



April 21, 2017

To our Stockholders:

You are cordially invited to the 2017 annual meeting of stockholders (the “Annual Meeting”) of TransEnterix, Inc. to be held at its executive office, 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560, on May 25, 2017, at 10:00 a.m. local time.

The formal Notice of Annual Meeting of Stockholders and Proxy Statement describing the matters to be acted upon at the Annual Meeting are contained in the following pages. Stockholders also are entitled to vote on any other matters which properly come before the Annual Meeting.

Enclosed is a proxy which will enable you to vote your shares on the matters to be considered at the Annual Meeting, even if you are unable to attend in person. Please mark the proxy to indicate your vote, date and sign the proxy and return it in the enclosed envelope as soon as possible for receipt prior to the Annual Meeting.

**Regardless of the number of shares you own, please be sure you are represented at the Annual Meeting either by attending in person or by returning your proxy as soon as possible.**

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul A. LaViolette', written in a cursive style.

Paul A. LaViolette  
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Todd M. Pope', written in a cursive style.

Todd M. Pope  
President and Chief Executive Officer

**TRANSENERIX, INC.**  
635 Davis Drive, Suite 300  
Morrisville, North Carolina 27560  
(919) 765-8400

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 25, 2017**

April 21, 2017

To the stockholders of TransEnterix, Inc.:

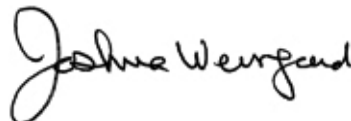
The 2017 annual meeting of stockholders (the "Annual Meeting") of TransEnterix, Inc., a Delaware corporation (the "Company") will be held at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 on May 25, 2017, beginning at 10:00 a.m. local time, for the purpose of considering and voting upon the following:

1. **Election of Directors.** The election of the nine director nominees named in the attached proxy statement to serve as directors until the next annual meeting of stockholders and until their successors are elected and qualified.
2. **Say on Pay.** An advisory vote to approve the compensation paid to the Company's named executive officers for 2016.
3. **Frequency of Say on Pay Vote.** An advisory vote regarding the frequency of submission of future say on pay votes to the stockholders for approval.
4. **Amendment of the Incentive Compensation Plan.** A vote to amend the TransEnterix, Inc. Amended and Restated Incentive Compensation Plan, as amended (the "Plan") to approve an increase in the number of shares reserved for issuance under the Plan by 7,000,000 shares.
5. **Ratification of Appointment of Independent Accounting Firm.** Ratification of the appointment of BDO USA LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.
6. **Other Matters.** The transaction of such other business as may lawfully come before the Annual Meeting or any adjournments thereof.

The Board of Directors currently knows of no other business to be presented at the Annual Meeting. If any other matters come before the Annual Meeting, the persons named in the enclosed proxy will vote with their judgment on those matters. For directions to the Annual Meeting, please contact the Corporate Secretary at (919) 765-8400.

Pursuant to the Company's bylaws, the Board of Directors has fixed the close of business on April 10, 2017 as the record date for determination of the stockholders entitled to vote at the Annual Meeting and any adjournments thereof. You can ensure that your shares are voted at the meeting by voting via the Internet or by completing, signing and returning the enclosed proxy card. If you do attend the Annual Meeting, you may then withdraw your proxy and vote your shares in person. In any event, you may revoke your proxy prior to its exercise. Shares represented by proxies that are returned properly signed but unmarked will be voted in favor of proposals made by us.

By Order of the Board of Directors,



Joshua B. Weingard  
Corporate Secretary

**Notice Regarding Availability of Proxy Materials  
for the 2017 Annual Meeting of Stockholders to be Held on May 25, 2017.**

This Notice of Annual Meeting of Stockholders, our proxy statement, the proxy card and our 2016 Annual Report are available online at [www.transenterix.com](http://www.transenterix.com).

## TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING .....	1
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT .....	4
MANAGEMENT .....	6
Director Independence .....	9
Board Leadership Structure and Role in Risk Management .....	9
Meetings of the Board and Committees and Description of Committees .....	10
Compensation Committee Interlocks and Insider Participation .....	13
Section 16(a) Beneficial Ownership Reporting Compliance .....	13
Code of Ethics .....	13
Certain Relationships and Related Transactions .....	13
Review and Approval of Transactions with Related Persons .....	13
Communication with the Board .....	14
Board Nominations by Security Holders .....	14
EXECUTIVE COMPENSATION .....	16
Compensation Discussion and Analysis .....	16
Executive Compensation Tables .....	20
Agreements with Named Executive Officers .....	24
Equity Compensation Plan .....	26
Director Compensation .....	27
Director Compensation Arrangements .....	27
PROPOSALS TO BE ACTED UPON AT THE ANNUAL MEETING .....	28
PROPOSAL ONE — ELECTION OF DIRECTORS .....	28
PROPOSAL TWO — ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY ON PAY) ...	28
PROPOSAL THREE — ADVISORY VOTE ON THE FREQUENCY OF SAY ON PAY .....	29
PROPOSAL FOUR — AMENDMENT TO THE AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN .....	30
PROPOSAL FIVE — RATIFICATION OF INDEPENDENT ACCOUNTING FIRM .....	39
OTHER MATTERS .....	41
ANNUAL REPORT TO STOCKHOLDERS .....	41
DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS .....	41
STOCKHOLDER PROPOSALS .....	41

**TRANSENERIX, INC.**  
635 Davis Drive, Suite 300  
Morrisville, North Carolina 27560  
(919) 765-8400

**PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 25, 2017**

This proxy statement is sent by the Board of Directors (the “Board”) of TransEnterix, Inc. (the “Company”), to solicit proxies to be voted at our 2017 annual meeting of stockholders (the “Annual Meeting”) to be held on Thursday, May 25, 2017, beginning at 10:00 a.m. local time, at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560, and at any adjournments thereof, for the purposes stated in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement, the enclosed proxy card, the Notice of Annual Meeting of Stockholders and the Company’s 2016 Annual Report will first be mailed to stockholders entitled to vote on or about April 21, 2017.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

***Who can vote?***

Holders of record of our Common Stock as of the close of business on April 10, 2017, the record date, will be entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. Holders of shares of Common Stock are entitled to vote on all matters brought before the Annual Meeting.

As of the record date, there were 123,629,689 shares of Common Stock outstanding and entitled to vote on the election of directors and all other matters. Holders of Common Stock will vote on all matters as a class. Holders are entitled to one vote for each share of Common Stock outstanding as of the record date.

You do not need to attend the Annual Meeting to vote your shares. Instead, you may vote your shares by marking, signing, dating and returning the enclosed proxy card.

***How do I vote?***

If you are a stockholder of record (your shares are registered directly in your name with our transfer agent), you may vote in person at the Annual Meeting, vote by proxy through the Internet or vote by proxy using the enclosed proxy card. To vote through the Internet, go to [www.cstproxyvote.com](http://www.cstproxyvote.com) and complete an electronic proxy card. You will be asked for the Company Number, Proxy Number and Account Number, which are provided on the enclosed proxy card. Stockholders of record who attend the Annual Meeting may vote in person by obtaining a ballot from the inspector of elections.

If you are a beneficial owner of shares (your shares are held in the name of a brokerage firm, bank, or other nominee), you may vote by following the instructions provided in the voting instruction form, or other materials provided to you by the brokerage firm, bank, or other nominee that holds your shares. To vote in person at the Annual Meeting, you must obtain a legal proxy from the brokerage firm, bank, or other nominee that holds your shares, and present such legal proxy from the brokerage firm, bank, or other nominee that holds your shares for admittance to the Annual Meeting.

All stockholders who plan to attend the Annual Meeting in person should be prepared to present photo identification for admittance.

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy to ensure your vote is counted. Voting by proxy will not affect your right to attend the Annual Meeting and vote. If you properly complete your paper or electronic proxy and submit it to us in time, the “proxy” (one of the individuals named on

the proxy card) will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, the proxy will vote your shares as recommended by the Board and, as to any other matters properly brought before the Annual Meeting, in the sole discretion of the proxy.

***What are the recommendations of the Board?***

The Board recommends that you vote:

“**FOR**” the election of all nine nominees for director named in this proxy statement;

“**FOR**” the approval, by advisory vote, of the executive compensation of our named executive officers for 2016;

For “**EVERY YEAR**” as the frequency of the stockholders’ future advisory votes on the compensation paid to the Company’s named executive officers;

“**FOR**” the approval of the amendment of the TransEnterix, Inc. Amended and Restated Incentive Compensation Plan, as amended (the “Plan”) to increase the number of shares available for awards under the Plan by seven million shares; and

“**FOR**” the ratification of the appointment of BDO USA LLP as our independent registered public accounting firm for the 2017 fiscal year.

The Board knows of no matters that are likely to be brought before the Annual Meeting other than the matters identified in the Notice of Annual Meeting of Stockholders. If any other matters properly come before the Annual Meeting, the proxy will be authorized to vote or otherwise act according to his judgment on those matters.

***What constitutes a quorum at the Annual Meeting?***

The presence in person or by proxy of the holders of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum at the meeting. Abstentions in each of the proposals will be counted for the purpose of determining whether a quorum is present at the meeting and as votes cast and will have the effect of a negative vote. Broker non-votes will be counted for the purpose of determining the existence of a quorum at the Meeting.

***How many votes are required to approve the proposals to be acted upon at the Annual Meeting?***

*Election of Directors*

With regard to the election of directors under Proposal One, votes may be cast “For” or “Withheld” for one or more of the nominees being proposed. Directors are elected by a plurality of votes, without respect to either (1) broker non-votes or (2) proxies as to which authority to vote for one or more of the other nominees being proposed is withheld.

*Approval, by Advisory Vote, of Executive Compensation*

With regard to the stockholder advisory vote to approve the executive compensation for our named executive officers for 2016, the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on such matter at the Annual Meeting is required. You may vote “For” the proposal, “Against” the proposal or “Abstain” with respect to the proposal. This vote is advisory in nature and, therefore, not binding on the Company. However, our Board will consider the outcome of this vote in its future deliberations regarding executive compensation. Broker non-votes are not considered as votes cast and have no impact on the result of the vote. Abstentions are considered as negative votes.

### *Selection, by Advisory Vote, of the Frequency of Future Say on Pay Votes*

With regard to the frequency of future advisory votes on the compensation paid to the Company's named executive officers, you may vote for "One Year," "Two Years," "Three Years" or "Abstain" with respect to the proposal. The frequency choice receiving the affirmative vote of the majority of shares present in person or by proxy and entitled to vote on such matter at the Annual Meeting will be deemed the choice of the stockholders. If no one frequency selection alternative receives such majority vote, the alternative receiving the most votes will be deemed the choice of the stockholders.

### *Amendment of the Plan*

With regard to the vote to approve the amendment of the Plan, the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote on such matter at the Annual Meeting is required. You may vote "For" the proposal, "Against" the proposal or "Abstain" with respect to the proposal. Broker non-votes are not considered as votes cast and have no impact on the result of the vote. Abstentions are considered as negative votes.

### *Ratification of BDO USA LLP's Appointment*

The ratification of the appointment of BDO USA LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast by all stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote on the proposal. If the selection of BDO USA LLP as our independent registered public accounting firm is not ratified, the Audit Committee of the Board will reconsider its selection. Brokers are permitted to vote for this routine matter without instructions from the beneficial owners of the securities. Abstentions are considered as negative votes.

### *Can I revoke my proxy?*

Yes. If you return your proxy card or vote via the Internet, you may revoke your proxy at any time before it is exercised. You may revoke your proxy in any one of the following ways:

- by voting in person at the Annual Meeting;
- by delivering a written notice of revocation before the Annual Meeting with a date later than your previously delivered proxy to our principal offices at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560, Attention: Corporate Secretary; or
- by timely delivering another electronic or paper proxy dated after the date of the proxy that you wish to revoke. Your most current proxy is the one that is counted.

### *Do I have dissenter's rights of appraisal with respect to any proposal to be acted upon at the Annual Meeting?*

No. Neither Delaware law nor the Company's certificate of incorporation or bylaws entitle stockholders to any appraisal or similar rights of dissenters with respect to any of the proposals to be acted upon at the Annual Meeting.

### *Who is paying for this proxy solicitation?*

We will pay for this proxy solicitation. Our officers and other regular employees may solicit proxies by mail, in person or by telephone or teletype. These officers and other regular employees will not receive additional compensation. The Company does not currently intend to retain a third party proxy solicitor for the Annual Meeting, but may later elect to do so. We will reimburse banks, brokers, nominees, custodians and fiduciaries for their reasonable out-of-pocket expenses incurred in sending the proxy materials to beneficial owners of the shares.

## 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 and director nominees (iii) each of our named executive officers; and (iv) all of our executive officers, directors and director nominees as a group. Ownership information is set forth as of April 10, 2017. 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.

<u>Name and Address of Beneficial Owner</u>	<u>As of April 10, 2017</u>	
	<u>Number of Shares of Common Stock (1)</u>	<u>Percentage of Outstanding Common Shares (2)</u>
<b><i>Directors and Executive Officers</i></b>		
Paul LaViolette (3)	7,642,458	6.2%
Andrea Biffi (4)	120,000	*
Jane H. Hsiao, Ph.D., MBA (5)	4,970,230	4.0%
William N. Kelley, M.D. (6)	85,000	*
Aftab R. Kherani, M.D. (7)	60,000	*
David Milne (8)	7,606,692	6.1%
Richard C. Pfenniger, Jr. (9)	138,000	*
Todd M. Pope (10)	2,297,667	1.8%
William N. Starling (11)	5,942,939	4.8%
Anthony Fernando (12)	272,303	*
Joseph P. Slattery (13)	1,047,330	*
All Executive Officers and Directors as a group (11 persons) (14)	22,635,927	17.7%
<b><i>5% or More Stockholders</i></b>		
Sofar S.p.A.	19,266,098	15.6%
Aisling Capital III, L.P. (15)	8,335,819	6.7%
SV Life Sciences Fund (16)	7,546,692	6.1%

\* Holds 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 April 10, 2017 or that will become exercisable within 60 days thereafter.
- (2) Based on 123,629,689 shares of Common Stock outstanding as of April 10, 2017. 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 April 10, 2017, 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 7,338,352 shares held by SV Life Sciences Fund IV, L.P. and 208,340 shares held by SV Life Sciences Fund IV Strategic Partners, L.P. Paul LaViolette is a partner of SVLSF IV, LLC and 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 95,766 shares of Common Stock.
- (4) Includes 90,000 shares of Common Stock directly held by Mr. Biffi and options to purchase 30,000 shares of Common Stock.
- (5) Includes 3,162,536 shares of Common Stock directly held by Dr. Hsiao, options to purchase 150,000 shares of Common Stock, and warrants to acquire 400,000 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 1,257,694 shares of Common Stock. Dr. Hsiao is the general partner of Hsu Gamma. Dr. Hsiao’s address is 4400 Biscayne Blvd, Miami, FL 33137.
- (6) Includes 20,000 shares of Common Stock held by Dr. Kelley and options to purchase 65,000 shares of Common Stock.
  - (7) Consists of options to purchase 60,000 shares of Common Stock.
  - (8) Includes 7,338,352 shares held by SV Life Sciences Fund IV, L.P. and 208,340 shares held by SV Life Sciences Fund IV Strategic Partners, L.P. David Milne is a managing partner of SVLSF IV, LLC and 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 60,000 shares of Common Stock.
  - (9) Includes 48,000 shares of Common Stock held by Mr. Pfenniger and options to purchase 90,000 shares of Common Stock.
  - (10) Consists of 217,309 shares of Common Stock held by Mr. Pope and options to purchase 2,080,358 shares of Common Stock.
  - (11) Includes 5,318,969 shares of Common Stock held by Synergy Life Science Partners, L.P., and 392,122 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. Based on information made available to the Company, 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. Also includes 135,223 shares held by W. Starling and D. Starling, Trustees of the Starling Family Trust, UDT August 15, 1990. Further includes options to purchase 96,625 shares of Common Stock.
  - (12) Includes 42,095 shares of Common Stock held by Mr. Fernando and options to purchase 230,208 shares of Common Stock.
  - (13) Includes 244,365 shares of common stock directly held and jointly owned by Mr. Slattery and his spouse, 25,000 shares of common stock held in the Joseph Slattery IRA, and options to purchase 777,965 shares of Common Stock.
  - (14) Includes options to purchase 3,735,922 shares of Common Stock and warrants to purchase 400,000 shares of Common Stock.
  - (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 7,338,352 shares held by SV Life Sciences Fund IV, L.P. and 208,340 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. Based on information made available to the Company and on the Schedule 13G filings made by SV Life Sciences Fund IV, L.P. and SV Life Sciences Fund IV Strategic Partners, L.P., David Milne shares voting and investment control over the shares of Common Stock owned by such entities.

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



## MANAGEMENT

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. 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 April 10, 2017:

Name	Age	Position	Director Since
<b><i>Directors and Director Nominees</i></b>			
Andrea Biffi	35	Director and Director Nominee	2015
Jane H. Hsiao, Ph.D., MBA	69	Director and Director Nominee	2005
William N. Kelley, M.D.	77	Director and Director Nominee	2015
Aftab R. Kherani, M.D.	43	Director and Director Nominee	2013
Paul A. LaViolette	59	Director, Director Nominee and Chairman of the Board	2013
David B. Milne	54	Director and Director Nominee	2013
Richard C. Pfenniger, Jr.	61	Director and Director Nominee	2005
Todd M. Pope	51	Chief Executive Officer, President, Director and Director Nominee	2013
William N. Starling	63	Director and Director Nominee	2013
<b><i>Other Executive Officers</i></b>			
Anthony Fernando	45	Chief Technology Officer	
Joseph P. Slattery	52	Executive Vice President and Chief Financial Officer	

### 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:

**Andrea Biffi.** Mr. Biffi is currently the Chief Executive Officer of Sofar S.p.A., a position he has held since June 2015 and he has served as a member of the Board of Directors of Sofar S.p.A. since November 2012. Mr. Biffi has worked for Sofar, or companies owned by Sofar, since January 2008. Prior to becoming Chief Executive Officer, Mr. Biffi was General Manager of Sofar from November 2012 until June 2015. From January 2008 until November 2013, Mr. Biffi served as General Manager of SOVETA BALTICA UAB, a Lithuanian subsidiary of Sofar. Since the date of its incorporation in February 2013, Mr. Biffi has served as CEO and President of Sofar SWISS S.A. and since March 2016, Chairman of the Board of Directors of Sofar Americas Inc.

**Jane H. Hsiao, Ph.D., MBA.** 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 to Neovasc, Inc., a company developing and marketing medical specialty vascular devices, and Cocrystal Pharma, formerly Biozone Pharmaceuticals, Inc., a publicly traded biotechnology

company developing new treatments for viral diseases. 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 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.

**William N. Kelley, M.D.** Dr. Kelley is currently Professor of Medicine at the School of Medicine of the University of Pennsylvania. He is also a director of GenVec, Inc., since June 2002. From 1989 to 2000, Dr. Kelley served as Executive Vice President of the University of Pennsylvania with responsibilities as Chief Executive Officer for the Medical Center, founding CEO of the University of Pennsylvania Health System, Dean of the School of Medicine, and the Robert G. Dunlop Professor of Medicine and Biochemistry and Biophysics. In the national leadership arena, Dr. Kelley has served as President of the American Society for Clinical Investigation, President of the American College of Rheumatology, Chair of the American Board of Internal Medicine, and Chair of the Residency Review Committee for Internal Medicine. Within the past five years, Dr. Kelley served on the board of directors of Merck & Co. Inc. and Beckman Coulter, Inc. Dr. Kelley's experience as a practicing physician and a chief executive of a large healthcare system, as well as his experience as a director on other publicly traded healthcare company boards are the primary skills, qualifications and experience that bring value to our Board.

**Aftab R. Kherani, M.D.** Since September 2008, Dr. Kherani has served as an investment professional of Aisling Capital, where he is currently a Partner. Previously, Dr. Kherani was an Engagement Manager at McKinsey & Company, where he was a member of the Pharmaceutical, Medical Product and Private Equity practices. Prior to McKinsey, Dr. Kherani was a Chief Resident in Surgery at Duke University Medical Center, where he completed his residency in general surgery. He completed a two-year post-doctoral research fellowship at Columbia University, College of Physicians & Surgeons from 2001 to 2003. Dr. Kherani currently serves as a Director of Spirox, Inc. and as a board observer at EarLens, Inc., a privately-held company. Dr. Kherani is also a board observer at Loxo Oncology, Inc. Dr. Kherani received his M.D. from Duke, and his B.S. in Biology and A.B. in Economics from Duke. The Board of Directors 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 (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). Mr. LaViolette serves on the boards of Axon Therapies, Bardy Diagnostics, Inc., Cardiofocus, Inc., CardioKinetix, Inc., Cibiem, Inc., CSA Medical Inc., Corvia Medical, Inc., Endotronix, Inc., Soffio Medical, Inc., ValenTx, Inc., Ximedica, 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 keen business judgment 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 at SVLS. He joined SVLS in 2005 and has 30 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 the following privately-held companies: EBR Systems, Inc., Entellus Medical, Inc., Lombard Medical, Inc., ReShape Medical, Inc., and Spinal Kinetics, Inc. 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 of Directors 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 Vein Clinics of America, Inc., a privately held company, from May 2014 through February 2015, and 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. Prior to that, Mr. Pfenniger was engaged in the private practice of law, and earlier in his career, Mr. Pfenniger worked as a C.P.A. with Price Waterhouse & Co. Mr. Pfenniger is a director of GP Strategies, Inc., a corporate education and training company; Wright Investors' Services Holdings, Inc., an investment management and financial advisory firm; BioCardia, Inc., a regenerative medicine company; OPKO Health, Inc.; Vein Clinics of America, Inc. and IntegraMed. Mr. Pfenniger received his B.B.A. 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 of Directors 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 of Directors, 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, Inc., one of the parties to the Merger, from September 2008. Mr. Pope has spent more than 25 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 Boston Scientific Corporation. 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 of Directors believes that Mr. Pope's more than 25 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 of Directors.

**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 2000, of Synecor,

LLC, an incubator/accelerator for new medical device 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, Aegis Surgical, Limited, and Atrius Limited, all of which are privately-held companies. Mr. Starling currently serves as CEO of Aegis Surgical and Atrius Limited, and as a board member of EBR Systems, Inc., 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 Ventrivet, 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 of Directors 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)**

**Anthony Fernando.** Mr. Fernando has served as our Chief Technology Officer since January 19, 2016 and served as Vice President, International Development, from August 2015 until his appointment as Chief Technology Officer on January 19, 2016. Previously, Mr. Fernando served as Vice President, Innovation and Technology, International, of Stryker Singapore Pvt. Ltd, a global medical technology company, from October 2013 until July 2015. From August 2010 until October 2013, Mr. Fernando served as Director of Research and Development, greater Asia, for Becton Dickinson & Company, a global medical technology company engaged in the development, manufacture and sale of medical devices. From July 2007 until July 2010, Mr. Fernando served as the Director of Research and Development, Asia — Environmental Health, at Perkinelmer Singapore Pvt. Ltd. Until July 2015, Mr. Fernando also served as a director of Stryker India Private Limited and Stryker Global Technology Center (India).

**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 February 1996 through August 2007, Mr. Slattery served in various roles of increasing responsibility at Digene Corporation, a molecular diagnostics company that was acquired by Qiagen, N.V. in August 2007, including from October 2006 through August 2007 as Chief Financial Officer and Senior Vice President of Finance and Information Systems. 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.

### **Director Independence**

The Board, in the exercise of its reasonable business judgment, has determined that each of our current directors qualify as independent directors pursuant to the applicable NYSE MKT and SEC rules and regulations, except Mr. Pope, who is currently employed as our President and Chief Executive Officer, and Mr. Biffi, who is currently employed as the Chief Executive Officer and member of the Board of Directors, of Sofar S.p.A. ("Sofar"), an affiliate of TransEnterix owning approximately 15.5% of the Company's outstanding Common Stock.

### **Board Leadership Structure and Role in Risk Management**

The Company has a separate Chairman of the Board, Mr. LaViolette, and Chief Executive Officer, Mr. Pope. We believe that having an independent director serve as our Chairman allows our Chief Executive

Officer to focus on our daily business, while allowing the Chairman of the Board to fulfill the fundamental Board leadership role, which includes providing advice to and independent oversight of our management.

The Chairman of the Board role requires significant additional commitment, particularly as the Board's oversight responsibilities continue to grow due to our expanding business operations. Our Board is committed to good corporate governance and believes that it is appropriate for an independent, highly-qualified, director to serve as its Chairman.

Our Chairman of the Board is responsible for the orderly functioning of our Board and enhancing its effectiveness. Our Chairman guides Board processes, provides input on agenda items and presides at Board meetings. Additionally, our Chairman acts as a liaison between our Board members and our executive management team, consulting regularly and providing guidance on Board-related matters.

The Board's role in the risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory and strategic and reputational risks. In connection with its reviews of the operations of the Company's business and its corporate functions, the Board considers and addresses the primary risks associated with these operations and functions. Our full Board regularly engages in discussions of the most significant risks that the Company is facing and how these risks are being managed.

In addition, each of the Board's Committees, and particularly the Audit Committee, plays a role in overseeing risk management issues that fall within such Committee's areas of responsibility. Senior management reports on at least a quarterly basis to the Audit Committee on the most significant risks facing the Company from a financial reporting perspective and highlights any new risks that may have arisen since the Audit Committee last met. The Audit Committee also meets regularly in executive sessions with the Company's independent registered public accounting firm and reports any findings or issues to the full Board. In performing its functions, the Audit Committee and each standing committee of the Board has full access to management, as well as the ability to engage advisors. The Board receives regular reports from each of its standing committees regarding each committee's particularized areas of focus.

### **Meetings of the Board and Committees and Description of Committees**

#### *Board of Directors*

The Company's Board of Directors held eight meetings and acted by written consent on five occasions during the year ended December 31, 2016. Such meetings consisted of meetings at which a quorum of the directors was present in person or by telephone. Each of our directors attended at least 75% of the meetings of the Board and the committees on which they served during 2016. The Company does not have a formal policy with regard to board members' attendance at annual meetings, but encourages them to attend each stockholders' meeting. All of the then-current directors attended our most recent annual meeting of stockholders, held on June 8, 2016, with the exception of Dr. Hsiao.

#### *Audit Committee*

The current members of the Company's Audit Committee are Mr. Pfenniger, Chair, Mr. Milne and Dr. Kherani. 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. The Audit Committee Charter is available on our website at [www.transenterix.com](http://www.transenterix.com).

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 current and incoming 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.

The Audit Committee held seven meetings and acted by written consent on one occasion during the year ended December 31, 2016.

The following constitutes the report the Audit Committee has made to the Board of Directors:

## **REPORT OF THE AUDIT COMMITTEE**

To the Board of Directors of TransEnterix, Inc.

The Audit Committee has reviewed and discussed with management the Company's audited financial statements contained in its Annual Report on Form 10-K for fiscal year ended December 31, 2016 (the "Annual Report"), and has discussed with the Company's independent registered public accounting firm the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 16 (as of December 31, 2016, codified as Auditing Standard No. 1301) (Communications with Audit Committees). Additionally, the Audit Committee has received the written disclosures and the letter from the Company's independent registered public accounting firm concerning its independence as required by applicable requirements of the Public Company Accounting Oversight Board regarding communications with the Audit Committee, and has discussed with the Company's independent registered public accounting firm its independence.

In performing its functions, the Audit Committee acts in an oversight capacity. The Audit Committee relies on the work and assurances of the Company's management, which has the primary responsibility for the financial statements and reports, and of the independent registered public accounting firm, which, in its report, expresses an opinion on the conformity of the Company's annual financial statements to generally accepted accounting principles. In reliance on these reviews and discussions, and the report of the independent registered public accounting firm, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the Company's audited financial statements in the Annual Report.

Richard C. Pfenniger, Jr., Chair  
Aftab R. Kherani, M.D.  
David Milne

### *Corporate Governance and Nominating Committee*

The current members of the Company's Nominating Committee are Dr. Kelley, 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. The Corporate Governance and Nominating Committee charter is available on our web site at [www.transenterix.com](http://www.transenterix.com).

Duties of the Corporate Governance and Nominating Committee include to (1) consider and recruit candidates to fill positions on the Board, (2) recommend to the Board nominees for election as directors at each annual meeting of stockholders, (3) maintain a policy regarding the consideration of director candidates recommended by the stockholders, (4) consider the removal of any director for cause, (5) review proposed changes to the Company's certificate of incorporation and bylaws and make recommendations to the Board, (6) review the composition of each Board committee and make recommendations to the Board and (7) investigate, in its oversight role, any matter brought to its attention.

There have been no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors. Please see "Board Nominations by Security Holders" on pages 14 and 15 of this Annual Report for a description of such procedures. The specific process for evaluating new directors, including stockholder-recommended nominees, will vary based on an assessment of the then-current needs of the Board and the Company. The Corporate Governance and Nominating Committee will determine the desired profile of a new director, the competencies we are seeking, including experience in one or more of the following: highest personal and professional integrity, demonstrated exceptional ability and judgment and who shall be most effective in conjunction with the other nominees to the board, in collectively serving the long-term interests of the stockholders. Candidates will be evaluated in light of the target criteria chosen. The Corporate Governance and Nominating Committee does not have a formal diversity policy; in addition to the foregoing, it considers race and gender diversity in selection of qualified candidates.

The Corporate Governance and Nominating Committee held two meetings and acted by written consent on one occasion during the year ended December 31, 2016. On April 10, 2017, the Corporate Governance and Nominating Committee nominated the nine nominees identified in Proposal One to stand for election to the Board of Directors, of which all nine are standing for re-election. The Company has not engaged the services of or paid a fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominees.

#### *Compensation Committee*

The current members of the Company's Compensation Committee are Mr. Starling, Chair, Mr. LaViolette and Dr. Kherani. 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. The Compensation Committee Charter is available on our website at [www.transenterix.com](http://www.transenterix.com).

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.

The Compensation Committee held five meetings and acted by written consent on two occasions during the year ended December 31, 2016.

Duties of the Compensation Committee include (1) evaluating the CEO's performance and setting the CEO's compensation based on this evaluation, (2) reviewing and approving the compensation of executive officers and other key officers of the Company, (3) considering, during its evaluation of chief executive officer and other executive officer compensation, the results of the most recent stockholder advisory vote on executive compensation, if and when required by the applicable securities laws, rules and regulations, (4) reviewing and approving incentive compensation plans and equity-based plans for which directors, executive officers and/or other key officers of the Company are eligible participants, (5) determining awards of stock, including stock options, pursuant to any of the Company's equity-based plans now or in the future in effect and exercising such other power and authority as may be permitted or required under such plans, (6) reviewing from time to time and making recommendations to the Board regarding the compensation of directors and (7) reviewing and discussing with management the Company's Compensation Discussion and Analysis and producing a report on executive compensation for inclusion in the Company's annual proxy statement that complies with the rules and regulations of the SEC and any other applicable rules and regulations.

The Compensation Committee may also invite other directors and members of management to participate in their deliberations, or to provide information to the Committee for its consideration with respect to such deliberations, except that the chief executive officer may not be present for the deliberation of or the voting on compensation for the chief executive officer. The chief executive officer may, however, be present for the



deliberation of or the voting on compensation for any other officer. The Compensation Committee also has authority to retain such compensation consultants, outside counsel and other advisors as the Committee in its sole discretion deems appropriate.

### **Compensation Committee Interlocks and Insider Participation**

No member of the Compensation Committee is or, in the past seven years has been, an officer or employee of the Company or a predecessor. In addition, during the year ended December 31, 2016, none of our executive officers served as a member of the board of directors or the compensation committee of any other entity that has one or more executive officers serving on our Board of Directors or our Compensation Committee.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Under Section 16(a) of 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 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 the year ended December 31, 2016, 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](http://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.

### **Certain Relationships and Related Transactions**

TransEnterix Italia, S.r.l., our wholly owned Italian subsidiary, was party to a services agreement for receipt of administrative services from Sofar and payment of rent to Sofar, a stockholder that owned approximately 13% and 16% of the Company's common stock at December 31, 2016 and 2015, respectively. Expenses under this agreement were approximately \$232,000 and \$89,000 for the years ended December 31, 2016 and 2015, respectively. The services agreement was terminated in August 2016.

In November 2016, the Company agreed to enter into a technology and patents purchase agreement with Sofar to acquire from Sofar certain technology and intellectual property rights related to the acquisition of the Senhance System, and formerly licensed by the Company. The acquisition price is €375,000.

### **Review and Approval of Transactions with Related Persons**

In accordance with our Code of Business Conduct and Ethics, and Audit Committee procedures, 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 person 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 person transaction.

### **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.

### **Board Nominations by Security Holders**

The Corporate Governance and Nominating Committee considers nominees proposed by our stockholders. To recommend a prospective nominee for the Corporate Governance and Nominating Committee's consideration, you may submit the candidate's name by delivering notice in writing to our Corporate Secretary, TransEnterix, Inc., 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560.

A stockholder nomination submitted to the Corporate Governance and Nominating Committee must include at least the following information (and can include such other information the person submitting the recommendation desires to include), and must be submitted to the Company in writing:

- (i) The name, address, telephone number, fax number and e-mail address of the person submitting the recommendation;
- (ii) The number of shares and description of the Company voting securities held by the person submitting the nomination and whether such person is holding the shares through a brokerage account (and if so, the name of the broker-dealer) or directly;
- (iii) The name, address, telephone number, fax number and e-mail address of the person being recommended to the Corporate Governance and Nominating Committee to stand for election at the next annual meeting (the "proposed nominee") together with information regarding such person's education (including degrees obtained and dates), business experience during the past ten years, professional affiliations during the past ten years, and other relevant information;
- (iv) Information regarding any family relationships of the proposed nominee as required by Item 401(d) of SEC Regulation S-K;
- (v) Information whether the proposed nominee or the person submitting the recommendation has (within the ten years prior to the recommendation) been involved in legal proceedings of the type described in Item 401(f) of SEC Regulation S-K (and if so, provide the information regarding those legal proceedings required by Item 401(f) of Regulation S-K);
- (vi) Information regarding the proposed nominee's ownership of shares in the Company required by Item 403 of Regulation S-K;
- (vii) Information regarding certain relationships and related party transactions of the proposed nominee as required by Item 404 of Regulation S-K; and
- (viii) The signed consent of the proposed nominee in which he or she consents to being nominated as a director of the Company if selected by the Corporate Governance and Nominating Committee, states his or her willingness to serve as a director, if elected, for compensation not greater than that described in the most recent proxy statement; states whether the proposed nominee is "independent" as defined by NYSE MKT Rule 803; and attests to the accuracy of the information submitted in such consent.

For next year's annual meeting, which is expected to be held in May 2018, nominations should be submitted no sooner than December 22, 2017 and no later than January 22, 2018.

When the information required above has been received, the Corporate Governance and Nominating Committee will evaluate the proposed nominee based on the criteria described below, with the principal criteria being the needs of the Company and the qualifications of such proposed nominee to fulfill those needs.

The process for evaluating a director nominee is the same whether a nominee is recommended by a stockholder or by an existing officer or director. The Corporate Governance and Nominating Committee has established criteria for selection of potential directors, taking into consideration the following attributes which are desirable for a member of our Board of Directors: leadership; independence; interpersonal skills; financial acumen; business experiences; industry knowledge; and diversity of viewpoints. The Corporate Governance and Nominating Committee will periodically assess the criteria to ensure it is consistent with best practices and the goals of the Company; identify individuals who satisfy the criteria for selection to the Board and, after consultation with the Chair of the Board, make recommendations to the Board on new candidates for Board membership; and receive and evaluate nominations for Board membership which are recommended by existing directors, corporate officers, or stockholders in accordance with policies set by the Corporate Governance and Nominating Committee and applicable laws.

## EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

This Compensation Discussion and Analysis (“CD&A”) describes our compensation program for our named executive officers (“Named Executive Officers”) during the year ended December 31, 2016. The following discussion focuses on our compensation program and compensation-related decisions for 2016 and also addresses why we believe our compensation program is appropriate for the Company.

### ***Business Overview for 2016***

The Company is a medical device company that is pioneering the use of robotics to improve minimally invasive surgery by addressing the clinical challenges associated with current laparoscopic and robotic options. The Company is focused on the commercialization and further development of its Senhance System, a multi-port robotic system that brings the advantages of robotic surgery to patients while enabling surgeons with innovative technology. The Company also developed the SurgiBot System, a single-port, robotically enhanced laparoscopic surgical platform. The Senhance System has been granted a CE Mark in Europe for laparoscopic abdominal and pelvic surgery, as well as limited thoracic operations excluding cardiac and vascular surgery, but is not available for sale in the U.S. The SurgiBot System is not available for sale in any market.

The Senhance System is a multi-port robotic surgery system which allows multiple arms to control robotic instruments and a camera. The system features advanced technology to enable surgeons with haptic feedback and the ability to move the camera via eye movement. The system replicates laparoscopic motion that is familiar to experienced surgeons, and features 3DHD vision technology. The Senhance System also offers responsible economics to hospitals by offering robotic technology with reusable instruments with minimal additional costs per surgery.

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. In June 2015, the Company submitted a 510(k) application to the FDA for the SurgiBot System. On April 19, 2016, the FDA notified the Company that the SurgiBot System did not meet the criteria for substantial equivalence based on the data and information submitted by TransEnterix in the 510(k) submission. After interactions with the FDA, the Company determined that a new 510(k) application would need to be submitted in order to obtain clearance for the SurgiBot System. Based on this fact, the Company evaluated the operational and financial feasibility of pursuing two 510(k) applications in parallel and elected to primarily focus the Company’s near term regulatory efforts on the 510(k) submission for the Senhance System, and its current strategy is to focus the Company’s resources on the commercialization of and regulatory clearance for the Senhance System.

Consequently, in May 2016, the Company implemented a restructuring plan. The restructuring plan resulted in: 1) reducing the Company’s workforce; 2) abandoning certain equipment; 3) cancelling certain contracts; 4) writing off inventory related to the SurgiBot System; and 5) writing off certain patents.

### ***Compensation philosophy***

The Company believes it is vital to link executive compensation to corporate performance and to create incentives for management to enhance Company value. In accordance with its compensation philosophy, the Company seeks to attract and retain employees through salary levels that are competitive with the local market and similarly situated companies but generally to follow the market rather than lead the market, particularly with respect to cash compensation, and offer attractive equity and cash-based incentive components to align compensation with Company performance objectives. The Company desires, over time, to move total direct compensation toward the median of comparable companies, while remaining more aggressive in the use of equity-based compensation, but not in a market leader position. The Company believes this approach allows it to attract and retain candidates that support the Company culture of being motivated by aggressive goals and optimism about the future, while permitting the Company to preserve the use of cash for incentive compensation.

The Company is the result of a reverse merger of a privately held, venture-backed company and a publicly traded company, consummated on September 3, 2013 (the “Merger”), and the subsequent acquisition of the Senhance System in 2015. The Compensation Committee’s focus for 2016 was to establish a program to provide compensation to the executives aligned with the Company’s need to integrate the Senhance System development and early commercialization activities and the SurgiBot System development activities, with a focus on performance-based incentive compensation designed to incentivize the Named Executive Officers to pursue regulatory approval for the SurgiBot System in the United States, finance the Company through such development stage and support the early commercialization activities related to the Senhance System in identified countries in Europe, the Middle East and Asia.

### ***Procedures for determining compensation***

Our Compensation Committee has the overall responsibility for designing and evaluating the compensation policies and programs for our Named Executive Officers. In 2016, the Compensation Committee reviewed updated information procured, aggregated and summarized from public sources regarding similarly situated companies, and compensation of the Named Executive Officers in prior years. The Compensation Committee also relied on input from our Chief Executive Officer regarding the Named Executive Officers (other than himself), and on its analysis of our corporate performance. With respect to the compensation for the Chief Executive Officer, each year the Compensation Committee evaluates the Chief Executive Officer’s performance, sets his compensation and approves his compensation. In 2016, the Compensation Committee approved the salary, annual incentive bonus and the long-term equity awards for the Chief Executive Officer.

Our Chief Executive Officer plays a significant role in the compensation-setting process of the other Named Executive Officers and makes recommendations to the Compensation Committee concerning performance objectives and salary and bonus levels for the other Named Executive Officers and executive team. The Compensation Committee, at least annually, discusses such recommendations with the Chief Executive Officer. The Compensation Committee may, in its sole discretion, approve, in whole or in part, the recommendations of the Chief Executive Officer. In 2016, the Compensation Committee approved the Chief Executive Officer’s recommendations for salary, bonus and long-term equity awards for each of the other Named Executive Officers.

At each of the annual meetings of stockholders held in 2014, 2015 and 2016, stockholders holding approximately 98% of the votes cast approved, on an advisory basis, the compensation paid to our Named Executive Officers for the prior calendar year. The Compensation Committee monitors and considers these advisory vote results in making compensation decisions. The Compensation Committee will continue to monitor the annual say-on-pay results and include such results in its annual executive compensation analysis.

### ***Elements of compensation***

The compensation of our Named Executive Officers consists primarily of four major components:

- base salary;
- annual cash-based incentive awards;
- long-term equity awards; and
- other benefits.

#### **Base salary**

The base salary of each of our Named Executive Officers is determined based on an evaluation of the responsibilities of that particular position, each Named Executive Officer’s historical salary earned in similar management positions with the Company or other companies, and a review of the information procured by the Committee as described above. A significant portion of each Named Executive Officer’s total compensation is in

the form of base salary. The base salary component is designed to provide the Named Executive Officers with consistent income and to attract and retain talented and experienced executives capable of leading our product development, operations and strategic growth.

In February 2016, Messrs. Pope and Slattery received merit increases in their base salary, retroactive to January 1, 2016, and Mr. Fernando was determined to be an executive officer of the Company. At such time, Mr. Fernando's received an increase to his base salary in connection with his promotion to Chief Technology Officer. The 2016 base salaries for the Named Executive Officers are set forth in the Summary Compensation Table following this CD&A.

### Annual incentive plan

The Compensation Committee established the 2016 annual cash incentive plan for management (the "Incentive Plan") at its February 2016 meeting, and finalized 2016 Incentive Plan goals in June 2016. The Incentive Plan is designed to recognize and reward our executives, including the Named Executive Officers, for contributing towards the achievement of our annual corporate business plan. The annual Incentive Plan awards are designed to reward near-term operating performance and the achievement of milestones critical to the Company's success. The Compensation Committee believes the Incentive Plan serves as a valuable short-term incentive program for providing cash bonus opportunities for executives upon achievement of targeted product development and operating results. The maximum annual cash incentive plan award opportunity was 75% for Mr. Pope and 50% of base salary for each of Messrs. Slattery and Fernando. For the Named Executive Officers, the 2016 goals were 100% weighted on the approved corporate goals. The 2016 Incentive Plan corporate goals, which were each weighted by the Committee, were:

1. Receipt of FDA clearance for the SurgiBot System;
2. Achievement of revenue goals for early commercialization of the Senhance System in Europe and, if cleared in the U.S., of the SurgiBot System;
3. Regulatory milestones for the Company's products; and
4. Development and execution of financing strategies to fund the Company's operations during development and early commercialization periods.

Additional stretch goals related to regulatory clearances and commercialization were also established.

At a meeting held in February 2017, the Compensation Committee reviewed the achievement of the corporate goals under the 2016 Incentive Plan. The Compensation Committee noted the FDA's decision not to provide clearance for the SurgiBot System, which occurred in April 2016, and the impact of such event on the Company's business and operations. The Compensation Committee reviewed the impact of the FDA decision on the Company's strategic focus, the 2016 activities of the management team following the FDA decision, including the decisions made to re-focus the Company's U.S. regulatory strategy on the Senhance System, the financial status of the Company at the end of the year, the results of the early commercialization activities for the Senhance System, and the integration of the Senhance Acquisition during 2016. The Compensation Committee also considered the bonuses that had been paid under the 2015 incentive plan. After considering the foregoing factors, the Compensation Committee approved annual incentive plan payouts at 30% of the target bonus levels under the 2016 Incentive Plan. The 2016 Incentive Plan bonuses for the Named Executive Officers are set forth in the Summary Compensation Table following this CD&A. The incentive compensation awarded was paid in the first quarter of 2017.

### Long-term equity awards

The Compensation Committee believes that it is essential to align the interests of the Named Executive Officers with the interests of our stockholders, and believes the best way to accomplish this alignment is through awards of long-term, equity-based compensation. Such awards are made under the Company's Amended and Restated Incentive Compensation Plan, as amended (the "Plan").

For 2016, the Compensation Committee discussed the form such equity-based grants should take and determined that providing a mixture of time-based stock options and restricted stock units ("RSU") best met the needs of the Company and its executives as a retention incentive. Such stock option and RSU awards were granted under the Plan in February 2016. The time-based stock option awards typically vest over a four year period with the first 25% cliff vesting on the first anniversary of the date of grant and then vesting monthly thereafter. For the RSU awards, the awards vest one-third on each of the first three anniversaries of the date of grant. In October 2016, the Compensation Committee made additional stock option grants to the Named Executive Officers as a retention incentive.

The grant date value of the awards made to the Named Executive Officers is set forth in the Summary Compensation Table following this CD&A.

The Compensation Committee periodically reviews long-term incentives to assure that our executive officers and other key employees are appropriately motivated and rewarded in a way that is aligned with our long-term financial results.

### Other benefits

*Perquisites and other benefits* — We offer our Named Executive Officers modest perquisites and other personal benefits that we believe are reasonable and in our best interest and generally in line with benefits we offer to all of our employees. See the disclosure in the Summary Compensation Table for more information.

*Employment agreements and severance benefits* — We have entered into employment agreements with each Named Executive Officer. These agreements provide our Named Executive Officers with certain severance benefits in the event of involuntary termination. See "Executive Compensation — Agreements with Named Executive Officers."

*Pension benefits* — The Company has no defined benefit plans, supplemental executive retirement plans or actuarial plans.

*Nonqualified defined contribution and other deferred compensation plans* — The Company does not have a defined contribution plan and has not contributed to a deferred compensation plan.



## Executive Compensation Tables

The following table lists the compensation of our named executive officers for 2016 and, where applicable, for the prior two years. A description of our compensation policies and practices, as well as a description of the components of compensation payable to our Named Executive Officers, is included above under “Executive Compensation — Compensation Discussion and Analysis.”

### SUMMARY COMPENSATION TABLE

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Stock Awards (1)(2)</u>	<u>Option Awards (2)</u>	<u>Non-Equity Incentive Plan Compensation</u>	<u>Nonqualified Deferred Compensation Earnings</u>	<u>All Other Compensation</u>	<u>Total</u>
Todd M. Pope	2016	\$453,200	\$—	\$464,768	\$1,213,610	\$101,970 (4)	\$—	\$—	\$2,233,548
President and Chief Executive Officer (3)	2015	\$440,002	\$—	\$294,000	\$1,205,100	\$429,000 (4)	\$—	\$—	\$2,368,102
	2014	\$400,000	\$—	\$—	\$367,802	\$90,000 (4)	\$—	\$—	\$947,802
Joseph P. Slattery,	2016	\$324,450	\$—	\$280,132	\$692,160	\$48,668 (4)	\$—	\$—	\$1,345,410
Executive Vice President, Chief Financial Officer (5)	2015	\$315,041	\$—	\$176,400	\$541,060	\$204,750 (4)	\$—	\$—	\$1,237,251
	2014	\$282,808	\$—	\$—	\$1,118,718	\$51,300 (4)	\$—	\$—	\$1,452,826
Anthony Fernando,	2016	\$300,000	\$—	\$280,132	\$692,160	\$45,000 (4)	\$—	\$—	\$1,317,992
Executive Vice President, Chief Technology Officer (6)									

- (1) Represents time-based restricted stock units (“RSU”) awarded to the named executive officers as part of the long-term incentive awards. The RSU awards vests in three equal installments on the first three anniversaries of the date of grant.
- (2) For all RSUs and 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 Notes 14 and 15 to the Company’s audited financial statements, included in this Annual Report.
- (3) In the event of termination of his employment in connection with a Change in Control, all of Mr. Pope’s unvested outstanding equity awards shall accelerate and vest upon the date of termination.
- (4) Represents bonuses paid under a TransEnterix incentive bonus plan for 2016, 2015 and 2014. Corporate performance goals were established by the Compensation Committee for each year. The incentive bonus was based on the achievement of corporate performance goals only.
- (5) Mr. Slattery became our Executive Vice President and Chief Financial Officer on October 2, 2013.
- (6) Mr. Fernando became our Chief Technology Officer on January 19, 2016.

## GRANTS OF PLAN-BASED AWARDS

The following table sets forth information regarding all plan-based awards granted to our Named Executive Officers during the fiscal year ended December 31, 2016. All equity awards to our Named Executive Officers in 2016 were granted under our Amended and Restated Incentive Compensation Plan, as amended.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#) (2)	All Other Option Awards: Number of Securities Underlying Options (#) (3)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$) (2)/(3)
		Threshold (\$)	Target (\$)	Maximum (\$)(1)	Threshold (#)	Target (#)	Maximum (#)				
Todd M. Pope	02/12/2016	—	339,900	509,850				121,667	547,500	3.82	1,434,938
	10/25/2016								340,000	1.53	243,440
Joseph P. Slattery	02/12/2016	—	162,225	243,338				73,333	330,000	3.82	864,892
	10/25/2016								150,000	1.53	107,400
Anthony Fernando	02/12/2016	—	150,000	225,000				73,333	330,000	3.82	864,892
	10/25/2016								150,000	1.53	107,400

- (1) Represents the potential payout at 150% of target for the 2016 annual incentive bonuses. Please see the description of the 2016 annual incentive bonus in the CD&A section of this Annual Report, and the Summary Compensation Table for the 2016 annual incentive bonuses earned.
- (2) The value of stock awards in the table is based on the closing price of the Company's Common Stock on the date of grant.
- (3) For all stock options in the table, 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 14 to the Company's audited financial statements, included in this Annual Report.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table lists the outstanding equity awards held by the Named Executive Officers at December 31, 2016:

Name	OPTION AWARDS					STOCK AWARDS			
	(1) Number of Securities Underlying Unexercised Options Exercisable	(1) Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price (\$) (2)	Option Expiration Date (2)	Number of Shares or Units of Stock that have not Vested	Market Value of Shares or Units of Stock that have not Vested (3)	Equity Incentive Plan Awards: Number of Shares, Units or 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	104,686	—	—	0.35	12/14/2019	—	—	—	—
	929,263	—	—	0.35	04/12/2022	—	—	—	—
	281,118	64,872	—	2.00	08/12/2023	—	—	—	—
	34,000	14,000	—	8.00	02/13/2024	—	—	—	—
	53,345	29,255	—	3.94	05/27/2024	—	—	—	—
	206,250	243,750	—	2.95	02/04/2025	66,667	86,667	—	—
	131,250	318,750	—	2.36	10/05/2025	—	—	—	—
	—	547,500	—	3.82	02/12/2026	121,667	158,167	—	—
—	340,000	—	1.53	10/25/2026	—	—	—	—	
Joseph P. Slattery	395,833	104,167	—	4.02	04/21/2024	—	—	—	—
	16,727	9,173	—	3.94	05/27/2024	—	—	—	—
	123,750	146,250	—	2.94	02/04/2025	40,000	52,000	—	—
	29,166	70,834	—	2.45	10/28/2025	—	—	—	—
	—	330,000	—	3.82	02/12/2026	73,333	95,333	—	—
	—	150,000	—	1.53	10/25/2026	—	—	—	—
Anthony Fernando	66,666	133,334	—	2.97	08/17/2025	—	—	—	—
	29,166	70,834	—	2.45	10/28/2025	—	—	—	—
	—	330,000	—	3.82	02/12/2026	73,333	95,333	—	—
	—	150,000	—	1.53	10/25/2026	—	—	—	—

- (1) 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.
- (2) Each of the stock options granted have a ten-year term beginning on the date of grant.
- (3) Based on the closing price of the Company's Common Stock on December 30, 2016 of \$1.30 per share.

## OPTION EXERCISES AND STOCK VESTED

The following table provides information with respect to stock options exercised by our Named Executive Officers and stock in which our Named Executive Officers vested during the year ended December 31, 2016 upon the lapse of forfeiture restrictions on previously granted RSUs.

<u>Name</u>	<u>OPTION AWARDS</u>		<u>STOCK AWARDS</u>	
	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise (\$)</u>	<u>Number of Shares Acquired on Vesting (#)</u>	<u>Value Realized on Vesting (\$)</u>
Todd M. Pope	150,000	235,500	33,334	108,669
Joseph P. Slattery	—	—	86,666	177,866
Anthony Fernando	—	—	—	—

## Agreements with Named Executive Officers

### *Todd M. Pope*

On February 3, 2015, the Company entered into an employment agreement with Todd M. Pope regarding Mr. Pope's continued employment with the Company as its President and Chief Executive Officer. The initial employment period under the employment agreement commenced on September 3, 2013 and continued until December 31, 2015. The term of the employment agreement automatically renews for successive one-year terms, unless terminated in accordance with the terms of the employment agreement. Mr. Pope's annual base salary under the employment agreement for the year ended December 31, 2016 was \$453,200. Mr. Pope's salary is subject to increase in accordance with the employment agreement. He is eligible to receive annually, or otherwise, an incentive compensation award opportunity, payable in cash, as determined by the Compensation Committee of the Board, and he is eligible for long term incentive equity compensation. Mr. Pope's target annual cash incentive compensation opportunity will not be less than 50% of his base salary for the portion of the employment period falling within a given fiscal year, and performance goals are based on both Company performance metrics and personal performance metrics, as established and approved by the Compensation Committee or the Board annually. The equity-based compensation will be awarded under the Company's Amended and Restated Incentive Compensation Plan, or any successor thereto, in the discretion of the Compensation Committee or the Board. Mr. Pope is entitled to severance benefits, paid by the Company or any successor, as follows. If the employment agreement is terminated without cause or for good reason, or if the employment agreement is not extended at the end of the then-current term, Mr. Pope will receive severance and continued health and welfare benefits for twelve months following termination. If Mr. Pope's employment is terminated in connection with a Change in Control of the Company (as defined in the employment agreement), his severance benefits would be expanded to twenty-four (24) months. The severance payable is the sum of (a) his annual rate of base salary immediately preceding his termination of employment, and (b) his target annual bonus for the fiscal year in which the termination occurs. In addition, Mr. Pope would continue to receive payment for health care benefits for such period. Such severance benefit can be paid in a lump sum in the Change in Control context, subject to a payment delay required by applicable law. In addition, in the event of termination of his employment in connection with a Change in Control, to the extent not previously accelerated, all of Mr. Pope's unvested outstanding equity awards shall accelerate and vest upon the date of termination. Mr. Pope is subject to non-solicitation and non-competition covenants during the terms of the employment agreement and for one (1) year immediately following the termination of his employment.

### *Joseph P. Slattery*

In connection with his hiring, we entered into an offer letter, which constituted an employment agreement, with Mr. Slattery in September 2013. Under the employment agreement, Mr. Slattery is entitled to receive a base salary and an annual bonus, as determined by the Compensation Committee. Mr. Slattery also received a grant of 200,000 RSUs, which vested one-third (1/3) per year on the first three anniversaries of Mr. Slattery's start date with the Company (the "Initial RSU Grant"). As of October 2016, the Initial RSU Grant vested fully.

Under the employment agreement, Mr. Slattery was entitled to a stock option grant exercisable for 500,000 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 was raised for the Company and where at least 50% of the funds raised come from non-insiders (the "Fundraising"). The Fundraising Option Grant was awarded on April 21, 2014, with an exercise price of \$4.02 per share, with vesting of 25% on the one (1) year anniversary of Mr. Slattery's start date and thereafter vesting in thirty-six (36) equal monthly installments. Mr. Slattery was prohibited from exercising any the Fundraising Option Grant for a period of six (6) months following the date of grant.

Any remaining unvested portion of the Fundraising Stock Option Grant will accelerate and vest 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 of the Company affecting his employment, Mr. Slattery shall be entitled to receive a lump sum payment, paid by the Company or any successor, equal to 12 months of his base salary and reimbursement for COBRA premiums for a period of up to 12 months, subject to signing a release of claims in favor of TransEnterix.

*Anthony Fernando*

On August 14, 2015, Mr. Fernando entered into an employment agreement with the Company as its Vice President, International Development. The initial employment period under the employment agreement commenced on August 16, 2015 and continued until December 31, 2016. The term of the employment agreement automatically renews for successive one-year terms, unless terminated in accordance with the terms of the employment agreement. Under the agreement, Mr. Fernando is entitled to receive a base salary and annual bonus, as determined by the Compensation Committee, and a one-time signing bonus.

Mr. Fernando will be eligible to receive annually or otherwise any incentive compensation awards, payable in cash, which the Company, the Compensation Committee or such other authorized committee of the Board determines to award. For each fiscal year of the Company falling in whole or in part during the Employment Period, Mr. Fernando's target annual cash incentive compensation opportunity will be no less than 25% of his base salary for the portion of the Employment Period falling within that fiscal year. With respect to the annual cash incentive compensation award, the performance goals shall be based on performance metrics approved by the Compensation Committee or the Board annually.

Mr. Fernando also received an initial stock option grant of 200,000 shares of TransEnterix common stock. These options will vest 25% one year following the grant date and 1/48 per month thereafter for the next three years. After four years, the full amount of this option grant will be vested. The grant date for this initial option grant was August 17, 2015.

In the event of termination of Mr. Fernando's employment by the Company without Cause or by Mr. Fernando for Good Reason, each as defined in the employment agreement, Mr. Fernando shall be entitled to his base salary and any other compensation and benefits to the extent actually earned by him under the agreement or under any benefit plan or program of the Company as of the date of such termination at the normal time for payment of such salary, compensation or benefits; business reimbursements; and severance and continued health and welfare benefits for a six-month period. If Mr. Fernando's employment is terminated in connection with a Change in Control of the Company (as defined in the employment agreement), his severance benefits will be expanded to twelve (12) months. In addition, in the event of termination of his employment in connection with a Change in Control, to the extent not previously accelerated, all of Mr. Fernando's unvested outstanding equity awards shall accelerate and vest upon the date of termination.

Mr. Fernando is subject to non-solicitation and non-competition covenants during the terms of the employment agreement and for one (1) year immediately following the termination of his employment.

The named executive officers get no compensation, other than accrued obligations, in other termination events, including voluntary termination by the executive or termination on death or disability of the executive. The following table calculates what the severance compensation would have been for the named executive officers if a qualifying termination had occurred at December 31, 2016:

<u>Named Executive Officer</u>	<u>Benefit</u>	<u>Termination without Cause (\$)</u>	<u>Termination for Good Reason (\$)</u>	<u>Change In Control (Single Trigger) (\$)(1)</u>	<u>Change In Control (Double Trigger) (\$)</u>
Todd M. Pope	Severance (2)	793,100	793,100	—	1,586,200
	Equity Awards (3)	—	—	—	1,227,084
	Health Care Benefits	17,112	17,112		34,224
	<b>Total</b>	<b>810,212</b>	<b>810,212</b>		<b>2,847,508</b>
Joseph P. Slattery	Severance (2)	—	—	—	324,450
	Equity Awards (3)	—	—	—	147,333
	Health Care Benefits	—	—		17,258
	<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>489,041</b>
Anthony Fernando	Severance (2)	150,000	150,000	—	300,000
	Equity Awards	—	—	—	95,333
	Health Care Benefits	8,809	8,809	—	17,618
	<b>Total</b>	<b>158,809</b>	<b>158,809</b>	<b>—</b>	<b>412,951</b>

- (1) No severance benefits or equity award acceleration occurs automatically on the event of a Change of Control.
- (2) Receipt of severance is contingent upon executing a release of claims. Severance is paid over a one-year period for Mr. Pope and Mr. Slattery and a six-month period for Mr. Fernando, if there is a qualifying termination without cause or termination with good reason outside of the Change in Control context. Mr. Pope and Mr. Slattery may receive their severance payment on termination in a lump sum. Mr. Fernando shall receive his severance payment on termination on a monthly basis or in a lump sum in the event of a Change of Control. Severance payments are subject to applicable law and will be paid by the Company or any successor.
- (3) Consists of the difference between the fair market value of our Common Stock and the exercise price of the stock option for each in-the-money stock option grant and the fair market value of any RSUs for which vesting is accelerated. The closing price of the Company's common stock on December 30, 2016 was \$1.30 per share; therefore no value was added for stock options that were out-of-the-money as of such date.

### **Equity Compensation Plan**

The Company currently has one equity compensation plan under which it makes awards, the TransEnterix, Inc. Amended and Restated Incentive Compensation Plan, as amended (the "Plan"). The Plan was originally approved by the Board of Directors and adopted by the majority of our stockholders on November 13, 2007, and amended and restated and approved by the Board of Directors and approved by the majority of our stockholders on May 7, 2015 to increase the number of shares of common stock authorized under the Plan to 11,940,000 shares, and to make other changes. The Plan was amended on June 8, 2016 to increase in the number of shares reserved for issuance under the Plan to 18,940,000 shares. The 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 units and other stock-based awards under the Plan. In connection with the Merger, we assumed all of the options that were issued and outstanding immediately prior to the Merger as issued by TransEnterix Surgical, and adjusted based on the Merger at the exchange ratio, which are now exercisable for approximately 1,870,892 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 such 2006 Plan that remain outstanding; no future awards are authorized to be made under the 2006 Plan.



## **Director Compensation**

The following table lists the compensation paid during 2016 to the non-employee directors of the Company:

### **DIRECTOR COMPENSATION**

<b><u>Name</u></b>	<b><u>Fees Earned or Paid in Cash (\$)</u></b>	<b><u>Stock Awards (\$)</u></b>	<b><u>Option Awards (\$)(1)</u></b>	<b><u>Non-Equity Incentive Plan Compensation (\$)</u></b>	<b><u>Nonqualified Deferred Compensation Earnings</u></b>	<b><u>All Other Compensation (\$)</u></b>	<b><u>Total (\$)</u></b>
Andrea Biffi			13,360				13,360
Jane H. Hsiao, Ph.D., MBA			13,360				13,360
William N. Kelley			16,700				16,700
Aftab R. Kherani, M.D.			13,360				13,360
Paul A. LaViolette			20,040				20,040
David B. Milne			13,360				13,360
Richard C. Pfenniger, Jr.			16,700				16,700
William N. Starling			16,700				16,700

- (1) For all stock options in the table, 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 14 to the Company's audited financial statements, included in this Annual Report.

## **Director Compensation Arrangements**

On May 28, 2014, the Board approved a plan of compensation for its non-employee directors. Under the compensation plan, each new non-employee director receives a stock option grant to purchase 30,000 shares of Common Stock, vesting in equal installments on the first three anniversaries of the date of grant. In addition, each non-employee member of the Board receives an annual stock option grant to purchase 20,000 shares of Common Stock; the Chair of the Board receives an annual stock option grant to purchase an additional 10,000 shares of Common Stock; and the Chair of each of the Audit, Compensation and Corporate Governance and Nominating Committee receives an annual additional stock option grant to purchase 5,000 shares of Common Stock. The annual stock option grants vest quarterly over one year. The term of each stock option is ten years and all such stock options are awarded under, and subject to the provisions of, the Plan.

## **REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed the foregoing "Compensation Discussion and Analysis" with the Company's management. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included in the Company's Annual Report on Form 10-K and in its proxy statement for the 2017 Annual Meeting of Stockholders.

William N. Starling, Chair  
Paul A. LaViolette  
Aftab R. Kherani, M.D.

## PROPOSALS TO BE ACTED UPON AT THE ANNUAL MEETING

### PROPOSAL ONE — ELECTION OF DIRECTORS

The Board has nominated the nine incumbent directors for re-election as directors to serve until our next annual meeting and until each director's successor is duly elected and qualified. Each director nominee has consented to being named as a director nominee in this proxy statement and to serving as a director, if elected. Please see pages 6 through 9 of this proxy statement under the heading "Directors" for information regarding the nine nominees for election as a director.

#### *Nominees for election of directors*

The persons named in the enclosed form of proxy will vote the shares represented by such proxy for the election of the nine nominees for director named below. If, at the time of the Meeting, any of these nominees shall become unavailable for any reason, which event is not expected to occur, the persons entitled to vote the proxy will vote for such substitute nominee or nominees, if any, as they determine in their sole discretion. If elected, Paul A. LaViolette, Todd M. Pope, Andrea Biffi, Jane H. Hsiao, William N. Kelley, Aftab R. Kherani, David B. Milne, Richard C. Pfenniger, Jr. and William N. Starling, Jr. will each hold office for a term of one year, until their successors are duly elected or appointed or until their earlier death, resignation or removal.

#### *Vote required and recommendation*

**The Board of Directors recommends a vote "For" the election of Messrs. LaViolette, Pope, Biffi, Milne, Pfenniger and Starling and Drs. Hsiao, Kelley and Kherani to the Board of Directors.** Directors are elected by a plurality of votes. Unless otherwise specified, the enclosed proxy will be voted "For" the election of the Board of Directors' slate of nominees. Discretionary authority may be exercised by the proxy holders named in the enclosed proxy to vote for a substitute nominee proposed by the Board of Directors if any nominee becomes unavailable for election.

### PROPOSAL TWO — ADVISORY VOTE ON EXECUTIVE COMPENSATION (SAY ON PAY)

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") was enacted. Under the Dodd-Frank Act, the Company is providing the stockholders a vote to approve, on an advisory (nonbinding) basis, the compensation paid to our Named Executive Officers in 2016 as disclosed in this proxy statement in accordance with the SEC's rules.

This proposal, commonly known as a "say-on-pay" proposal, gives the stockholders the opportunity to express their views on our Named Executive Officers' compensation. This vote is not intended to address any specific element of our executive compensation programs, but rather to address our overall approach to the compensation of our Named Executive Officers as described in this proxy statement. The Board is asking the stockholders to indicate their support for our executive compensation program, as described in this proxy statement, by voting "For" the following resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Named Executive Officers for 2016, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other compensation tables and disclosure.

#### *Advisory Nature of the Vote*

Because this vote is advisory, it will not be binding upon the Company, the Compensation Committee or the Board. However, the Compensation Committee and the Board value the opinions of the stockholders and, to the extent there is any significant vote against the Company's compensation practices for the Named Executive

Officers as disclosed in this proxy statement, the Board will consider this stockholders' vote and the Compensation Committee will evaluate whether any actions are necessary to address the stockholders' concerns when considering future executive compensation arrangements.

***Vote required and recommendation***

Proposal Two requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote.

**The Board of Directors recommends that stockholders vote "For" the proposal.** Unless otherwise specified, the enclosed proxy will be voted "For" approval of Proposal Two.

**PROPOSAL THREE — ADVISORY VOTE ON THE FREQUENCY OF SAY ON PAY**

The Dodd-Frank Act also requires us to provide the stockholders with an advisory vote on how frequently in the future the Company should seek an advisory vote approving the compensation of our Named Executive Officers, as disclosed pursuant to the SEC's compensation disclosure rules. In voting on this Proposal Three, stockholders may indicate whether they would prefer an advisory vote on Named Executive Officers' compensation once every one, two, or three years. If desired, as set forth in the attached proxy, a stockholder may abstain from voting on Proposal Three.

The Board has considered the Dodd-Frank Act requirements for such "say-on-pay frequency" vote and has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for the Company. The appropriate frequency of an advisory vote on executive compensation is the subject of diverging opinions and views, and the Board believes there is reasonable basis for each of the three options. Less frequency would encourage a more long-term, rather than short-term, analysis of our executive compensation programs and would avoid the burden that annual votes would impose on stockholders required to evaluate the executive compensation program each year. On the other hand, greater frequency provides stockholders the opportunity to react promptly to emerging trends in compensation and gives the Board and the Compensation Committee the opportunity to evaluate the compensation program each year in light of timely input from stockholders.

***Advisory Nature of the Vote***

Because this vote is advisory, it will not be binding upon the Company, the Compensation Committee or the Board. However, the Compensation Committee and the Board of Directors values the stockholders' opinions and will consider the outcome of the vote when determining the frequency of future advisory votes on executive compensation.

***Vote required and recommendation***

The alternative of "One Year," "Two Years" or "Three Years" that receives the affirmative vote of the majority of shares present in person or by proxy and entitled to vote will be deemed the choice of the stockholders. If no one frequency selection alternative receives such majority vote, the alternative receiving the most votes will be deemed the choice of the stockholders.

**The Board of Directors recommends that stockholders vote for "One Year" in Proposal Three.** Unless otherwise specified, the enclosed proxy will be voted for "One Year."

## PROPOSAL FOUR — AMENDMENT TO THE AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN

The purpose of the TransEnterix, Inc. Amended and Restated Incentive Compensation Plan, as amended (the “Plan”) is to assist us in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, consultants and other persons who provide services to us and our subsidiaries and affiliates. We are proposing to amend the Plan as described in this proposal. The form of Amendment approved by the Board is attached to this proxy statement as Annex A. The Plan is intended to enable those persons to acquire or increase an ownership interest in us in order to strengthen the mutuality of interests between them and our stockholders, and to provide those such persons with performance incentives to expend their maximum efforts in the creation of stockholder value.

As of March 31, 2017, 18,940,000 shares of Common Stock were authorized for issuance under the Plan, of which 3,220,372 shares remain available for future issuance.

### *Changes Proposed to be made to the Plan*

In order to continue to provide the appropriate equity incentives to plan participants in the future, on February 2, 2017, the Board of Directors approved, subject to stockholder approval at this Annual Meeting, an amendment of the Plan to increase the number of shares of Common Stock reserved for issuance under the Plan by 7,000,000 shares from 18,940,000 shares to 25,940,000 shares.

### *Reasons for the Proposed Changes*

The Company desires to have sufficient shares available for incentive and compensation awards to be made under the Plan for at least the next 18 months as it pursues regulatory approvals for initial commercial launch activities in the U.S. related to the Senhance System. In conjunction with the acquisition of the Senhance System, the Company increased its employee base, including adding a number of members of its senior management team. In anticipation of the need for additional senior management team members to assist in commercialization of the Company’s products and products in development, management recognizes that additional employees, advisors and consultants may be hired or retained. The Company wants to position itself to be able to provide equity awards to such newly hired officers and other employees, and believes it is prudent to maintain sufficient authorized shares to allow it to make new hire, promotion and annual equity awards to employees, advisors and consultants. Therefore, the Company is seeking approval to add an additional 7,000,000 shares to the Plan. The Company believes that such additional shares will be sufficient to provide available shares for approximately one to two years.

The Amendment to the Plan to provide for the increase in the number of authorized shares available for future awards is attached to this proxy statement as **Annex A**.

### *Description of the Plan*

The following is a summary of the principal features of the Plan.

### *Shares Available for Awards; Annual Per-Person Limitations*

Under the Plan, 18,940,000 shares of Common Stock are reserved for issuance, of which 3,220,372 remain available for new issuances, as of March 31, 2017. If the Amendment to the Plan is approved at this Annual Meeting, the total number of shares of Common Stock reserved under the Plan would be increased by 7,000,000 shares to an aggregate of 25,940,000 shares. Any shares that are subject to awards of stock options, stock appreciation rights, restricted stock, performance shares, deferred stock or other awards count against this limit as one share for every share granted.

If any shares subject to an award are forfeited, expire or otherwise terminate without issuance of shares, or are settled for cash or otherwise do not result in the issuance of shares, then the shares subject to such forfeiture, expiration, termination, cash settlement or non-issuance will again become available for awards under the Plan. If any option or other award is exercised through the tendering of shares (either actually or by attestation) or withheld upon exercise of an award to pay the exercise price or any tax withholding requirements, then only the net of the shares tendered or withheld count towards the limit. Awards issued in substitution for awards previously granted by a company acquired by us or one of our subsidiaries or affiliates, or with which we or one of our subsidiaries or affiliates combines, do not reduce the limit on grants of awards under the Plan. If the amendment and restatement of the Plan is approved by stockholders, the maximum number of shares of Common Stock that may be issued under the Plan as a result of the exercise of incentive stock options is 25,940,000 shares, subject to the adjustments described in the Plan.

The Plan imposes individual limitations on the amount of certain awards. Under these limitations, during any fiscal year of the Company, no eligible person may be granted (i) stock options or stock appreciation rights with respect to more than 1,000,000 shares of Common Stock, or (ii) shares of restricted stock, shares of deferred stock, performance shares and other stock based-awards with respect to more than 500,000 shares of Common Stock, in each case, subject to adjustment in certain circumstances. The maximum amount that may be paid out as performance units (which are described below) with respect to any 12-month performance period is \$2,000,000 (pro-rated for any 12-month performance period that is less than 12 months), and for any performance period that is more than 12 months, is \$2,000,000 multiplied by the number of full 12-month periods that are in the performance period.

The Compensation Committee (referred to in this description as the “committee”) administers the Plan and is authorized to adjust the limitations described above and is authorized to adjust outstanding awards (including adjustments to exercise prices of options and other affected terms of awards) in the event that an extraordinary dividend or other distribution (whether in cash, shares of Common Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects our Common Stock so that an adjustment is appropriate. The committee is also authorized to adjust performance conditions and other terms of awards in response to these kinds of events or in response to changes in applicable laws, regulations or accounting principles.

### ***Eligibility***

The persons eligible to receive awards under the Plan are our directors, officers, other employees, consultants and other persons who provide services to us or any of our subsidiaries or affiliates. An employee on leave of absence may be considered as still in our employ for purposes of eligibility for participation in the Plan. As of the record date, approximately 228 non-employee directors, employees and current consultants were eligible to participate in the Plan.

The following table sets forth summary information as to outstanding awards granted under the Plan as of the record date:

<u>Name/Group</u>	<u>Number of Awards</u>
Todd M. Pope, Chief Executive Officer and President	4,280,483
Joseph P. Slattery, Chief Financial Officer and EVP	1,940,788
Anthony Fernando, Chief Technology Officer	1,324,888
Non-Employee Directors as a group	677,391
Non-Executive Employees and Consultants as a group	8,892,357

### ***Administration***

The Plan is administered by the committee; provided, however, that except as otherwise expressly provided in the Plan, the Board may exercise any power or authority granted to the committee under the Plan. Subject to the terms of the Plan, the committee is authorized to select eligible persons to receive awards, determine the type, number and other terms and conditions of, and all other matters relating to, awards, prescribe award agreements (which need not be identical for each participant), and the rules and regulations for the administration of the Plan, construe and interpret the Plan and award agreements, correct defects, supply omissions or reconcile inconsistencies therein, and make all other decisions and determinations as the committee may deem necessary or advisable for the administration of the Plan.

### ***Stock Options and Stock Appreciation Rights***

The committee is authorized to grant stock options, including both incentive stock options, which we refer to as "ISOs," which can result in potentially favorable tax treatment to the recipient, and non-qualified stock options, and stock appreciation rights entitling the recipient to receive the amount by which the fair market value of a share of the Common Stock on the date of exercise exceeds the grant price of the stock appreciation right. The exercise price per share subject to an option and the grant price of a stock appreciation right are determined by the committee, but the exercise price of a stock option that is intended to qualify as an incentive stock option under Section 422 of the Code, and the grant price of a stock appreciation right, may not be less than the fair market value of a share of the Common Stock on the date of grant. For purposes of the Plan, the term "fair market value" means the fair market value of the Common Stock, awards or other property as determined by the committee or under procedures established by the committee. Unless otherwise determined by the committee, the fair market value of a share of the Common Stock as of any given date is the closing sales price per share as reported on the principal stock exchange or market on which the Common Stock is traded on the date as of which such value is being determined or, if there is no sale on that date, then on the last previous day on which a sale was reported. The maximum term of each option or stock appreciation right, the times at which each option or stock appreciation right will be exercisable, and provisions requiring forfeiture of unexercised options or stock appreciation rights at or following termination of employment generally are fixed by the committee, except that no option or stock appreciation right may have a term exceeding ten years. Methods of exercise and settlement and other terms of the stock appreciation right are determined by the committee. The committee, thus, may permit the exercise price of options awarded under the Plan to be paid in cash, shares, other awards or other property (including loans). Options may be exercised by payment of the exercise price in cash, shares of Common Stock, outstanding awards or other property having a fair market value equal to the exercise price, as the committee may determine from time to time.

### ***Restricted and Deferred Stock***

The committee is authorized to grant restricted stock and deferred stock. Restricted stock is a grant of shares of Common Stock which may not be sold or disposed of, and which will be subject to any risks of forfeiture and other restrictions as the committee may impose. An eligible person granted restricted stock generally has all of the rights of a Company stockholder, unless otherwise determined by the committee. An award of deferred stock confers upon the recipient the right to receive shares of Common Stock at the end of a specified deferral period, subject to any risks of forfeiture and other restrictions as the committee may impose. Prior to settlement, an award of deferred stock carries no voting or dividend rights or other rights associated with share ownership, although dividend equivalents may be granted, as discussed below.

### ***Dividend Equivalents***

The committee is authorized to grant dividend equivalents conferring on recipients the right to receive, currently or on a deferred basis, cash, shares of Common Stock, other awards or other property equal in value to dividends paid on a specific number of shares of Common Stock or other periodic payments. Dividend



equivalents may be granted alone or in connection with another award, may be paid currently or on a deferred basis and, if deferred, may be deemed to have been reinvested in additional shares of Common Stock, awards or otherwise as specified by the committee.

#### ***Bonus Stock and Awards in Lieu of Cash Obligations***

The committee is authorized to grant shares of Common Stock as a bonus, free of restrictions, or to grant shares of Common Stock or other awards in lieu of obligations of us to pay cash under the Plan or other plans or compensatory arrangements, subject to any terms that the committee may specify.

#### ***Other Stock-Based Awards***

The committee is authorized to grant awards that are denominated or payable in, valued by reference to, or otherwise based on or related to shares of Common Stock. The committee determines the terms and conditions of those awards.

#### ***Performance Awards***

The committee is authorized to grant performance awards to eligible persons on terms and conditions established by the committee. The performance criteria to be achieved during any performance period, and the length of the performance period, are determined by the committee upon the grant of the performance award. Performance awards may be valued by reference to a designated number of shares of Common Stock (in which case they are referred to as performance shares) or by reference to a designated amount of property, including cash (in which case they are referred to as performance units). Performance awards may be settled by delivery of cash, shares or other property, or any combination of those things, as determined by the committee. Performance awards granted to persons whom the committee expects will, for the year in which a deduction arises, be “covered employees” (as defined below) will, if and to the extent intended by the committee, be subject to provisions that should qualify those awards as “performance-based compensation” not subject to the limitation on tax deductibility by us under section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”). For purposes of section 162(m) of the Code, the term “covered employee” means our chief executive officer and each other person whose compensation is required to be disclosed in the company’s filings with the SEC by reason of the employee being among our most highly-compensated officers for the taxable year (other than our chief financial officer), and such other persons as need to be considered a covered employee pursuant to section 162(m). If and to the extent required under section 162(m) of the Code, any power or authority relating to a performance award intended to qualify under section 162(m) of the Code is to be exercised by the committee and not the Board.

If and to the extent that the committee determines that these provisions of the Plan are to be applicable to any award, one or more of the following business criteria for us and our subsidiaries, on a consolidated basis, and/or for any of our subsidiaries or affiliates, or for business or geographical units of us and/or any of our subsidiaries or affiliates (except with respect to the total stockholder return and earnings per share criteria), will be used by the committee in establishing performance goals for awards under the Plan: (1) earnings per share; (2) revenues or margins; (3) cash flow; (4) operating margin; (5) return on net assets, investment, capital or equity; (6) economic value added; (7) direct contribution; (8) net income; pretax earnings; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings after interest expense and before extraordinary or special items; operating income; income before interest income or expense, unusual items and income taxes, local, state or federal and excluding budgeted and actual bonuses which might be paid under any ongoing bonus plans of the company; (9) working capital; (10) management of fixed costs or variable costs; (11) identification or consummation of investment opportunities or completion of specified projects in accordance with corporate business plans, including strategic mergers, acquisitions or divestitures; (12) total stockholder return; (13) debt reduction; (14) market share; (15) entry into new markets, either geographically or



by business unit; (16) customer retention and satisfaction; and (17) strategic plan development and implementation, including turnaround plans. Any of the above goals may be determined on an absolute or relative basis (e.g., growth in earnings per share) or as compared to the performance of a published or special index deemed applicable by the committee including, but not limited to, the Standard & Poor's 500 Stock Index or a group of companies that are comparable to us. The committee will exclude the impact of an event or occurrence which the committee determines should appropriately be excluded, including without limitation (i) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) an event either not directly related to our operations or not within our management's reasonable control or (iii) a change in accounting standards required by generally accepted accounting principles. To the extent a performance-based award is made to a covered employee and intended to comply with the provisions of section 162(m) of the Code, the committee will select section 162(m)-compliant performance goals for such performance-based awards.

In determining the payout of any performance awards, the committee may use its discretion to decrease the amount payable pursuant to a performance award but, for awards to covered employees subject to section 162(m) of the Code, cannot increase the payout of any performance awards.

The composition of the committee meets the requirements of section 162(m) of the Code, and the committee determinations with respect to performance awards are documented in the certification required for the performance awards to qualify as "performance based compensation" under section 162(m) of the Code.

#### ***Other Terms of Awards***

Awards may be settled in the form of cash, shares of Common Stock, other awards or other property, in the discretion of the committee, and may be made in a single payment or transfer, in installments or on a deferred basis. The committee may make provision for the payment or crediting of interest on installment or deferred payments or the grant or credit of dividend equivalents or other amounts in respect of installment or deferred payments denominated in shares of Common Stock. The committee may condition any payment relating to an award on the withholding of taxes and may provide that a portion of any shares of Common Stock or other property to be distributed will be withheld (or previously acquired shares of Common Stock or other property be surrendered by the participant) to satisfy withholding and other tax obligations. Awards granted under the Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant's death, except that the committee may, in its discretion, permit transfers for estate planning or other purposes subject to any applicable restrictions under Rule 16b-3.

Awards under the Plan are generally granted without a requirement that the recipient pay consideration in the form of cash or property for the grant (as distinguished from the exercise), except to the extent required by law. The committee may, however, grant awards in exchange for other awards under the Plan, awards under other company plans, or other rights to payment from the company, and may grant awards in addition to and in tandem with other rights or awards.

#### ***Acceleration of Vesting; Change in Control***

The committee may provide in an award agreement, or otherwise determine, that upon a "change in control" as defined in the Plan, (i) options and stock appreciation rights that previously were not vested or exercisable become immediately exercisable, or (ii) that any restrictions applicable to restricted stock, deferred stock or other stock based awards immediately lapse. In addition, the committee may provide in an award agreement that the performance goals relating to any performance award will be deemed to have been met upon the occurrence of any "change in control."

### ***Amendment and Termination***

The Board may amend, alter, suspend, discontinue or terminate the Plan or the committee's authority to grant awards without further stockholder approval, except that stockholder approval must be obtained for any amendment or alteration if that approval is required by law or regulation or under the rules of any stock exchange or quotation system on which our shares of Common Stock are then listed or quoted. Thus, stockholder approval may not necessarily be required for every amendment to the Plan which might increase the cost of the Plan or alter the eligibility of persons to receive awards. Stockholder approval will not be deemed to be required under laws or regulations, such as those relating to ISOs, that condition favorable treatment of participants on such approval, although the Board may, in its discretion, seek stockholder approval in any circumstance in which it deems such approval advisable. Unless earlier terminated by the Board, the Plan will terminate at the earliest of (a) when no shares of Common Stock remain available for issuance under the Plan, (b) termination of the Plan by the Board or (c) the tenth anniversary of the effective date of the Plan. Awards outstanding upon expiration of the Plan will remain in effect until they have been exercised or terminated, or have expired.

### ***Material U.S. Federal Income Tax Consequences of Awards***

The following is a summary of material U.S. federal income tax considerations relating to the Plan. The summary is based on U.S. federal income tax laws and regulations presently in effect, which are subject to change, possibly retroactively. Tax laws are complex and may vary depending on individual circumstances and from locality to locality. This discussion does not purport to be a complete description of the U.S. federal income tax aspects of the Plan and does not address state, local or foreign tax consequences. All participants in the Plan are urged to consult their own tax advisors regarding the U.S. federal, state, local, and foreign income and other tax consequences of participating in the Plan based on the participant's personal circumstances.

### ***Nonqualified Stock Options***

Under the Code, the grant of a nonqualified stock option is generally not taxable to the optionee. On exercise of a nonqualified stock option granted under the Plan, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value of the shares acquired over the exercise price. The optionee's tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and the optionee's holding period for those shares will begin on that date. Upon an optionee's sale of shares acquired pursuant to the exercise of a nonqualified stock option, any difference between the sale price and the fair market value of the shares on the date when the stock option was exercised will be treated as long-term or short-term capital gain or loss.

If an optionee pays for shares of stock on exercise of an option by delivering shares of Common Stock, the optionee will not recognize gain or loss on the shares delivered, even if the fair market value of such shares differs from the optionee's tax basis in such shares. The optionee, however, will be taxed on the exercise of the option in the manner described above as if he had paid the exercise price in cash. The tax basis of the shares received upon exercise will be the tax basis of the shares delivered as payment, share for share, to the extent the number of shares received equals the number of shares delivered as payment. In addition, the holding period of the shares received will include the holding period of the shares delivered as payment. The optionee's tax basis and holding period for any shares received in excess of the number of shares delivered by the optionee will be the same as if the optionee had exercised the option solely in exchange for cash.

Upon an optionee's exercise of a nonqualified stock option, the Company or the applicable subsidiary will generally be entitled to a deduction for U.S. federal income tax purposes at such time and in the same amount recognized as ordinary income to the optionee, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

### ***Incentive Stock Options***

The Plan provides for the grant of stock options that qualify as incentive stock options (“ISOs”) as defined in section 422 of the Code. Under the Code, an optionee generally is not subject to tax upon the grant or exercise of an ISO. In addition, if the optionee holds a share of stock received on exercise of an ISO for at least two years from the date the option was granted and at least one year from the date the option was exercised (the “Required Holding Period”), the difference, if any, between the amount realized on a sale or other taxable disposition of that share and the holder’s tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share of stock acquired on exercise of an ISO before the end of the Required Holding Period, (a “Disqualifying Disposition”) the optionee generally will recognize ordinary income in the year of the Disqualifying Disposition equal to the excess, if any, of the fair market value of the share on the date the ISO was exercised (or, if less, the amount realized on such Disqualifying Disposition) over the exercise price. If the amount realized on a Disqualifying Disposition exceeds the fair market value of the share on the date of exercise of the option, the excess gain recognized will be short-term or long-term capital gain, depending upon the length of time the shares have been held after the date of exercise.

If an optionee exercises an ISO by delivering shares of stock acquired by an earlier exercise of an ISO, and the previously acquired shares have not been held for the Required Holding Period, the optionee will recognize ordinary income on the Disqualifying Disposition.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an ISO exceeds the exercise price of that option generally will be an adjustment included in the optionee’s alternative minimum taxable income for the year in which the option is exercised. If, however, there is a Disqualifying Disposition of the share in the year in which the option is exercised, there will be no adjustment with respect to that share. If there is a Disqualifying Disposition in a later year, no income with respect to the Disqualifying Disposition is included in the optionee’s alternative minimum taxable income for that year.

The Company is not entitled to take a deduction for U.S. federal income tax purposes with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the Required Holding Period. However, if there is a Disqualifying Disposition of a share, the Company is entitled to a deduction in an amount equal to the ordinary income includible in income by the optionee, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

### ***Restricted Stock***

Generally, the recipient of a stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is not vested when it is received under the Plan (for example, if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file a “section 83(b) election” with the Internal Revenue Service, within 30 days of his or her receipt of the stock award, to recognize ordinary compensation income at the time the shares are awarded in an amount equal to their fair market value at that time, notwithstanding that such share are not vested and may be subsequently forfeited. If you make such an election, you will not recognize any additional taxable income at the time the shares become vested, but if the shares are later forfeited, you will not be allowed a tax deduction for the forfeited shares.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired as stock awards will be the amount paid for such shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested. Upon the disposition of any stock received as a stock award under the Plan, the difference between the sales price and the recipient's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year from the date as of which he or she would be required to recognize any compensation income.

The Company will be entitled to a deduction for U.S. federal income tax purposes equal to the amount of ordinary income taxable to the recipient, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

### ***Deferred Stock***

A participant who receives an award of deferred stock will generally not recognize any income on the grant of such award. However, the participant will recognize ordinary compensation income on the receipt of the actual stock equal to the fair market value of the stock received. If at the time of transfer, the stock received is subject to a substantial risk of forfeiture, the tax treatment will be the same as the tax treatment of Restricted Stock, as discussed above.

The Company will be entitled to a deduction for U.S. federal income tax purposes equal to the amount of ordinary income taxable to the recipient, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

### ***Other Stock Awards***

The U.S. federal income tax consequences of any other stock awards will depend upon the specific facts and circumstances of each award, including, in particular, the nature of any restrictions imposed with respect to the awards.

### ***Bonus Stock and Awards in Lieu of Obligations***

A participant who receives a stock payment in lieu of a cash payment that would otherwise have been made will generally be taxed as if the cash payment has been received, and the Company generally will be entitled to a deduction for the same amount.

### ***Performance-based Awards***

A participant who has been granted a performance-based award generally will not recognize taxable income at the time of grant, and the Company will not be entitled to a deduction for U.S. federal income tax purposes at that time. When an award is paid, whether in cash or shares of Common Stock, the participant generally will recognize ordinary income, and the Company will be entitled to a corresponding deduction. The recipient's tax basis in any shares acquired pursuant to a performance-based award is the amount recognized by him or her as income attributable to such shares. Upon a subsequent disposition of the shares, the recipient will generally realize a capital gain or loss, as applicable.

### ***Stock Appreciation Rights***

The Company may grant stock appreciation rights ("SARs") separate from any other award or in tandem with options under the Plan. Generally, the recipient of an SAR will not recognize any taxable income at the time

the SAR is granted. When the SAR is exercised, the recipient receives the appreciation inherent in the SARs in cash and such cash will be taxable as ordinary compensation income to the recipient at the time that the cash is received. If the recipient receives the appreciation inherent in the SARs in shares of stock, the recipient will recognize ordinary compensation income equal to the excess of the fair market value of the stock on the day it is received over any amounts paid by the recipient for the stock. The Company will be entitled to a deduction for U.S. Federal income tax purposes in an amount equal to the amount recognized by the recipient as ordinary income, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

SARs may be issued in tandem with a stock option. Under this type of arrangement, the exercise of a SAR will result in the cancellation of an option, and the exercise of an option will result in a cancellation of a SAR. If the recipient of a tandem SAR elects to surrender the underlying option in exchange for cash or shares of stock equal to the appreciation inherent in the underlying option, the tax consequences to the recipient will be the same as discussed above relating to the SARs. If the recipient elects to exercise the underlying option, the holder will be taxed at the time of exercise as if he or she had exercised a nonqualified stock option, as previously discussed above. As a result, the recipient will recognize ordinary income for federal tax purposes measured by the excess of the then fair market value of the shares of stock over the exercise price.

#### ***Dividend Equivalents***

Generally, the recipient of a dividend equivalent award will recognize ordinary compensation income at the time the dividend equivalent award is received equal to the fair market value of the amount received. The company generally will be entitled to a deduction for U.S. Federal income tax purposes equal to the amount of ordinary income that the employee is required to recognize as a result of the dividend equivalent award, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections, and provided that the Company effects withholding with respect to the deemed compensation.

#### ***Tax Withholding***

Ordinary income recognized in connection with the receipt or exercise of an award under the Plan is subject to income and employment tax wage withholding, unless the participant is not an employee of the Company, or any subsidiary or affiliate. The Company, or any subsidiary or affiliate, may deduct from all payments made under the Plan, an amount (which may include shares of Common Stock) to satisfy any federal, state, local or foreign withholding obligations with respect to any award.

#### ***Section 409A of the Code***

Section 409A of the Code governs the taxation of deferred compensation. Awards received under the Plan are intended to be exempt from the requirements of Section 409A where possible. However, there can be no assurance that awards designed to be exempt from Section 409A will in fact be exempt. An award that is subject to Section 409A and fails to satisfy its requirements will subject the holder of the award to immediate taxation, an interest penalty and an additional 20% tax on the amount underlying the award.

#### ***Section 162 Limitations***

In general, under Section 162(m) of the Code, income tax deductions of publicly-held corporations may be limited to the extent total compensation for certain executive officers exceeds \$1,000,000 in any one year. Under Section 162(m), the deduction limit does not apply to certain “performance-based compensation” established by an independent compensation committee that is adequately disclosed to, and approved by, stockholders. In particular, stock options will satisfy the “performance-based compensation” exception if the awards are made by

a qualifying compensation committee, the Plan sets the maximum number of shares that can be granted to any person within a specified period, the compensation is based solely on an increase in the stock price after the grant date, and certain other requirements are met. The Company has attempted to structure the Plan in such a manner that the remuneration attributable to stock options and other awards which meet the requirements of Section 162(m) will not be subject to the \$1,000,000 limitation. The Company has not, however, requested a ruling from the IRS or an opinion of counsel regarding this issue.

#### ***Section 280G of the Code***

Under certain circumstances, the accelerated vesting or exercise of options or the accelerated lapse of restrictions on stock awards in connection with a change in control could be deemed an “excess parachute payment” for purposes of the parachute tax provisions of Section 280G of the Code. In that event, the grantee could be subject to a 20% excise tax and the Company or applicable subsidiary could be denied a tax deduction with respect to a portion of the grants.

#### ***Importance of Consulting Tax Adviser***

*The information set forth above is a summary only and does not purport to be complete. In addition, the information is based upon current U.S. federal income tax rules and therefore is subject to change when those rules change. Moreover, because the tax consequences to any recipient may depend on his or her particular situation, each recipient should consult his or her tax adviser as to the Federal, state, local and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award.*

#### ***Vote required and recommendation***

Proposal Four requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote.

**The Board of Directors recommends that stockholders vote “For” the proposal to amend the Plan.** Unless otherwise specified, the enclosed proxy will be voted “For” approval of Proposal Four.

### **PROPOSAL FIVE — RATIFICATION OF INDEPENDENT ACCOUNTING FIRM**

#### ***Independent Registered Public Accounting Firm***

On April 10, 2017, the Board unanimously approved the Audit Committee’s recommendation to appoint BDO USA, LLP (“BDO”) as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2017, and directed that the selection of BDO be submitted to the stockholders for ratification at the Annual Meeting. Although the Company is not required to submit the selection of independent registered public accountants for stockholder approval, if the stockholders do not ratify this selection, the Board may reconsider its selection of BDO. The Board considers BDO to be well qualified to serve as the independent auditors for the Company; however, even if the selection is ratified, the Board may direct the appointment of a different independent registered public accounting firm at any time during the current or subsequent fiscal year if the Audit Committee and Board determine that the change would be in the Company’s best interests.



### ***Audit Fees***

BDO has served as the independent registered public accounting firm of the Company since 2012. The following table sets forth the fees billed to the Company by BDO and BDO S.p.A. for its audits of the Company's consolidated annual financial statements and other services for the years ended December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Audit Fees	\$429,536	\$341,000
Audit Related Fees	\$ —	\$ 99,000
Tax Fees	\$ —	—
All Other Fees	\$ —	—
Total Fees	<u>\$429,536</u>	<u>\$440,000</u>

*Audit Fees.* This category includes fees billed by BDO USA, LLP and BDO S.p.A. in 2015 and 2016 for professional services for the audit of our annual financial statements, review of financial statements included in our quarterly reports on Form 10-Q, and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for the relevant fiscal years.

*Audit-Related Fees.* This category includes fees billed in the fiscal years shown for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under the category "Audit Fees." The "Audit-Related Fees" during 2015 pertained to services provided by BDO S.p.A. in relation to the carve-out audits of the Senhance System (a carve-out of Sofar S.p.A.).

*Tax Fees.* This category includes fees billed in the fiscal years shown for professional services for tax compliance, tax advice, and tax planning.

*All Other Fees.* This category includes fees billed in the fiscal years shown for products and services provided by the principal accountant that are not reported in any other category.

### ***Pre-Approval Policies and Procedures***

Our Audit Committee has a policy in place that requires its review and pre-approval of all audit and permissible non-audit services provided by our independent auditors. The services requiring pre-approval by the audit committee may include audit services, audit-related services, tax services and other services. The pre-approval requirement is waived with respect to the provision of non-audit services if (i) the aggregate amount of all such non-audit services provided to us constitutes not more than 5% of the total amount of revenues paid by us to our independent auditors during the fiscal year in which such non-audit services were provided, (ii) such services were not recognized at the time of the engagement to be non-audit services, and (iii) such services are promptly brought to the attention of the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee. All audit-related services, tax services and all other services provided by BDO are pre-approved by the Audit Committee. The Audit Committee has considered and determined that the provision of all non-audit services set forth in the table above is compatible with maintaining BDO's independence.

### ***Attendance at Annual Meeting***

Representatives of BDO intend to be present at the Annual Meeting and will be available to respond to questions.



### ***Vote required and recommendation***

The ratification of the appointment of BDO as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017 requires the affirmative vote of a majority of the votes cast by the holders of common stock entitled to vote.

**The Board recommends that stockholders vote "For" the ratification of BDO USA, LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017.** Unless otherwise specified, the enclosed proxy will be voted "For" approval of Proposal Five.

### **OTHER MATTERS**

Management and the Board of Directors of the Company know of no matters to be brought before the Meeting other than as set forth herein. However, if any such other matters properly are presented to the stockholders for action at the Meeting and any adjournments or postponements thereof, it is the intention of the proxy holder named in the enclosed proxy to vote in his discretion on all matters on which the shares represented by such proxy are entitled to vote.

### **ANNUAL REPORT TO STOCKHOLDERS**

Included with this proxy statement is the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

### **DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS**

Only one proxy statement and annual report is being delivered to stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. Upon the written or oral request of a stockholder, we will deliver promptly a separate copy of the proxy statement and annual report to a stockholder at a shared address to which a single copy was delivered. Stockholders desiring to receive a separate copy now or in the future may contact us through at our corporate offices at 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560 or by telephone, (919) 765-8400. In addition, stockholders sharing an address can request delivery of a single copy of annual reports or proxy statements if they are receiving multiple copies upon written or oral request to us at the address and telephone number stated above.

### **STOCKHOLDER PROPOSALS**

Stockholder proposals intended to be included in our proxy statement and proxy for our 2018 annual meeting of stockholders pursuant to the provisions of Exchange Act Rule 14a-8 must be received by us at our executive offices by December 22, 2017.

Under our bylaws, only such business shall be conducted as shall have been brought before the meeting as specified in the meeting notice, by or at the direction of the Board or by any stockholder who is a stockholder of record at the time of giving of the meeting notice, who is entitled to vote at such meeting and who complies with the notice procedures set forth in Section 2.05 of our bylaws. Pursuant to such notice procedures, a stockholder notice of a matter to be considered for the 2018 annual meeting must be received by the Company no earlier than December 22, 2017 and no later than January 22, 2018 to be considered timely for the 2018 annual meeting of stockholders. For any proposal that is otherwise permitted at the 2018 annual meeting of stockholders, but was not submitted to the Company on or before March 7, 2018, the persons named as proxy in the proxy card will be allowed to use his discretionary voting authority pursuant to Exchange Act Rule 14a-4(c)(1). Stockholder proposals should be directed to our Corporate Secretary, 635 Davis Drive, Suite 300, Morrisville, North Carolina 27560.

ANNEX A

**TRANSENERIX, INC.**

**AMENDMENT NO. 2 TO  
AMENDED AND RESTATED INCENTIVE COMPENSATION PLAN,  
AS AMENDED**

**EFFECTIVE DATE:**

This Amendment No. 2, dated and effective \_\_\_\_\_ (the “Amendment”) is an amendment to the Amended and Restated Incentive Compensation Plan, as amended (the “Plan”), of TransEnterix, Inc., a Delaware corporation (the “Company”). All capitalized terms used in this Amendment without definition have the meanings set forth in the Plan.

WHEREAS, Section 10(e) authorizes the Board of Directors of the Company (the “Board”) to make amendments to the Plan, subject to stockholder approval as required by law or agreement.

WHEREAS, on February 2, 2017, the Board approved amendments to the Plan to increase the number of shares available for awards under the Plan by 7,000,000, from 18,940,000 to 25,940,000, and submitted the Amendment to the Company’s stockholders for approval at the Annual Meeting of Stockholders held on May 25, 2017.

[WHEREAS, on May 25, 2017, the stockholders approved the foregoing amendments to the Plan.]

NOW, THEREFORE, intending to be legally bound, and in accordance with the approvals set forth in the WHEREAS clauses, which are incorporated by reference into this Amendment, the Company amends the Plan as follows:

1. Section 4(a) of the Plan is deleted in its entirety and is replaced by the following:

**“4. Shares Subject to Plan.**

(a) *Limitation on Overall Number of Shares Available for Delivery Under Plan.* Subject to adjustment as provided in Section 10(c) hereof, the total number of Shares reserved and available for delivery under the Plan shall be 25,940,000. Any Shares that are subject to Awards shall be counted against this limit as one (1) Share for every one (1) Share granted. Any Shares delivered under the Plan may consist, in whole or in part, of authorized and unissued shares or treasury shares.”

2. Except as amended by this Amendment, the Plan continues in full force and effect.

3. In the event of a conflict between this Amendment and the Plan, this Amendment shall govern.

Adopted by the Board of Directors: February 2, 2017

Adopted by the stockholders: