chief Executive Officer and President (8)	2013 2012	— —	— —	— —	$ 59,925 (9) $ 53,431 (9)	— —	— —	— —	$ 59,925 $ 53,431

(1) Represented grant of restricted stock units (RSUs) to Mr. Slattery upon his hiring. The RSU award vests in three equal installments on the first three anniversaries of the date of grant. If a change of control event (as defined in his RSU agreement) occurs and Mr. Slattery's employment is terminated involuntarily within twelve months following the change in control, the vesting of his RSUs will accelerate.

(2) The grant date fair values reported above for stock option awards to all named executive officers except Mr. Spragens were determined by taking into account the number of shares and exercise prices in respect of such stock option awards granted by TransEnterix Surgical, but do not give effect to the exchange ratio in the Merger. As a result of the Merger, the shares underlying the stock option awards are multiplied by the Merger exchange ratio of 1.1533 and the exercise prices of the stock option awards are divided by the exchange ratio, for purposes of calculating the number of shares of our common stock that each option award is now exercisable for and for calculating the corresponding exercise prices, respectively, following the Merger. Unless otherwise indicated, the number of shares underlying stock option awards and the exercise price for such stock options in this Form 10-K/A Amendment No. 2 have been adjusted to reflect the exchange ratio of 1.1533. For all stock options, the values reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are described in Note 13 to the Company's audited financial statements, included 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.

(3) Todd Pope became our President and Chief Executive Officer on September 3, 2013 in connection with the consummation of the Merger; prior thereto he was the president and chief executive officer of TransEnterix Surgical.

(4) Mr. Pope was granted the following stock option awards in 2013 and 2012:

(a) stock options to purchase 1,729,950 shares of our common stock granted on August 26, 2013 at an exercise price of $0.40 per share; one-fourth of the shares underlying this stock option award vest on the first anniversary of the Merger and 1/48th of the shares underlying the full award vest each month thereafter for 36 months; and

(b) stock options to purchase 4,646,319 shares of our common stock granted on April 12, 2012 at an exercise price $0.07 per share; one-fourth of the shares underlying this stock option award vested on February 2, 2013, and 1/48th of the shares underlying the full award vest each month thereafter for 36 months.

The incremental fair value of stock options to purchase 658,457 shares granted to Mr. Pope on March 15, 2008, repriced as of June 21, 2012, and of stock options to purchase 864,974 shares granted to Mr. Pope on December 14, 2009, repriced as of June 21, 2012, were $4,702 and $17,590, respectively.

(5) Represents bonuses paid under a TransEnterix Surgical incentive bonus plan. Mr. Pope and Mr. Mueller were eligible for awards under such plan during 2012 and 2013. The awards are based at target on a percent of base salary (50% for Mr. Pope and 40% for Mr. Mueller). Corporate performance goals were established by the Compensation Committee for each year and individual performance goals established for each of Mr. Pope and Mr. Mueller at the beginning of the plan year. For 2013, the corporate goals focused on successful consummation of a corporate finance transaction and achievement of product development milestones. The Compensation Committee reviews the self-evaluations by the applicable named executive officers at the end of each plan year, considers the CEO recommendations for all named executive officers other than the CEO, and determines the achievement of each performance goal in determining the actual bonus for each plan year. The bonus amounts for 2012 represent the bonus earned for and paid in 2012. In addition, during 2012, Mr. Pope was paid his 2011 incentive bonus of $116,250, and Mr. Mueller was paid his 2011 incentive bonus of $78,203. In the Current Report on Form 8-K filed on September 6, 2013, the amounts paid for both the 2011 and 2012 bonuses for Mr. Pope and Mr. Mueller were reported as bonus for 2012.

(6) Mr. Slattery became our Executive Vice President and Chief Financial Officer on October 2, 2013.

(7) Mr. Mueller was granted stock options on April 12, 2012 to purchase 2,465,126 shares of common stock at an exercise price of $0.07 per share; one-fourth of the shares underlying this award vested on February 2, 2013, and 1/48th of the shares underlying the full award vest each month thereafter for 36 months. The incremental fair value of stock options to purchase 532,602 shares granted to Mr. Mueller on February 9, 2011, repriced as of June 21, 2012, was $7,574.44.

(8) Mr. Spragens was SafeStitch's President and Chief Executive Officer until September 2, 2013. During 2012 and 2013, Mr. Spragens did not receive a salary for serving as SafeStitch's President and Chief Executive Officer.

(9) Mr. Spragens was granted stock options in February 2012 and April 2013 to purchase 100,000 and 150,000 shares of common stock at an exercise price of $0.65 and $0.45 per share, respectively. Each stock option was to vest in four equal installments on the first four anniversaries of the date of grant. At the time of the Merger, the unvested stock options accelerated and the exercise period for Mr. Spragens' vested stock options was extended for one year following the closing date of the Merger.

Agreements with Named Executive Officers

Todd M. Pope. In connection with the Merger, TransEnterix assumed the offer letter from TransEnterix Surgical to Todd Pope dated June 9, 2008, which constituted an employment agreement with Mr. Pope. The employment agreement provides Mr. Pope with a base salary of $25,000 per month. Mr. Pope is eligible for a cash bonus of up to 50% of his base salary each year if milestones mutually agreed upon by Mr. Pope and the Company are met. The employment agreement gives the Board of Directors the discretion to increase Mr. Pope's base salary and bonus. The employment agreement further provides that if Mr. Pope's employment is terminated by TransEnterix without "cause" (as defined in the agreement) or if Mr. Pope experiences a "constructive termination" (as defined in the employment agreement) at the time of or within twelve (12) months following the close of a "change of control" (as defined in the employment agreement), Mr. Pope will receive, subject to signing a release of claims in favor of TransEnterix: (1) twelve months of Mr. Pope's regular base salary; (2) target bonus for the year in which the change of control occurs; (3) full acceleration and vesting of Mr. Pope's outstanding stock

option granted following his start date in 2008 to purchase up to five percent of TransEnterix Surgical's fully diluted capitalization following a Series A preferred financing (the Option) upon the date of termination; and (4) up to six months of reimbursement for premiums paid for COBRA coverage. The Option is fully vested as of the date of this Form 10-K/A Amendment No. 2.

The employment agreement with Mr. Pope also provides that if Mr. Pope's employment is terminated by TransEnterix without "cause" or if Mr. Pope experiences a "constructive termination" at any other time, Mr. Pope will receive, subject to signing a release of claims in favor of TransEnterix: (1) six months of Mr. Pope's regular base salary; (2) target bonus for the year in which the involuntary termination occurs; (3) full acceleration and vesting of the Option; and (4) up to six months of reimbursement for premiums paid for COBRA coverage. The Option is fully vested as of the date of this Form 10-K/A Amendment No. 2.

Joseph P. Slattery. In connection with his hiring we entered into an offer letter, which constituted an employment agreement, with Mr. Slattery. Under the employment agreement, Mr. Slattery will receive a base salary of $275,000 per year. Mr. Slattery will be eligible for a $25,000 bonus for the year ending December 31, 2013 and an annual year-end bonus of 40% of his base salary beginning in 2014 and thereafter. Mr. Slattery also received a grant of 1,000,000 Restricted Stock Units ("RSUs"), which vest one-third (1/3) per year on the anniversary of Mr. Slattery's start date with the Company.

Under the employment agreement, Mr. Slattery will also be entitled to a stock option grant exercisable for 2.5 million shares of the Company's common stock (the Fundraising Option Grant) following the successful closing of a Company fundraising in which at least $20.0 million in proceeds is raised for the Company and where at least 50% of the funds raised come from non-insiders (the Fundraising). The exercise price of Fundraising Option Grant shall be the fair market value of the Company's common stock on the date of grant and such options will vest, if at all, 25% on the one (1) year anniversary of Mr. Slattery's start date and thereafter will vest in thirty-six (36) equal monthly installments. Mr. Slattery will be prohibited from exercising any stock options for a period of six (6) months following the date of grant. In the event the Company is acquired or there is a change of control transaction prior to the Fundraising such that the Fundraising Option Grant is not able to be awarded and earned, Mr. Slattery shall be entitled to a grant of 1,000,000 RSUs (Secondary RSU Grant) which will vest, if at all, one-third (1/3) each year beginning one (1) year from the date of grant.

The Initial RSU grant and, if awarded, the Fundraising Stock Option Grant or Secondary RSU Grant, will each accelerate in the event of Mr. Slattery's involuntary termination from employment with the Company at the time of or within twelve (12) months following a change of control.

In the event that there is a change of control within the Company affecting his employment, Mr. Slattery shall be entitled to receive a lump sum payment equal to twelve (12) months of his base salary and reimbursement for COBRA premiums for a period of up to twelve (12) months, subject to signing a release of claims in favor of TransEnterix.

Richard M. Mueller. In connection with the Merger, TransEnterix assumed the offer letter, dated December 15, 2010 from TransEnterix Surgical to Richard Mueller, which constituted an employment agreement with Mr. Mueller. The employment agreement provides Mr. Mueller with a base salary of $22,917 per month and provided him with eligibility for a 2011 yearend bonus. The employment agreement gives the Board of Directors the discretion to increase Mr. Mueller's base salary and bonus. The employment agreement further provided for a stock option grant to Mr. Mueller which was made in 2011, and relocation benefits which were paid in 2011.

Outstanding Equity Awards at Fiscal Year-End

The following table lists the outstanding equity awards held by TransEnterix's named executive officers at December 31, 2013:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS (1)					STOCK AWARDS			
Name	(2) Number of Securities Underlying Unexercised Options Exercisable	(2) Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price ($)(3)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested	Market Value of Shares or Units of Stock that have not Vested(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or other Rights that have not Vested
Todd M. Pope	658,457	—	—	0.07	9/15/2018	—	—	—	—
	864,974	—	—	0.07	12/14/2019	—	—	—	—
	2,129,563	2,516,756	—	0.07	4/12/2022	—	—	—	—
	—	1,729,950	—	0.40	8/12/2023	—	—	—	—
Joseph P. Slattery	—	—	—			1,000,000	1,650,000	—	—
Richard M. Mueller	388,359	144,243	—	0.07	2/9/2021	—	—	—	—
	1,129,850	1,335,276	—	0.07	4/12/2022	—	—	—	—
Jeffrey G. Spragens	5,000	—	—	3.10	9/03/2014	—	—	—	—
	60,000	—	—	0.80	9/03/2014	—	—	—	—
	100,000	—	—	1.20	9/03/2014	—	—	—	—
	100,000	—	—	1.12	9/03/2014	—	—	—	—
	100,000	—	—	0.65	9/03/2014	—	—	—	—
	150,000	—	—	0.45	9/03/2014	—	—	—	—

(1) The number of shares and exercise prices in respect of the option awards granted by TransEnterix Surgical listed above give effect to the exchange ratio of 1.1553 in the Merger.

(2) One-fourth of the shares underlying each option award vests on the first anniversary of the grant date of such option award, and 1/48th of the shares underlying the full award vest each month thereafter for 36 months.

(3) During May 2012, TransEnterix Surgical provided its employees, including Mr. Pope and Mr. Mueller, with an offer to have their option awards repriced so that the exercise price of their option awards was amended to equal TransEnterix Surgical's then-current fair market value of its common stock, or $0.08 per share. The option awards listed above that were issued prior to 2012 reflect the adjusted exercise price, which adjusted exercise price became effective as of June 21, 2012, as further adjusted by the exchange ratio.

(4) Based on the closing price of the Company's common stock on December 31, 2013 of $1.65 per share.

Equity Compensation Plan

The Company currently has one equity compensation plan under which it makes awards, the TransEnterix, Inc. 2007 Incentive Compensation Plan, as amended (the 2007 Plan). In connection with the Merger, SafeStitch assumed all of TransEnterix Surgical's options that were issued and outstanding immediately prior to the Merger at the exchange ratio of 1.1533, which were exercisable, as of the Merger date, for approximately 15,680,775 shares of common stock. Such options were granted under the TransEnterix, Inc. 2006 Stock Plan (the 2006 Plan) which was assumed by the Company in the Merger. The 2006 Plan is maintained solely for the purpose of the stock options granted under the 2006 Plan that remain outstanding; no future awards are authorized to be made under the 2006 Plan. The 2007 Plan was originally approved by the Board and adopted by the majority of our stockholders on November 13, 2007. It was later amended and restated (and approved by the Board and approved by a majority of our stockholders on October 29, 2013) to increase the number of shares of common stock authorized under the 2007 Plan to 24,700,000 shares, and to make other changes. The 2007 Plan is used for plan-based awards for officers, other employees, consultants, advisors and non-employee directors. The Company can issue stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards under the 2007 Plan.

Agreements with Former Executive Officers

In connection with the Merger, the Company entered into letter agreements with each of James J. Martin and Charles J. Filipi, M.D., the Chief Financial Officer and Chief Medical Officer, respectively, of SafeStitch prior to the Merger. Our agreement with Mr. Martin provided for him to continue in the role of Chief Financial Officer, a role he held until October 2, 2013, when Mr. Slattery joined the Company. Our agreement with Dr. Filipi continued his role as Chief Medical Officer of the Company following the Merger. Neither of Mr. Martin nor Dr. Filipi were executive officers of the Company after October 2012, as determined by our Board of Directors. The letter agreements provide that if the employee's employment is terminated without cause (as defined in the letter agreements), death or disability, the employee would be entitled to receive (i) in the case of Mr. Martin, an amount equal to six (6) months base salary and reimbursement of COBRA premiums for a six (6) month period, subject to the execution of a release of claims in favor of TransEnterix; and (ii) in the case of Dr. Filipi, an amount equal to twelve (12) months base salary and reimbursement of COBRA premiums for a twelve (12) month period, subject to the execution of a release of claims in favor of TransEnterix. As of December 31, 2013, each of Mr. Martin and Dr. Filipi remained as non-executive employees of the Company.

Director Compensation

The following table lists the compensation paid during 2013 to the non-employee directors of the Company as of and after the effective date of the Merger:

DIRECTOR COMPENSATION (1)

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards ($)	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total($)
Dennis J. Dougherty	—	—	—	—	—	—	—
Phillip Frost, M.D.(2)	—	—	—	—	—	—	—
Jane H. Hsiao, Ph.D., MBA(3)	—	—	80,220	—	—	—	80,220
Aftab R. Kherani, M.D.	—	—	—	—	—	—	—
Paul A. LaViolette	—	—	—	—	—	—	—
David B. Milne	—	—	—	—	—	—	—
Richard C. Pfenniger, Jr.(3)	—	—	10,028	—	—	—	10,028
William N. Starling	—	—	—	—	—	—	—

(1) Prior to the effective date of the Merger, the Board of Directors of SafeStitch consisted of the following individuals, in addition to Jane H. Hsiao and Richard C. Pfenniger: Jeffrey G. Spragens, Charles J. Filipi, M.D., Chao C. Chen, Ph.D., Steven D. Rubin and Kevin T. Wayne, D.B.A. On April 23, 2013, in addition to amounts shown for Dr. Hsiao and Mr. Pfenniger, the non-employee directors of SafeStitch received the following stock option grants from SafeStitch as compensation: Dr. Chen, 20,000 options (value of $8,022); Mr. Rubin, 35,000 options (value of $14,039); and Mr. Wayne 20,000 options (value of $8,022). The exercise price for each option was $0.45 (fair market value on the date of grant) and the options vested in full on the first anniversary of the date of grant. The vesting of each of the non-employee director options, other than those held by Dr. Hsiao, was accelerated in connection with the closing of the Merger. For all stock options in the table and the footnotes, the option values reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions made in the calculation of these amounts are described in Note 13 to the Company's audited financial statements, included 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.

(2) On April 23, 2013, Dr. Frost received a stock option to acquire 100,000 shares of common stock from SafeStitch as compensation for serving as a consultant to SafeStitch prior to the Merger. The option value was $40,110, the exercise price was $0.45 per share and the options will vest on the first anniversary of the date of grant.

(3) The stock option award to Dr. Hsiao vests on April 23, 2014. The vesting of the stock option award to Mr. Pfenniger was accelerated in full upon the consummation of the Merger.

Director Compensation Arrangements

The Company historically has not had a compensation package for members of its Board of Directors for their service as directors, other than the annual stock option awards made by SafeStitch to its non-employee directors prior to the Merger. In 2014, the Company anticipates establishing a compensation package for its directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information concerning the beneficial ownership of Common Stock by: (i) each person known by us to be the beneficial owner of more than 5% of our outstanding Common Stock currently; (ii) each of our current directors; (iii) each of our current named executive officers; and (iv) all of our current executive officers and directors as a group. Ownership information is set forth as of February 12, 2014. Unless otherwise noted, each of the following disclaims any beneficial ownership of the shares, except to the extent of his, her or its pecuniary interest, if any, in such shares. Unless otherwise indicated, the mailing address of each individual is c/o TransEnterix, Inc., 635 Davis Drive, Suite 300, Morrisville, NC 27560.

	As of February 12, 2014	
Name and Address of Beneficial Owner	Number of Shares of Common Stock (1)	Percentage of Outstanding Common Shares (2)
Paul LaViolette (3)	34,002,689	13.9%
David Milne (4)	33,983,464	13.9%
William N. Starling (5)	28,165,414	11.5%
Jane H. Hsiao, Ph.D., MBA (6)(21)	24,476,151	9.9%
Phillip Frost, M.D. (7)(13)(21)	21,802,346	8.9%
Dennis J. Dougherty (8)	17,615,990	7.2%
Todd M. Pope (9)	4,040,187	1.7%
Richard M. Mueller (10)	1,756,923	*
Richard C. Pfenniger, Jr. (11)	357,000	*
Joseph P. Slattery	250,000	*
Aftab R. Kherani, M.D.	0	*
Jeffrey G. Spragens (12)	4,394,118	1.8%
All Executive Officers and Directors as a group (11 persons) (13)	132,466,700	52.2%
Frost Gamma Investments Trust (14)	21,542,346	8.8%
Aisling Capital III, L.P. (15)	36,490,260	14.9%
SV Life Sciences Fund (16)	33,983,464	13.9%
Synergy Life Science Partners, L.P. (17)	27,448,207	10.4%
StepStone Funds (18)	17,402,565	7.1%
Intersouth Partners VII, L.P. (19)	17,615,990	7.2%
Quaker Bioventures II, L.P (20)	12,582,848	5.2%

* Less than 1%.

(1) A person is deemed to be the beneficial owner of shares of Common Stock underlying options and warrants held by that person that are exercisable as of February 12, 2014 or that will become exercisable within 60 days thereafter.

(2) Based on 244,272,728 shares of Common Stock outstanding as of February 12, 2014. Each beneficial owner's percentage ownership is determined assuming that options and warrants that are held by such person (but not those held by any other person) and that are exercisable as of February 12, 2014 or that will become exercisable within 60 days thereafter have been exercised into Common Stock. The additional shares resulting from such exercise are included in both the numerator and denominator for such beneficial owner for purposes of their calculation.

(3) Includes 33,045,287 shares held by SV Life Sciences Fund IV, L.P. and 938,177 shares held by SV Life Sciences Fund IV Strategic Partners, L.P. Paul LaViolette is a partner of SVLSF IV, LLC, a control person of both SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P. Also includes options to purchase 19,225 shares of Common Stock.

(4) Includes 33,045,287 shares held by SV Life Sciences Fund IV, L.P. and 938,177 shares held by SV Life Sciences Fund IV Strategic Partners, L.P. David Milne is a managing partner of SVLSF IV, LLC, a control person of both SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P.

(5) Includes 25,487,597 shares of Common Stock held by Synergy Life Science Partners, L.P., and 1,960,610 shares of Common Stock held by Synecor, L.L.C. William N. Starling is a managing director of Synergy Life Science Partners, L.P. and the chief executive officer of Synecor, L.L.C. Also includes options to purchase 18,020 shares of Common Stock.

(6) Includes options to purchase 375,000 shares of Common Stock, and warrants to acquire 2,000,000 shares of Common Stock. Dr. Hsiao's Common Stock holdings also include beneficial ownership of shares held by Hsu Gamma Investments, L.P. (Hsu Gamma), which holds 6,288,470 shares of Common Stock. Dr. Hsiao is the general partner of Hsu Gamma.

(7) Includes options to purchase 260,000 shares of Common Stock and beneficial ownership of shares held by Frost Gamma Investments Trust (see note 13).

(8) Consists of 17,615,990 shares of Common Stock held by Intersouth Partners VII, L.P. Dennis Dougherty is a principal of a control person of Intersouth Partners VII, L.P.
(9) Consists of options to purchase 4,040,187 shares of Common Stock.
(10) Consists of options to purchase 1,756,923 shares of Common Stock.
(11) Includes options to purchase 117,000 shares of Common Stock.
(12) Includes 562,818 shares owned by the Joy Fowler Spragens Family Trust (the Spragens Trust), and 571,015 shares owned by RSLS Investments LLC (RSLS). The Spragens Trust is an irrevocable trust established by Joy Fowler Spragens, the spouse of Mr. Spragens, for the benefit of her descendants and relatives who are unrelated to Mr. Spragens. Although Mr. Spragens is the manager of RSLS, RSLS is 100% owned by his adult children. Accordingly, Mr. Spragens disclaims any beneficial ownership of the shares held by the Spragens Trust and RSLS. Also includes options to purchase 515,000 shares of common stock and warrants to purchase 200,000 shares of common stock.
(13) Includes options to purchase 6,586,355 shares of Common Stock and warrants to purchase 3,000,000 shares of Common Stock. Does not include shares owned by Mr. Spragens, as he was not an executive officer or director as of February 12, 2014.
(14) Frost Gamma Investments Trust holds 20,542,346 shares of Common Stock and warrants to purchase 1,000,000 shares of Common Stock. Dr. Phillip Frost is the trustee, and Frost Gamma Limited Partnership is the sole and exclusive beneficiary, of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation.
(15) The address of Aisling Capital III, LP is 888 Seventh Avenue, 30th Floor, New York, NY 10106. Based on information made available to the Company and on the Schedule 13D filings made by Aisling Capital III, LP, Steve Elms, Dennis Purcell and Andrew Schiff share voting and investment control over the shares of Common Stock held by Aisling Capital III, LP.
(16) Consists of 33,045,287 shares held by SV Life Sciences Fund IV, L.P. and 938,177 shares held by SV Life Sciences Fund IV Strategic Partners, L.P. The address of each of SV Life Sciences Fund IV, L.P., SV Life Sciences Fund IV Strategic Partners, L.P. and SVLSF IV, LLC, their control person, is One Boston Place Suite 3900, 201 Washington Street, Boston, MA 02108. David Milne, as managing partner of SV Life Sciences Fund IV, L.P., is deemed to have voting and investment control over the shares of Common Stock owned by such entity.
(17) Consists of 25,487,597 shares of Common Stock held by Synergy Life Science Partners, L.P., and 1,960,610 shares of Common Stock held by Synecor, L.L.C. The address of each of Synergy Life Science Fund and Synecor, L.L.C. is 3284 Alpine Road, Portola Valley, CA 94028. Based on information made available to the Company and on the Schedule 13D filings made by these entities, William N. Starling, Richard S. Stack and Mudit K. Jain share voting and investment control over the shares of Common Stock held by such entities.
(18) The address of the StepStone Funds is 4350 La Jolla Village Drive, Suite 800, San Diego, CA 92122. Based on information made available to the Company and on the Schedule 13G filings made by the StepStone Funds with the SEC with respect to the Company's shares, the StepStone Funds consist of StepStone Pioneer Capital Buyout Fund II, L.P., StepStone Pioneer Capital II, L.P., and StepStone-SYN Investments, L.L.L.P.; no individuals are identified as having or sharing voting or investment control over the shares of Common Stock owned by the StepStone Funds.
(19) The address of Intersouth Partners VII, L.P. is 102 City Hall Plaza, Suite 200, Durham, NC 27701. Based on information made available to the Company and on the Schedule 13G filings made by Intersouth Partners VII, L.P., Dennis J. Dougherty and Mitch Mumma share voting and investment power over the shares of Common Stock held by such entity.
(20) The address of Quaker Bioventures II, L.P is 2929 Arch Street, Philadelphia, PA 19104. Based on the Schedule 13G filed by this entity on February 13, 2014, no individuals are identified as having or sharing voting or investment control over the shares of Common Stock held by such entity.
(21) The address of this stockholder is 4400 Biscayne Blvd, Miami, FL 33137.

The Company is not aware of any arrangements with any of the foregoing stockholders or any other stockholder of the Company which may result in a change in control of the Company.

Securities Authorized for Issuance Under Equity Compensation Plans.

Reference is made to Item 5 of 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, for the table showing the securities authorized for issuance under the Company's equity compensation plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information below provides certain disclosures regarding related party transactions and director independence matters related to the combined Company following the Merger.

Certain Relationships and Related Transactions

SafeStitch was a party to a Note and Security Agreement, dated September 4, 2007 (the Credit Facility), with The Frost Group, LLC (the Frost Group), and Jeffrey G. Spragens, a former executive officer, under which SafeStitch had access to a line of credit with available borrowings of up to $4.0 million, consisting of $3.9 million from The Frost Group and $100,000 from Mr. Spragens. Members of the Frost Group, LLC include Jane Hsiao, Ph.D., a director, Steven D. Rubin, a former director, and Frost Gamma Investments Trust (Frost Gamma), a trust controlled by Dr. Phillip Frost, a director. SafeStitch was obligated to pay interest on outstanding borrowings under the Credit Facility at a 10% annual rate, and granted a security interest in favor of The Frost Group and Mr. Spragens in all of our real and personal property, whether now existing or subsequently acquired, in order to secure prompt, full and complete payment of the amounts due under Credit Facility. All amounts due under the Credit Facility, including interest, totaling $315,000 were paid in March 2013. The Credit Facility expired on June 30, 2013 and was not renewed.

SafeStitch entered into a five-year lease for office space in Miami, Florida with a company controlled by Dr. Frost. The current rental payments under the Miami office lease, which commenced January 1, 2008, and expired on December 31, 2012, are approximately $12,000 per month and are currently on a month-to-month basis. The Company recorded $48,000 of rent expense related to the Miami lease for the year ended December 31, 2013.

Dr. Hsiao, Dr. Frost and former director Steven Rubin are each significant stockholders and/or directors of Non-Invasive Monitoring Systems, Inc. (NIMS), Aero Pharmaceuticals, Inc. (Aero), Tiger X Medical, Inc., formerly known as Cardo Medical, Inc. (Tiger X) and Tiger Media, Inc. (Tiger Media). Director Richard Pfenniger is also a shareholder of NIMS. During 2013 prior to the Merger, Mr. Martin served as the Chief Financial Officer and supervised the accounting staffs of NIMS and, until its dissolution, Aero, under a Board-approved cost sharing arrangement whereby the total salaries of the accounting staffs of the three companies are shared. Aero has not participated in the cost sharing arrangement since June 30, 2011 and was dissolved in December 2011. Since December 2009, SafeStitch's Chief Legal Officer has served under a similar Board-approved cost sharing arrangement as Corporate Counsel of Tiger Media and as the Chief Legal Officer of each of NIMS and Tiger X. SafeStitch recorded reductions to SG&A costs and expenses for the years ended December 31, 2013 and 2012 of $31,000 and $60,000, respectively, to account for the sharing of accounting costs under this arrangement. SafeStitch recorded $158,000 and $145,000 of reductions to SG&A costs and expenses for the year ended December 31, 2013 and 2012, respectively, to account for the sharing of legal costs under this arrangement. Aggregate accounts receivable from NIMS, Tiger X and TigerMedia were approximately $14,000 and $59,000 as of December 31, 2013 and 2012, respectively.

On November 20, 2012, SafeStitch entered into a Promissory Note in the principal amount of $300,000.00 with Hsu Gamma Investments, L.P. (the Hsu Gamma Note), an entity controlled by Dr. Hsiao. The interest rate payable by SafeStitch on the Hsu Gamma Note was 10% per annum, payable on the maturity date of June 30, 2013. In March 2013, the Hsu Gamma Note was paid off in its entirety, plus approximately $10,000 in accrued interest.

On December 26, 2012, SafeStitch entered into a Promissory Note in the principal amount of $300,000.00 with Frost Gamma (the Frost Gamma Note). The interest rate payable by SafeStitch on the Frost Gamma Note was 10% per annum, payable on the maturity date of June 30, 2013. In March 2013, the Frost Gamma Note was paid off in its entirety, plus approximately $8,000 in accrued interest.

On February 22, 2013 SafeStitch entered into a promissory note in the principal amount of $200,000.00 with Dr. Hsiao (the Hsiao Note). The interest payable by SafeStitch on the Hsiao Note was 10% per annum, payable on the maturity date of June 30, 2013. In March 2013, the Hsiao Note was paid off in its entirety, plus approximately $2,000 in accrued interest.

On March 22, 2013, SafeStitch entered into a stock purchase agreement (2013 Purchase Agreement) with approximately 17 investors (2013 PIPE Investors) pursuant to which the 2013 PIPE Investors agreed to purchase an aggregate of approximately 12,100,000 shares of common stock at a price of $0.25 per share for aggregate consideration of approximately $3.0 million. Included in this private placement was the issuance of warrants to purchase approximately 6,050,000 common shares, representing one warrant for every two common shares purchased, with an exercise price of $0.33 per share and five year expiration. Among the investors purchasing shares were Frost Gamma, Dr. Jane Hsiao and Jeffrey Spragens. Frost Gamma purchased 2.0 million shares and received 1.0 million warrants, Dr. Hsiao purchased 4.0 million shares and received 2.0 million warrants and Mr. Spragens purchased 400,000 shares and received 200,000 warrants.

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

On August 13, 2013, TransEnterix Surgical entered into the Purchase Agreement, pursuant to which investment funds affiliated with Messrs. Dougherty, Kherani, LaViolette, Milne and Starling, entities affiliated with Drs. Frost and Hsiao, and Dr. Hsiao, in her individual capacity, agreed to purchase, together with other investors, an aggregate of 7,544,704.4 shares of the Company's Series B Preferred Stock, each share of which would initially be convertible, subject to certain conditions, into ten shares of Common Stock, for a purchase price of $4.00 per share of Series B Preferred Stock payable in cash, cancellation of certain indebtedness of TransEnterix Surgical or a combination thereof. In connection with the investment, such investors received registration rights entitling them, under certain circumstances, to require the Company to register their respective shares of common stock received by them in the Merger and upon conversion of the Series B Preferred Stock. The transaction under the Purchase Agreement closed on September 3, 2013 in conjunction with the closing of the Merger. As permitted under the terms of the Purchase Agreement, the Company issued and sold an additional 25,000 shares of the Series B Preferred Stock on September 17, 2013 to Mr. Slattery and his spouse.

TransEnterix Surgical was spun off from Synecor, LLC in 2006 when it was separately incorporated. During the period from 2006 through 2011, TransEnterix Surgical used the services of certain employees of Synecor, LLC to assist with TransEnterix Surgical's intellectual property protection activities. In addition, Synecor, LLC, directly or through its subsidiaries provided administrative services and clinical laboratory services to TransEnterix Surgical. At December 31, 2013, Synecor, LLC and its shareholders and officers collectively owned approximately 12% of the Company's common stock. Various research and development services and administrative services were purchased from Synecor LLC and its wholly owned subsidiary Synchrony Labs LLC and totaled approximately $90,000 and $108,000 for the years ended December 31, 2013 and 2012, respectively. All transactions between Synecor, LLC and TransEnterix Surgical were arms'-length transactions in which fair value was paid for the services provided.

Review and Approval of Transactions with Related Persons

The Audit Committee of our Board reviews and approves all transactions that are required to be reported under Item 404(a) of Regulation S-K, including each transaction described above. In order to

approve a related party transaction, the Audit Committee requires that (i) such transactions be fair and reasonable to us at the time it is authorized by the Audit Committee and (ii) such transaction must be authorized, approved or ratified by the affirmative vote of a majority of the members of the Audit Committee who have no interest, either directly or indirectly, in any such related party transaction. While TransEnterix did not have any written polices with respect to review and approval of any such transactions with related persons, TransEnterix's believes the processes its Audit Committee has followed ensure the appropriateness of its entry into such transactions with related persons and that such transactions were entered into on terms on an equivalent basis to arms'-length transactions.

Director Independence

Board of Directors

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

Audit Committee

The current members of the Company's Audit Committee are Mr. Pfenniger, Dr. Kherani and Mr. Dougherty. Mr. Pfenniger serves as the Chair of the Audit Committee. Due to each member's extensive experience in serving operating companies in both managerial and director capacities, the Board determined that each member has the requisite knowledge of financial statements and general understanding of financial and reporting matters to allow each such member to serve on the Audit Committee.

Additionally, since the Company's stock is quoted on the OTCBB, it is not subject to the Audit Committee member independence requirements set forth in Rule 10A-3 of the Exchange Act. Notwithstanding the foregoing, the Board, in the exercise of its reasonable business judgment and utilizing the general standards it applies for determining the independence of directors, has determined that each of the Audit Committee members qualifies as independent pursuant to NYSE MKT Rule 803.

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

Compensation Committee

The current members of the Company's Compensation Committee are Mr. Starling (Chair), Mr. LaViolette, Dr. Kherani and Dr. Hsiao. Due to each member's extensive experience in serving operating companies in both managerial and director capacities, the Board determined that each member has the requisite knowledge and skills to allow each such member to serve on the Compensation Committee.

Additionally, since the Company's stock is quoted on the OTCBB, it is not subject to the Compensation Committee member independence requirements set forth in Rule 10C-1 of the Exchange Act. Notwithstanding the foregoing, the Board, in the exercise of its reasonable business judgment and utilizing the general standards it applies for determining the independence of directors, has determined that each of the Compensation Committee members qualifies as independent pursuant to NYSE MKT Rule 803.

Nominating Committee

The current members of the Company's Nominating Committee are Dr. Hsaio, Chair, Mr. LaViolette and Mr. Milne. Due to each member's extensive experience in serving operating companies in both managerial and director capacities, the Board determined that each member has the requisite knowledge and skills to allow each such member to serve on the Nominating Committee, and qualifies as independent pursuant to NYSE MKT Rule 803.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) The following consolidated financial statements were filed as a part of 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:

Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2013 and 2012

Consolidated Statements of Operations and Comprehensive Loss for each of the years in the two-year period ended December 31, 2013

Consolidated Statements of Preferred Stock and Stockholders' Equity (Deficit) for each of the years in the two-year period ended December 31, 2013

Consolidated Statements of Cash Flows for each of the years in the two-year period ended December 31, 2013

(2) Consolidated Financial Statement Schedules: The information required by this item is included in the consolidated financial statements contained in Item 8 of 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.

(3) Exhibits: The following exhibits are filed as part of, or incorporated by reference into, this Form 10-K/A Amendment No. 2.

Exhibit No.	Description
2.1 !	Agreement and Plan of Merger, dated as of August 13, 2013, by and among SafeStitch Medical, Inc., Tweety Acquisition Corp. and TransEnterix, Inc. (filed as Exhibit 2.1 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein).
2.1(a) !	First Amendment to Agreement and Plan of Merger, dated as of August 30, 2013, by and among SafeStitch Medical, Inc., Tweety Acquisition Corp and TransEnterix, Inc. (filed as Exhibit 2.2 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
3.1	Amended and Restated Certificate of Incorporation of TransEnterix, Inc. (filed as Exhibit 3.1 to our Current Report on Form 8-K, filed with the SEC on December 9, 2013 and incorporated by reference herein).
3.2	Amended and Restated Bylaws of TransEnterix, Inc. (filed as Exhibit 3.2 to our Current Report on Form 8-K, filed with the SEC on December 9, 2013 and incorporated by reference herein).
4.1	Certificate of Designation of Series A Preferred Stock (filed as Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on July 23, 2009 and incorporated by reference herein).
4.2	Certificate of Designation of Series B Convertible Preferred Stock (filed as Exhibit 4.1 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
4.3	Specimen Certificate for Common Stock of TransEnterix, Inc. (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-3, File No. 333-193235, filed with the SEC on January 8, 2014 and incorporated by reference herein).

Exhibit No.	Description
4.4	Form of Common Stock Warrant (filed as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on September 10, 2007 and incorporated by reference herein).
4.5	Form of Common Stock Warrant (filed as Exhibit A to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 26, 2013 and incorporated herein by reference)
10.1	Securities Purchase Agreement, dated as of August 13, 2013, by and among SafeStitch Medical, Inc. and the Investor parties thereto (filed as Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein).
10.2	Form of Lock-up and Voting Agreement (filed as Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on August 14, 2013 and incorporated by reference herein).
10.3	Exclusive License and Development Agreement, dated as of May 26, 2006, by and between Creighton University and SafeStitch LLC (filed as Exhibit 10.5 to our Annual Report on Form 10-KSB, as amended, filed with the SEC on March 29, 2008 and incorporated by reference herein).
10.4	Patent Assignment, dated as of June 26, 2009, by and between TransEnterix Surgical, Inc. and Synecor, LLC (filed as Exhibit 10.3 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.5	Patent Acquisition and License Termination Agreement, dated as of June 26, 2009, by and among TransEnterix Surgical, Inc., Synecor, LLC and Barosense, Inc. (filed as Exhibit 10.4 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.6	Development and Supply Agreement, dated as of November 4, 2011, by and between TransEnterix Surgical, Inc. and Microline Surgical, Inc. (filed as Exhibit 10.5 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein)
10.7	Loan and Security Agreement dated as of January 17, 2012, by and among the Registrant, Silicon Valley Bank and Oxford Finance LLC, as amended by the First Amendment to the Loan and Security Agreement, dated February 11, 2013 and Second Amendment to the Loan and Security Agreement, dated September 3, 2013, and associated notes and warrants issued by TransEnterix to Silicon Valley Bank and Oxford Finance LLC (filed as Exhibit 10.8 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.7.1 *	Third Amendment to the Loan and Security Agreement, dated October 31, 2013, by and among the Registrant, Silicon Valley Bank and Oxford Finance LLC.
10.8 *	Amended and Restated Pre-Release Distribution Agreement, dated as of June 15, 2012, between TransEnterix Surgical, Inc. and Al Danah Medical Co. W.L.L.
10.9	Registration Rights Agreement, dated as of September 3, 2013, by and among the Company and the investors party thereto (filed as Exhibit 10.10 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.10 +	Offer letter, dated as of June 9, 2008, by and between the Registrant and Todd M. Pope (filed as Exhibit 10.6 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.11 +	Offer letter, dated as of December 15, 2010, by and between the Registrant and Richard M. Mueller (filed as Exhibit 10.7 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).

Exhibit No.	Description
10.12 +	Offer letter, dated September 12, 2013, by and between the Registrant and Joseph P. Slattery (filed as Exhibit 10.1 to our Current Report on Form 8-K, filed with the SEC on September 23, 2013 and incorporated by reference herein).
10.12 +	Offer letter, dated as of August 30, 2013, by and between SafeStitch Medical, Inc. and Charles J. Filipi, M.D. (filed as Exhibit 10.11 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.13 +	Offer letter, dated as of August 30, 2013, by and between SafeStitch Medical, Inc. and James J. Martin (filed as Exhibit 10.12 to our Current Report on Form 8-K, filed with the SEC on September 6, 2013 and incorporated by reference herein).
10.14 +	Amended and Restated TransEnterix, Inc. 2007 Incentive Compensation Plan (the 2007 Plan) (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-8, File No. 333-193234, filed with the SEC on January 8, 2014 and incorporated by reference herein).
10.15 +	Form of Employee Stock Option Agreement pursuant to the 2007 Plan (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
10.16 +	Form of Employee Stock Option Agreement (performance stock options) pursuant to the 2007 Plan (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
10.17 +	Form of Non-Employee Stock Option Agreement pursuant to the 2007 Plan (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
10.18 +	Form of Restricted Stock Unit Agreement pursuant to the 2007 Plan (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
10.19 +	Restricted Stock Unit Agreement, dated as of October 2, 2013, by and between the Company and Joseph P. Slattery (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
10.20	Note and Security Agreement, dated as of September 4, 2007, by and among the Registrant, SafeStitch LLC, The Frost Group, LLC and Jeffrey G. Spragens (filed as Exhibit 10.2 to our Current Report on Form 8-K, filed with the SEC on September 10, 2007 and incorporated by reference herein).
10.20.1	First Amendment to Note and Security Agreement, dated March 25, 2009, by and among the Registrant, SafeStitch LLC, The Frost Group, LLC and Jeffrey G. Spragens (filed as Exhibit 10.8 to our Annual Report on Form 10-K for the year ended December 31, 2008, filed with the SEC on March 27, 2009 and incorporated by reference herein).
10.20.2	Second Amendment to Note and Security Agreement, dated March 29, 2010, by and among the Registrant, SafeStitch LLC, The Frost Group, LLC and Jeffrey G. Spragens (filed as Exhibit 10.14 to our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 31, 2010 and incorporated by reference herein).
10.20.3	Third Amendment to Note and Security Agreement, dated March 28, 2011, by and among the Registrant, SafeStitch LLC, The Frost Group, LLC and Jeffrey G. Spragens (filed as Exhibit 10.20 to our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on March 30, 2011 and incorporated by reference herein).
10.20.4	Fourth Amendment to Note and Security Agreement, dated August 10, 2011, by and among the Registrant, SafeStitch LLC, The Frost Group, LLC and Jeffrey G. Spragens (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, filed with the SEC on August 12, 2011 and incorporated by reference herein).
10.21	Promissory Note of SafeStitch Medical, Inc. in favor of Hsu Gamma Investments, L.P (filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 27, 2012 and incorporated by reference herein).

Exhibit No.		Description
10.22		Promissory Note of SafeStitch Medical, Inc. in favor of Frost Gamma Investments Trust (filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 2, 2013 and incorporated by reference herein).
10.23		Promissory Note of SafeStitch Medical, Inc. in favor of Jane Hsiao (filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 28, 2013 and incorporated by reference herein).
10.24		Form of Stock Purchase Agreement and Common Stock Warrant dated March 22, 2013 (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on March 26, 2013 and incorporated by reference herein).
10.25	*	Lease Agreement, dated as of December 11, 2009, by and between TransEnterix Surgical, Inc. and GRE Keystone Technology Park Three LLC.
10.25.1	*	Lease Modification Agreement No. 1, dated as of May 4, 2010, by and between TransEnterix Surgical, Inc. and GRE Keystone Technology Park Three LLC.
14.1		Code of Ethics Pursuant to Section 406 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to the Registrant's website – see Item 1. "BUSINESS – Available Information.")
21.1		Subsidiaries of the Registrant (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
23.1		Consent of BDO USA, LLP (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
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)
101.INS		XBRL Instance Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
101.SCH		XBRL Taxonomy Extension Schema Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
101.LAB		XBRL Taxonomy Extension Label Linkbase Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document (incorporated by reference to the like-numbered exhibit to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed March 5, 2014).

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

+ A management contract, compensatory plan or arrangement required to be separately identified.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-K/A Amendment No. 2 to be signed on its behalf by the undersigned thereunto duly authorized.

Date: March 31, 2014

TransEnterix, Inc.

By: /s/ Todd M. Pope
Todd M. Pope
President, Chief Executive Officer and a Director
(principal executive officer)

By: /s/ Joseph P. Slattery
Joseph P. Slattery
Executive Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)

Exhibit 10.7.1

THIRD AMENDMENT TO LOAN AND SECURITY AGREEMENT

This Third Amendment to Loan and Security Agreement (this "**Amendment**") is entered into this 31st day of October, 2013, by and among (a) **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara. California 95054 and with a loan production office located at 3005 Carrington Mill Boulevard, Suite 530, Morrisville, North Carolina 27560 ("**SVB**"), as collateral agent (in such capacity, the "**Collateral Agent**"), the Lenders listed on Schedule 1.1 of the Loan Agreement (as defined below) or otherwise a party thereto from time to time including SVB in its capacity as a Lender, and **OXFORD FINANCE LLC**, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Finance**"), **OXFORD FINANCE FUNDING I, LLC**, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Funding**"), and **OXFORD FINANCE FUNDING TRUST 2012-01**, a Delaware trust with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Trust**"; and together with Finance and Funding, collectively "**Oxford**") (SVB and Oxford are each a "**Lender**" and collectively, the **"Lenders**"), and (b) (i) **TRANSENTERIX, INC.**, a Delaware corporation, with its principal place of business at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 ("**TransEnterix**"), (ii) **SAFESTITCH MEDICAL, INC.**, a Delaware corporation, with its chief executive office located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**SafeStitch**"), and (iii) **SAFESTITCH LLC**, a Virginia limited liability company, with its chief executive office located at 4400 Biscayne Boulevard, Suite 570, Miami, Florida 33137 ("**SafeStitch LLC**") (TransEnterix, SafeStitch, and SafeStitch LLC are hereinafter jointly and severally, individually and collectively, referred to as "**Borrower**").

RECITALS

A. Lenders and Borrower entered into that certain Loan and Security Agreement dated as of January 17, 2012, between Existing Borrower and Lenders, as amended by a certain First Amendment to Loan and Security Agreement dated as of February 11, 2013, and as further amended by a certain Second Amendment to Loan and Security Agreement and Joinder Agreement dated September 3, 2013 (as may be further amended modified, supplemented or restated from time to time, the "**Loan Agreement**"). All capitalized terms used herein without definitions shall have the meanings given such terms in the Loan Agreement.

B. Lenders have extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Lender amend the Loan Agreement, as fully set forth herein.

D. Lenders have agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein without definitions shall have the meanings given such terms in the Loan Agreement.

2. Amendments to the Loan Agreement.

A. Section 6.2 (Financial Statements, Reports, Certificates, Inspections). The Loan Agreement shall be amended by (a) deleting the "and" at the end of clause (viii) thereof, (b) deleting the at the end of (ix) thereof and replacing it with and" and (c) inserting the following new provision to appear as 6.2(a)(x) thereof:

" (x) as soon as available, but no later than thirty (30) days after the last day of each month, a copy of Borrower's monthly rental check payable to the landlord of Borrower's leased location at 627 Distribution Drive, Durham, North Carolina 27560."

B. Exhibit C (Compliance Certificate). The Compliance Certificate is amended in its entirety and replaced with the Compliance Certificate in the form of Schedule 1 attached hereto.

3. Limitation of Amendments.

3.1 The amendments set forth in Section 2 above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Lenders may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Lenders to enter into this Amendment, Borrower hereby represents and warrants to Lenders as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower delivered to Lenders on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on either Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

6. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

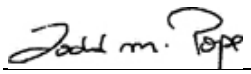
7. Effectiveness. This Amendment shall be deemed effective upon (a) the due execution and delivery to Lenders of this Amendment by each party hereto, and (b) Borrower's payment of Lenders' legal fees and expenses incurred in connection with this Amendment.

[Signature pages follow]

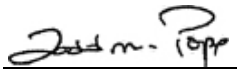
IN WITNESS WHEREOF, this Amendment is being executed as of the date first written above.

BORROWER:

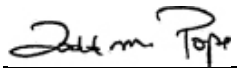
SAFESTITCH MEDICAL, INC.

By: 
Name: Todd M Pope
Title: CEO

SAFESTITCH LLC

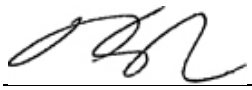
By: 
Name: Todd M Pope
Title: CEO

TRANSENTERIX, INC.

By 
Name: Todd M Pope
Title: CEO

COLLATERAL AGENT AND LENDER:

SILICON VALLEY BANK

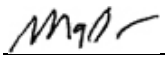
By: 
Name: Patrick Q. Scheper
Title: Vice President

LENDER:

OXFORD FINANCE FUNDING I, LLC
By: Oxford Finance LLC, as servicer

By: 
Name: Mark Davis
Title: Vice President - Finance, Secretary & Treasurer

OXFORD FINANCE FUNDING TRUST 2012-01
By: Oxford Finance LLC, as servicer

By: 
Name: Mark Davis
Title: Vice President - Finance, Secretary & Treasurer

SCHEDULE 1

EXHIBIT C

Compliance Certificate

TO: SILICON VALLEY BANK, as Collateral Agent and Lender
OXFORD FINANCE LLC, as Lender

FROM: TRANSENTERIX, INC.
SAFESTITCH MEDICAL, INC.
SAFESTITCH LLC

The undersigned authorized officer ("**Officer**") of TRANSENTERIX, INC., SAFESTITCH MEDICAL, INC., and SAFESTITCH LLC (collectively, the "**Borrower**"), hereby certifies, solely in his or her capacity as an officer of Borrower and not in any individual capacity, that in accordance with the terms and conditions of the Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders (the "**Agreement**"),

(i) Borrower is in complete compliance for the period ending with all required covenants except as noted below;

(ii) There are no Events of Default, except as noted below;

(iii) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(iv) Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower's Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Agreement;

(v) No Liens have been levied or claims made against Borrower or any of Borrower's Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement		Complies		
1)	Financial statements	Monthly within 30 days		Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 120 days after Fiscal Year End		Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (w/n 10 days of FYE) and when revised		Yes	No	N/A
4)	A/R & A/P agings	If applicable		Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable		Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days		Yes	No	N/A
7)	Dissolution of ISIS Tele-Communications, Inc.	Within 6 months after 2013 Effective Date		Yes	No	N/A
8)	Copy of rental check (627 Distribution Drive)	Monthly within 30 days		Yes	No	N/A
	IP Report *	Monthly within 30 days		Yes	No	N/A
9)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period		$			

Deposit and Securities Accounts ***(Please list all accounts; attach separate sheet if additional space needed)***

	Bank	Account Number	New Account?		Acct Control Agmt in place?	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No
5)			Yes	No	Yes	No
6)			Yes	No	Yes	No

Bank Services

Amount of cash secured Bank Services:
$

Amount of non-cash secured Bank Services
$

Other Matters

Have any Key Persons departed or ceased to be employed since the last Compliance Certificate?	Yes	No
Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Agreement?	Yes	No
Have there been any new or pending claims or causes of action against Borrower that involve more than $150,000?	Yes	No

* The following Intellectual Property was registered (or a registration application submitted) after the Effective Date or the most recent Compliance Certificate, as applicable (if no registrations, state "None")

_____

_____

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.) _____

_____

_____

_____

SAFESTITCH MEDICAL, INC., as Administrative Borrower

_____ DATE

By: _____
Name:
Title:

TRANSENTERIX, INC.

_____ DATE

By:
Name:
Title:

LENDERS USE ONLY

Received by: _____ Verified by: _____

_____ _____

SAFESTITCH MEDICAL, INC.

DATE

By:
Name:
Title:

SAFESTITCH LLC

DATE

By:
Name:
Title:

Compliance Status	Yes	No

Exhibit 10.8

Amended and Restated Pre-Release Distribution Agreement

Preamble:

The purpose of this agreement, effective as of 15 June 2012, is to cover the business arrangement between TransEnterix, Inc. (“MANUFACTURER”) and Al Danah Medical Co. W.L.L. (“DISTRIBUTOR”) (MANUFACTURER and DISTRIBUTOR collectively the “Parties”) during a limited pre-market-release of the SPIDER Surgical System in a select Territory within Europe. This agreement amends and restates, and supersedes in all respects, the Pre-Release Distribution Agreement entered into between the Parties as of [insert prior date].

Terms:

1). Territory – DISTRIBUTOR agrees to only sell TransEnterix products exclusively in the respective territory listed in Annex 1 (the “Territory”).

2). Accounts –DISTRIBUTOR agrees to sell exclusively to mutually and pre-agreed Key Opinion Leading end-user customers listed in Annex 2. DISTRIBUTOR agrees to include additional end-user customers only with the prior written approval of TransEnterix.

3). Pricing and Terms – products will be sold to DISTRIBUTOR at transfer pricing in USD, as per price list in Annex 3. Payment terms are Net 60 days.

4). Shipping – products will be shipped FOB at location of origin. Delivery and acceptance of product shall be in accordance with the Uniform Commercial Code as it is in force in the Country where the shipment originated.

5). Single-Use samples – TransEnterix will provide DISTRIBUTOR with one Demonstration /Training Set of SPIDER single-use products for each KOL End-User customer free of Charge.

6). Reusable equipment – TransEnterix will loan DISTRIBUTOR one (1) re-usable grasper and one (1) support arm for each KOL End-User customer for the duration of agreement.

7). Marketing Support and Training – TransEnterix will provide DISTRIBUTOR with marketing support, clinical training, Key Customer Visits, where applicable. DISTRIBUTOR will provide trained clinical staff at all times during SPIDER Surgery procedures with KOL End-user customers. Clinical support representation from TransEnterix (Robin Hembry, Johan Ceuppens, US clinical training) will have the option to support pre-release cases performed under this agreement, as appropriate.

8). Product Ordering and Returns – purchase order quantities be approved in advance by TransEnterix, to ensure product availability for full orders. Product returns of full and unopened boxes will be permitted, so long as the boxes are returned in original condition (utilizing over-shipper boxes).

9). Customer Complaints; Inquiries. DISTRIBUTOR hereby covenants that it shall be responsible as the first point of contact for technical support with the customer and/or end-users. DISTRIBUTOR will provide a line of communication to MANUFACTURER and MANUFACTURER'S AUTHORIZED REPRESENTATIVE (see contact information below) directly in matters of vigilance and post-market surveillance (early warning) in accordance with the European Commission Guidelines On A Medical Devices Vigilance System [Note: attachment of the Guidelines is recommended]. DISTRIBUTOR will further provide this technical support on the usage of products to the customers based on information supplied by MANUFACTURER. DISTRIBUTOR reporting should follow the current European Commission Guidelines On A Medical Devices Vigilance System. This communication should occur within 10 days of DISTRIBUTOR becoming aware of an issue. If there is an issue with a TransEnterix product, pictures should be taken of the product for documentation purposes (if it is returned from the institution), and then the product should be destroyed.

Emergo Europe
Molenstraat 15
2513 BH The Hague
The Netherlands
Tel: (31) (0) 70 345-8570
Fax: (31) (0) 70 346-7299

10). Product Recalls and Field Corrective Actions – DISTRIBUTOR shall report all customer complaints to TransEnterix. In the event (i) any government authority issues a directive or order that a Product be recalled, (ii) a court of competent jurisdiction orders such a recall, or (iii) TransEnterix determines that a Product should be recalled or that a Field Corrective Action should occur, the parties shall take all appropriate corrective actions. DISTRIBUTOR will, upon approval by TransEnterix, provide notice to customers of the recall of the Product. TransEnterix shall be responsible for the cost of notifying end users and for determining the corrective actions to be taken and the reasonable costs associated with such actions, unless TransEnterix can affirmatively identify that the recall is a direct result of an act or omission of DISTRIBUTOR or its agents or employees. TransEnterix and DISTRIBUTOR shall fully cooperate with one another and provide all reasonable assistance in conducting any recall or Field Corrective Action. DISTRIBUTOR shall maintain records of all sales of the Products sufficient to carry out a recall with respect to Products purchased under the Agreement. The records shall be sufficient to recall specific product lot/serial numbers as identified on the external packaging of the product.

11). Regulatory

a. Translations – MANUFACTURER shall develop and include labeling translations with Products to customers in accordance with Territory requirements.

b. Customer Complaints and Records Retention –A product complaint is any written or oral expression of dissatisfaction as to the identity, quality, durability, reliability, safety, effectiveness, or performance of a Product. DISTRIBUTOR shall notify MANUFACTURER in writing within 5 business days of receipt of a product complaint. DISTRIBUTOR shall maintain records for 2 years from the date a complaint is received. DISTRIBUTOR will provide initial

problem troubleshooting to customers and then obtain an RMA, returned materials authorization, from MANUFACTURER as necessary. MANUFACTURER will maintain technical resources to enable it to acknowledge reasonable requests from DISTRIBUTOR for responses to customer inquiries.

c. Re-packaging / Re-labeling - DISTRIBUTOR shall not re-package or re-label any Product except as specifically authorized in writing by MANUFACTURER. MANUFACTURER authorizes DISTRIBUTOR to approves, additional labeling of the product using an inventory and shipping label similar to the one attached in Annex 5.

d. Incidence Reporting – Product complaints associated with a death or serious injury, or a malfunction that could reasonably be expected to result in a death or serious injury if the malfunction recurs are referred to as adverse incidents/adverse events and shall be reported by DISTRIBUTOR to MANUFACTURER immediately upon DISTRIBUTOR'S obtaining knowledge thereof. In the event of any adverse incidents or adverse events involving the use of the Products, DISTRIBUTOR will promptly gather as much information regarding the incident as possible (including the name and contact information of the doctor, the hospital, the patient, the date and the circumstances, the factors contributing to the incident, and any other information reasonably requested by MANUFACTURER) and report the matter to MANUFACTURER promptly upon becoming aware of the incident as well as regulatory bodies as specified under the Medical Device Reporting regulations (21 CFR 803.24) and the European Union's Medical Device Vigilance Guidelines and/or other applicable laws or regulations. DISTRIBUTOR shall provide MANUFACTURER with a copy of any correspondence, reports, or other documents relating to such an incident promptly following receipt of such document by DISTRIBUTOR, and shall report to MANUFACTURER all available information concerning any adverse usage experiences or product complaints of which it is aware in order to assist MANUFACTURER in monitoring the quality and safety of its Products, and to assist MANUFACTURER to meet its reporting obligations under the Medical Device Reporting regulations (21 CFR 803.24) and the European Union's Medical Device Vigilance Guidelines and/or other applicable laws or regulations.

e. Shipping records/traceability – DISTRIBUTOR to maintain accurate and complete records of all sales of designated Products including lot # / serial # by customer, quantities, date of sale, and shall provide them to MANUFACTURER (as requested by MANUFACTURER) to facilitate service actions/product notifications to customers as needed.

f. Field Actions/Recalls – DISTRIBUTOR shall, upon approval by MANUFACTURER, provide notice to customers of field actions/recalls. DISTRIBUTOR to maintain sales records sufficient to facilitate field actions.

g. HIPAA– DISTRIBUTOR and MANUFACTURER shall observe HIPAA (U.S. Health Insurance Portability and Accountability Act) practices in as much as possible to safeguard sensitive data and protected health information.

h. Territory Definition and Regulated Market Clearance/Approvals– the MANUFACTURER is responsible to assure that the Territory identified in the contract is confirmed as a country that is currently cleared for marketing for the Product as identified in the contract.

i. Destination control - DISTRIBUTOR shall not sell outside Territory without prior written consent of MANUFACTURER.

j. Regulatory Reporting – MANUFACTURER will inform DISTRIBUTOR without delay of new product risks and incidents (adverse events) to protect patients and users in accordance with Articles 10 and 19 of the Medical device directive 93/42/EEC or other similarly described requirements from other applicable directives or regulations.

k. Waste and Recycling – DISTRIBUTOR to comply with WEEE (in EU) or other applicable state/federal/national recycling requirements, organize returned goods for recycling and waste take back.

l. List of Products and MDD Classification – a list of MANUFACTURER products and MDD classification is provided in Annex 4.

12). Packaging & Labeling – DISTRIBUTOR will not re-package or re-label without prior written agreement from TransEnterix. Should re-packaging/re-labeling be required, TransEnterix will provide DISTRIBUTOR with instructions. TransEnterix is aware of, and approves, relabeling of the product using a label similar to the one attached in Annex 5.

13). Records – DISTRIBUTOR will retain all records related to complaints and shipped product for a minimum of two (2) years.

14). Inventory – DISTRIBUTOR will insure that Products are handled and stored in an environment that will maintain the quality, cleanliness, and proper functioning of the Products, according to product labeling and other communications provided by TransEnterix.

15). Customer Service – DISTRIBUTOR will provide professional customer service support in territory. DISTRIBUTOR will take reasonable measures to ensure that its customers are educated as to the proper use of the Products and that they understand the recommendations, precautions, contraindications and/or other notices shown on all package inserts and labeling. TransEnterix shall advise DISTRIBUTOR staff as to the proper use of the Products, and provide such reasonable technical support and assistance to DISTRIBUTOR as DISTRIBUTOR may require to demonstrate the proper use of the Products to its customers.

16). Advertising, Promotion and Trade Shows – All advertisements or other promotional materials pertaining to the Products proposed to be used by DISTRIBUTOR shall be submitted to TransEnterix (Luke Roush) for approval prior to use or publication.

17). Term – This agreement will end on 31st August 2012. Upon execution of this agreement, the Parties agree to negotiate in good faith to reach a formal distribution agreement for execution prior to 31 August 2012. If an agreement cannot be negotiated in good faith by this end date, neither party is entitled to additional compensation, services, or rights in the future.

18). Jurisdiction – this agreement will be governed by North Carolina law.

TransEnterix, Inc.
Davis Drive, Suite 300
Morrisville, NC 27560
USA

/s/ Luke Roush

TransEnterix, Inc.

Luke Roush

VP of Sales and Global Marketing

Al Danah Medical Co. W.L.L.635
P.O. Box 14485
Gate #4 Naser Bin Khaled Complex,
Salwa Road, Doha-Qatar

/s/ Moh’d Afifi

Al Danah Medical Co. W.L.L.

Moh’d Afifi General Manager

General Manager

Annex 1:

Qatar and Kuwait

Annex 2:

NOTE – discussed customers within Territory are OK, as long as written approval exists from TransEnterix.

Annex 3:

TransEnterix™
European Pricing Information

SPIDER™ Surgical Platform

Image	Product Name	Product Code	Cost Per Unit	Units Per Order	Cost Per Order
	SPIDER Standard Surgical Platform	9000020 G2	$875	3	$2,625
	SPIDER Long Surgical Platform	9000020 G2L	$950	3	$2,850

SPIDER™ Flex Instruments

Image	Product Name	Product Code	Cost Per Unit	Units Per Order	Cost Per Order
	SPIDER Flex Wavy Grasper	9000026 G2	$95	6	$570
	SPIDER Flex Serrated Grasper	9000027 G2	$95	6	$570
	SPIDER Flex Maryland Dissector	9000028 G2	$95	6	$570
	SPIDER Flex Clip Applier	9000029	$95	6	$570
	SPIDER Flex Shears	9000030	$95	6	$570
	SPIDER Flex Monopolar Hook	9000031	$90	6	$540
	SPIDER Flex Suction Irrigation (Probe & Adapter)	9000032 G2	$60	6	$360
	SPIDER Flex Needle Driver	9000036	$140	6	$840

SPIDER™ Reusable Devices

Image	Product Name	Product Code	Cost Per Unit	Units Per Order	Cost Per Order
	SPIDER Rigid Grasper	9000039	$695	1	$695
	SPIDER Stabilizer Arm	9000022	$3,595	1	$3,595
	Stabilizer Bed Clamp	9000023	$295	1	$295
	SPIDER MicroLap 3mm Liver Retractor	9000062	$695	1	$695

TransEnterix Corporate Information:

TransEnterix, Inc.
635 Davis Drive
Suite 300
Morrisville, NC 27560

TransEnterix Customer Care
Phone: 888-870-4111
Fax: 888-870-4112
Email: customercare@transenterix.com

Corporate Phone: 919-765-8400
Corporate Fax: 919-765-8459
Website: www.transenterix.com
Tax ID #: 20-6782117

To Initiate a P.O.: Please contact your TransEnterix Surgical Sales Representative
New customers/first time P.O.: Financial approval must be obtained from TransEnterix before orders can ship. To expedite, please work with your TransEnterix Surgical Sales Representative to submit all necessary information to TransEnterix.

Notes:

*Prices are subject to change without notice

Annex 4:

Products / Intended Use	Directive (MDD / IVDD/ AIMD)	Classification / Comments (e.g. applicable rule(s))
1. **SPIDER™ (Single Port Instrument Delivery Extended Reach) Model Numbers: 9000020 SPIDER G2 Item Number: 9000040 Model Numbers: 9000020 SPIDER G2L Item Number: 9000041** The SPIDER™ (Single Port Instrument Delivery Extended Reach) is intended to establish a path of entry for laparoscopic instruments for use during minimally invasive abdominal laparoscopic surgery.	MDD	Duration of Use: Transient, continuous less than 60 minutes. Type: surgically Invasive, non-active. Single Use, EO sterile. Rule 6, Class IIa.
1. **SPIDER™ (Single Port Instrument Delivery Extended Reach) Accessory to the SPIDER is a Stabilizer. Model Numbers: 9000022** The SPIDER™ (Single Port Instrument Delivery Extended Reach) is intended to establish a path of entry for laparoscopic instruments for use during minimally invasive abdominal laparoscopic surgery.	MDD	Duration of Use: no patient contact, continuous less than 60 minutes. Reusable. Rule 1, Class I
1. **SPIDER™ (Single Port Instrument Delivery Extended Reach) Surgical Instruments – Flexible, Non-Electrical** a. Model number: 9000026 G2, Item Number: 9000050, Flexible Grasper – Wavy jaw b. Model number: 9000027 G2, Item Number: 9000051, Flexible Grasper – Tooth jaw c. Model number: 9000028 G2, Item Number: 9000053, Flexible Dissector – Maryland/Curved d. Model number: 9000029, Flexible Clip Applier e. Model number: 9000030, Flexible Shears/Scissors f. Model number: 9000032 G2, Item Number: 9000060, Flexible Suction Irrigation Probe g. Model number: 9000036, Flexible Needle Driver The SPIDER™ Surgical Instruments are intended for use in minimally invasive abdominal laparoscopic surgical procedures for grasping, mobilizing, dissecting, retracting, cutting, cauterizing, ligating, suction/ irrigation and other manipulation of tissues and vessels during laparoscopic procedures.	MDD	Duration of Use: Transient, continuous less than 60 minutes. Type: surgically Invasive, non-active. Single Use, gamma sterile. Rule 6, Class IIa.
1. **SPIDER™ (Single Port Instrument Delivery Extended Reach) Surgical Instruments – Rigid, Non-electrical** a. Model number: 9000039, Rigid Grasper The SPIDER™ Surgical Instruments are intended for use in minimally invasive abdominal laparoscopic surgical procedures for grasping, mobilizing, dissecting, retracting, cutting, cauterizing, ligating, suction/ irrigation and other manipulation of tissues and vessels during laparoscopic procedures.	MDD	Duration of Use: Transient, continuous less than 60 minutes. Type: Surgically Invasive, non-active. Reusable, non-sterile. Rule 6, Class I.

1. **SPIDER™ (Single Port Instrument Delivery Extended Reach) Surgical Instruments – Flexible, Electrical** a. **Model Number: 9000031, Flexible Mono Hook** The SPIDER™ Surgical Instruments are intended for use in minimally invasive abdominal laparoscopic surgical procedures for grasping, mobilizing, dissecting, retracting, cutting, cauterizing, ligating, suction/ irrigation and other manipulation of tissues and vessels during laparoscopic procedures.	MDD	Duration of Use: Transient, continuous less than 60 minutes. Type: surgically Invasive, non-active. Single Use, gamma sterile. Rule 6, Class IIb.

Annex 5 – Sample Labeling

Exhibit 10.25

LEASE AGREEMENT

by and between

GRE KEYSTONE TECHNOLOGY PARK THREE LLC

LANDLORD

and

TRANSENTERIX, INC.

TENANT

Dated as of: December 11, 2009

EXHIBITS

A-1	-	Floor Plan(s)
A-2	-	The Land
A-3	-	The Project
B	-	Acceptance of Leased Premises Memorandum
C	-	Workletter Agreement
C-1	-	Schematic Space Plan
D	-	Building Rules
E	-	Form of Estoppel Certificate
F	-	Itemized Inventory of Hazardous or Toxic Materials
G	-	Renewal Options
H	-	License for Communications Equipment Space

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into as of this 11th day of December, 2009 (the "Execution Date"), by and between **GRE Keystone Technology Park Three LLC**, a Delaware limited liability company authorized to conduct business in the State of North Carolina ("Landlord"), and **TransEnterix, Inc.,** a Delaware corporation authorized to conduct business in the State of North Carolina "Tenant"), In consideration of the representations and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

ARTICLE 1 - LEASED PREMISES

1.01 Leased Premises.

Landlord leases to Tenant and Tenant leases from Landlord the space (the "Leased Premises") set forth in Subsections (a) and (b) of the Basic Lease Provisions below and shown on the floor plan(s) attached hereto as Exhibit A-1 upon the terms and conditions set forth in this Lease. The building in which the Leased Premises are located, the land on which the building is located (the "Land", described on Exhibit A-2 attached hereto), the parking facilities and all improvements and appurtenances to the building are collectively referred to as the "Building". The Building may be part of a larger complex, and if so, then the Building and any larger complex of which the Building is a part are collectively referred to as the "Project", as shown on Exhibit A-3, attached hereto. No easement for light, air or view is granted hereunder or included within or appurtenant to the Leased Premises.

ARTICLE 2 - BASIC LEASE PROVISIONS

2.01 Basic Lease Provisions.

The following provisions set forth various basic terms of this Lease and are sometimes referred to as the "Basic Lease Provisions".

(a)	Building Name:	Keystone Technology Park - Building X
	Building Address:	635 Davis Drive Durham, North Carolina 27713
	Mailing Address:	635 Davis Drive Morrisville, North Carolina 27560
(b)	Floor(s):	First (1st)
	Suite Number:	300
	Square Feet Area in the Leased Premises:	Approximately 37,328
(c)	Total Area of Building:	Approximately 78,167 square feet
(d)	Base Rent:	
	Initial per Square Foot/Annum:	$10.30 per Square Foot leased
	Initial Annual Base Rent:	$384,478.44
	Initial Monthly Base Rent:	$32,039.87
	Payment Schedule:	see chart on the following page:

Full Month(s) of the Term	Targeted Date(s) Target Commencement Date is the latter of 4/1/10 or upon receipt of certificate of occupancy	Price Per Square Foot, per annum	Square Feet	Annual (or for time period noted) Base Rent	Monthly Base Rent
1 through 3	4/1/10 through 6/30/10	$0.00 ($10.30/SF Base Rent abated)	37,328	$0.00 (for 3 months)	$0.00
4 through 9	7/1/10 through 12/31/10	$5.15 (50% of $10.30/SF Base Rent abated)	37,328	$96,119.58 (for 6 months)	$16,019.93
10 through 12	1/1/11 through 3/31/11	$10.30	37,328	$96,119.61 (for 3 months)	$32,039.87
13 through 24	4/1/11 through 3/31/12	$10.30	37,328	$384,478.44	$32,039.87
25 through 36	4/1/12 through 3/31/13	$10.58	37,328	$394,930.20	$32,910.85
37 through 48	4/1/13 through 3/31/14	$10.87	37,328	$405,755.40	$33,812.95
49 through 60	4/1/14 through 3/31/15	$11.17	37,328	$416,953.80	$34,746.15

(e) TICAM Expenses for the initial calendar year of the Term:

Per Square Foot/Annum:	$3.22 per Square Foot leased
Initial Monthly TICAM Expense Payment:	$10,016.35

(f) Parking: 4.0 unreserved parking spaces per each 1,000 Square Foot leased (rounded down to the nearest whole number)

Monthly Rent per Parking Space: No additional charge to Tenant

(g) Term: 5 Year(s) 0 Month(s)

(h) Target Commencement Date: April 1, 2010
Target Rent Commencement Date: April 1, 2010 (for TICAM only)
Target Expiration Date: March 31, 2015

(i) Security for the Lease: Letter of Credit in the amounts as follows:
Months 1 through 26 of the Term: $500,000.00
Months 27 through 45 of the Term: $375,000.00
Months 46 through 60 of the Term: $250,000.00
With the reductions subject to Section 4.07 of this Lease.

(j) Permitted Use: General business offices, laboratory, research and development, warehouse, and light manufacturing

Permitted Occupancy: 149 persons

(k) Addresses for notices and other communications (except for Rent payments) under this Lease:

Landlord:
GRE Keystone Technology Park Three LLC
c/o Capital Associates

1255 Crescent Green, Suite 300
Cary, North Carolina 27518
(919) 233-9901

Landlord's address for Rent payments under this Lease:
GRE Keystone Technology Park Three LLC
P.O. Box 277330
Atlanta, GA 30384-7330

Tenant:
Prior to the Commencement Date:
TransEnterix, Inc.
3908 Patriot Drive, Suite 110
Durham, North Carolina 27703
Att: David N. Gill
919.765.8413

After the Commencement Date:
TransEnterix, Inc.
635 Davis Drive, Suite 300
Durham, North Carolina 27713
Attn: David. N. Gill
Ph: 919.765.8412

(1) Broker: Capital Associates Management, LLC
Co-Broker: Kiley and Associates, L.L.C.

ARTICLE 3 - TERM AND POSSESSION

3.01 Term.

(a) This Lease shall be and continue in full force and effect for the term set forth in Subsection 2.01(g), as it may be modified, renewed and extended, pursuant to Exhibit G or by other written agreement between Landlord and Tenant (the "Term"). Subject to the remaining provisions of this Article, the "Commencement Date" shall be the date on which Landlord tenders possession of the Leased Premises to Tenant, which such date is anticipated to be the Target Commencement Date shown in Subsection 2.01(h). The Term shall commence on the Commencement Date and shall expire, without notice to Tenant, on the last day of the last month of the Term (the "Expiration Date") *(i.e.* if the Commencement Date is other than the first (1st) day of the month, the Expiration Date shall nevertheless be the last day of the last month of the Term). References to any "month" of the Term in this Lease shall mean a full month of the Term.

(b) If the Commencement Date, the Rent Commencement Date, and Expiration Date are different from the Target Commencement Date, Target Rent Commencement Date, and the Target Expiration Date, respectively, as set forth in Subsection 2.01 (h), Landlord and Tenant shall execute an amendment to the Lease setting forth such actual dates, and adjusting any Base Rent payment schedule, if applicable. If such amendment is not executed, the Commencement Date and Expiration Date shall be conclusively deemed to be the Target Commencement Date and the Target Expiration Date set forth in Subsection 2.01(h).

3.02 Commencement.

(a) Subject to Section 3.03 hereof, if, (i) any of the work described in Exhibit C that is required to be performed by Landlord or Landlord's contractor(s) to prepare the Leased Premises for occupancy has not been substantially completed on or before the Target Commencement Date, or (ii) Landlord is unable to tender possession of the Leased Premises to Tenant on the

Target Commencement Date, then the Commencement Date and Rent Commencement Date shall be postponed until Landlord is able to tender possession of the Leased Premises to Tenant with the work to be performed in the Leased Premises having been substantially completed, and the postponement shall operate to extend the Expiration Date in order to give full effect to the stated duration of the Term.

(b) Notwithstanding the foregoing, if the Leased Premises are not substantially completed on or before June 1, 2010, due solely to delays caused by Landlord, then Landlord shall provide Tenant with notice as to the cause(s) for the delay in substantial completion of the Leased Premises. Tenant may then by giving Landlord notice on or before June 10, 2010, terminate this Lease so long as the Leased Premises are not substantially complete prior to the date notice is given. If Tenant does not provide notice on or before June 10, 2010, Tenant shall waive its right to terminate this Lease in accordance with this provision. The Leased Premises shall be deemed to be substantially complete the day after inspection and approval for occupancy for the intended use, whether permanent, conditional, or temporary, by the City of Durham, North Carolina, provided the approval is subsequently evidenced by a certificate of occupancy, whether permanent, conditional, or temporary, issued by the municipality, which such certificate of occupancy may be dated when actually processed by such municipality, rather than the date of the inspection and approval for occupancy. Further notwithstanding, Tenant shall not have the right to terminate the Lease if Tenant has taken possession of any part of the Leased Premises.

(c) The deferment of installments of Base Rent created by the delay in the Rent Commencement Date and the right to terminate as provided above shall be Tenant's exclusive remedies for postponement of the Commencement Date, and Tenant shall have no, and waives any, claim against Landlord because of any such delay

3.03 Tenant's Delay.

No delay in the completion of the Leased Premises resulting from delay or failure on the part of Tenant in furnishing information or other matters required in Exhibit C, and no delay resulting from any cause set forth in Section 7 of Exhibit C, shall delay the Rent Commencement Date and the commencement of Tenant's obligation to pay Rent (as defined in Section 4.02 below) and the Expiration Date. If the Rent Commencement Date is prior to the completion of the work described in Exhibit C, due to Tenant delays, the Commencement Date for the purpose of determining Tenant's right to possession of the Leased Premises shall be the date that the work in the Leased Premises is deemed substantially complete. The Leased Premises shall be deemed to be substantially complete the day after inspection and approval for occupancy for the intended use, whether permanent, conditional, or temporary, by the issuing municipality in North Carolina where the Leased Premises are located, provided the approval is subsequently evidenced by a certificate of occupancy, whether permanent, conditional, or temporary, issued by the municipality. The certificate of occupancy may be dated as of the date that it is actually processed by the municipality, rather than the date of the inspection and approval for occupancy.

3.04 Tenant's Possession.

Except as specifically set forth in Exhibit C, Section 8, if, prior to the Commencement Date, Tenant shall enter into possession of all or any part of the Leased Premises and conducts any portion of its business operations therein, the Term, the payment of monthly installments of Base Rent and all other obligations of Tenant to be performed during the Term shall commence on, and the Commencement Date shall be deemed to be, the date of such entry; provided, no such early entry shall operate to change the Expiration Date.

3.05 Acceptance of Leased Premises.

Tenant shall confirm its acceptance of the Leased Premises (except for "punch list" items) by execution of the Acceptance of Leased Premises Memorandum attached hereto as Exhibit B. Tenant shall execute and deliver such Acceptance of Leased Premises Memorandum to Landlord within ten (10) business days of receipt thereof, and Tenant's failure to do same shall be considered an event of default under this Lease.

3.06 Holdover.

Upon the expiration or termination of this Lease, Landlord shall have the right to immediately re-enter and take possession of the Leased Premises. If Landlord does not take possession of the Leased Premises and if Tenant shall remain in possession of the Leased Premises after the expiration or earlier termination of this Lease without the execution of a new lease or an amendment to this Lease or other written agreement by and between Landlord and Tenant extending the Term, Tenant shall become a tenant-at-sufferance. For a period of sixty (60) days after the termination or expiration, as the case may be, Tenant shall pay daily rent at one hundred fifty percent (150%). of the per day Rent (as defined in Section 4.02) as of the last day of the Term or day that the Lease is terminated. During the sixty (60) day period, Tenant shall be subject to all of the terms, conditions, provisions and obligations of this Lease, and the tenancy may be terminated by Landlord or Tenant at any time on seven (7) days' prior notice. After the sixty (60) day period the Lease shall be terminable on one (1) day's notice, and Tenant shall pay daily rent at double the per day Rent as of the last day of the Term or the day that the Lease is terminated, and shall be subject to all of the obligations of Tenant under this Lease. If Tenant holds over past the expiration or earlier termination of this Lease, Tenant shall indemnify Landlord (i) against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Leased Premises effective upon the termination or expiration of this Lease, and (ii) for all other losses, costs and expenses, including consequential damages and reasonable attorneys' fees, sustained or incurred by reason of such holding over. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant. The rights and obligations contained in this Section shall survive the expiration or other termination of this Lease.

3.07 Early Termination Option.

Provided (i) Tenant is not then in default of this Lease as defined in Section 9.01 prior to the Early Termination Date (defined below), and (ii) Tenant occupies the Leased Premises, then Tenant shall have the option (the "Early Termination Option") to terminate this Lease effective on the last day of the forty-fifth (45th) full month of the Term (the "Early Termination Date") by delivering notice to Landlord on or before the last day of the thirty-sixth (36th) month of the Term (the "Early Termination Notice Date"). Tenant's right to terminate this Lease shall be granted in accordance with the following additional terms and conditions:

a) Time is of the essence in exercising this Early Termination Option. If Tenant does not provide Landlord with notice as of the Early Termination Notice Date, then Tenant shall have waived its Early Termination Option, and the Early Termination Option shall automatically expire and shall no longer be of any force or effect.

b) If Tenant elects to terminate this Lease under the Early Termination Option, Tenant shall deliver to Landlord, on or before the Early Termination Notice Date, a check for one-half (1/2) of the amount of $417,650.00, and the payment of the other one-half (1/2) of said amount shall be due and payable by Tenant on the Early Termination Date. Payment of the aforesaid amounts when due shall be a condition precedent to the termination of this Lease pursuant to this Section 3.07 and shall be in addition to the Rent due through the Early Termination Date.

c) Any notice to Landlord exercising the Early Termination Option set forth above shall be irrevocable. If the option is exercised, Tenant shall vacate and deliver the Leased Premises to Landlord in the condition required under this Lease no later than 11:59 p.m. on the Early Termination Date. If the Early Termination Option is exercised, the failure to vacate the Leased Premises as of the Early Termination Date shall constitute a holdover under this Lease. Except for Affiliates, as that term is defined herein, of Tenant, Tenant shall not have the right to assign the Early Termination Option to any subtenant of the Leased Premises or assignee of this Lease, nor may any such subtenant or assignee exercise such option.

ARTICLE 4 - RENT AND SECURITY FOR THE LEASE

4.01 Base Rent and TICAM Expense Payment.

Tenant shall pay to Landlord rent ("Base Rent") beginning on the Commencement Date and throughout the Term in the amount of the Annual Base Rent set forth in Subsection 2.01(d). Base Rent shall be payable in monthly installments in the amount set forth in Subsection 2.01(d) ("Monthly Base Rent"). In addition to Base Rent, Tenant shall be obligated to pay its proportionate

share calculated as 47.8% of Building TICAM Expenses as defined in Section 4.04 below. Tenant shall make TICAM Expense payments each month of the Term (‘‘Monthly TICAM Expense Payment”) to cover its obligation to pay TICAM Expenses. The Monthly TICAM Expense Payment shall be based upon Landlord’s estimate of TICAM Expenses for the calendar year. The Initial Monthly TICAM Expense Payment shall be as set forth in Subsection 2.01(e). Monthly Base Rent and the Monthly TICAM Expense Payment shall be paid in advance on the first day of each and every calendar month during the Term. If the Commencement Date is not the first day of a month, Tenant shall be required to pay on the Commencement Date a pro rata portion of the Initial Monthly Base Rent and Initial Monthly TICAM Expense Payment for the first partial month of the Term. Notwithstanding the foregoing, Monthly Base Rent shall be abated, in whole or in part, for the first nine (9) full months of the Term (as illustrated in Subsection 2.01(d) of this Lease). Tenant shall be liable to Landlord for it’s Monthly TICAM Expense Payment during this abated Base Rent period. Commencing in full month 10 of the Term, Tenant shall pay full Rent as set forth in this Lease.

4.02 Payment of Rent.

As used in this Lease, “Rent” shall mean Base Rent, Additional Rent (defined below), late charges, and all other amounts required to be paid by Tenant pursuant to this Lease. Rent shall be paid at the times and in the amounts provided herein by check drawn on a United States of America bank to Landlord at its address specified in Subsection 2.01(k) above, or to such other person or at such other address as Landlord may from time to time designate in writing. Tenant’s obligation to pay Rent is independent of any obligation of Landlord under this Lease and Rent shall be paid without notice, demand or abatement except as may be expressly set forth in this Lease.

4.03 Additional Rent.

The term “Additional Rent” shall mean TICAM Expense payment obligations, including Monthly TICAM Expense Payments, and any and all other amounts in addition to Base Rent that Tenant is required to pay to Landlord under this Lease, including, but not limited to, the construction supervision fee and the repairs surcharge, or any other charges owed to Landlord pursuant to the terms of this Lease.

4.04 TICAM Expenses.

(a) Landlord may change Tenant’s Monthly TICAM Expense Payment at any time by giving Tenant notice specifying that the payments are to change based upon Landlord’s estimate of TICAM Expenses (defined below) and specifying that Tenant’s Monthly TICAM Expense Payments must be adjusted as a result of the change. If notice of a change is given, Tenant shall adjust its Monthly TICAM Expense Payments accordingly beginning with the monthly installment immediately following Landlord’s notice.

(b) The term “TICAM Expenses” shall mean, except as otherwise specified in this definition, all expenses, costs, and disbursements of every kind and nature, computed on an accrual basis, that Landlord pays or is obligated to pay because of or in connection with the ownership and operation of the Building, or Landlord’s efforts to reduce TICAM Expenses, including, without limitation:

(1) wages and salaries of all employees to an extent commensurate with each employees, involvement in the operation, repair, replacement, maintenance, and security of the Building, including, without limitation, amounts attributable to the employer’s Social Security Tax, unemployment taxes, and insurance, and any other amount which may be levied on the wages and salaries, and the cost of all insurance and other employee benefits related thereto;

(2) all supplies and materials used in the operation, maintenance, repair, replacement and security of the Building;

(3) the rental costs of any and all leased capital improvements and the annual amortization of any and all capital improvements made to the Building which, although capital in nature, can reasonably be expected to reduce the normal operating costs of the Building, to the extent of the lesser of the expected reduction in TICAM Expenses or the annual amortization of the capital improvements, as well as all capital improvements made in order to comply with any legal requirement hereafter promulgated by any governmental authority including, but not limited to, requirements relating to the environment, energy, conservation, public safety, access for the disabled or security, as amortized over the useful life of the improvements by Landlord for federal income tax purposes;

(4) the cost of all utilities for the Building that are provided by Landlord, other than the cost of utilities supplied to tenants of the Building which are separately metered or reimbursed to Landlord by such tenants;

(5) the cost of all maintenance and service agreements with respect to the operation of the Building or any part thereof, including, without limitation, trash removal from a Building common area dumpster, management fees, alarm service, equipment, landscape maintenance and parking area maintenance and operation;

(6) the cost of all insurance relating to the Building and each of the premises contained therein, including, without limitation, casualty and liability insurance applicable to the Building and Landlord's personal property used in connection therewith;

(7) all taxes and assessments and governmental charges, whether federal, state, county, or municipal, and whether by taxing districts or authorities presently taxing or by others, subsequently created or otherwise, including all taxes levied or assessed against or for leasehold improvements and any other taxes and assessments attributable to the Building and the operation thereof, including any franchise or other tax based on the ad valorem property value of the Building and calculated as an ad valorem tax, together with the reasonable cost (including attorneys, consultants and appraisers) of any negotiation, contest or appeal pursued by Landlord in an effort to reduce any such tax, assessment or charge, but including all rental, sales, use and occupancy taxes or other similar taxes, if any, levied or imposed by any city, state, county, or other governmental body having jurisdiction;

(8) the cost of all repairs, replacements, removals and general maintenance with respect to the Building, including without limitation, the exterior walls, doors, windows, roof, paving, walkways, landscaping and signage;

(9) the cost of all repairs, replacements, removals and general maintenance of any common plumbing, mechanical, and electrical systems, including without limitation, any fire sprinkler system, whether interior or exterior;

(10) the cost of all repairs, replacements, removals and general maintenance for any structural component of the Building; and

(11) pro rata assessments, based upon acreage, for the costs and expenses of maintaining the common areas of the Building and Project, if applicable, and any assessments owed to any property owners' association.

(c) Specifically excluded from TICAM Expenses are:

(1) expenses for capital improvements made to the Building, other than capital improvements described in Section 4.04(b)(3) above and except for items which, though capital for accounting purposes, are properly considered maintenance and repair items, such as painting of the Building exterior and painting and/or wallpapering of common areas and like items;

(2) increases in taxes resulting from higher valuations of the Building attributable to the Tenant Improvements (defined in Exhibit C) or alterations made by Tenant in excess of typical fitups in the Building, which increase shall be paid by Tenant as Additional Rent;

(3) depreciation of the Building;

(4) federal and state income taxes imposed on Landlord;

(5) Landlord's general corporate overhead and general administrative expenses;

(6) costs arising from Landlord's charitable or political contributions;

(7) federal and state income and franchise taxes of Landlord or any other such taxes not in the nature of real estate taxes, except taxes on Rent;

(8) management fees to the extent they exceed the greater of (a) reasonable, similar costs incurred in comparable office buildings in the greater Research Triangle Park/Interstate-40, North Carolina area, or (b) five percent *(5%)* of the gross rent received for the Building;

(9) salaries, wages or other compensation paid to officers or executives of Landlord above the level of property manager in their respective capacities;

(10) overhead and profit increments paid to subsidiaries or affiliates of Landlord for services provided to the Building or Project, to the extent that the costs of services exceed reasonable, similar competitive costs for comparable office buildings or projects in the greater Research Triangle Park/Interstate-40, North Carolina area;

(11) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord;

(12) costs incurred by Landlord for the repair of damage to the Building, to the extent Landlord is reimbursed by insurance proceeds;

(13) renovating or otherwise improving or decorating, painting or redecorating space leased to tenants or other occupants of the Building;

(14) costs for purchasing sculpture, paintings or other objects of art;

(15) all items and services for which a tenant has reimbursed Landlord or a tenant has paid directly to third persons;

(16) any ground lease rental;

(17) interest, principal, points and fees on debts, or amortization on any mortgage or other debt instrument encumbering the Building or the Land;

(18) legal and other costs associated with the mortgaging, refinancing or sale of the Building, Land or Project or any interest therein;

(19) tax penalties incurred as a result of Landlord's gross negligence, willful misconduct or inability to make payments when due

(20) any costs and expenses related to or incurred in connection with disputes with tenants of the Building or Land or any lender for the Building or Land; and

(21) costs associated with leasing or marketing space in the Building, including tenant improvements, advertising, lease commissions, legal fees to negotiate leases, space planning and marketing materials.

(d) If the average occupancy rate for the Building is less than ninety-five percent (95%) in any calendar year of the Term, or if Landlord is providing less than ninety-five percent (95%) of the Building with any item or items of work or service which would constitute a TICAM Expense hereunder, then the amount of the TICAM Expenses for such period shall be adjusted to include any and all TICAM Expenses set forth in this Subsection which Landlord reasonably determines Landlord would have incurred if the Building had been at least ninety-five percent (95%) leased and occupied with all tenant improvements constructed or if Landlord had been providing such item or items of work or service to at least ninety-five percent (95%) of the Building; provided however, Landlord shall not apply this provision to increase TICAM Expense items above the costs actually incurred by Landlord for the Building. If the actual occupancy rate for the Building is ninety-five percent (95%) or greater, then the actual TICAM Expenses shall be used for purposes of determining the Monthly TICAM Expense Payment described in this Section 4.04.

(e) Within one hundred twenty (120) days after the end of each calendar year, Landlord shall give notice to Tenant specifying the actual TICAM Expenses for the prior calendar year. If Tenant's proportionate share of TICAM Expenses for the prior year exceed the total of Monthly TICAM Expense Payments made by Tenant for the year, Tenant shall pay any deficit amount to Landlord within fifteen (15) days after receipt of Landlord's notice. Any excess payment by Tenant for the prior calendar year shall be applied towards Tenant's obligation to pay its proportionate share of TICAM Expenses for the following calendar year, or, if the Lease has expired or terminated, be returned to Tenant by Landlord within thirty (30) days of Landlord's notice. Notwithstanding the foregoing, for purposes of determining Tenant's annual TICAM Expense adjustment in any calendar year of the Term, the TICAM Expenses which are controllable by Landlord (the "Controllable TICAM") shall not exceed the Controllable TICAM for the first (1st) calendar year of the Term increased at a rate of five percent (5%), compounded annually. There shall be no such limitation with respect to taxes, insurance, utilities, refuse collection, snow removal, and any other TICAM Expense item not within Landlord's reasonable control.

(f) Tenant shall have the right, one (1) time per year, upon notice to Landlord, within sixty (60) days of receipt of the TICAM Expense statement, to have Landlord's books and records relating solely to TICAM Expenses contained in the statement for the prior year, reviewed. If Landlord's calculation of TICAM Expenses fails to comply with the requirements of this Section 4.04 or contains any other error, as determined by the review, Tenant's past payments of its proportionate share of TICAM Expenses for the subject year shall be adjusted in accordance with the results of the review, and appropriate payments shall be made by Landlord or Tenant, as the case may be, within forty-five (45) days after completion of the review.

(g) All books and records necessary to accomplish any review permitted under this Section 4.04 shall be retained by Landlord for a period of one (1) year, and shall be made available to the person conducting the review at the Building, Project or the office of Landlord's property manager, during normal business hours. All of Landlord's and Tenant's costs of the review shall be paid by Tenant unless the review reveals that total TICAM Expenses were misstated by ten percent (10%) or more in the calendar year reviewed, in which case Landlord shall reimburse Tenant for Tenant's reasonable cost of the review, not to exceed One Thousand Dollars ($1,000.00).

(h) The rights and obligations contained in this Section 4.04 shall survive the expiration or other termination of this Lease.

4.05 Cost of Living Adjustment.

Intentionally deleted.

4.06 Net Lease.

It is the intention of Landlord and Tenant that, except for the costs and expenses specifically provided for herein to the contrary, all costs, expenses and obligations of every kind relating directly or indirectly in any way, foreseen or unforeseen, to Tenant's use, occupancy, possession, maintenance, repair and replacement of the Leased Premises, or any part thereof, which may arise or become due during the Term shall be paid promptly and in full by Tenant and that Landlord shall be indemnified by Tenant therefrom.

4.07 Security for the Lease.

(a) Tenant shall provide Landlord with, at the time of Tenant's execution of this Lease, and shall maintain in effect at all times during the Term of this Lease, security in the form of a clean, unconditional and irrevocable letter of credit ("Letter of Credit") as described below. Landlord may draw on the Letter of Credit, in whole or in part (at Landlord's option), if: (i) Tenant defaults with respect to any of the terms, conditions or provisions of this Lease on the Tenant's part to be observed or performed, including but not limited to, the payment of Rent or Additional Rent, and such default continues beyond the applicable cure period, if any, or (ii) Tenant, or anyone holding possession of the Leased Premises through Tenant, holds over in the Leased Premises after the expiration or sooner termination of the Term of this Lease, or (iii) Landlord is given notice that the bank issuing the Letter of Credit is terminating the Letter of Credit, or (iv) the Letter of Credit is scheduled to expire as of the stated date by its terms and is not replaced with a Letter of Credit meeting the criteria set forth in this Section 4.06 at least sixty (60) days prior to the Letter of Credit's stated expiration date.

(b) Landlord shall have the right to draw down the Letter of Credit and apply the proceeds of the Letter of Credit to the curing of any default by Tenant, including, but not limited to, the payment of Rent or Additional Rent, or the payment of any damages sustained by Landlord due to Tenant's failure to perform its obligations, including, but not limited to, alteration and repair obligations under Article 7 herein, without prejudice to any other remedy or remedies at law or in equity which Landlord may have on account thereof. Landlord's right to draw upon the Letter of Credit shall be based upon Landlord's written statement to the issuer that Tenant is in default under the terms of the Lease and presentation of a sight draft. Upon any such application, Tenant shall, within ten (10) days after Landlord gives Tenant notice thereof, cause the Letter of Credit to be reissued for the full face amount required herein, so that the Letter of Credit will be restored to its original amount. If Landlord draws upon the Letter of Credit it will provide Tenant with notice that a draw has been made setting forth the specific default by Tenant Landlord determined to justify the draw. In the event that any of the proceeds of the Letter of Credit are not applied to cure such default of Tenant, Landlord shall hold such unapplied proceeds as cash security for the full and faithful performance by Tenant.

(c) Any cash proceeds received by Landlord and held as security may be commingled with other funds of Landlord without Landlord being responsible to Tenant for the payment of any interest thereon. If Tenant fully and faithfully complies with all of the terms, covenants and provisions of this Lease, the Letter of Credit and/or any unapplied cash proceeds drawn from the Letter of Credit and held as security for this Lease shall be returned to Tenant, without interest, within thirty (30) days after the expiration of the Term of this Lease and delivery of exclusive possession of the Leased Premises to Landlord.

(d) The Letter of Credit shall be an unconditional, irrevocable, clean Letter of Credit (which permits partial draws), payable on sight in cash, in favor of Landlord, Landlord's lender or an assignee of Landlord, at Landlord's election and shall be in the amount of $500,000.00 for months 1 through 26 of the Term; $375,000.00 for months 27 through 45 of the Term and $250,000.00 for months 46 through 60 of the Term; provided that Tenant's right to reduce the Letter of Credit is contingent upon Tenant not having been or being in default of the monetary provisions of this Lease. If Tenant is or has been in monetary default, Tenant shall not have the right to reduce the Letter of Credit and the Letter of Credit shall continue to be or be returned to its original amount. The Letter of Credit shall be acceptable to Landlord, acting reasonably with regard to both form and content, and shall be executed by a third-party nationally recognized banking institution ("Bank") with local offices, acceptable to Landlord, acting reasonably, and Bank shall have an office in Raleigh, North Carolina, available as a designated payment center in order that Landlord may present the Letter of Credit for same-day payment. The Letter of Credit shall be transferable by Landlord or any other beneficiary. The Letter of Credit shall be governed by the International Standby Practices set forth by the International Chamber of Commerce. The Letter of Credit shall either: (i) have an expiration date no earlier than thirty (30) days after the expiration date of the Term of this Lease, or (ii) have an expiration date no earlier than the first anniversary of the date of issuance therefor and shall provide that it shall be automatically renewed from year to year unless terminated by Bank by notice to Landlord given not less than sixty (60) days prior to the then expiration date thereof by certified or registered mail, in which such event Tenant shall, within fifteen (15) days after notice is given to Tenant by Landlord, deliver to Landlord either a substitute letter of credit meeting the requirements herein or cash Security in the Letter of Credit amount. The final expiration date of the Letter of Credit (including any renewals) shall be no earlier than thirty (30) days after the expiration date of this Lease. Tenant's failure to provide Landlord with the Letter of Credit when due, including any renewal(s) of the Letter of Credit, shall be deemed an event of monetary default under this Lease.

(e) If Landlord at any time requests any reasonable change in the terms, conditions or provisions of the Letter of Credit, Tenant shall promptly cause such Letter of Credit to be so modified. If the Letter of Credit is lost, mutilated, stolen or destroyed, Tenant shall cooperate with Landlord's efforts to cancel the lost, mutilated, stolen or destroyed Letter of Credit and to replace such Letter of Credit. If the Bank becomes unacceptable to Landlord or if the Bank enters into any form of regulatory or governmental receivership or other similar regulatory or governmental proceeding, including any receivership instituted or commenced by the Federal Deposit Insurance Corporation (FDIC), or is otherwise declared insolvent or downgraded by the FDIC, at Landlord's reasonable discretion, Tenant shall, within fifteen (15) days after notice is given to Tenant by Landlord, deliver to Landlord either a substitute letter of credit meeting the requirements herein or cash security in the Letter of Credit amount. In the event Landlord transfers its interest in the Land and Building to another owner, Landlord may transfer the Letter of Credit to the new owner. If the Letter of Credit is so transferred, Landlord shall thereupon be released by Tenant from all liability for the return of the Letter of Credit, and Tenant shall look solely to the new owner for the return of the Letter of Credit in accordance with the terms of this Lease. If Landlord desires to transfer the Letter of Credit to such new owner, Tenant shall cooperate in effecting such transfer; provided that Landlord shall pay the Bank's usual and customary fee for transferring such Letter of Credit.

(f) The rights and obligations contained in this Section 4.07 shall survive the expiration or other termination of this Lease.

4.08 Late Charge.

If Tenant fails or refuses to pay any installment of Rent when due, Landlord, shall have the right to collect a late charge of five percent (5%) of the amount of the late payment to compensate Landlord for the additional expense involved in handling delinquent payments and not as interest; provided, however, that the late charge shall be waived by Landlord one (1) time in a calendar year so long as the late Rent is paid within five (5) days of the due date. If the payment of a late charge required by this Section is found to constitute interest notwithstanding the contrary intention of Landlord and Tenant, the late charge shall be limited to the maximum amount of interest that lawfully may be collected by Landlord under applicable law, and if any payment is determined to exceed such lawful amount, the excess shall be applied to any unpaid Rent then due and payable hereunder and/or credited against the next succeeding installment of Rent payable hereunder. If all Rent payable hereunder has been paid in full, any excess shall be refunded to Tenant, in addition to paying any applicable late fee as set forth herein, Tenant shall pay a dishonored check fee of $25.00 and reimburse Landlord for any processing fees charged to Landlord as a result of Tenant's checks having been returned for insufficient funds.

ARTICLE 5 - SERVICES

5.01 Services.

(a) From and after the Commencement Date, Tenant shall pay or cause to be paid directly to the supplier all rents, charges and rates for all utility services related to Tenant's use of the Leased Premises, which may include, without limitation, gas, electricity, water, sewer, telephone, trash removal from the Leased Premises and the like, including all utilities necessary for heating and air conditioning the Leased Premises.

(b) If any utilities are not separately metered or assessed or are only partially separately metered or assessed and are available for use in common with other tenants in the Building, Tenant shall pay to Landlord within ten (10) days of receipt of Landlord's invoice, a proportionate share of the charges for utilities available for use in common based on square footage of space leased to each tenant using the common facilities. Landlord may install re-registering meters and collect any and all utility charges as aforesaid from Tenant, making returns to the proper public utility company or governmental unit, provided that Tenant shall not be charged more than the rates it would be charged for the same services if furnished directly to the Leased Premises by the companies or governmental units.

(c) At the option of Landlord, any utility or related service which Landlord may at any time elect to provide to the Leased Premises may be furnished by Landlord or any agent employed by or independent contractor selected by Landlord, and Tenant shall accept the same therefrom to the exclusion of all other suppliers so long as the rates charged by the Landlord or by the supplier of the utility or related service are competitive. Notwithstanding the foregoing, Tenant shall have the right to choose its own voice, Internet, and data suppliers,

(d) If Tenant fails to pay any utility bills when due, Landlord shall have the right, after giving Tenant ten (10) days' notice of Tenant's failure to pay the utility bills, to thereafter pay the delinquent utility bills. Tenant shall reimburse Landlord, within ten (10) days of receipt of Landlord's invoice, for the amount of the delinquent utility bills paid by Landlord together with a surcharge of fifteen percent (15%) of the amount due. Such sums shall be added to the Rent next due hereunder and shall become Additional Rent for the purposes hereof. Tenant shall be solely responsible for any janitorial service to the Leased Premises.

5.02 Interruption of Services.

(a) Landlord shall have no liability to Tenant for disruption, interruption or curtailment of any utility service to the Leased Premises, whether or not furnished by Landlord, and in no event shall the disruption, interruption or curtailment constitute constructive eviction or entitle Tenant to an abatement of rent or other charges, nor relieve Tenant from its obligation to fulfill any covenant or agreement hereof.

(b) If (i) the services which Landlord is obligated to provide are continuously interrupted for four (4) consecutive business days after Landlord's receipt of notice from Tenant ("Interruption"), and (ii) Tenant is unable to conduct business in the Leased Premises, and (iii) Tenant has notified Landlord immediately in writing that Tenant is unable to conduct its business, and (iv) the Interruption is due to the gross negligence or willful misconduct of Landlord, its employees or agents, and such services are not restored by Landlord, if under Landlord's reasonable control, Tenant shall be entitled to an abatement of Rent for each day Tenant is unable to conduct its business operations in the Leased Premises. The abatement shall begin on the fifth (5th) consecutive business day after Tenant's delivery to Landlord of the notice of the Interruption and shall end automatically when the services are restored.

(c) If (1) the provisions set forth in Subsection 5.02(b) (i), (ii) and (iii) above have occurred and (2) Landlord has not commenced to correct the Interruption within two (2) consecutive business days of the Interruption, then Tenant shall be entitled, using contractor(s) approved by Landlord, to restore such service in a commercially reasonable manner which restoration shall not,

in any way, (i) interfere with Landlord's insurance coverage therefor, (ii) interfere with any other tenants in the Building or Project, (iii) create an additional liability for Landlord, (iv) negatively impact the aesthetics of the Building and Project after completion of the restoration of the service, or (v) negatively affect the structure of the Building or the electrical, mechanical, plumbing or life safety systems of the Building after completion of the restoration of the service. Tenant shall be solely responsible for any liability claims brought by (3) any contractor(s) hired by Tenant and (4) any third party, due to Tenant's restoration of the service. Landlord shall reimburse Tenant for its reasonable, out-of-pocket costs therefor within thirty (30) days after delivery to Landlord of a reasonably detailed invoice and, if requested by Landlord, receipts, bills, paid affidavits, and appropriate releases of liens, failing which default interest shall accrue thereon from the date due until the date paid at the maximum lawful rate.

5.03 Additional Charges.

In the event that any charge or fee is required after the Commencement Date by the State of North Carolina, or by any agency, subdivision or instrumentality thereof, or by any utility company furnishing services or utilities to the Leased Premises, as a condition precedent to furnishing or continuing to furnish utilities or services to the Leased Premises, the charge or fee shall be deemed to be a utility charge payable by Tenant. The provisions of this Section 5.03 shall include, but not be limited to, any charges or fees for present or future water or sewer capacity to serve the Leased Premises, any charges for the underground installation of gas or other utilities or services, and other charges relating to the extension of or change in the facilities necessary to provide the Leased Premises with adequate utility services. In the event that Landlord has paid any charge or fee after the date hereof, Tenant shall reimburse Landlord for the utility charge with the payment thereof to be Additional Rent for purposes hereof; provided, however, that to the extent such utility charges are incurred for utilities which will serve the entire Building, said utility charges shall be subject to payment pursuant to Section 4.04(b) or Section 4.04(c) hereof, as the case may be, for the particular utility charge.

ARTICLE 6 - USE AND OCCUPANCY

6.01 Use and Occupancy.

(a) Tenant (and its permitted assignees, subtenants, invitees, customers, and guests) shall use and occupy the Leased Premises solely for the purpose that is specified in Subsection 2.01(j), and Tenant may not change said purpose absent Landlord's prior written agreement, in Landlord's sole discretion.

(b) Tenant shall not use or occupy the Leased Premises, or permit any portion of the Leased Premises to be used or occupied, for any business or purpose, or in any manner, by any number of persons greater than that specified in Subsection 2.01(j).

(c) Tenant shall not use or occupy the Leased Premises, or permit any portion of the Leased Premises to be used or occupied, for any business or purpose, or in any manner, which (i) is unlawful, disreputable or deemed to be extra-hazardous on account of fire or exposure to or interference from electromagnetic rays and/or fields, (ii) violates the Building Rules, attached hereto as Exhibit D, and as they may be amended, and/or (iii) increases the rate of fire insurance coverage on the Building or its contents.

(d) Tenant shall conduct its business and control its employees and agents and all other persons entering the Building under the express or implied invitation of Tenant, in the manner as not to create any unreasonable nuisance, or interfere with, annoy or disturb any other tenant or Landlord in its operation of the Building.

(e) Tenant shall not grant any concession or license within the Leased Premises or allow any person other than Tenant, its partners, managers, members, officers, directors, employees and agents to occupy or use the Leased Premises or any portion thereof.

(f) Landlord shall provide Tenant with the number of unreserved parking spaces set forth in Subsection 2.01(f) of this Lease (which number includes Tenant's pro rata share of the total number of spaces for the Building designated for handicapped or visitors), at no additional charge. Tenant shall notify Landlord promptly of any additional parking needs, which needs may, in Landlord's sole discretion, be considered on a case-by-case basis.

(g) Tenant may, at Tenant's sole cost and expense (with the understanding that Tenant may use a portion of the Allowance, defined in Exhibit C), and with prior written approval from Landlord, and the City of Durham, North Carolina, install Tenant's logo and identification on the parapet of the Building at or near Tenant's primary entry. Tenant may also install vinyl identification graphics on the front window adjacent to the front door at the Leased Premises. All signage shall be (i) tastefully and professionally done in a manner consistent with the standard(s) for the Building, (ii) non-exclusive, and (iii) shall be subject to all federal, state, and local statutes, ordinances, codes and regulations. Following the expiration or earlier termination of this Lease, Landlord shall remove all of Tenant's signage on the parapet of the Building, if any, and repair the Building from any damage caused by the signage, at Tenant's sole cost and expense.

(h) Tenant must use the Leased Premises in a manner that is consistent with the nature of the Building and not disruptive to other Building tenants. This means that Tenant's use must not result in unusual or strong odors or noises emanating from the Leased Premises. Tenant must ensure that odors or noises are contained within the Leased Premises. If Landlord has concerns or other tenants complain about odors or noises that appear to be coming from the Leased Premises, Landlord shall have the right to investigate and determine the source of the odors and/or noises subject to the provisions of Section 6.04 hereof. Tenant shall cooperate with Landlord in completing its investigation and upon reasonable prior notice, which may be sent using electronic mail, shall grant Landlord or its agents access to the Leased Premises so that Landlord can determine the source of the odors or noises through testing, investigation or other means. If Landlord determines that the odors or noises are related to Tenant's activities within the Leased Premises or Building, Landlord shall notify Tenant that its activities are disruptive. If notice is given, Tenant shall immediately cease the activity that causes the odors or noises or find a way to continue the activities in a manner that is not disruptive. Tenant shall be completely and fully responsible for any costs incurred by Landlord in enforcing this provision of the Lease, including testing or other consultant fees incurred in completing Landlord's investigation. Tenant shall also be responsible for any costs incurred in eliminating or limiting odors and noises, including costs of installing soundproofing materials or other costs. Any remedy considered by Tenant to eliminate the excessive odors or noises must be approved by Landlord prior to installation or implementation.

6.02 Care of the Leased Premises.

(a) Tenant shall not commit or allow to be committed any waste or damage to any portion of the Leased Premises, or the Building or the Project, if applicable, nor permit or suffer any overloading of the floors or other use of the improvements that would place an undue stress on the same or any portion thereof beyond that for which the same was designed, and, except as provided otherwise in Section 7.02 of this Lease, at the expiration or other termination of this Lease, or at the termination of any holdover, Tenant shall deliver the Leased Premises to Landlord in the same condition as existed on the Commencement Date, ordinary wear and tear excepted.

(b) Tenant shall not use, suffer or permit the Leased Premises, or any portion thereof, to be used by Tenant, any third party or the public in the manner as might reasonably tend to impair Landlord's title to the Leased Premises, or any portion thereof, or in the manner as might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or third persons, or of implied dedication of the Leased Premises, or any portion thereof. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Leased Premises for any claim in favor of any person dealing with Tenant including those who may furnish materials or perform labor for any construction or repairs, and each claim shall affect and each lien shall attach to, if at all, only the interest of Tenant in the Leased Premises. Tenant shall pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Leased Premises, and Tenant shall save and hold Landlord harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the Leased Premises or Tenant's interest therein or against the rights, titles and interests of Landlord in the Leased Premises or under the terms of this Lease.

(c) Tenant shall notify Landlord at least ten (10) business days prior to vacating the Leased Premises and shall arrange to meet with Landlord to jointly inspect the Leased Premises. If Tenant does not give notice or meet for the joint inspection, then Landlord's inspection of the Leased Premises shall be deemed accurate for the purpose of determining Tenant's responsibility for repair and restoration of the Leased Premises.

(d) In the event Tenant has not removed all of its equipment and personal property from the Leased Premises at the expiration or other termination of this Lease, the equipment and personal property shall be deemed abandoned and Landlord shall have the right to (i) remove Tenant equipment and personal property from the Leased Premises, and/or (ii) retain, dispose of or sell any or all of Tenant's equipment and personal property, all without incurring any liability to Tenant whatsoever. Tenant shall be responsible for Landlord's reasonable costs in removing, retaining, disposing, storing and/or selling Tenant's abandoned property. Tenant shall pay the costs within ten (10) days of the receipt from Landlord of an invoice for the same.

(e) The rights and obligations contained in this Section 6.02 shall survive the expiration or other termination of this Lease.

6.03 Hazardous or Toxic Materials.

(a) When used herein, the term "Hazardous or Toxic Material(s)" shall include all materials and substances which have been determined to be hazardous to health or the environment and are regulated by applicable federal, state and/or local laws, as the same may be amended from time to time, and all rules, regulations, ordinances, opinions, orders and directives issued or promulgated pursuant to or in connection with said laws by any governmental or quasi-governmental agency, body or authority having jurisdiction ("Environmental Law(s)").

(b) Tenant shall not cause or allow to occur any violation of any Environmental Laws on, under or about the Leased Premises, the Building or the Project. Whenever any Environmental Law requires the "owner or operator" to do any act, Tenant shall do the act at its sole cost and expense with respect to matters or conditions arising out of Tenant's use or occupancy of the Leased Premises.

(c) Tenant shall not cause or allow the receipt, storage, use, generation, manufacture, refining production, processing, location, handling or disposal anywhere in, on, under or about the Leased Premises, the Building or the Project, or the transportation to or from the Leased Premises, the Building or the Project, of any product, material or merchandise which is explosive, highly flammable, injurious to health, or a Hazardous or Toxic Material.

(d) Notwithstanding the foregoing, Tenant shall not be in breach of this provision as a result of the presence in the Leased Premises of Hazardous or Toxic Materials which are in quantities reasonably necessary for or incidental to Tenant's normal and customary conduct of business and are in strict compliance with all Environmental Laws.

(e) Landlord acknowledges that Tenant will be using the substances listed in Exhibit F, as the Exhibit may be amended in writing from time to time by the parties, in the Leased Premises, which use shall nevertheless be in accordance with all Environmental Laws. During the Term, Tenant shall provide to Landlord all information regarding the use, generation, storage, transportation and/or disposal of Hazardous or Toxic Materials within ten (10) business days of Landlord's written request (which request may be sent by electronic mail (e-mail)). If Tenant fails to fulfill any duty imposed under this subsection (e) within said ten (10) business day period, Landlord shall have the right to prepare, and in such case Tenant shall fully cooperate with Landlord in the preparation of, all documents Landlord reasonably deems necessary or appropriate to determine the applicability of any Environmental Laws to the Premises and Tenant's use thereof, and for compliance therewith, and Tenant shall execute all documents within five (5) business days of Landlord's request. No action by Landlord and no attempt(s) made by Landlord to mitigate damages under any Environmental Law shall constitute a waiver of any of Tenant's obligations under this Lease.

(f) Tenant shall, at Tenant's own cost and expense: (i) comply with all Environmental Laws, and (ii) make all submissions to, provide all information required by, and comply with all requirements of all governmental and quasi-governmental agencies, bodies and authorities having jurisdiction (the "Authority(ies)") under the Environmental Laws arising in connection with its obligations under this Section 6.03.

(g) Should any Authority or any third party demand that a cleanup plan be prepared and that a cleanup be undertaken because any deposit, spill, discharge or other release of Hazardous or Toxic Material(s) occurs during the Term from Tenant's use or occupancy of the Leased Premises, then Tenant shall, at Tenant's own cost and expense, prepare and submit the required plans and all related bonds and other financial assurances, and Tenant shall carry out all of the cleanup plans at Tenant's own expense, or at Landlord's option, reimburse Landlord for the cost of each of the foregoing.

(h) In addition to the foregoing, Tenant acknowledges that Landlord shall have the right to obtain a report from an independent third-party consultant that is satisfactory to Landlord, in a form that provides detailed information about the extent to which any Hazardous or Toxic Materials are present in the Leased Premises and that includes a warranty of the accuracy of the information provided, at the request of Landlord at least sixty (60) days prior to the scheduled Expiration Date (as such may be extended per written agreement between Landlord and Tenant) or other termination of this Lease. In the event such report indicates the presence of any Hazardous or Toxic Materials in the Leased Premises above the levels established by the applicable Authorities, Tenant shall (i) reimburse Landlord for all cost and expense incurred by Landlord in obtaining the report, (ii) arrange for the clean-up of the Leased Premises by a company that is satisfactory to Landlord, in strict and complete compliance with all applicable Environmental Laws, prior to the Expiration Date or other termination of this Lease, at Tenant's sole cost and expense, and (iii) arrange to have the Leased Premises re-inspected by the consultant and to have another report issued at Tenant's sole cost and expense. Tenant's responsibility to arrange and pay for the clean-up(s) and re-inspection(s) shall continue until the consultant's report warrants that the Leased Premises are completely free of Hazardous or Toxic Materials or that the residue levels of any Hazardous or Toxic Materials are within legal limits.

(i) The rights and obligations contained in this Section 6.03 shall survive the expiration or other termination of this Lease.

6.04 Entry for Repairs and Inspection.

(a) Subject to the provisions of Sections 6.04(b) and (c) below, Tenant shall permit Landlord and its contractors, agents and representatives to enter into and upon any part of the Leased Premises at all reasonable hours to provide maintenance as required under this Lease, and to inspect the same, make repairs, or show the same to prospective tenants, lenders or purchasers, and for any other purpose as Landlord may deem necessary or desirable. Tenant shall not be entitled to any abatement or reduction of Rent by reason of entry by Landlord. In the event of an emergency, when entry to the Leased Premises shall be necessary, and if Tenant shall not be personally present to open and permit entry into the Leased Premises, Landlord or Landlord's agent may enter the same by master key, code, card or switch, or may forcibly enter the same, without rendering Landlord or the agents liable therefor, and without, in any manner, affecting the obligations and covenants of this Lease.

(b) Notwithstanding the foregoing, Landlord understands and agrees that Tenant will be conducting sensitive research and development in the Leased Premises and that valuable and confidential trade secrets and records will be located in the Leased Premises. As a result, Landlord agrees that except in an emergency situation where immediate, unannounced access and entry into the Leased Premises is necessary in order to avoid serious injury to persons or to the Building, Landlord shall notify Tenant at least twenty-four (24) hours in advance that Landlord intends to enter the Leased Premises and obtain the prior consent of Tenant for such entry, which consent shall not be unreasonably withheld, delayed, or conditioned. Further, except in emergency situations, Tenant shall have the right to have personnel or agents of Tenant accompany any person entering the Leased Premises on behalf of, or with, Landlord or any employee, agent, or contractor of Landlord. For the purpose of this provision, notice may be given orally or by electronic mail.

(c) Except in emergency situations where physical access is necessary in order to avoid serious injury to persons or to the Building, Landlord's access to assembly areas and clean rooms and clean room staging areas, shall be limited to inspecting and observing such areas through windows, and Landlord shall have no obligation to provide janitorial or other maintenance services with respect thereto, except when requested by Tenant and Tenant provides access thereo to Landlord or Landlord's employees or contractors.

6.05 Compliance with Laws; Rules of Building.

(a) Tenant shall comply with, and Tenant shall cause its employees and agents and all other persons entering the Building under the express or implied invitation of Tenant to comply with, all laws, ordinances, orders, rules, regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof), and any recorded covenants, conditions and restrictions of the Project, which relate to the use, condition or occupancy of the Leased Premises, the Building or the Project, including, without limitation, all local, state and federal environmental laws, and the Building Rules, attached hereto and incorporated herein as Exhibit D, as they are reasonably altered by Landlord from time to time.

(b) Landlord represents and warrants, to the best of its knowledge and based upon no independent investigation that, as of the date of this Lease, Landlord has complied with all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Building, including the Americans with Disabilities Act of 1990 ("ADA") and Hazardous or Toxic Materials. During the Term, at its sole cost and expense, which may be included as an TICAM Expense item (except for any capital expense item), Landlord shall perform such work as may be required to avoid the Building being in violation of any federal, state, and local laws, regulations, codes or ordinances, including without limitation the Americans with Disabilities Act of 1990, and laws relating to Hazardous or Toxic Materials. During the Term, at its sole cost and expense, from and after the Commencement Date, Tenant shall ensure that the Leased Premises are not in violation of any federal, state, and local laws, regulations, codes or ordinances, including without limitation the Americans with Disabilities Act of 1990, and laws relating to Hazardous or Toxic Materials; provided, however, that to the extent such compliance consists of the construction of permanent improvements to the Leased Premises which are generic in nature and not rendered necessary by Tenant's specific use of the Leased Premises, the costs and expenses incurred by Tenant shall be included as a TICAM Expense subject to Section 4.04(b) hereof. Tenant shall not be liable for any law, regulation, code or ordinance violation that exists as of the Commencement Date, except to the extent that Landlord's obligation to comply with the law, regulation, code or ordinance is triggered by Tenant's use of the Leased Premises, Alterations made by or on Tenant's behalf or Tenant's acts.

6.06 Access to Building.

(a) Subject to Section 6.01 and the other terms and conditions set forth below, Tenant and its employees shall have access to the Building and the Leased Premises twenty-four (24) hours a day, three hundred sixty-five (365) days per year; provided that Landlord shall have the right to restrict access in the event of an emergency for safety and/or health reasons. Tenant shall have no right of access to the roof of the Leased Premises or the Building or to the roof of any building in the Project, except as set forth in subsection (d) below and Exhibit H.

(b) Tenant expressly agrees that neither Landlord nor Landlord's partners, managers, members, agents, officers, directors, or employees shall be liable to Tenant or Tenant's partners, managers, members, agents, officers, directors and employees or to any person entering the Leased Premises, Building or Project under the express or implied invitation of Tenant for any injury, death, loss or damage arising out of any crime attempted or committed in the Leased Premises, Building or Project.

(c) INTENTIONALLY OMITTED.

(d) Subject to Landlord's prior consent, Tenant may use the Building shafts or conduits between the Leased Premises and other parts of the Building (including the roof) and existing utility easements serving the Building for the installation and maintenance of conduits, cables, ducts, pipes and other devices for communications, data processing devices, supplementary heating, ventilating and air conditioning and other facilities ("facilities") consistent with Tenant's use of the Leased Premises and other portions of the Building. Tenant shall also have the right to connect its own fiber optics to the Building subject to the provisions of this Subsection 6.06(d). Tenant shall be required at its sole cost and expense to repair any damage done to the Building or the utility easements serving the Building with regard to the installation or maintenance of the facilities. Tenant shall also be required at *its* sole cost and expense to remove any facilities installed, including any related wiring and cabling, and to restore the areas from which removal occurred, upon the expiration or termination of this Lease.

6.07 Peaceful Enjoyment.

Tenant shall and may peacefully have, hold and enjoy the Leased Premises without interference from any party claiming by or through Landlord, subject to the terms of this Lease, provided Tenant pays the Rent and other sums required to be paid by Tenant and performs all of Tenant's covenants and agreements herein contained. This covenant and any and all other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its and their respective ownership of Landlord's interest in the Building. Landlord shall not be responsible for the acts or omissions of any other tenant or third party that may interfere with Tenant's use and enjoyment of the Leased Premises; provided, however, that Landlord shall use its reasonable best efforts to enforce the Building Rules. Notwithstanding the foregoing, in the event Landlord's title to the real property upon which the Building and the common areas are located is determined to be encumbered other than as appears in First American Title Insurance Company Owners Policy No. FA-32-244763 and of public record subsequent to the date and time of such policy and Tenant's use of the Leased Premises is materially and adversely affected thereby, if Landlord does not cure said matter within thirty (30) days after written notice from Tenant, then Tenant shall be entitled to terminate this Lease and Landlord shall reimburse Tenant its commercially reasonable relocation expenses together with the then net book value of any Alterations made by Tenant at Tenant's sole cost and expense.

6.08 Relocation.

INTENTIONALLY OMITTED

ARTICLE 7 - CONSTRUCTION, ALTERATIONS AND REPAIRS

7.01 Tenant Improvements.

The Leased Premises shall be delivered to Tenant "as is" and without improvements or alterations, except as provided otherwise in Exhibit C. Any increases in taxes resulting from higher valuations of the Building attributable to the Tenant Improvements, as defined in Exhibit C, or alterations in excess of typical fitups in the Building shall be paid by Tenant as Additional Rent.

7.02 Alterations.

(a) Tenant shall make no alterations, installations, additions or improvements (including demolition of existing walls) (any of the foregoing, the "Alterations") in, on or to the Leased Premises without Landlord's prior written consent. Tenant shall notify Landlord in the event that it wants to make Alterations to the Leased Premises. A description of the desired Alterations shall be included with the notice. Unless Landlord agrees otherwise, any approved Alterations shall be completed on Tenant's behalf by architects, engineers, workmen and/or contractors hired by Landlord. Tenant shall have the right to approve pricing for any Alterations completed on its behalf. All of the work shall be designed and made in a manner (including, but not limited to, obtaining all applicable permits), by architects, engineers, workmen and contractors, satisfactory to Landlord and completed in accordance with the requirements of (c) below. Except as provided otherwise herein, and excepting all clean rooms and equipment related thereto which shall, for all purposes, remain the exclusive personal property of Tenant and removeable by Tenant provided Tenant, at Tenant's sole cost and expense, repairs any damage to the Building resulting from such removal, all Alterations (including, without limitation, partitions, millwork, fixtures and heating, ventilating and air conditioning modifications) made to the Leased Premises by or for Tenant shall remain upon and be surrendered with the Leased Premises and become the property of Landlord at the expiration or termination of this Lease or the termination of Tenant's right to possession of the Leased Premises. Upon the expiration or termination of the Lease or Tenant's right to possess the Leased Premises, Tenant shall be required to remove (or reconstruct in the instance of the demolition of walls) any Alterations made and restore the area from which the removal (or reconstruction) occurred with regard to any Alterations, unless otherwise requested or agreed to by Landlord.

(b) In addition to the foregoing, Tenant shall, within fifteen (15) days of Landlord's written request, provided the Landlord request is made within three (3) months after the expiration, earlier termination of this Lease, or end of any holdover, remove all telephone, data wiring and fire suppression systems installed by Tenant from and for the Leased Premises, and Tenant shall repair any damage to the Leased Premises or Building caused by any removal. Tenant shall bear the costs of removal of Tenant's property from the Building and of all resulting repairs thereto.

(c) Subject to Section 7.03, all Alterations performed in, on or to the Leased Premises must have Landlord's prior approval and shall (i) not alter the exterior appearance of the Building or adversely affect the structure, safety, systems or services of the Building; (ii) comply with all (A) Building safety, fire and other regulations, (B) governmental codes and permitting requirements and (C) insurance requirements; (iii) not result in any usage in excess of Building-standard of water, electricity, gas, heating, ventilating or air conditioning, (either during or after the work) unless prior written arrangements satisfactory to Landlord are entered into; (iv) be completed promptly and in a good and workmanlike manner; (v) be performed in a manner that does not cause interference or disharmony with any labor used by Landlord, Landlord's contractors or mechanics or by any other tenant or such other tenant's contractors or mechanics; (vi) not cause any mechanic's, materialman's or other liens to attach to Tenant's leasehold estate, and (vii) include a construction management fee for Landlord of five percent (5%) of the total cost of the Alterations. Tenant shall not permit, or be authorized to permit, any liens (valid or alleged) or other claims to be asserted against Landlord or Landlord's rights, estates and interests with respect to the Building, the Project or this Lease in connection with any work done by or on behalf of Tenant, and Tenant shall indemnify and hold Landlord harmless against any liens.

(d) The rights and obligations contained in this Section 7.02 shall survive the expiration or other termination of this Lease.

7.03 Maintenance and Repairs by Tenant.

Tenant, at its sole cost and expense and at all times, throughout the term of this Lease, shall take good care of the Leased Premises, and shall keep the same safe and in good order, condition and repair, and irrespective of such agreement to repair, shall make and perform all routine maintenance thereof and all necessary repairs thereto, which are nonstructural, ordinary and extraordinary, foreseen and unforeseen, and of every nature, kind and description, but excluding the items listed in Sections 4.04 (b) (9) and (10). Notwithstanding anything to the contrary in this Lease, Tenant shall also maintain its exterior heating, ventilating and air conditioning systems, as well as any other improvements installed for or by Tenant in or on the exterior of the Building which are not used by other tenants in the Building. Further, Tenant shall keep the Leased Premises safe for human occupancy and use. When used in this Section 7.03, "repairs" shall include all necessary replacements, renewals, alterations, additions and betterments. All repairs made by Tenant shall be at least equal in quality and cost to the original work and shall be made by Tenant in accordance with all laws, ordinances and regulations, whether heretofore or hereafter enacted. The necessity for or adequacy of maintenance and repairs shall be measured by the standards which are appropriate for improvements of similar construction and class, provided that Tenant shall in any event make all repairs necessary to avoid any structural damage or other damage or injury to the Leased Premises.

7.04 Maintenance/Service Contract.

Tenant, at its own cost and expense, covenants and agrees to enter into regularly scheduled preventative maintenance/service contracts with maintenance contractors for servicing any heating, ventilating, and air conditioning systems and other equipment which would benefit therefrom which are within or are serving the Leased Premises. Each maintenance contractor and contract must be approved in advance by Landlord. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective (and a copy thereof delivered to Landlord) within thirty (30) days of the date Tenant takes possession of the Leased Premises. Tenant's duty to maintain its heating, ventilating and air conditioning systems shall specifically include the duty to inspect such systems, to replace filters as recommended and to perform other recommended periodic servicing.

7.05 Tenant's Waiver of Claims Against Landlord.

Except as otherwise provided herein and except for the common areas, Landlord shall not be required to furnish any services or facilities or to make any repairs or alterations in, about or to the Leased Premises or any improvements hereafter erected thereon. Tenant hereby assumes the full and sole responsibility for the condition, operation, repair, replacement,

maintenance and management of the Leased Premises and all improvements hereafter erected thereon, and Tenant hereby waives any rights created by any law now or hereafter in force to make repairs to the Leased Premises or improvements hereafter erected thereon at Landlord's expense.

7.06 Landlord's Right to Effect Repairs.

If Tenant should fail to perform any of its obligations under this Article 7, then Landlord may, if it so elects, in addition to any other remedies provided herein, effect the repairs and maintenance. Any sums expended by Landlord in effecting the repairs and maintenance shall be due and payable, immediately upon receipt of Landlord's invoice therefor, together with an additional charge of fifteen percent (15%).

7.07 Tenant's Right to Effect Repairs.

If Landlord should fail to perform any of its obligations under this Lease and the failure continues for more than twenty (20) days after notice from Tenant of the failure, then Tenant may, if it so elects, and upon notice to Landlord, effect the repairs and maintenance, and any sums expended by Tenant in doing same shall be credited against the next installments of Monthly Base Rent owed by Tenant under this Lease.

ARTICLE 8 - CONDEMNATION, CASUALTY, INSURANCE AND INDEMNITY

8.01 Condemnation.

If all or substantially all of the Leased Premises or the common areas including, but not limited to parking areas, or any property within or without the Project which materially and adversely affects access to and from the Leased Premises from and to publicly maintained streets and highways is taken by virtue of eminent domain or for any public or quasi-public use or purpose, this Lease shall terminate on the date the condemning authority takes possession. If only a part of the Leased Premises is so taken, or if a portion of the Building not including the Leased Premises is taken, this Lease shall, at the election of Landlord, either (i) terminate on the date the condemning authority takes possession by giving notice thereof to Tenant within thirty (30) days after the date of the taking of possession or (ii) continue in full force and effect as to that part of the Leased Premises not so taken, in which case Rent shall be reduced on a square footage basis by the amount of square footage of the Leased Premises taken or condemned. All proceeds payable from any taking or condemnation of all or any portion of the Leased Premises and the Building shall belong to and be paid to Landlord, and Tenant hereby expressly assigns to Landlord any and all right, title and interest of Tenant now or hereafter arising in and to any such awards. Tenant shall have no, and waives any, claim against Landlord and the condemnor for the value of any unexpired term. Tenant shall have the right to pursue a condemnation award from the condemning party, but only to the extent that Tenant's award (A) is separately stated, and (B) does not diminish any award to Landlord.

8.02 Damages from Certain Causes.

Landlord shall not be liable or responsible to Tenant for any injury, loss, damage or inconvenience to any person, property or business occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition order of governmental body or authority, or any other cause beyond Landlord's control.

8.03 Fire or Other Casualty.

(a) In the event of a fire or other casualty in the Leased Premises, Tenant shall immediately give written notice thereof to Landlord.

(b) If more than fifty percent (50%) of the Leased Premises or the Building is damaged by fire or other casualty, Landlord shall have the right, but not the duty, to terminate this Lease or to repair the Leased Premises or the Building, as the case may be, with reasonable dispatch, subject to delays resulting from adjustment of the loss and any other cause beyond Landlord's reasonable control. If fifty percent (50%) or less of the Leased Premises or the Building is damaged by fire or other casualty, Landlord shall have the duty to repair the Leased Premises or the Building, as the case may be, with reasonable dispatch, subject to delays resulting from adjustment of the loss and any other cause beyond Landlord's reasonable control. Within thirty (30) days after the date of such casualty, Landlord shall, in writing, inform Tenant of Landlord's good-faith estimate of the time that will be necessary to perform the necessary repairs. In the event that Landlord's good-faith estimate of the time to perform such repairs is

more than one hundred eighty (180) days, or in the event Landlord does not perform such repairs within said one hundred eighty (180) day period except for reasons beyond Landlord's reasonable control, Tenant shall have the right to terminate this Lease by written notice to Landlord at any time prior to the completion of said repairs.

(c) Anything in this Lease to the contrary notwithstanding, Landlord shall not be required, but rather it shall be Tenant's duty, to repair or replace any of the following: (i) furniture, furnishings or other personal property which Tenant may be entitled to remove from the Leased Premises and (ii) any installations in excess of those improvements made to the Leased Premises by Landlord or at Landlord's expense. Until Landlord's repairs are completed, the Rent shall be abated in proportion to the portions of the Leased Premises, if any, which are untenantable. Notwithstanding anything contained in this Section, Landlord shall only be obligated to restore or rebuild the Leased Premises to improvements made to the Leased Premises by Landlord or at Landlord's expense, and Landlord shall not be required to expend more funds than the amount received by Landlord from the proceeds of any insurance carried by Landlord. Notwithstanding the preceding, Landlord shall have no duty to restore, repair, replace or rebuild the Leased Premises in the event that any mortgagee of Landlord should require that insurance proceeds received as a result of the fire or other casualty be applied to payment of the mortgage debt, and, in such event, Landlord shall have the right to terminate this Lease immediately.

8.04 Insurance Policies.

(a) Landlord shall maintain (i) policies of insurance covering damage to the Leased Premises and all tenant improvements provided by Landlord or at Landlord's expense in the amount of not less than one hundred percent (100%) of the replacement value thereof providing protection against all perils included within the classification of fire and extended coverage, including endorsements for vandalism, malicious mischief, and fire sprinkler leakage; (ii) a policy or policies of commercial general liability insurance, the insurance to afford minimum protection (which may be effected by primary or excess coverage) of not less than $3,000,000.00 for personal injury or death in any one occurrence and of not less than $1,000,000.00 for property damage in any one occurrence; and (iii) a policy or policies of loss-of-rent/business interruption insurance covering the full amount of Rent due under this Lease for a period of twelve (12) months from the date of the interruption. Tenant shall reimburse Landlord for the cost of the premiums for all of the insurance policies, which premiums shall be payable upon demand as Additional Rent hereunder.

(b) Tenant shall, at its expense, maintain in full force and effect during the Term (i) standard fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises and on any leasehold improvements that are paid for by Tenant (excluding any improvements paid for through the use of a Landlord-provided allowance) and all other additions and improvements (including fixtures) made by Tenant; and (ii) a policy or policies of commercial general liability insurance, such policy or policies to afford, through primary and/or excess coverage, minimum protection of not less than Three Million Dollars ($3,000,000.00) for bodily injury and/or property damage, including personal injury, in any one occurrence.

(c) Each insurance policy required to be maintained by Tenant under this Lease shall (i) be issued by and binding upon a solvent insurance company licensed to conduct business in the State of North Carolina and rated A-:VIII or better by Best's Key Rating Guide, (ii) have a deductible of no more than Twenty-five Thousand Dollars ($25,000.00), (iii) have all premiums fully paid on or before the due dates, (iv) name Landlord, and any other persons or entities as Landlord may from time to time designate, as additional insured(s) without restriction, and state that neither Landlord nor any other designated person or entity shall be responsible for the payment of any premiums for the insurance policy, (v) provide that it shall not be cancelable and that the coverage thereunder shall not be reduced without at least ten (10) days advance notice to Landlord, (vi) contain a provision whereby the insurer waives all rights of subrogation against Landlord, and Landlord's partners, managers, members, officers, directors, employees, agents and assigns, and (vii) state that coverage provided by Tenant shall be primary to any other insurance that Landlord may carry.

(d) Tenant shall deliver to Landlord certified copies of all policies or, at Landlord's option, certificates of insurance in a form satisfactory to Landlord not less than fifteen (15) days prior to the Commencement Date and, also, the expiration of the then-current policies.

(e) If, in the written opinion of Landlord's insurance advisor, the amount or scope of the coverage is deemed inadequate at any time during the Term, Tenant shall increase the coverage to such amounts or scope as Landlord's insurance advisor deems adequate.

8.05 Waiver of Subrogation Rights.

(a) Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each hereby (i) waives any and all rights of recovery, claims, actions or causes of action, including defense costs, against the other, its agents, members, managers, partners, shareholders, officers and employees, for any loss or damage that may occur to the Leased Premises or the Building, or any improvements thereto, or any personal property of the party therein, by reason of fire, the elements, and any other cause which is insured against under the terms of the standard fire and extended coverage insurance policies referred to in Section 8.04 hereof, only to the extent of recovery for same under said insurance policies since this waiver is not intended to nor shall it release a party from its indemnification obligations as set forth in this Article 8, and regardless of cause or origin, including but not limited to the sole or contributory negligence of the other party hereto, its agents, members, managers, officers, partners, shareholders or employees, and (ii) covenants that no insurer shall hold any right of subrogation against such other party.

(b) If the respective insurers of Landlord and Tenant do not permit a waiver without an appropriate endorsement to such party's insurance policy, Landlord and Tenant shall notify the insurers of the waiver set forth herein and shall secure from each such insurer an appropriate endorsement to its respective insurance policy concerning the waiver, and if insurance policies with waiver of subrogation provisions are obtainable only at a premium, the party seeking the policy shall pay that additional premium.

(c) This provision shall survive the expiration or other termination of this Lease.

8.06 Indemnity/Waiver of Liability.

(a) Landlord shall not be liable to Tenant or Tenant's partners, managers, members, officers, directors, employees, shareholders, agents, contractors, customers or any person entering the Leased Premises, Building or Project under the express or implied invitation of Tenant, for any damage or injury to person or property or Tenant's business arising out of (i) negligence of, or willful misconduct by, Tenant, its partners, managers, members, officers, directors, employees, shareholders, agents, contractors, customers or any other person entering the Leased Premises, Building or Project under the express or implied invitation of Tenant and/or (ii) any breach by Tenant of its covenants and obligations under any Article of, and/or Exhibit to, this Lease, and, subject to the insurance requirements and mutual waivers of subrogation set forth in this Lease, Tenant agrees to indemnify and hold harmless Landlord and its successors and assigns and their respective partners, managers, members, agents, officers, directors, and employees from and against all claims, damages, losses, liabilities, lawsuits, costs and expenses for any damage or injury, including, without limitation, court costs, and actual, reasonable attorneys' fees and costs of investigation resulting from the same.

(b) Subject to the insurance requirements and mutual waivers of subrogation rights set forth in this Lease, Landlord shall indemnify and hold Tenant harmless from and against any and all claims, damages, losses, liabilities, lawsuits, costs and expenses (including, without limitation, court costs, and actual, reasonable attorneys' fees and costs of investigation) arising out of any negligence of, or willful misconduct by, Landlord, or any of its partners, managers, members, officers, directors, employees, shareholders, agents or contractors. Tenant's failure to obtain any insurance coverage required under the terms of this Lease shall void Landlord's indemnity obligation to the extent the insurance would have provided coverage for the claim. Landlord's failure to obtain any insurance coverage required under the terms of this Lease shall void Tenant's indemnity obligation to the extent the insurance would have provided coverage for the claim.

(c) The indemnification and hold harmless obligations of Section 8.06(a) and (b) are expressly conditioned on the following: (i) that the indemnifying party is notified promptly by the party requesting indemnification of any claim or demand and if the claim or demand is made by a third party; (ii) that the indemnifying party has sole control of the defense of any action or settlement or compromise; and (iii) that Landlord and Tenant cooperate with each other in a reasonable way to facilitate the settlement or defense of the claim or demand.

(d) Landlord's and Tenant's respective rights and obligations under this Section 8.06 shall survive the expiration or other termination of this Lease.

8.07 Limitation of Landlord's Personal Liability.

Tenant shall look solely to Landlord's interest in the Building and the Land for the recovery of any judgment against Landlord, and Landlord, its partners, managers, members, officers, directors, employees, shareholders and agents shall never be personally liable for any such judgment. The provisions contained in the foregoing sentence are not intended to, and shall not, limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors in interest or any suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of liability insurance maintained by Landlord.

8.08 Survival of Article 8.

The rights and obligations contained in this Article 8 shall survive the expiration or other termination of this Lease.

ARTICLE 9 - LANDLORD'S LIEN, DEFAULT, REMEDIES AND SUBORDINATION

9.01 Default by Tenant.

(a) Any failure by Tenant to fully and completely perform or comply with any covenant, condition, term or provision on the part of Tenant to be performed or complied with under any Article of, and/or Exhibit to, this Lease shall constitute a breach of this Lease.

(b) Landlord shall have the right to treat the occurrence of any one or more of the following events as a default under this Lease (provided, no levy, execution, legal process or petition as set forth in Subsections (3) through (7) below filed against Tenant shall constitute a default under this Lease if Tenant shall vigorously contest the same by appropriate proceedings, and shall remove or vacate the same within sixty (60) days from the date of its creation, service or filing):

(1) Tenant does not pay Rent or any other sum required to be paid by Tenant under this Lease when due; provided, however, that one (1) time in a calendar year Tenant shall not be in default of this Lease if a payment is late, but it pays the amount due within five (5) days of the due date; or

(2) Tenant does not perform or comply with any covenant, condition, term or provision on the part of Tenant to be performed or complied with under any Article of, and/or Exhibit to, this Lease, and (i) such non-performance or non-compliance continues for thirty (30) days after notice to Tenant or, if such performance or compliance cannot reasonably be completed within said thirty (30) day period, Tenant does not commence said performance or compliance within said thirty (30) day period and diligently pursue the same to completion; or

(3) the interest of Tenant under this Lease is levied on under execution or other legal process; or

(4) any petition is filed by or against Tenant to declare Tenant a bankrupt or to delay, reduce or modify Tenant's debts or obligations; or

(5) any petition is filed to reorganize or modify Tenant's debts or obligations; or

(6) any petition is filed to reorganize or modify Tenant's capital structure; or

(7) Tenant is declared insolvent according to law; or

(8) any assignment of Tenant's property is made for the benefit of creditors; or

(9) a receiver or trustee is appointed for Tenant or its property; or

(10) Tenant vacates or abandons the Leased Premises or any part thereof at any time during the Term for a period of fifteen (15) or more continuous days; or

(11) Tenant is a corporation and Tenant ceases to exist as a corporation in good standing in the state of its incorporation; or

(12) Tenant is a partnership or other entity and Tenant is dissolved or otherwise liquidated.

(c) If any event of default by Tenant occurs as described in this Section 9.01 (unless the default is cured to the satisfaction of Landlord and the Lease is not terminated), then any option(s) which Tenant may have for the modification of the Term or of the Leased Premises or otherwise pursuant to this Lease shall automatically and immediately terminate and shall be of no further force or effect.

9.02 Landlord's Remedies.

Upon the occurrence of any default by Tenant under Section 9.01, Landlord shall have the right to do and perform any one or more of the following, in addition to, and not in limitation of, any other right or remedy permitted Landlord under this Lease or at law or in equity:

(a) Continue this Lease in full force and effect through the stated Term of this Lease, and this Lease shall continue in full force and effect as long as Landlord does not terminate this Lease, and Landlord shall have the right to collect Rent, Additional Rent and other charges when due;

(b) Terminate this Lease and repossess the Leased Premises or terminate Tenant's right to possession without terminating this Lease and, under either circumstance, be entitled to recover as damages a sum of money equal to the total of the following:

(1) the cost of recovering the Leased Premises (including, but not limited to, actual, reasonable attorneys' fees and costs of suit); and

(2) the then present value (discounted at a rate equal to the then issued treasury bill having a maturity approximately equal to the remaining Term of this Lease had the default not occurred) of (i) the total Rent which would have been payable hereunder by Tenant for the period beginning with the day following the date of the termination and ending with the Expiration Date of the Term as originally scheduled hereunder, minus (ii) the aggregate rental value of the Leased Premises for the same period as estimated by an independent third party real estate appraiser holding an MAI designation selected by Landlord and reasonably satisfactory to Tenant and who is licensed in North Carolina, who has at least ten (10) years experience immediately prior to the date in question in evaluating commercial office space, taking into account all relevant factors including, without limitation, the length of the remaining Term, the then current market conditions in the general area, the likelihood of reletting for a period equal to the remainder of the Term, net effective rates then being obtained by landlords for similar type space in similar buildings in the general area, vacancy levels in the general area, current levels of new construction in the general area and how that would affect vacancy and rental rates during the period equal to the remainder of the Term and inflation; and

(3) the reasonable costs and expenses of removing and storing any of Tenant's or any other occupant's property left in the Leased Premises, Building or Project after the date of Lease termination or after the date of termination of possession; and

(4) the reasonable costs and expenses of refurbishing the Leased Premises to the condition necessary to attempt to re-lease the Leased Premises at the prevailing market rental rate, normal wear and tear excepted; and

(5) any brokerage fees or commissions payable by Landlord in connection with any re-leasing or attempted re-leasing; and

(6) all administrative costs and expenses in connection with any re-leasing or attempted re-leasing; and

(7) any increase in insurance premiums caused by the vacancy of the Leased Premises; and

(8) the amount of any of the following unamortized costs and expenses: leasing commissions, Rent concessions, tenant improvement expenses, Tenant Improvement allowance or any other allowances, and concessions previously made by Landlord to Tenant; and,

(9) any other sum of money, and damages owed by Tenant to Landlord, plus interest on (1) through (7) above at the rate of the lesser of eighteen percent (18%) per annum or the highest rate allowed by applicable law.

(c) File suit to recover any sums falling due under the terms of this Section 9.02, from time to time within the applicable statutes of limitation, and no delivery to or recovery by Landlord of any portion due Landlord shall be any defense in any action to recover any amount not theretofore reduced to judgment in favor of Landlord;

(d) Enter upon the Leased Premises and do whatever Tenant is obligated to do under the terms of this Lease, and Tenant shall reimburse Landlord on demand for any reasonable expenses which Landlord may incur in effecting compliance with Tenant's obligations under this Lease plus fifteen percent (15%) of the cost to cover overhead, and Tenant expressly agrees that Landlord shall not be guilty of trespass or liable for any damages resulting to Tenant from such action. No action taken by Landlord under this Section 9.02 shall relieve Tenant from any of its obligations under this Lease or from any consequences or liabilities arising from the failure to perform the obligations;

(e) Without waiving the default, apply all or any part of any Security;

(f) Change all door locks and other security devices of Tenant at the Leased Premises, the Building and/or the Project, and Landlord shall not be required to provide the new key or security device to Tenant except during Tenant's regular business hours, and only upon the condition that Tenant has cured any and all defaults hereunder, and in the case where Tenant owes Rent to Landlord, reimbursed Landlord for all Rent and other sums due Landlord hereunder. Landlord, on terms and conditions satisfactory to Landlord in its sole, reasonable discretion, may upon request from Tenant's employees, enter the Leased Premises for the purpose of retrieving therefrom personal property of such employees; however, Landlord shall have no obligation to do so.

(g) Request Tenant's written acknowledgement (to be provided to Landlord within ten (10) business days of Landlord's request) that Tenant, through its default, has released possession of the Leased Premises and that Landlord has the right to lease the Leased Premises to a third party.

9.03 Mitigation of Damages.

(a) Landlord shall use commercially reasonable efforts to re-lease the Leased Premises and otherwise mitigate Landlord's damages under this Lease. Landlord shall be deemed to have used objectively reasonable efforts to fill the Leased Premises by advising Landlord's leasing agent of the availability of the Leased Premises and advising at least one (1) outside commercial brokerage entity of the availability of the Leased Premises; provided, however, that Landlord shall not be obligated to re-lease the Leased Premises before leasing any other unoccupied portions of the Building, Project and any other property under the ownership or control of Landlord.

(b) Tenant hereby expressly agrees that Tenant's failure to provide the acknowledgement described in Section 9.02(g) will impair Landlord's ability to mitigate its damages by re-leasing the Leased Premises.

(c) If Landlord receives any payments from the re-leasing of the Leased Premises, any such payments shall reduce the damages to Landlord as provided in Subsection 9.02 (b) and elsewhere in this Lease.

9.04 Rights of Landlord in Bankruptcy.

Nothing in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency, by reason of the expiration or termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to in this Article 9. In the event that under applicable law, the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of Tenant hereunder, the trustee or Tenant shall, in the time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant outstanding as of the date this Lease is so affirmed and provide to Landlord the adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease.

9.05 Non-Waiver.

Failure of Landlord to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive the default and Landlord shall have the right to declare any such default at any time prior to the cure thereof by Tenant and take such action as might be lawful or authorized in this Lease or at law or in equity.

9.06 Attorney's Fees.

Upon the occurrence of any default by Tenant under Section 9.01, Landlord shall have the right to arrange for legal representation regarding the enforcement of all or any part of this Lease, the collection of any Rent or other sums due or to become due, or recovery of the possession of the Leased Premises, and Tenant shall reimburse Landlord for all actual, reasonable attorneys' fees, whether suit is actually filed or not, and any costs of investigation and court costs.

9.07 Subordination; Estoppel Certificate.

(a) This Lease is and shall be subject and subordinate to any and all ground or similar leases affecting the Building, and to all mortgages which may now or hereafter encumber or affect the Building and to all renewals, modifications, consolidations, replacements and extensions of any such leases and mortgages; provided that (i) said ground lease(s) or mortgage(s) provide that, for so long as Tenant is not in default of this Lease, Tenant's possession of the Leased Premises shall not be disturbed, as provided in Subsection 9.07(f), and (ii), at the option of any such landlord or mortgagee, this Lease shall be superior to the lease or mortgage of such landlord or mortgagee.

(b) The provisions of this Section shall be self-operative and shall require no further consent or agreement by Tenant. Tenant shall, however, execute and return any estoppel certificate (substantially in the form attached hereto as Exhibit E), subordination agreement, consent or other agreement reasonably requested by any such landlord or mortgagee, or by Landlord, within ten (10) days after receipt of same.

(c) With respect to any mortgage entered into by Landlord after the execution of this Lease, Landlord shall use commercially reasonable efforts to obtain a non-disturbance agreement from such mortgagee.

(d) In the event Tenant does not execute and return the documents in accordance with this Section 9.08, Tenant shall be deemed to have ratified the documents, and the information contained therein shall be deemed to be correct and binding upon Tenant.

(e) Tenant shall, at the request of Landlord or any mortgagee of Landlord secured by a lien on the Building or any landlord to Landlord under a ground lease of the Building, furnish the mortgagee and/or landlord with notice of any default by Landlord at least sixty (60) days prior to the exercise by Tenant of any rights and/or remedies of Tenant hereunder arising out of the default.

(f) Landlord agrees to use commercially reasonable efforts to obtain for Tenant a subordination, non-disturbance and attornment agreement ("SNDA") from its existing or future lender on the lender's standard form. Tenant shall be responsible for the payment of any lender fee associated with the SNDA. Landlord's failure or inability to obtain an SNDA as aforesaid shall not constitute a default under the Lease.

9.08 Attornment.

Subject to the provisions of Section 9.07(a) hereof, if any ground or similar lease or mortgage is terminated or foreclosed, Tenant shall, upon request, attorn to the landlord under the lease or the mortgagee or purchaser at such foreclosure sale, as the case may be, and execute instrument(s) confirming the attornment. In the event of a termination or foreclosure and upon Tenant's attornment as aforesaid, Tenant shall automatically become the tenant of the successor to Landlord's interest without change in the terms or provisions of this Lease; provided, the successor to Landlord's interest shall not be bound by any payment of rent for more than one month in advance except prepayments of Security for the Lease, if any. Notwithstanding the foregoing, no mortgagee shall be bound by any amendments or modifications of this Lease made without the mortgagee's written consent while the mortgagee is holding a mortgage on the Building.

9.09 Accord and Satisfaction.

No payment by Tenant or receipt by Landlord of an amount less than is due under this Lease shall be deemed to be other than payment towards or on account of the earliest portion of the amount then due, nor shall any endorsement or statement on any check or payment in any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord shall have the right to accept any check or payment without prejudice to Landlord's right to recover the balance of the amount or to pursue any other remedy available to Landlord.

9.10 Survival of Article 9.

The rights and obligations contained in this Article 9 shall survive the expiration or other termination of this Lease.

ARTICLE 10 - ASSIGNMENT AND SUBLEASE

10.01 Assignment or Sublease.

(a) Tenant shall not, voluntarily, by operation of law, or otherwise, (i) assign, transfer, mortgage, pledge, or otherwise transfer or encumber (collectively, "assign") all or any part of Tenant's right and interest in this Lease or in the Leased Premises or (ii) sublease the Leased Premises or any part thereof without the prior written consent of Landlord, which consent Landlord shall not unreasonably withhold, delay, or condition, and any attempt to do any of the foregoing without the written consent shall be null and void and shall constitute a default under this Lease. Notwithstanding the foregoing, Landlord hereby agrees that all or any portion of the Leased Premises may be subleased, and this Lease may be assigned, to any entity which acquires all or substantially all of the stock or assets of Tenant or which controls, is controlled by, or is under common control with, Tenant (collectively "Affiliate") without the necessity of additional consent by Landlord.

(b) Notwithstanding anything to the contrary contained in this Lease, Landlord may disapprove, at Landlord's sole discretion, any proposed subtenant or proposed assignee whose credit history or references from prior landlord(s) are unsatisfactory or (ii) whose use (in type or intensity) of the Leased Premises or any building in the Project (including occupancy and/or parking) would, in Landlord's commercially reasonable discretion, materially vary from that of Tenant or (iii) subject to the provisions of Section 10.01(a) above, with whom Landlord would not normally enter into a direct lease, including, without limitation one which may (A) compete with or otherwise adversely affect a current or prospective tenant in the Building or in any building in the Project, a member of Landlord or a prospective purchaser of the Building or any building in the Project or (B) adversely affect the marketability, value or reputation of other leased space in the Building or in any building in the Project.

(c) Further notwithstanding anything to the contrary contained in this Lease, in no event shall Tenant assign this Lease or sublease the Leased Premises to any entity (i) engaged in the commercial real estate business, including, without limitation, property management, the brokerage, ownership or development of competitive properties, or the provision of "Executive Suites" or any similar arrangement or (ii) which would cause Landlord to be in default of another lease in the Building or Project

(d) Landlord's consent to any assignment or sublease hereunder does not constitute a waiver of its right to disapprove of any further assignment or sublease.

(e) If Tenant desires to assign this Lease or sublease the Leased Premises or any part thereof, Tenant shall give Landlord notice of its desire at least sixty (60) days in advance of the date on which Tenant desires to make such assignment or sublease, together with a non-refundable fee of Seven Hundred Fifty Dollars ($750.00) (the "Administration Fee") and a copy of the appropriate sublease or assignment documentation. Except with respect of an assignment or sublease to an Affiliate as provided in Section 10.01(a) above, Landlord shall then have a period of thirty (30) days following receipt of the notice within which to notify Tenant in writing that Landlord elects (i) to terminate this Lease as to the space so affected as of the date so specified by Tenant, in which event Tenant shall be relieved of all further obligations hereunder as to such space or (ii) to permit Tenant to assign this Lease or sublease such space, or (iii) to refuse to consent to Tenant's assignment or subleasing the space and to continue this Lease in full force and effect as to the entire Leased Premises. If Landlord should fail to notify Tenant in writing of the election within the thirty (30) calendar day period, Landlord shall be deemed to have elected option (iii) above.

(f) If Landlord elects option (ii) above and approves the assignment or sublease, then (i) if the rent agreed upon between Tenant and subtenant is greater than the Monthly Base Rent that Tenant is obligated to pay to Landlord under this Lease, fifty percent (50%) of the excess rent (exclusive of Tenant's reasonable, documented costs of subleasing the Leased Premises, including, but not limited to, commissions, marketing costs and tenant improvements), shall be deemed Additional Rent owed by Tenant and payable to Landlord in the same manner that Tenant pays the Rent hereunder, (ii) Tenant shall be solely responsible for all costs, including but not limited to, the cost of any work required due to any changes in the building, fire or other municipal, state, or federal codes (including the Americans with Disabilities Act) after the date of this Lease, together with all costs of providing any additional certificate of occupancy required for the subleased space or assigned premises, and (iii) in the event of an assignment to a person or entity whose credit-worthiness or net-worth value is less than Tenant's as of the Execution Date, in Landlord's sole discretion, then Landlord may require additional Security from Tenant and/or such assignee as a condition precedent to Landlord's approval of the assignment of the Lease.

(g) In addition to the Administration Fee, Tenant shall pay Landlord's actual reasonable attorneys' fees associated with any requested assignment or sublease hereunder regardless of whether Landlord consents to any such assignment or sublease.

(h) Except as provided in Subsection (i) below, assignment or subleasing by Tenant shall not relieve Tenant of any obligations under this Lease, and Tenant shall remain fully liable hereunder.

(i) In the event Tenant desires to assign this Lease as part of a merger between Tenant and a third party other than an Affiliate as provided in Section 10.01(a) above, an intended result of which is that Tenant will be absorbed and will cease to exist as a separate business entity, Tenant shall provide written notification to the third party/assignee that (i) this Lease gives Landlord the right to require from the third party/assignee the security for the Lease as Landlord, in its sole discretion, deems necessary for Landlord's protection (the "New Security", which Landlord may treat as part of the Security set forth in this Lease) and that (ii) if the third party/assignee does not provide New Security to Landlord within ten (10) business days of the later of the (A) completion of the merger or (B) the execution of a Lease assignment and assumption document by Tenant and assignee, then Landlord shall have the right to deem assignee in default under this Lease and to exercise all rights and remedies as are granted to Landlord under this Lease and under law.

(j) INTENTIONALLY OMITTED.

(k) If Tenant is not a public company that is registered on a national stock exchange or that is required to register its stock with the Securities and Exchange Commission under Section 12(g) of the Securities and Exchange Act of 1934, any change in a majority of the voting rights or other controlling rights or interests of Tenant shall be deemed an assignment for the purposes hereof, and the provisions of this Section 10.01 including, but not limited to, Section 10.01(a), shall fully apply.

(l) Notwithstanding the foregoing, Tenant shall have the right, subject to the conditions contained in this Section 10.01, including providing Landlord with prior notice of the assignment or sublease (but without the need for obtaining Landlord's prior approval and consent), and also provided Tenant pays the Administration Fee to assign this Lease or sublet all or any portion of the Leased Premises to (i) any entity resulting from a merger or consolidation with Tenant; (ii) any entity succeeding to the business and assets of Tenant; (iii) any subsidiary or affiliate of Tenant; and (iv) any entity which is part of or affiliated with Tenant (any of the foregoing shall be deemed an "Affiliate"), so long as the Affiliate is at least as credit-worthy as Tenant, in Landlord's sole discretion, at the time of the transfer. Tenant shall not be released from liability under this Lease upon the assignment or sublease of the Lease to an Affiliate.

10.02 Assignment by Landlord.

Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and all other property referred to herein, and in the event and upon the transfer (any such transferee to have the benefit of, and be subject to, the provisions of Section 6.07 and Section 8.07 hereof) no further liability or obligation shall thereafter accrue against Landlord under this Lease.

ARTICLE 11 - TENANT WARRANTIES; INCORPORATION OF EXHIBITS; COMMISSION(S), CONFIDENTIALITY, SURVIVAL, NOTICES, BINDING EFFECT AND MISCELLANEOUS

11.01 Tenant Warranties.

(a) "Patriot Act" means the USA PATRIOT Act of 2001, Pub.L.No. 107-56, together with all laws, rules, regulations and orders issued in connection therewith.

(b) "Anti-Money Laundering Laws" means those United States of America ("U.S." or "United States") laws, rules, regulations, orders and sanctions, state and federal, criminal and civil, that (i) limit the use of and/or seek the forfeiture of proceeds from illegal transactions, (ii) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotic dealers or otherwise engaged in activities contrary to the interest of the United States, (iii) require identification and documentation of the parties with whom a financial institution conducts business and/or (iv) are designed to disrupt the flow of funds to terrorist organizations.

(c) Tenant warrants to Landlord that any and all consents and approvals required of third parties (including, without limitation, its Board of Directors or partners, where applicable) for the execution, delivery and performance of this Lease have been obtained, that Tenant has the right and authority to enter into and perform its covenants contained in this Lease and that Tenant has the right and authority to conduct business in the State of North Carolina and shall maintain all of the right and authority during the Term.

(d) Tenant warrants to Landlord that neither Tenant, nor any officer, director, partner, member, affiliate or majority shareholder of Tenant, has ever been the subject of a petition for relief under the United States Bankruptcy Code, whether voluntarily or involuntarily.

(e) Tenant makes the following additional warranties to Landlord:

(1) Tenant shall comply with all applicable U.S., North Carolina and municipal laws and regulations throughout the Term, as the Term may be extended as set forth in this Lease;

(2) Neither Tenant nor any person or entity that directly owns a ten percent (10%) or greater equity interest in Tenant, nor any of its officers, directors or managing members, is a person or entity with whom U.S. persons or entities are restricted from doing business under U.S. laws and regulations, including regulations of the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury;

(3) Tenant's activities do not violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders promulgated thereunder (as amended from time to time, the "Money Laundering Act");

(4) Tenant has taken, and shall continue to take at all times following the execution of this Lease, all actions as required by law to ensure that the funds used to make payments under this Lease are derived (i) from transactions that do not violate U.S. law or, to the extent the funds originate outside the U.S., do not violate the laws of the jurisdiction in which they originated and (ii) from permissible sources under U.S. law or, to the extent the funds originate outside the U.S., under the laws of the jurisdiction in which they originated;

(5) Neither Tenant nor any person or entity that directly owns a ten percent (10%) or greater equity interest in Tenant nor any of its officers, directors or managing members is under investigation by any governmental authority for, nor has been charged with or convicted of, money laundering, drug trafficking, or terrorist related activities;

(6) Tenant has not been assessed civil or criminal penalties under any Anti-Money Laundering Laws; and

(7) Tenant has not had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws.

11.02 Incorporation of Exhibits.

The terms and provisions of Exhibits A-H described herein and attached hereto are hereby made a part hereof for all purposes; provided, however, that, unless otherwise expressly stated, in the event of a conflict between the terms of this Lease and the terms of any Exhibit attached hereto, the terms of this Lease shall control.

11.03 Commission(s).

Landlord shall pay to the Broker named in Subsection 2.01(1), a real estate brokerage commission only as set forth in a separate management, listing and/or commission agreement(s). Broker, and not Landlord, shall pay to the Co-Broker, if any, named in Subsection 2.01(1), a real estate brokerage commission by the Broker only as set forth in a separate co-brokerage commission agreement. Landlord and Tenant each hereby represent and warrant to the other that they have not employed or contracted with any agents, brokers or parties in connection with this Lease, other than those named in Subsection 2.01(1), and each agrees that it shall hold the other harmless from and against any and all claims of all other agents, brokers or other parties claiming by, through or under the respective indemnifying party. The rights and obligations contained in this Section shall survive the expiration or other termination of this Lease.

11.04 Confidentiality.

Tenant, its partners, members, managers, officers, employees and agents shall not disclose the terms and conditions of this Lease to any third party, except for purposes of accounting and legal review of Tenant's business, and Landlord may treat any such unauthorized disclosure as a default of this Lease, which may be subject to injunctive relief in addition to all other remedies available at law or in equity, including the remedy of specific performance and Landlord's right to recover damages. 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 and is granted a confidential treatment request from the SEC and coordinates the redaction of confidential portions of the Lease, amendment or document with Landlord. In addition, Tenant must provide Landlord with a copy of the SEC filing that includes the Lease, amendment or document prior to filing the Lease, amendment or document with the SEC. If the Lease, amendment or document is filed with the SEC, Tenant agrees that any publicity regarding the Lease, amendment or document and/or its filing will be made jointly with Landlord and only with Landlord's prior approval. The rights and obligations contained in this Section shall survive the expiration or other termination of this Lease.

11.05 Survival.

Provisions intended by their terms or context to survive the expiration or any other termination of this Lease shall so survive with respect to events occurring during the Term of this Lease but shall expire pursuant to applicable statutes of limitation.

11.06 Notices.

Except as otherwise provided in this Lease, any statement, notice, or other communication which Landlord or Tenant may desire or is required to give to the other shall be in writing and shall be deemed sufficiently given or rendered (i) if hand delivered, as of the date of written acknowledgement of the delivery by any representative or agent of the party to whom the delivery is made, or (ii) if sent by registered or certified mail, postage prepaid, return receipt requested, or Federal Express or similar next-day delivery courier as of the date noted on the written affirmation of delivery, to the addresses for Landlord and Tenant set forth in Subsection 2.01(k), or at such other address(es) as either party shall designate from time to time by ten (10) days prior notice to the other party. Tenant shall obtain written acknowledgement from Landlord recognizing any change in Tenant's address for the purposes of this Section, or the change shall not be effective as against Landlord.

11.07 Binding Effect.

Upon execution by Tenant, this Lease and all of the covenants, conditions and agreements contained herein shall be binding upon, and inure to the benefit of, Tenant, its legal representatives and successors, and, to the extent assignment may be approved by Landlord hereunder, Tenant's assigns. Upon execution by Landlord, this Lease and all of the covenants, conditions and agreements contained herein shall be binding upon and inure to the benefit of Landlord, its legal representatives, successors and assigns.

11.08 Miscellaneous.

(a) No custom or practice which may evolve between the parties in the administration of the provisions of this Lease shall waive or diminish the right of Landlord to require performance by Tenant in complete accordance with the provisions of this Lease.

(b) Section headings are included for convenience only and are not to be used to construe or interpret this Lease. Pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

(c) All rights and remedies of Landlord under this Lease shall be cumulative, and none shall exclude any other rights or remedies allowed by law. This Lease is declared to be a North Carolina contract, and all of the terms hereof shall be construed according to the laws of the State of North Carolina.

(d) This Lease is for the sole benefit of Landlord and Tenant, and no third party shall be deemed a third party beneficiary of this Lease without the express written consent of Landlord and Tenant.

(e) This Lease may not be altered, changed or amended, except by an instrument in writing executed by all parties hereto. Further, the terms and provisions of this Lease shall not be construed against or in favor of a party hereto merely because such party is the “Landlord” or the “Tenant” hereunder or such party or its counsel is the draftsman of this Lease.

(f) Whenever in this Lease there is imposed upon Landlord the obligation to use its best efforts, reasonable efforts or diligence, Landlord shall be required to do so only to the extent the same is economically feasible and otherwise will not impose upon Landlord extreme financial or other business burdens.

(g) If any term or provision of this Lease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of the provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

(h) Tenant is prohibited from recording this Lease. However, Tenant may record Landlord’s standard memorandum of lease, provided the recordation of the memorandum is done by Tenant, at Tenant’s sole cost and expense.

(i) “Square feet” or “square foot” as used in this Lease includes the area contained within the space occupied by Tenant, measured from the center-line of demising walls, together with a common area percentage factor of Tenant’s space proportionate to the total Building areas. Common areas include the space from the “glass walls” to the “dripline” of the Building, and the sprinkler riser room, mechanical room and electrical room for the Building.

(j) “Business day(s)” as used in this Lease shall mean the days of the week which are Monday through Friday, except when any such day is also a holiday that is listed on the Building Rules.

(k) Tenant understands and agrees that the property manager for the Building is the agent of Landlord and is acting at all times in the best interest of Landlord. Any and all information pertaining to this Lease that is received by the property manager shall be treated as though received directly by Landlord.

(l) This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

(m) During the Term of the Lease, Tenant shall provide Landlord, upon ten (10) days’ notice, a true, accurate and complete copy of Tenant’s financial statements, including income and expense statements and balance sheets, which shall reflect the most recent quarter and most recent year-end at the time of the review.

(n) Landlord shall have the right to use Tenant’s name in marketing literature and releases to news media.

(o) To the extent that either party's discretion, consent or approval is required in this Lease, the party providing the consent or approval shall act reasonably.

(p) Landlord and Tenant expressly acknowledge and agree that, prior to Tenant's installation of any equipment on the rooftop of the Building, including, but not limited to, satellite dish(es), antennas, generators or condensers, Landlord and Tenant shall execute and deliver to each other the License for Communications Equipment Space that is attached hereto as Exhibit H.

(q) Tenant shall quickly load and unload all trucks using the truck court at the Building. In addition, Tenant shall not be allowed to park or store trucks in the Building parking lot and truck court. For the purposes of this section, "trucks" shall not include passenger or pick-up type trucks.

(The remainder of this page intentionally left blank.)

ARTICLE 12 - ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES

12.01 ENTIRE AGREEMENT AND LIMITATION OF WARRANTIES.

TENANT AGREES THAT THIS LEASE AND THE EXHIBITS ATTACHED HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES AND THAT ANY AND ALL PRIOR CORRESPONDENCE, MEMORANDA, AGREEMENTS AND UNDERSTANDINGS (WRITTEN AND ORAL) ARE SUPERSEDED BY THIS LEASE. TENANT FURTHER AGREES THAT THERE ARE NO, AND TENANT EXPRESSLY WAIVES ANY AND ALL, WARRANTIES WHICH EXTEND BEYOND THOSE EXPRESSLY SET FORTH IN THIS LEASE OR IMPLIED WARRANTIES OF MERCHANTABILITY, HABITABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE.

IN TESTIMONY WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized representatives, as of the date first aforesaid.

LANDLORD:

GRE Keystone Technology Park Three LLC, a Delaware limited liability company

By: GRE Keystone Technology Park Holdings LLC, a Delaware limited liability company, its Sole Member

By: Capital Associates Management, LLC, a North Carolina limited liability company, acting as Investment Manager for GRE Keystone Technology Park Holdings LLC

By: /s/ Stephen P. Porterfield
Stephen P. Porterfield, Delegate Manager

TENANT:

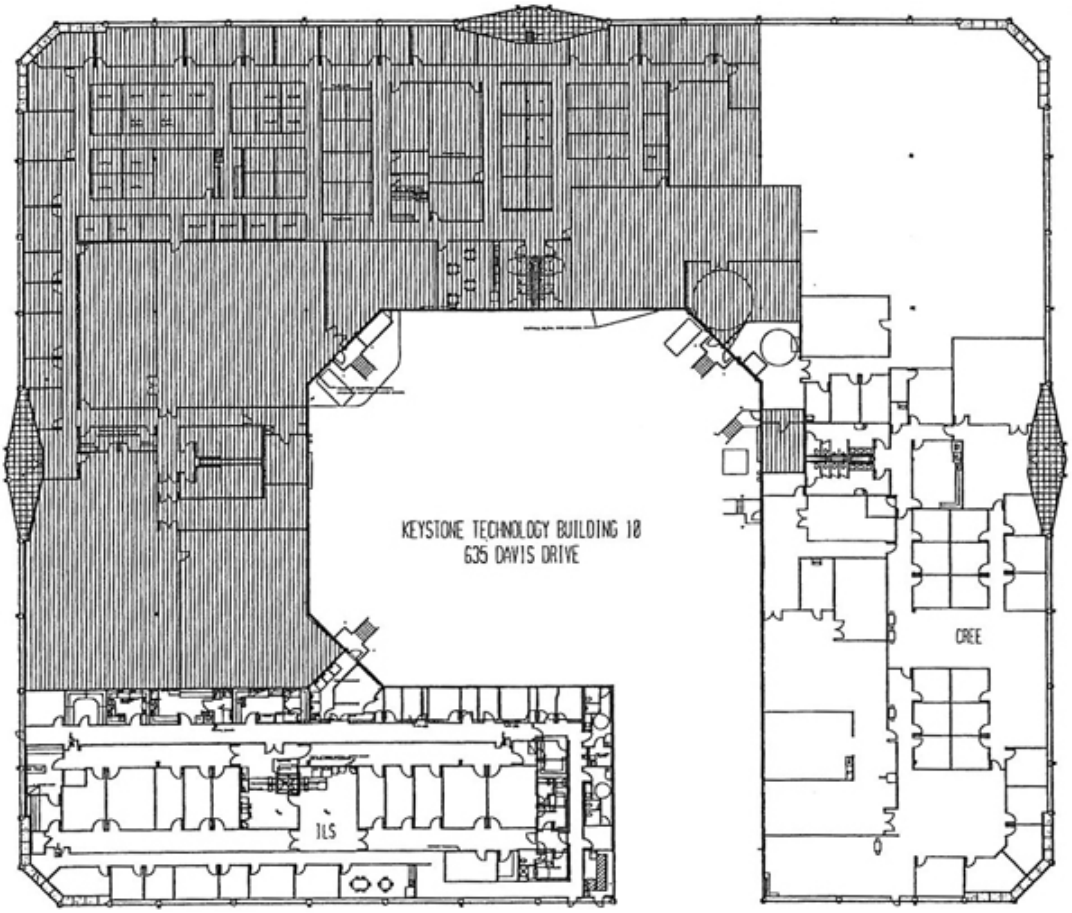
TransEnterix, Inc., a Delaware corporation

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

EXHIBIT A-1

FLOOR PLAN(S)

Keystone Technology Park
635 Davis Drive, Suite 300
Durham, North Carolina 27713



= approximately 37,328 square feet = Leased Premises

EXHIBIT A-2

THE LAND

Being all of that lot described as Tract X according to that plat entitled “Keystone Technology Park - Tracts IX and X Subdivision Plat” recorded in Plat Book 146, Page 145, Durham County Registry, to which plat reference is made for greater certainty of description.

Together with all rights, privileges and obligations contained in that Declaration of Covenants, Conditions and Restrictions for Keystone Technology Park as recorded in Book 2305, Page 555, Durham County Registry, and Book 8630, Page 1592, Wake County Registry, as such declaration has been subsequently amended from time to time.

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EXHIBIT A-3

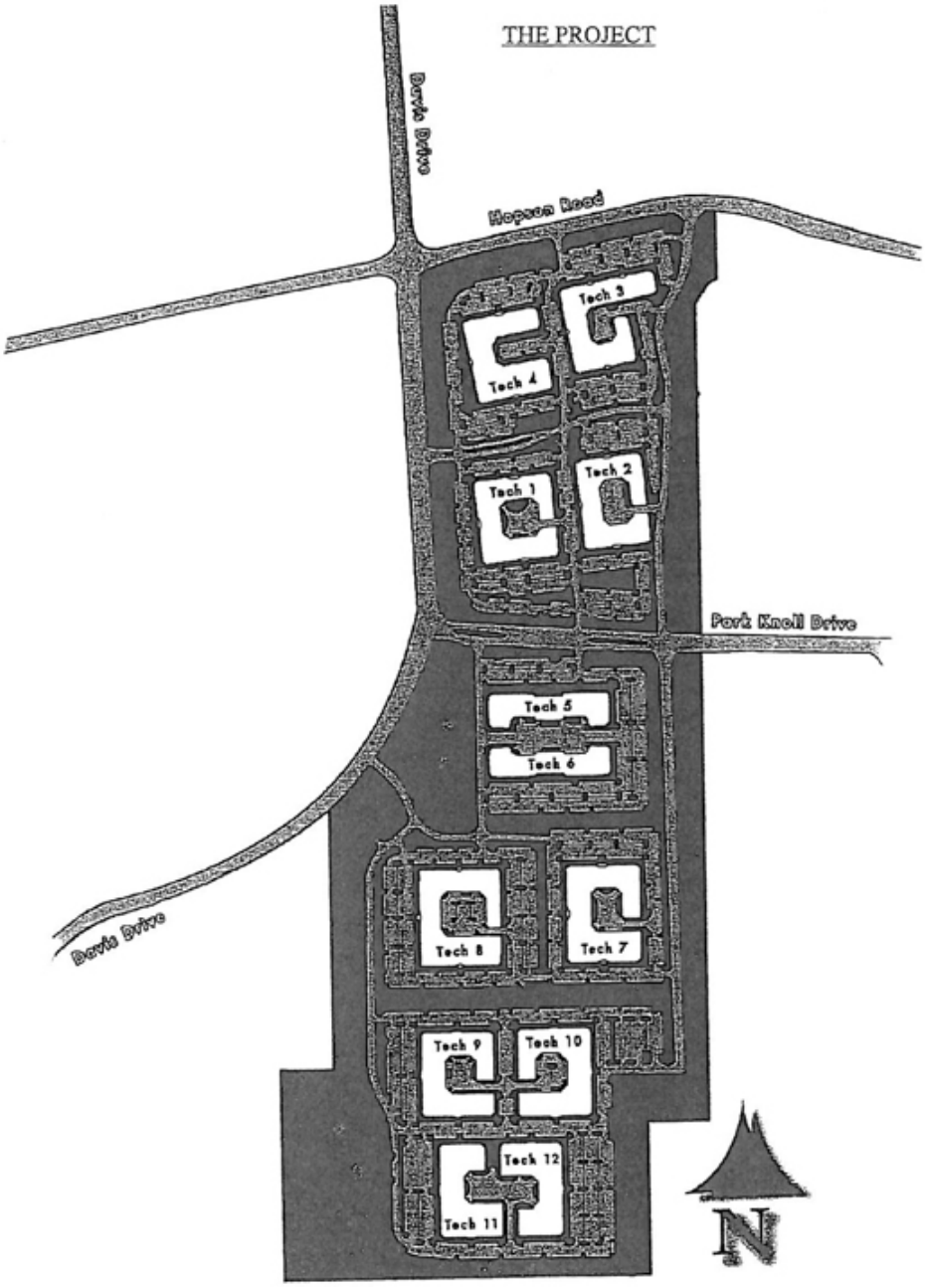
THE PROJECT
Davis Drive
Hopson Road
Tech 3
Tech 4
Tech 1
Tech 2
Park Knoll Drive
Tech 5
Tech 6
Davis Drive
Tech 8
Tech 7
Tech 9
Tech 10
Tech 12
Tech 11
N

EXHIBIT B

ACCEPTANCE OF LEASED PREMISES MEMORANDUM

Pursuant to the Lease dated December 11, 2009, by and between **GRE Keystone Technology Park Three LLC**, a Delaware limited liability company authorized to conduct business in the State of North Carolina ("Landlord"), and **TransEnterix, Inc.,** a Delaware corporation authorized to conduct business in the State of North Carolina ("Tenant"), for the Leased Premises located at 635 Davis Drive, Suite 300, Durham, North Carolina 27713, with a Commencement Date of , 20 , Landlord and Tenant hereby agree that:

1. Except for those items shown on the attached "punch list", which Landlord shall use reasonable efforts to remedy within thirty (30) days after the date hereof, Landlord has fully completed the construction work required of Landlord under the terms of the Lease and the workletter attached as Exhibit C thereto.

2. The Leased Premises are tenantable, Landlord has no further obligation for construction (except as specified above), and Tenant acknowledges that the Leased Premises are satisfactory in all respects.

3. For purposes of Tenant's exercise of the Early Termination Option, if applicable, Tenant's Early Termination Notice Date shall be and the Early Termination Date shall be .

All other terms and conditions of the Lease are hereby acknowledged to be unchanged.

Agreed and Executed this day of , 20 .

TENANT:

TransEnterix, Inc., a Delaware corporation

By: _____

Name: _____

Title: _____

EXHIBIT C

WORKLETTER AGREEMENT

1) Existing Condition and Tenant Improvements. The condition of the Leased Premises as of the date of this Lease, as is and with all faults, shall be deemed the "Existing Condition". All demolition of and improvements made to the Existing Condition of the Leased Premises in accordance with the Schematic Space Plan and Plans (both defined below) shall be deemed the "Tenant Improvements". Landlord shall provide steps and door to access non-contiguous electrical room.

2) Allowance. Landlord shall provide Tenant with a tenant improvement allowance in the amount not to exceed $746,560.00 (the "Allowance") ($20.00 per square foot leased), to pay for the costs and expenses incurred by Landlord and, or Tenant for the design and construction of the Tenant Improvements. The costs and expenses shall include, but not be limited to, the costs and expenses of any (i) design and construction services related to architectural, plumbing, mechanical and electrical trades, (ii) demolition work, and (iii) construction administration services provided by Landlord's architect and consulting engineers. Costs and expenses shall also include all costs associated with any contractor's general conditions, permits (including any new or changes to development, facility or transportation impact fees), taxes, insurance and fees, but shall not include a construction management fee for Landlord or Tenant.

3) Design. Landlord shall cause an architect and one or more engineers, each of whom shall be licensed as such by the State of North Carolina designated by Landlord and acceptable to Tenant in Tenant's good faith and commercially reasonable judgment, to consult with Tenant and to prepare architectural, plumbing, mechanical and electrical plans that are (i) consistent with the "Schematic Space Plan" for the Leased Premises, as prepared by HagarSmith Design, PA, which is attached hereto as Exhibit C-1, (ii) sufficiently detailed for pricing, approval and construction of the Tenant Improvements, and (iii) subject to Landlord's good faith and commercially reasonable approval (the "Detailed Plans"). All partitions, doors, hardware, ceiling tile, window coverings, plumbing, HVAC, lighting fixtures, switches, outlets and life safety items shall be designed in Landlord's standard manner. Carpet, paint, and millwork shall be selected and designed in Landlord's standard manner and from Landlord's standard finishes, unless otherwise agreed to by Landlord-, in accordance with Section 4 herein. Tenant shall furnish to Landlord all other information and technical data reasonably necessary for the preparation of the Detailed Plans within two (2) business days of Landlord's request therefor, or as otherwise agreed to by Tenant and Landlord, so as not to delay the design, pricing, approval and construction of the Tenant Improvements by the Target Commencement Date. Tenant has authorized David Gill ("Tenant's Representative") to represent Tenant for all purposes related to the design and construction of the Tenant Improvements, including approval of the Plans and any Change Orders (as defined below), and approval by Tenant's Representative shall constitute approval by Tenant. Notwithstanding the foregoing, the final design and specifications for all clean room(s) and clean room staging areas shall prepared at the direction, and subject to the approval of Tenant and Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed, at a later date.

4) Approval of Plans and Cost. Landlord shall cause a general contractor or contractors designated by Landlord (or Tenant's Landlord approved contractor), at its sole discretion, to prepare detailed pricing of construction of the Tenant Improvements pursuant to the Detailed Plans. Landlord shall submit to Tenant for Tenant's approval (i) the Detailed Plans and (ii) an itemized cost statement of all design and construction costs related to the Tenant Improvements (the "Cost Statement"). Within ten (10) business days after its receipt of the Detailed Plans and Cost Statement, Tenant shall approve the Detailed Plans and the Cost Statement in writing, subject to any modifications or changes in the Detailed Plans requested by Tenant. Landlord, , shall retain final approval rights for the Detailed Plans. After Tenant's approval of the Detailed Plans and the Cost Statement, or in the event Tenant does not respond to Landlord within such ten (10) business day period, the Detailed Plans and the Cost Statement shall be deemed to be approved by Tenant, and the approved Detailed Plans shall be thereafter deemed the "Plans". Notwithstanding anything to the contrary contained herein, if the costs and expenses of the Tenant Improvements as approved by Tenant exceed the Allowance, then Tenant shall be obligated to pay for all such excess costs. Landlord shall submit an invoice to Tenant for such excess costs at the time the Detailed Plans and Cost Statement are approved or deemed approved by Tenant, and Tenant shall pay the excess costs immediately upon receipt of Landlord's invoice therefor. If the cost of designing and constructing the Tenant Improvements as approved by Tenant is less than the Allowance, Tenant shall not be

entitled to any refund of the unused portion of the Allowance. Notwithstanding the foregoing, in the event Tenant desires to hire its own general contractor and oversee the construction of the Tenant Improvements (with Landlord's supervision), Landlord, Tenant and Tenant's general contractor agree to enter into Landlord's standard "Tenant Improvements Agreement" prior to commencement of any Tenant Improvements work.

5) Change Orders and Additional Costs. After approval of the Cost Statement by Tenant, additional costs will likely be incurred by Landlord. These costs may include, without limitation, design costs that may not yet have been billed, design costs for selection of finishes, costs for construction clarifications and other construction administration by the architect or engineers, construction changes required by governmental inspectors, and changes to the Plans or actual construction initiated by Tenant. From time to time, Landlord shall update the previously approved Cost Statement to account for the subsequent changes in cost, and Tenant shall immediately pay any cost in excess of the Allowance and not previously paid by Tenant. For changes initiated by Tenant that will revise the previously approved Cost Statement or the construction schedule, a change order ("Change Order") shall be prepared by Landlord, its architect, or general contractor. Each Change Order shall include information regarding any revisions to the cost and construction schedule, and shall provide sufficient information for evaluation by Landlord, its architect, and Tenant. Before the work detailed on the Change Order proceeds, Tenant's Representative must approve the Change Order, including any change in cost and time. Tenant shall have two (2) business days to approve each Change Order, unless Landlord grants Tenant more time. If Tenant does not approve the Change Order within the approval period, the Change Order shall be deemed disapproved by Tenant. If the Change Order is not approved or deemed disapproved, Landlord shall not proceed with the work contemplated in the Change Order. If the Change Order is approved and the additional cost exceeds Five Thousand Dollars ($5,000.00), and if requested by Landlord, Tenant shall pay the cost of any such Change Order before Landlord proceeds with the work that is the subject of the Change Order.

6) Construction. After Tenant (i) approves the Detailed Plans and the Cost Statement, (or if Tenant does not respond to Landlord regarding the Detailed Plans and the Cost Statement, as set forth in Section 4 herein), and (ii) pays any and all costs in excess of the Allowance as set forth in Section 4 herein, then Landlord shall be entitled to cause, and shall cause, the general contractor designated by Landlord to construct the Tenant Improvements in accordance with the Plans and the Cost Statement.

7) Delay. The Commencement Date, Expiration Date, and commencement of installments of Monthly Base Rent shall not be postponed or delayed as a result of any of the following:

   a) Tenant's failure to furnish information or consult with Landlord or Landlord's architects or engineers when requested in order to prepare the Detailed Plans;

   b) Tenant's failure to approve the Detailed Plans and/or Cost Statement or to pay any excess cost as provided in Sections 4 and 5 herein;

   c) Tenant's failure during construction to furnish information or consult with Landlord or Landlord's architects, engineers or contractors when requested in order to complete construction;

   d) Additional time necessary to consider changes, revise the Plans, obtain pricing, and/or prepare other documentation for a Change Order initiated by Tenant, whether or not such Change Order is approved by Tenant, and to construct approved Change Orders; or

   e) Any other delay from any other cause attributable to Tenant, its agents, consultants, contractors, subcontractors or employees.

8) Tenant's Access to Leased Premises. Landlord shall permit Tenant and its agents reasonable access to the Leased Premises during normal business hours at least four (4) weeks prior to the Target Commencement Date, for the purpose of installing telephone and computer cabling, equipment, fixtures and other personal property, and the entry and use of the Leased Premises shall not constitute acceptance of the Leased Premises nor Tenant's acknowledgment of the Commencement Date of the Lease, unless Tenant commences the operation of any portion of its business therein. This right of entry onto the Leased Premises is a license from Landlord to Tenant which is subject to revocation in the event that Tenant or its employees,

contractors or agents causes or is the cause of any code or governmental violation, labor dispute, delay or damage during the period which results from, whether directly or indirectly, the installation or delivery of the foregoing, or otherwise becomes in default of any term, covenant or condition of this Lease as provided in Section 9.01. Prior to Tenant's entry onto the Leased Premises in accordance herewith, Tenant shall demonstrate to Landlord that it has obtained the insurance required and is in compliance with Section 8.04 of the Lease. Under no circumstances shall Landlord be liable or responsible for and Tenant agrees to assume all risk of loss or damage to such telephone and computer cabling, equipment, fixtures and other personal property and to indemnify, defend and hold Landlord harmless from any liability, loss or damage arising from any damage to the property of Landlord, or its contractors, employees or agents, and any death or personal injury to any person or persons to the extent caused by, attributable to or arising out of, whether directly or indirectly, Tenant's entry onto the Leased Premises or the delivery, placement, installation, or presence of the telephone and computer cabling, equipment, fixtures and other personal property, except to the extent that the loss or damage is caused solely by Landlord's willful misconduct or gross negligence or the willful misconduct or gross negligence of Landlord's contractors, agents or employees.

9) Warranties. Landlord shall cause the repair or replacement of any defects in material or workmanship in the Tenant Improvements installed by Landlord for a period of one (1) year after the date of substantial completion of the Leased Premises, or the duration of any manufacturer's warranty, whichever is longer, provided Tenant notifies Landlord of the defect as soon as reasonably practicable after the date Tenant discovers the defect. LANDLORD MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THE TENANT IMPROVEMENTS EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 9. Tenant's sole remedy for the breach of any applicable warranty shall be the remedy set forth in this Section 9. Tenant agrees that no other remedy, including without limitation, incidental or consequential damages for lost profits, injury to person or property or any other incidental or consequential loss, shall be available to Tenant.

10) Compliance with Certain Requirements. At any time before, during, and after construction, Landlord shall have the right to require changes to the Plans and construction in order to comply with applicable building codes, other governmental requirements, and insurance requirements. Neither Landlord's nor Tenant's approval of the Plans is a warranty that the Plans comply with applicable building codes, other governmental requirements, and insurance requirements.

11) No Liability. Notwithstanding the review and approval by Landlord of the Detailed Plans and any changes to same, Landlord shall have no responsibility or liability, including the costs of additional or corrective work, in regard to the safety, sufficiency, adequacy or legality thereof, and Tenant shall look solely to the party(ies) preparing same as the party(ies) responsible for ensuring that the Detailed Plans and changes thereto (and the architectural and engineering completeness and sufficiency thereof and the Tenant Improvements constructed as a result thereof) are in compliance with all applicable laws and regulations, and Tenant's stated intended use.

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EXHIBIT C-1

SCHEMATIC SPACE PLAN

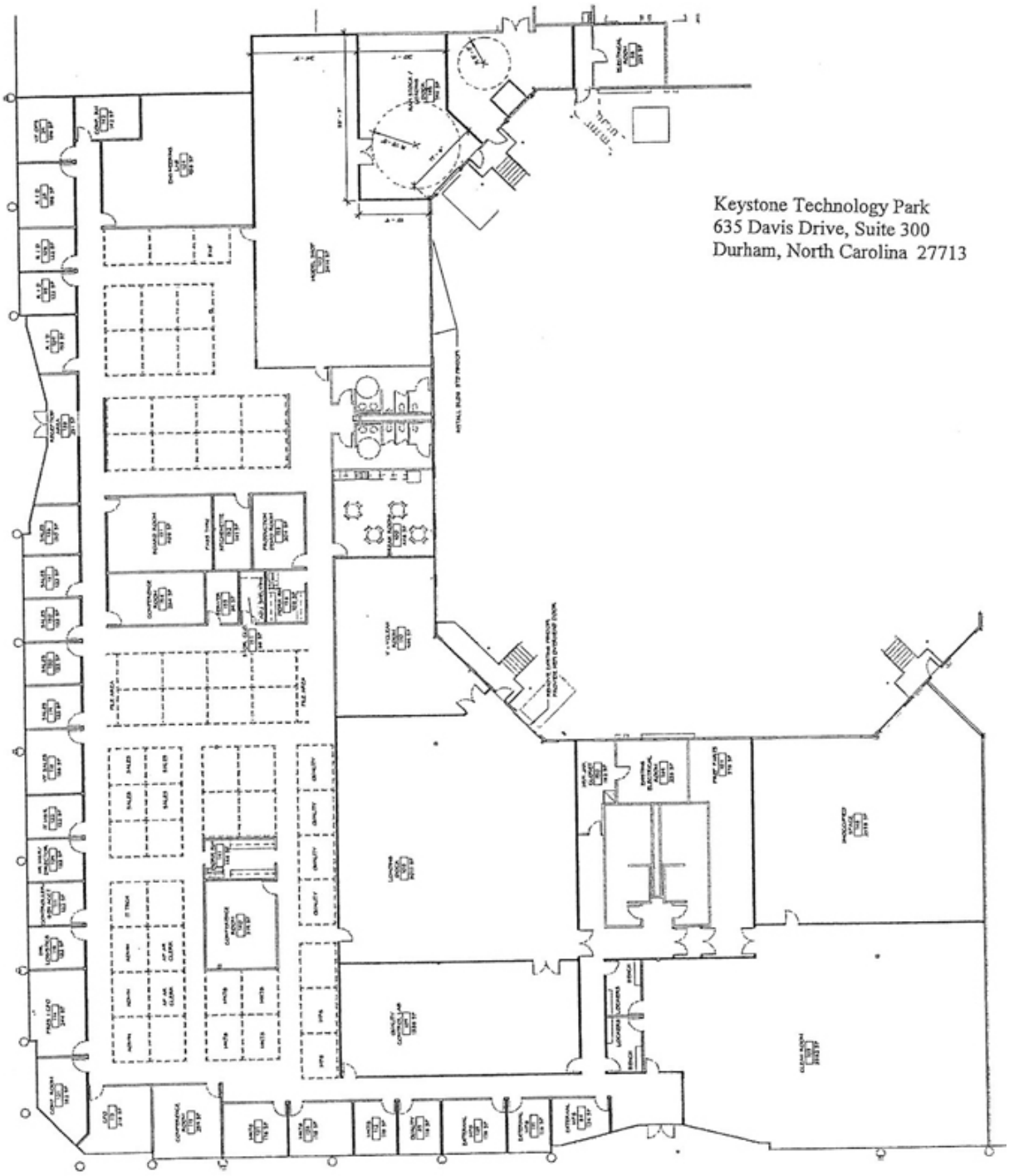


EXHIBIT D

BUILDING RULES

(1) The sidewalks, walks, plaza entries, corridors, concourses, ramps, staircases, escalators and elevators shall not be obstructed or used by Tenant, or any person entering the Building under express or implied invitation of Tenant, for any purpose other than ingress and egress to and from the Leased Premises. No bicycle, motorcycle or other vehicle shall be brought into the Building or kept on the Leased Premises without the prior written consent of Landlord.

(2) No freight, furniture or bulky matter of any description shall be received into the Building except in such a manner, during the hours and using the passageways as may be approved by Landlord. Any hand trucks, carryalls or similar appliances used for the delivery or receipt of merchandise or equipment shall be equipped with rubber tires, side guards and such other safeguards as Landlord shall require.

(3) Landlord shall have the right to prescribe the weight, position and manner of installation of safes, concentrated filing/storage systems or other heavy equipment which shall, if considered necessary by Landlord, be installed in a manner, which may require reinforcement of the Building's structure (at Tenant's cost and expense) to insure satisfactory weight distribution. All damage done to the Building by reason of a safe or any other article of Tenant's equipment being on the Leased Premises shall be repaired at the expense of Tenant. The time, routing and manner of moving safes or other heavy equipment shall be subject to prior written approval by Landlord.

(4) Tenant shall use no other method of heating or cooling than that supplied by Landlord.

(5) Tenant shall not at any time, cause or allow the placement, leaving or discarding of any rubbish, paper, articles or objects of any kind whatsoever outside the doors of the Leased Premises or in the corridors or passageways of the Building.

(6) Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability to be leased by third parties, and, upon notice from Landlord, Tenant shall refrain from or discontinue the advertising.

(7) Tenant shall not place, or cause or allow to be placed, any signage, lettering or graphics whatsoever, in or outside the Leased Premises except in and at such places as may be designated by Landlord and consented to by Landlord in writing, prior to the installation of the signage, lettering or graphics. All signage, lettering and graphics on corridor walls located outside of the Leased Premises shall conform to the Building standard prescribed by Landlord. Any signage, lettering or graphics located in the Leased Premises that is visible to the public must be approved, in writing, by Landlord prior to installation thereof.

(8) Canvassing, soliciting or peddling in the Building is prohibited and Tenant shall cooperate to prevent same.

(9) Landlord shall have the right to exclude any person from the Building other than during customary business hours, and any person in the Building shall be subject to identification by employees and agents of Landlord. All persons in or entering the Building shall be required to comply with the security policies of the Building. If Tenant desires any additional security services for the Leased Premises, Tenant shall have the right (only with the advance written consent of Landlord) to obtain such additional services at Tenant's sole cost and expense. Tenant shall keep doors to unattended areas locked and shall otherwise exercise reasonable precautions to protect property in the Building and the Leased Premises from theft, loss or damage.

(10) Only workers employed, designated or approved by Landlord may be employed for any substantial or material repairs, installations, alterations, painting, material moving and other similar work that may be done in or on the Leased Premises.

(11) Tenant shall not do or allow any cooking or conduct any restaurant, luncheonette, automat or cafeteria for the sale or service of food or beverages to its employees or to others without the prior written consent of Landlord. Tenant may, however, provide, at Tenant's cost and expense, microwave oven(s), refrigerator(s), vending machine(s), and coffee machine(s) in a designated break room/area(s) of the Leased Premises for use by Tenant's employees and invitees.

(12) Except as permitted by Section 6.03 of Tenant's Lease, Tenant shall not bring, or cause or allow to be brought or kept in or on the Leased Premises, the Building or the Project, any bleach, flammable, combustible, corrosive, caustic, odorous, poisonous, toxic or explosive substance or any substance deemed to be a Hazardous or Toxic Material under any applicable Environmental Law or regulation.

(13) Tenant shall not mark, paint, drill into or in any way deface any part of the Building or the Leased Premises except as indicated in Exhibit C-1. No boring, driving of nails or screws, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct; provided, however, that Tenant shall be permitted to install or hang usual and customary office artwork and dryboards without Landlord's prior written consent. Tenant shall not install coat hooks, identification plates or anything else on doors nor any resilient tile or similar floor covering in the Leased Premises except with the prior written approval of Landlord. The use of cement or other similar adhesive material is expressly prohibited.

(14) Tenant shall not place any additional locks or bolts of any kind on any door in the Building or change or alter any lock on any door therein in any respect. Tenant shall provide Landlord with a copy of any access key, code, or device to any locks or bolts that Tenant installs in or on the Leased Premises. Landlord shall furnish two (2) keys for each lock on exterior doors to the Leased Premises, and two (2) keys (conventional or card type) for one (1) or more exterior doors to the Building, and shall, on Tenant's request and at Tenant's expense, provide additional duplicate keys. Tenant shall not make any duplicate keys. All keys provided by Landlord to Tenant or by Tenant to Landlord shall be returned to the party who provided the keys upon the termination of the Lease, and Tenant shall give to Landlord the explanation of the combination of all safes, vaults and combination locks in the Leased Premises. Landlord may at all times keep a pass key to the Leased Premises. All entrance doors to the Leased Premises shall be left locked when the Leased Premises are not in use. Notwithstanding the foregoing, and provided that Tenant informs Landlord of any and all relevant access codes, Tenant may, at its sole cost and expense, be permitted to install a security system on all entry points to the Leased Premises. Tenant must remove any security system installed, including any related wiring, cabling or equipment and restore the area from which removal occurred, upon the expiration or termination of the Lease.

(15) Tenant shall give immediate notice to Landlord in case of theft, unauthorized solicitation or accident in the Leased Premises or in the Building or of defects therein or in any fixtures or equipment, or of any known emergency in the Building.

(16) Tenant shall place a water-proof tray under all plants in the Leased Premises and shall be responsible for any damage to the floors, carpets, and/or any other damage caused by over-watering such plants.

(17) Tenant shall not use the Leased Premises or allow the Leased Premises to be used for photographic, multilith, multigraph or digital reproductions, except in connection with its own business and not as a service for others, without Landlord's prior written permission.

(18) Tenant shall not use or permit any portion of the Leased Premises to be used for any uses other than those specifically granted in Tenant's Lease.

(19) Tenant shall not advertise for laborers *(i.e.* those who perform physical labor outdoors) giving the Leased Premises as an address, nor pay such laborers at a location in the Leased Premises.

(20) Employees of Landlord or Landlord's agent(s) shall not perform any work or do anything outside of their regular duties, unless under special instructions from Landlord or Landlord's agent(s).

(21) Tenant shall not place a load upon any floor of the Leased Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law, regulation or code. Business machines and mechanical and electrical equipment belonging to Tenant which cause noise, vibration, electrical or magnetic interference, or any other nuisance that may be transmitted to the structure or other portions of the Building or to the Leased Premises to such a degree as to be objectionable

to Landlord or which interfere with the use or enjoyment by other tenants of their leased premises or the public portions of the Building, shall be placed and maintained by Tenant, at Tenant's expense, in settings of cork, rubber, spring type or other vibration eliminators sufficient to eliminate noise or vibration.

(22) INTENTIONALLY OMITTED.

(23) No solar screen materials, awnings, draperies, shutters or other interior or exterior window coverings that are visible from the exterior of the Building or from the exterior of the Leased Premises within the Building may be installed by Tenant. Building-standard mini blinds shall not be pulled up or removed, but may be opened using the "wand".

(24) Tenant shall not place, install or operate within the Leased Premises or any other part of the Building any engine or stove, without the prior written consent of Landlord.

(25) No portion of the Leased Premises or any other part of the Building shall at any time be used or occupied as sleeping or lodging quarters.

(26) For purposes of the Lease, holidays shall be deemed to mean and include the following: (a) New Year's Day; (b) Memorial Day; (c) Independence Day; (d) Labor Day; (e) Thanksgiving Day and the Friday following; and (f) Christmas Day. If any such holiday occurs on a weekend, then the holiday shall be the day such holiday is legally observed.

(27) Tenant shall at all times keep the Leased Premises neat and orderly.

(28) All permitted alterations and additions to the Leased Premises must conform to applicable building and fire codes. Tenant shall obtain prior approval from applicable building and fire officials and Landlord with respect to any such modifications and shall deliver "as-built" plans therefor to the property manager for the Building on completion.

(29) It is the intent of both Landlord and Tenant that any portion of the Leased Premises visible to the public hold a high quality professional image at all times. If, at any time during the Term, Landlord or Landlord's agent deems such visible area to hold less than a high quality professional image, Landlord shall advise Tenant of desired changes to be made to such area to conform to the intent of this paragraph. Within three (3) business days, Tenant shall cause the desired changes to be made, or present Landlord with a plan for accomplishing such changes. Tenant shall have such additional time as is reasonably required to implement the plan, not to exceed two (2) months; provided, however, that if Tenant is not diligently pursuing the plan for accomplishing such changes within ten (10) business days, or does not implement the plan within two (2) months, then Landlord may provide draperies or blinds for the glassed area at Tenant's expense, and Tenant shall keep such draperies or blinds closed at all times.

(30) The toilet rooms, urinals, wash bowls and other plumbing apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it.

(31) The Building has been designated a "non-smoking" building. Tenant, and all persons entering the Building under the express or implied invitation of Tenant are prohibited from smoking in the common areas both inside and outside of the Building, except in those areas outside the Building designated as smoking areas by Landlord.

(32) No animals, except for "service animals" trained to assist disabled persons, shall be brought or kept in or about the Leased Premises or the Building without the prior written consent of Landlord.

(33) Tenant shall not play or allow the playing or the generation of (i) any music or loud noise in the common areas of the Building without Landlord's prior written consent and/or (ii), any loud music or loud noise in the Leased Premises, as determined by Landlord in Landlord's sole discretion.

(34) Except as reasonably required in connection with Tenant's customary operations and then only in accordance with all applicable governmental rules and regulations, Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substances in or on the Leased Premises. Tenant shall not cause or allow any odors deemed obnoxious or otherwise unreasonable by Landlord, in Landlord's sole discretion, to permeate or emanate from the Leased Premises or to enter the heating, ventilating and air conditioning system if the system is serving more than Tenant.

(35) Tenant shall not permit or allow the Leased Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, or interfere in any way with other tenants or those having business therein.

(36) Tenant shall not bring, or cause or allow to be brought, any firearms, ammunition or weapons of any kind, whether concealed or otherwise, into the Building at any time.

(37) Landlord reserves the right to rescind, amend and add Building Rules, and to waive Building Rules with respect to any tenant or tenants.

(The remainder of this page intentionally left blank.)

EXHIBIT E

FORM OF ESTOPPEL CERTIFICATE

The undersigned ("Tenant"), in consideration of One Dollar ($1.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby certifies to ("Landlord"), [the holder or prospective holder of any mortgage covering the property] (the "Mortgagee") and [the vendee under any contract of sale with respect to the Property] (the "Purchaser") as follows:

That, except as may be otherwise specifically set forth in an exhibit attached hereto and executed by Tenant:

1. Tenant and Landlord executed a certain Lease Agreement (the "Lease"), dated , 20 , covering the floor(s) shown attached on the plan annexed hereto as Exhibit A-1 (the "Leased Premises") in the building located in the known as and by the street number (the "Building"), for a term commencing on , 20 , and expiring on .

2. The Lease is in full force and effect and has not been modified, changed, altered or amended in any respect.

3. Tenant has accepted and is now in possession of the Leased Premises and is paying the full Rent under the Lease.

4. The Base Rent payable under the Lease is $ per month. The Base Rent and all Additional Rent and other charges required to be paid under the Lease have been paid for the period up to and including .

5. Tenant has provided Landlord with the following as Security for the Lease: .

6. No Rent under the Lease has been paid for more than thirty (30) days in advance of its due date.

7. All work required under the Lease to be performed by Landlord has been completed to the full satisfaction of Tenant.

8. There are no defaults existing under the Lease on the part of either Landlord or Tenant.

9. There is no existing basis for Tenant to cancel or terminate the Lease.

10. As of the date hereof, there exist no valid defenses, offsets, credits, deductions in rent or claims against the enforcement of any of the agreements, terms, covenants or conditions of the Lease.

11. Tenant affirms that any dispute with Landlord giving rise to a claim against Landlord is a claim under the Lease only and is subordinate to the rights of the holder of all first lien mortgages on the Building and shall be subject to all the terms, conditions and provisions thereof. Any such claims are not offsets to or defenses against enforcement of the Lease.

12. Tenant affirms that any dispute with Landlord giving rise to a claim against Landlord is a claim under the Lease only and is subordinate to the rights of the Purchaser pursuant to any contract of sale. Any such claims are not offsets to or defenses against enforcement of the Lease.

13. Tenant affirms that any claims pertaining to matters in existence at the time Tenant took possession and which are known to or which were then readily ascertainable by Tenant shall be enforced solely by money judgment and/or specific performance against the Landlord named in the Lease and may not be enforced as an offset to or defense against enforcement of the Lease.

14. There are no actions, whether voluntary or otherwise, pending against or contemplated by Tenant under the bankruptcy laws of the United States or any state thereof.

15. There has been no material adverse change in Tenant's financial condition between the date hereof and the date of the execution and delivery of the Lease.

16. Tenant acknowledges that Landlord has informed Tenant that an assignment of Landlord's interest in the Lease has been or will be made to the Mortgagee and that no modification, revision, or cancellation of the Lease or amendments thereto shall be effective unless a written consent thereto of the Mortgagee is first obtained, and that until further notice payments under the Lease may continue as heretofore.

17. Tenant acknowledges that Landlord has informed Tenant that Landlord has entered into a contract to sell the Property to Purchaser and that no modification, revision or cancellation of the Lease or amendments thereto shall be effective unless a written consent thereto of the Purchaser has been obtained.

18. This certification is made to induce Purchaser to consummate a purchase of the Property and to induce Mortgagee to make and maintain a mortgage loan secured by the Property and/or to disburse additional funds to Landlord under the terms of its agreement with Landlord, knowing that said Purchaser and Mortgagee rely upon the truth of this certificate in making and/or maintaining such purchase or mortgage or disbursing such funds, as applicable.

19. Except as modified herein, all other provisions of the Lease are hereby ratified and confirmed.

TENANT:

TransEnterix, Inc., a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT F

ITEMIZED INVENTORY OF HAZARDOUS OR TOXIC MATERIALS

Number	Description	Mfr. Name	Mfr. Part Number
150001	ADHESIVE, LOCTITE 4011	Hisco	LOC18680
150001	ADHESIVE, LOCTITE 4011	Henkel Loctite Corporation	18680
150004	ADHESIVE, LOCTITE M-121 HP	Hisco	LOC30680
150006	LOCTITE 242, THREADLOCKER	Henkel Loctite Corporation	24221
150008	LOCTITE 266 THREADLOCKER	3M	266
150009	LOCTITE RC-620 RETAINING COMPOUND	Henkel Loctite Corporation	RC-620
1500002	ADHESIVE, DYMAX 1187-M	Dymax Corporation	1187-M
1500003	ADHESIVE, LOCTITE M-21HP	Hisco	LOC30671
1500012	ADHESIVE, 3M SPRAY-MOUNT ARTIST'S ADHESIVE 6065	3M	6064 or 6065
1500013	CLEANER, ARMSTRONG FLOOR CLEANER	Armstrong	
1500014	LUBRICANT, MOLY-DEE TAPPING FLUID, 05086	Castrol Industrial North American, Inc.	05086-BW, BT
1500015	LUBRICANT, CHUCK-EEZ, 214	Specialty Lubricants Corp	214
1500016	LUBRICANT, CIMTECH 500 METAL WORKING FLUID CONCENTRATE	Milacron Marketing Company	Cimtech 500
1500017	CLEANER, CITRISURF 3050, STS-3050	Rock River Blending	CitriSurf 3050 or STS-3050
1500018	CLEANER, FORMULA 409 ORANGE CLEANER DEGRASER	Clorox Professional Products Company	Formula 409
1500019	CLEANER, ACETONE	Packaging Service Co., Inc,	Acetone
1500020	SEALANT, GREAT STUFF GAPS & CRACKS FOAM SEALANT	Dow Chemical Company	192
1500021	LUBRICANT, DUO SEAL OIL, 1407K	Sargent –Welch Scientific Company	1407K
1500022	ADHESIVE, DYMAX 1161-M	Dymax Corporation	1161-M
1500023	ADHESIVE, DYMAX 1180-M	Dymax Corporation	1180-M
1500024	ADHESIVE, DYMAX 1183-M	Dymax Corporation	1183-M
1500025	ADHESIVE, DYMAX 1190-M	Dymax Corporation	1190-M
1500026	CLEANER, ENZOL ENZYMATIC DETERGENT, ASPENZOL	Advance Sterllization Products	ENZOL
1500027	LUBRICANT, HANGSTERFER'S WAY OIL 1, H-WAYOIL1-99_D	Hangsterfer's	Way Oil 1
1500028	LUBRICANT, HANGSTERFER'S WAY OIL 2, H-WAYOIL2-99_D	Hangsterfer's	Way Oil 2
1500029	WELD-ON, IPS	IPS Corporation	WELD-ON 3
1500030	CLEANER, ETHYL ALCOHOL, DENATURED, 190 PROOF (ETHANOL)	Acros Organics	AC181970000
1500031	CLEANER, ISOPROPYL ALCOHOL 70%	Wal-Mart	Isopropyl Alcohol 70%
1500032	CLEANER, ISOPROPANOL 70%	Cole-Parmer	WU-86986-40
1500032	CLEANER, ISOPROPANOL 70%	Ricca Chemical Company	4209
1500033	CLEANER, KRUD KUTTER	Supreme Chemicals of Georgia	Krud Kutter
1500034	FLUX, ALL-PURPOSE FLUX LIQUID, N-3	LA-CO Industries, INC.	N-3
1500035	LUBRICANT, LIQUID WRENCH WHITE LITHIUM GREASE WITH CERFLON	Radiator Specialty Company	Liquid Wrench
1500036	ADHESIVE, LOCTITE 401 PRISM SURFACE INSENSITIVE INSTANT ADHESIVE	Henkel Loctite Corporation	40104
1500037	ADHESIVE, LOCTITE 770 PRIMER PRISM	Henkel Loctite Corporation	18396
1500038	ADHESIVE, LOCTITE 4014 PRISM MEDICAL ADHESIVE	Henkel Loctite Corporation	20269
1500039	LUBRICANT, QUICKSTIX C5-A COPPER ANTI-SEIZE, 39 222	Henkel Loctite Corporation	39222
1500040	ADHESIVE, LOCTITE HYSOL U-05FL URETHANE PART A, OFF-WHITE	Henkel Loctite Corporation	29350_209546
1500041	LUBRICANT, LUBRIMATIC WHITE LITHIUM GREASE		
1500042	LUBRICANT, MILLER-STEPHENSON, PTFE RELEASE AGENT, MS-143E		
1500043	LUBRICANT, MILLER-STEPHENSON, PTFE RELEASE AGENT, MS-143H		
1500044	LUBRICANT, MILLER-STEPHENSON, PTFE RELEASE AGENT, MS-143XD		
1500045	CLEANER, LOCTITE, NAVAL JELLY RST DISSOLVER, 80277	Henkel Loctite Corporation	
1500046	ELASTOMER, NUSIL, MED-6016-11 PART A	Nusil Silicone	Med-6016-11 Part A
1500047	ELASTOMER, NUSIL, MED-6016-11 PART B	Nusil Silicone	Med-6016-11 Part B
1500048	ELASTOMER, NUSIL, MED-6019 PART A	Nusil Silicone	Med-6019 Part A
1500049	ELASTOMER, NUSIL, MED-6019 PART B	Nusil Silicone	Med-6019 Part B
1500050	CLEANER, FAST ORANGE PUMICE LOTION, 25218P		
1500051	CLEANER, USCALRITE SCALEX, LIME SOLVENT, EDM		
1500052	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 910 PART A	Smooth-On Inc.	Smooth-Sil 910 Part A
1500053	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 910 PART B	Smooth-On Inc.	Smooth-Sil 910 Part B
1500054	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 920 PART A	Smooth-On Inc.	Smooth-Sil 920 Part A
1500055	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 920 PART B	Smooth-On Inc.	Smooth-Sil 920 Part B
1500056	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 930 PART A	Smooth-On Inc.	Smooth-Sil 930 Part A
1500057	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 930 PART B	Smooth-On Inc.	Smooth-Sil 930 Part B
1500058	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 940 PART A	Smooth-On Inc.	Smooth-Sil 940 Part A
1500059	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 940 PART B	Smooth-On Inc.	Smooth-Sil 940 Part B
1500060	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 950 PART A	Smooth-On Inc.	Smooth-Sil 950 Part A
1500061	ELASTOMER, SMOOTH-ON, SMOOTH-SIL 950 PART B	Smooth-On Inc.	Smooth-Sil 950 Part B
1500062	ELASTOMER, SMOOTH-ON, SILC-PIG BLACK, BLUE, GREEN, RED, WHITE, YELLOW, PINK FLESH TONE	Smooth-On Inc.	
1500063	SOLVENT, MINERAL SPIRITS, PAINT THINNER	MSC Industrial Supply	232561
1500064	LUBRICANT, WD-40	WD-40 Company	WD-40 Bulk Liquid

To the extent Tenant possesses or uses such substances, it will do so in compliance with all applicable laws and regulations and will indemnify Landlord against any losses or expenses resulting from such possession or use.

EXHIBIT G

RENEWAL OPTIONS

As long as (i) Tenant is not in default under this Lease as defined in Section 9.01 at the time of exercise of each Renewal Option (as hereinafter defined) or at the time of commencement of each Renewal Term (as hereinafter defined), and (ii) Tenant is in occupancy of the Leased Premises at the time of exercise of each Renewal Option and at the time of commencement of each Renewal Term, then Tenant is granted two (2) options (each a "Renewal Option") to renew the Term of this Lease for two (2) consecutive periods of three (3) additional years each (each a "Renewal Term"), to commence upon the expiration of the initial Term, and first (1st) Renewal Term, of this Lease. Tenant shall exercise each Renewal Option by delivering notice of such election to Landlord at least twelve (12) months prior to the expiration of the Term, including any Renewal Term. The renewals of this Lease shall be upon the same terms and conditions of this Lease, except (a) the Base Rent during each Renewal Term shall be the then prevailing Market Base Rent Rate (defined below) for similar space in the Building or Project at the time such Renewal Term commences, but in no event less than the Base Rent plus Additional Rent that Tenant is then paying under the terms of this Lease, (b) Tenant shall have no option to renew this Lease beyond the expiration of the second (2nd) Renewal Term, (c) Tenant shall not have the right to assign its renewal rights to any subtenant of the Leased Premises or assignee of this Lease, nor may any such subtenant or assignee exercise such renewal rights, and (d) the leasehold improvements will be provided for Tenant's continued use in their then existing condition (on an "as is" basis) at the time the Renewal Term commences.

As used in this Lease, the term "Market Base Rent Rate" shall mean the annual rental rate then being charged in the grater Research Triangle Park/Interstate-40 area of North Carolina, as reasonably determined by Landlord, for space comparable to the space for which the Market Base Rent Rate is being determined (taking into consideration, but not limited to, 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.*, such as abatements or Lease assumptions) and the time the particular rate under consideration became effective). It is agreed that bona fide written offers to lease the Leased Premises or comparable space made to Landlord by third parties (at arm's-length) may be used by Landlord as an indication of Market Base Rent Rate.

Whenever in this Lease a provision calls for a rental rate to be, or be adjusted to, the Market Base Rent Rate, Tenant shall continue to pay Base Rent as so adjusted and the Additional Rent as provided in this Lease.

(The remainder of this page intentionally left blank.)

EXHIBIT H

LICENSE FOR COMMUNICATIONS EQUIPMENT SPACE

THIS LICENSE FOR COMMUNICATIONS EQUIPMENT SPACE (this "Agreement"), is made as of the day of , 20 (the "Effective Date"), between **GRE Keystone Technology Park Three LLC**, a Delaware limited liability company authorized to conduct business in the State of North Carolina ("Landlord"), and **TransEnterix, Inc.**, a Delaware corporation authorized to conduct business in the State of North Carolina corporation ("Licensee").

1. **Lease:** Licensor and Licensee executed a lease agreement dated December 11, 2009 (as may be amended, the "Lease") for that certain property located at Suite 300 in the building located at 635 Davis Drive, Durham, North Carolina 27713 (the "Building") on that certain real property of Licensor known as Keystone Technology Park - Building X, County of Durham, State of North Carolina (the "Land"), which Land is more particularly described in Exhibit A, attached hereto and made a part hereof by reference in its entirety. The term of the Lease is five (5) years commencing on the 1st day of April, 2010, as the term may be extended pursuant to the Lease.

2. **Communications Equipment:** For the purposes of this Agreement, all of Licensee's equipment, building, panels, generator, cables, wires, antennas, microwave dishes and accessories, as shown on Exhibit B, attached hereto and made a part hereof by reference in its entirety, shall hereinafter collectively be referred to as the "Communications Equipment", and any improvements made by Licensee to the Building pursuant to the terms of this Agreement are referred to as the "Improvements."

3. **Premises:** Licensor hereby grants to Licensee a license ("License") to use a portion of the Building consisting of that certain exclusive space located on the rooftop of the Building as is more particularly described in Exhibit C attached hereto and made a part hereof (the "Site"). Licensee agrees that, upon Licensor's request and with reasonable notice, Licensee shall relocate its Communications Equipment to a different exclusive space located on the rooftop of the Building.

4. **Access:** During the term of this Agreement, Licensee shall have a non-exclusive right of ingress and egress, which shall be coordinated with the management of the Building, across that portion of the Land and the Building necessary to access the Site from public right-of-ways adjacent to the Land for the purposes of maintenance, installation, repair and removal of the Communications Equipment. It is agreed, however, that only authorized engineers, employees or representatives of Licensee or persons under Licensee's direct supervision, will be permitted to enter the Site to install, remove and repair Licensee's Communications Equipment. Licensee shall ensure that any employee, contractor, subcontractor, representative or agent directed by Licensee to install, remove or repair Licensee's Communications Equipment will be covered by the liability policy described in Section 12 of this Agreement or by a similar policy. Licensee shall be responsible for all costs associated with such access.

5. **Utilities:** Licensee shall be solely responsible for, and shall promptly pay, all charges for electricity, telephone and any other utility used or consumed by Licensee on the Site. Licensee shall have an electrical current meter installed at the Site. The cost of such meter and of installation, maintenance and repair thereof shall be Licensee's sole responsibility.

6. **Term and Termination:** The term of this Agreement shall commence on , and shall expire on , (or as may be extended in conjunction with the Lease) coterminous with the Lease. In the event of any modifications to the term of the Lease, the term of this Agreement shall be modified accordingly. Licensee may also, with sixty (60) days' prior notice, remove the Communications Equipment from the Site, at which time Licensor will refund any unused and prorated amount of the annual fee paid to that date.

7. **Rent:** During the first (1st) year of the Term, Licensee shall pay an annual rental payment in the amount of One Dollars ($1.00) (the "Rent") to be paid concurrently with Licensee's execution of this Agreement. Beginning on January 1st of each subsequent year of the Term, Licensor shall pay the Rent for such year, in advance, to Licensor, or to such other person, firm or place as the Licensor may designate from time to time in writing at least thirty (30) days in advance of any Rent payment date.

8. **Use:** Licensor hereby grants permission to Licensee to install and operate the following and associated equipment on the Site for the purposes of constructing, maintaining and operating communications equipment and uses incidental thereto:

A. _____

B. _____

C. _____

D. _____

No other equipment shall be installed without the prior written consent of Licensor. No Communications Equipment shall be visible above the roof line of the Building.

Licensor hereby acknowledges and agrees that the Communications Equipment is and shall remain the property of the Licensee and shall not be deemed to be a fixture upon the Site.

Upon termination of this Agreement, Licensee shall, within thirty (30) days, remove its Communications Equipment from the Site and shall restore the Site to its original condition, except normal wear and tear, casualty and acts beyond Licensee's control, paving and foundations, and except for enhancements made by the Licensee to the Building pursuant to the terms of this Agreement.

9. **Security Deposit:** Simultaneous with the execution of this Agreement, Licensee shall pay to Licensor a sum equal to $1,000.00 as a security deposit for the performance of the covenants and obligations of this License. Licensor may apply this amount at any time to Licensee's account with Licensor to satisfy any default by Licensee, and Licensee must replenish the security deposit to the full amount immediately upon Licensor's request therefor. If no default occurs during the term of this Agreement for which Licensor has applied this deposit, said deposit shall be refunded to Licensee after the expiration of this Agreement. All security deposit interest accrued shall be retained by Licensor.

10. **Liability and Indemnity:** Licensee agrees to compensate Licensor for damages and to indemnify and hold the Licensor harmless from all claims (including reasonable attorneys' fees, costs and expenses of defending against such claims), arising from the installation, operation or maintenance of the Communications Equipment, or the negligence or willful misconduct of Licensee or Licensee's agents or employees in or about the Building or arising from the breach of this Agreement by Licensee.

11. **Defaults and Remedies:** Notwithstanding anything in the Lease to the contrary, Licensee shall not be in default under this Agreement until:

A. Ten (10) days after receipt of notice thereof from Licensor of the non-payment of rent or other sums under this Agreement and Licensee's failure to cure the default within the ten (10) day period; or

B. Thirty (30) days after receipt of notice of any non-monetary default from Licensor, and Licensee's failure to cure the default within the thirty (30) day period.

12. **Insurance:** Licensee shall, at its expense, maintain in force during the Term of this Agreement, a combined single limit policy of bodily injury and property damage insurance, with a limit of not less than $1,000,000.00 insuring Licensor and Licensee against all liability arising out of the use, occupancy, or maintenance of the Site and appurtenant areas by or at the direction of Licensee. At Licensor's discretion, Licensee will provide Licensor with certified copies of all insurance policies or certificates of insurance upon execution of this Agreement and thereafter annually or upon request.

13. **Taxes:** Licensee shall reimburse Licensor for any increase in real estate taxes attributable to any Improvements to the Site or Building made by Licensee within ten (10) days of receipt of Licensor's invoice therefor.

14. **Subordination and Non-Disturbance:** At Licensor's option, this Agreement shall be subordinate to any deed to secure debt, deed of trust, mortgage or singular instrument (collectively "Mortgage") by Licensor, which from time to time may encumber all or part of the Site or the Building.

15. **Hazardous Substances:** For the purpose hereof, the term "Hazardous Substances" shall mean pollutants, contaminants, toxic or hazardous substances or wastes, oil or petroleum products, flammables or any other substances whose nature or quantity of existence, use, release, manufacture or effect renders it subject to Federal, State or local environmental, health, community awareness or safety laws or regulations, now or hereafter enacted or promulgated by any governmental authority or court ruling, or any investigation, remediation or removal. In the event Hazardous Substances are discovered on or in the Site and Improvements placed upon the Site as a result of any act or omission of the Licensee, the Licensee shall be obligated to conduct the removal with respect to and to provide the Indemnity to the Licensor as to claims arising out of such Hazardous Substances including all of Licensor's reasonable attorneys' fees and costs.

16. **Assignment and Subletting:** Except as provided in Section 10.01 of the Lease, Licensee shall not voluntarily or by operation of law assign or encumber its interest in this Agreement or in the Site, or sublease all or any part of the Site, without Licensor's prior written consent.

17. **Notices:** All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested, by hand delivery or by courier or by overnight delivery, addressed as follows (or to any other address that the party to be notified may have designated to the sender by notice given pursuant to this provision of the Agreement):

Licensor:
GRE Keystone Technology Park Three LLC
c/o Capital Associates
1255 Crescent Green, Suite 300
Cary, North Carolina 27518
(919) 233-9901

Licensee:
TransEnterix, Inc.
635 Davis Drive, Suite 300
Durham, North Carolina 27713
Attn: David N. Gill
(919) 765-8412

18. **Condition of the Building:**

A. Licensor assumes no responsibility for the license, operation and/or maintenance of Licensee's Communications Equipment.

B. Licensee covenants and agrees that Licensee's Communications Equipment, its installation, operation and maintenance will:

1. Not damage the Building structure and accessories thereto.

2. Not result in the placement of liens or other encumbrances on the Site or Building.

3. Not interfere with the operation of Licensor's existing or future communication and radio equipment or the communication and radio equipment of other existing or future tenants of the Building. In the event there is such interference by Licensee, Licensee will promptly take all steps necessary to correct and eliminate same within fifteen (15) days. If Licensee is unable to eliminate such interference caused by it within such period of time, Licensee agrees to remove its Communications Equipment from the Land upon receipt or written demand from Licensor, upon which event this Agreement shall terminate and neither party shall have any further right or obligation hereunder.

4. Comply with all applicable rules and regulations of the Federal Communications Commission, the Federal Aviation Administration, and electrical codes of the City, State or other governing body concerned with respect to the Communications Equipment.

C. Prior to the commencement of any work, Licensee shall, at its sole cost and expense, prepare and deliver to Licensor working drawings, plans and specifications (the "Plans"), detailing the location and size of the Communications Equipment and Improvements to be placed upon the Site specifically describing the proposed construction and work. No work shall commence until Licensor has approved the Plans. Licensee shall:

1. Perform such construction in a safe manner consistent with generally accepted construction standards;

2. Perform such construction and work in such a way as to minimize interference with the operation of the Building; and

3. Obtain, prior to the commencement of any construction and work, all necessary Federal, State and municipal permits, licenses and approvals, and all insurance required pursuant to this Agreement.

D. If the Building is damaged for any reason so as to render it substantially unusable, Licensor, at its sole discretion may elect to terminate the Agreement by providing notice to Licensee.

19. **Miscellaneous:**

A. This Agreement and the Lease contain all agreements, promises and understandings between the Licensor and Licensee, and no verbal or oral agreement, promises or understandings relating to the Communication Equipment, the Site, the Building or the Land shall be binding upon either the Licensor or Licensee in any dispute, controversy or proceeding at law. Any addition, variation or modification to this Agreement or the Lease shall be void and ineffective unless made in writing and signed by all parties.

B. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State of North Carolina.

C. This Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto.

D. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement as of the date and year first above written.

LICENSOR:

GRE Keystone Technology Park Three LLC, a Delaware limited liability company

By: GRE Keystone Technology Park Holdings LLC, a Delaware limited liability company, its Sole Member

By: Capital Associates Management, LLC, a North Carolina limited liability company, acting as Investment Manager for GRE Keystone Technology Park Holdings LLC

By: /s/ Stephen P. Porterfield
Stephen P. Porterfield, Delegate Manager

LICENSEE:

TransEnterix, Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT A to license for communications equipment space

THE LAND

Being all of that lot described as Tract X according to that plat entitled “Keystone Technology Park - Tracts IX and X Subdivision Plat” recorded in Plat Book 146, Page 145, Durham County Registry, to which plat reference is made for greater certainty of description.

Together with all rights, privileges and obligations contained in that Declaration of Covenants, Conditions and Restrictions for Keystone Technology Park as recorded in Book 2305, Page 555, Durham County Registry, and Book 8630, Page 1592, Wake County Registry, as such declaration has been subsequently amended from time to time.

EXHIBIT B to license for communications equipment space

THE COMMUNICATIONS EQUIPMENT

55
Keystone Technology Park

EXHIBIT C to license for communications equipment space

THE SITE

56
Keystone Technology Park

STATE OF NORTH CAROLINA

DURHAM COUNTY LEASE MODIFICATION AGREEMENT NO. 1

THIS LEASE MODIFICATION AGREEMENT NO. 1 (this "Agreement") is made and entered into as of this 4th day of May, 2010 (the "Execution Date"), by and between **GRE Keystone Technology Park Three LLC**, a Delaware limited liability company ("Landlord"), and **TransEnterix, Inc.**, a Delaware corporation authorized to conduct business in the State of North Carolina ("Tenant").

WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated December 11, 2009 (the "Lease"), pursuant to which Tenant leased approximately 37,328 square feet of flex office space (the "Leased Premises") contained in Suite 300 of the building known as Keystone Technology Park Building X and located at 635 Davis Drive, Durham, North Carolina 27713 (the "Building"). (The Lease is incorporated herein by reference in its entirety. Any capitalized term used and not otherwise defined herein shall have the meaning ascribed to it in the Lease.); and

WHEREAS, the Term of the Lease set forth in Subsection 2.01(g) of the Lease is 5 years; and

WHEREAS, the Target Commencement Date, Target Rent Commencement Date, and the Target Expiration Date of the Lease were all set forth in Subsection 2.01(h) of the Lease as April 1, 2010, April 1, 2010 (For TICAM only) and March 31, 2015, respectively, but the actual Commencement Date and Rent Commencement Date of the Lease is April 26, 2010; and

WHEREAS, due to Tenant's modification of its electrical closet configuration (as shown on the attached Exhibit A), the square footage of the Leased Premises has been changed to equal 37,347 square feet of space in the Building (an increase of 19 square feet); and

WHEREAS, Section 3.07 of the Lease (Early Termination Option) sets forth the option for Tenant to terminate the Lease effective on the last day of the forty-fifth (45th) full month of the Term by delivering notice to Landlord on or before the last day of the thirty-sixth (36th) full month of the Term; and

WHEREAS, Tenant executed the Acceptance of Leased Premises Memorandum ("Acceptance") on April 28, 2010, which Acceptance set forth the Early Termination Notice Date of May 31, 2013 and the Early Termination Date as February 28, 2014, but those dates are incorrect; and

WHEREAS, Landlord and Tenant desire to modify the Lease establishing the actual Commencement Date, Rent Commencement Date and Expiration Date, the actual square footage of the Leased Premises, substituting new key plans showing the Leased Premises, adjusting Rent and Monthly TICAM Payment, and correcting the Early Termination Notice Date and the Early Termination Date, all upon the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises, rent, mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Commencement Date, Rent Commencement Date and Expiration Date. Effective as of the Execution Date, Subsection 2.01 (h) of the Lease is hereby amended by setting forth the Commencement Date and Rent Commencement Date of the Lease as April 26, 2010, and the Expiration Date of the Lease as April 30, 2015.

2. Early Termination Notice Date and Early Termination Date. Landlord and Tenant specifically acknowledge and agree that in Subsection 3.07 of the Lease the Early Termination Notice Date is April 30, 2013 and the Early Termination Date is January 31, 2014 and the Lease is amended accordingly.

3. Leased Premises. Effective as of the Execution Date, the square footage contained in the Leased Premises shall be changed to equal 37,347 square feet in the Building, as shown on the attached Exhibit A-1 (revised), and the Lease is amended accordingly.

4. Base Rent Chart. Section 2.01(d) of the Lease is hereby amended by replacing the Base Rent Chart set forth in the Lease with chart below:

Full Month(s) of the Term	Dates	Price Per Square Foot, per annum	Square Feet	Annual (or for time period noted) Base Rent	Monthly Base Rent
Partial month	4/26/10 through 4/30/10	$10.30	37,347	$5,342.70 (for 5 days)	$32,056.18 ($1,068.54 per diem)
1 through 3	5/1/10 through 7/31/10	$0.00 ($10.30/SF Base Rent abated)	37,347	$0.00 (for 3 months)	$0.00
4 through 9	8/l/10 through 1/31/11	$5.15 (50% of $10.30/SF Base Rent abated)	37,347	$96,168.54 (for 6 months)	$16,028.09
10 through 12	2/1/11 through 4/30/11	$10.30	37,347	$96,168.54 (for 3 months)	$32,056.18
13 through 24	5/1/11 through 4/30/12	$10.30	37,347	$384,674.16	$32,056.18
25 through 36	5/1/12 through 4/30/13	$10.58	37,347	$395,131.32	$32,927.61
37 through 48	5/1/13 through 4/30/14	$10.87	37,347	$405,961.92	$33,830.16
49 through 60	5/1/14 through 4/30/15	$11.17	37,347	$417,165.96	$34,763.83

5. TICAM Expenses. Effective as of the Execution Date, Tenant's estimated Initial Monthly TICAM Expense Payment as stated in Subsection 2.01 (e) of the Lease shall be changed to equal $9,803.59 and the Lease is amended accordingly.

6. Allowance for Tenant Improvements. Landlord and Tenant specifically acknowledge and agree that regardless of the difference in square footage contained in the Leased Premises, the Allowance for Tenant Improvements to the Leased Premises shall remain $746,560.00.

7. Brokerage/Indemnification. Landlord and Tenant each represent to the other that they, respectively, have had no dealings with any real estate broker or agent in connection with the negotiation of this Agreement except for Capital Associates Management, LLC, Landlord's broker, and that they, respectively, know of no other real estate broker or agent who is entitled to a commission or finder's fee in connection with this Agreement. Each party shall indemnify, protect, defend and hold harmless the other party against all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, but not limited to, reasonable attorneys' fees) for any leasing commission, finder's fee or equivalent compensation alleged to be owed on account of dealings with any other than the above-stated real estate brokers by the party from whom indemnification is sought. Landlord and Tenant specifically acknowledge and agree that there will be no commission or fee due any broker with regard to this Agreement.

8. Affirmation of Lease. Except as expressly modified herein, the original terms and conditions of the Lease shall remain in full force and effect.

9. Binding Agreement. Upon execution by Tenant, this Agreement shall be binding upon Tenant, its legal representatives and successors, and, to the extent assignment may be approved by Landlord hereunder, Tenant's assigns. Upon execution by Landlord, this Agreement shall be binding upon Landlord, its legal representatives, successors and assigns. This Agreement shall inure to the benefit of Landlord and Tenant, and their respective representatives, successors and permitted assigns.

10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

(Signatures appear on the following page.)

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed by their respective duly authorized representatives effective as of the day and year first above written.

LANDLORD:
GRE Keystone Technology Park Three LLC, a Delaware limited liability company

By: GRE Keystone Technology Park Holdings LLC, a Delaware limited liability company, its Sole Member

By: Capital Associates Management, LLC, a North Carolina limited liability company, acting as Investment Manager for GRE Keystone Technology Park Holdings LLC

By: /s/ Stephen P. Porterfield
Stephen P. Porterfield, Delegate Manager

TENANT:
TransEnterix, Inc., a Delaware corporation

By: /s/ David N Gill
Name: David N Gill
Title: CFO

EXHIBIT A

REVISED ELECTRICAL CLOSET

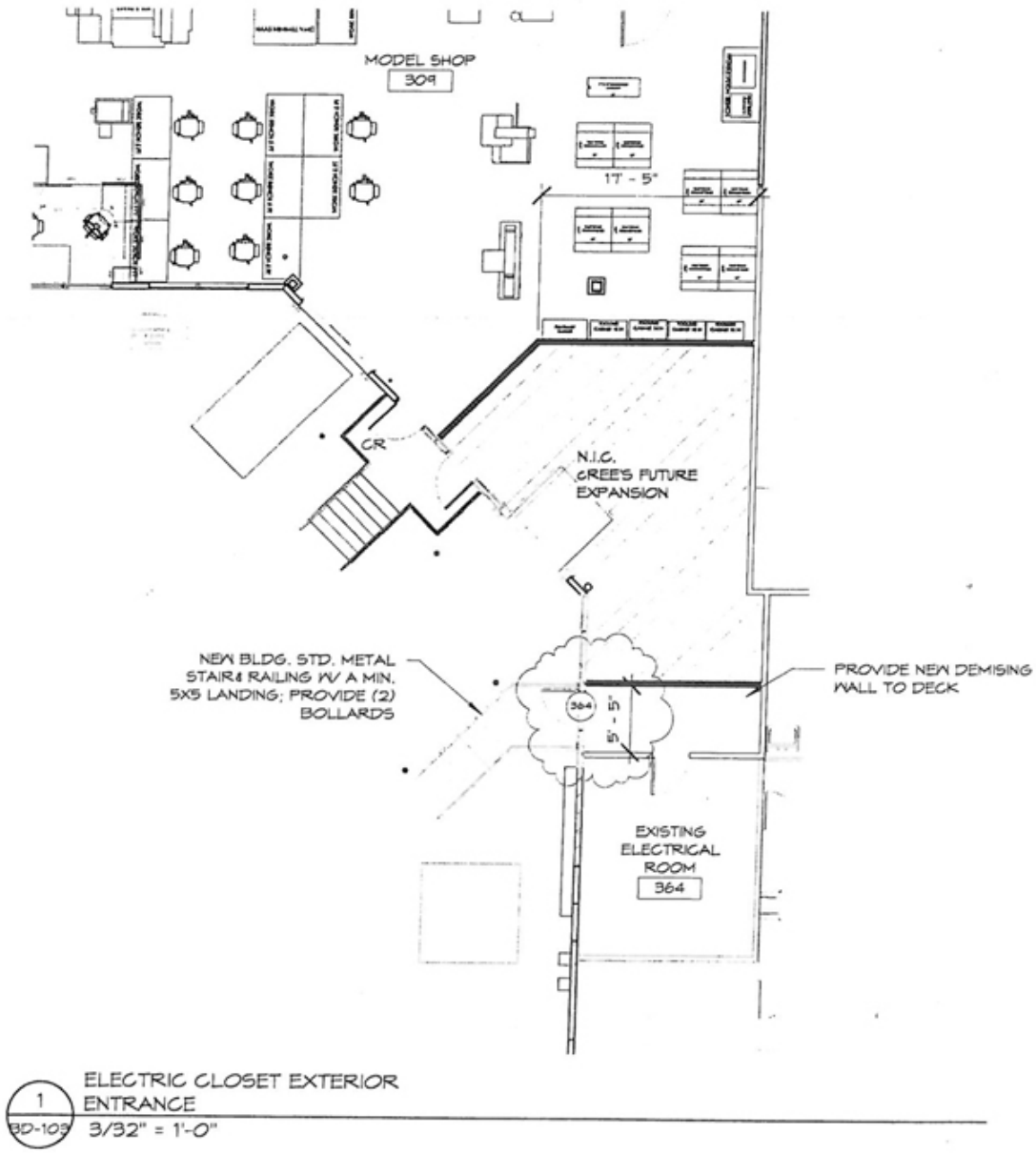
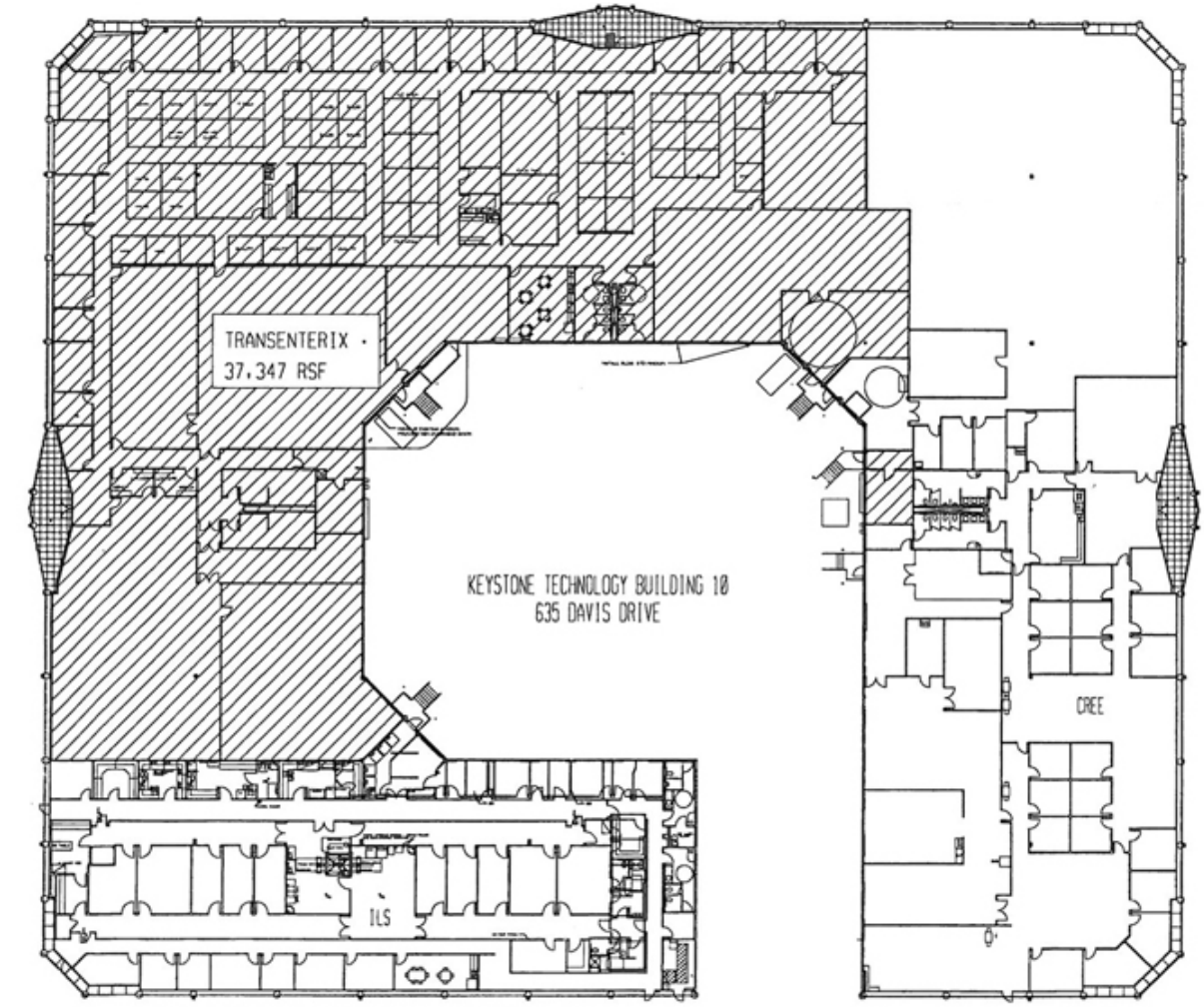


EXHIBIT A-1 (revised)

LEASED PREMISES

Keystone Technology Park – Building X
635 Davis Drive, Suite 300
Durham, North Carolina 27713



= approximately 37,347 square feet = Leased Premises

Exhibit 31.1

CERTIFICATIONS

I, Todd M. Pope, certify that:

(1) I have reviewed this Annual Report on Form 10-K/A Amendment No. 2 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) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

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

(b) 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.

By: /s/ Todd M. Pope
Todd M. Pope
President and Chief Executive Officer (Principal Executive Officer)
March 31, 2014

Exhibit 31.2

CERTIFICATIONS

I, Joseph P. Slattery, certify that:

(1) I have reviewed this Annual Report on Form 10-K/A Amendment No. 2 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) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

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

(b) 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.

By: /s/ Joseph P. Slattery
Joseph P. Slattery
Executive Vice President and Chief Financial Officer
(principal financial officer and principal accounting officer)
March 31, 2014