

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
354(a), 358(a), 368(a). See also Treas. Req. Sections 1.358-2(a) and (c).

18 Can any resulting loss be recognized? ▶ A shareholder could recognize a loss in connection with any cash received for a fractional share.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
The reportable tax year is 2014.

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature ▶	<i>Joshua Weingard</i>	Date ▶	<i>5/06/14</i>
Paid Preparer Use Only	Print your name ▶	<i>Joshua Weingard</i>	Title ▶	<i>Chief Legal Officer</i>
	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ▶	Firm's EIN ▶	Phone no.	
	Firm's address ▶			

Additional Statement
Form 8937 – Report of Organizational Actions Affecting Basis of Securities

Box 14:

TransEnterix approved a 1 for 5 reverse stock split on its common shares, effective after the close of trading on March 31, 2014. TransEnterix's common stock began trading on a split adjusted basis at the opening of trading on April 2, 2014. Each 5 shares of issued and outstanding TransEnterix common stock were reclassified into one issued and outstanding share of TransEnterix common stock. No fractional shares were issued; shareholders who would otherwise hold a fractional share received a cash payment in lieu of such fractional shares.

Box 15:

Each shareholder's tax basis for each whole share received in the exchange will equal the shareholder's tax basis for the five shares surrendered in the exchange. A shareholder who receives cash in lieu of a fractional share should recognize gain or loss in an amount equal to the difference between the amount of cash received and the shareholder's tax basis for the shares of stock surrendered that are allocated to such fractional share. The reportable tax year is 2014.

Since shareholders received fewer shares of TransEnterix common stock than number of shares they surrendered, the basis for the shares surrendered must be allocated to the shares of stock received in a manner that reflects, to the greatest extent possible, that a share of stock received is received in respect of shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the shares surrendered must be allocated to the shares of stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular share received. This could result in a single share of stock having a split basis and a split holding period. See Example (14) of Treasury Regulations § 1.358-2(c) for an illustration of this principle.

Each TransEnterix shareholder should consult its tax advisor with respect to the treatment and calculation of its basis in the TransEnterix common shares and the gain or loss, if any, to be recognized as a result of receiving any cash in lieu of fractional shares.